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IF BRITAIN IS TO LIVE

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INTRODUCTION

THIS little book is an attempt to summarise, as briefly and simply as possible, and to apply to the present circumstances of Britain, an argument that has been more fully and more abstractly developed in the author's earlier writings.

The attempt is made because, since the Armistice we have seen the issues involved in the argument becoming daily more urgent. It is not a mere question of commercial profit or advantage. If this country is to maintain its existing population (to say nothing of a larger one in the future) without disastrous lowering of standards, certain mistakes of the recent past in our relations with the overseas world must be avoided, and we must take our share of the cost and risk of placing those relations on a new basis.

Whether our policy is henceforth shaped to that end will depend mainly on the feeling of the plain man about it. Will he see the necessity of a new method? That, in turn, will depend upon whether he sees clearly the relation of two or three facts to one another, and realises the conclusion that they impose.

The facts themselves are almost self-evident :

- (1) The soil of this country does not of itself provide food and clothing for its population.
- (2) These things must be obtained from the surplus of overseas people, by service or products based on our coal.
- (3) The international system necessary for the process is disintegrating, or declining in effectiveness.
- (4) The decline is not due to natural disasters, floods or earthquakes, but to obstacles created by human wills—political frontiers, customs barriers, competing armaments, and the like.

- (5) These impediments are the logical and evitable outcome of the Nationalist organisation of Europe.
- (6) The Nationalist impediments cannot be removed by the military power of a nation or Alliance, itself pursuing a Nationalist policy and repudiating the international obligations it would impose. Preponderant power so used is impotent to stop economic disintegration, as experience since the Armistice proves.
- (7) The mere passive determination not to fight at all, however much Turks, Poles or others may challenge the general interest, will not solve the problem of Nationalist Europe. The alternative to the anarchy of rival Nationalisms is not passively to accept the dictation of the Nationalism which happens momentarily to be preponderant, but to find the basis on which nations can combine power to maintain some system or code under which all can live in economic and political security.

If our country is to pursue such a policy boldly, persistently, without the temperamental vacillation which has marked foreign policy these last four years, the public mind must be clearer than it seems to be concerning the distinction between methods of power which experience shows are likely to succeed, and those which experience shows must fail; must realise more vividly the failure, from Britain's point of view, of the older method; the extremity of our need for some alternative; the nature of the sacrifices that we must make; the risks that must be taken; the nature of our Imperial rights; the extent to which we may advantageously concede them to foreigners—the price, in short, that we must pay for the new order that will enable this country to live.

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IF BRITAIN IS TO LIVE

CHAPTER I

PARALYSIS OF STATESMANSHIP BY MISINFORMED OPINION

§ 1

CAN A WHOLE NATION GO WRONG IN POLICY?

WE know of course that the country has always been going to the dogs; always exposed to some peril or other—too little religious education, or too much; the Deceased Wife's Sister Bill, or Bolshevism, revolution, drink, divorce, the Flapper, the Jew, inflation, deflation, white bread, brown bread, the flight from the country side, the number of knighthoods in the last Honours List—any one of them is enough to excite the protagonist of some social panacea to urge that unless we adopt his particular solution—Single Tax, or Protection, or Lunacy Reform, or Birth Control, or the abolition of the Bank Act, or Divorce Law, then the days of the Empire are numbered.

It is of course a sound instinct which prompts us to treat all these varying "perils" with a certain measure of contempt. Common sense, a certain balance and sense of proportion, cause us to feel "in our bones," that the disasters will not happen, even if the remedy is not adopted. The Deceased Wife's Sister or Deceased Husband's Brother Bill may pass and the 'buses will still run.

Particularly after a war of the dimensions of the last is this sense of proportion a wholesome thing.

We feel the need now of not taking things too tragically, of not being too moved either by fear or hope. "No hysteria." When the real peril came there was no indifference about it. Men rose to it, and made the sacrifice; and would again. But now—"easy as she goes." We see half the world losing their heads and toppling into revolution as the result of the necessary disillusionment of war. Let us keep our heads. Let us get back to the normal, both morally and materially, and after all our emotion apply the anodyne of the old and familiar tasks done in the old and familiar way. Times are too disturbed, the outlook too uncertain, to be trying risky experiments, or to bother too much with all the new "isms" which the war somehow had let loose. It was heady stuff, all that talk in the more deeply emotional moments of the land fit for heroes, the new heaven, and the new earth. The atmosphere had become too rarefied. Let us get down from the dizzy mountains on to the lowlands once more, and take things quietly.

This mood was necessary perhaps to enable us to face disillusionment, reality, and to make the best of it. There is much in such temper—the refusal to live on dreams, or to be undone because they prove irrealisable; the determination to make the best of things as they are—at which we can whole-heartedly rejoice. It is one of the assets of our race: its sanity, its common-sense and realism.

And if the mood meant only that, these pages would not have been written. But all too plainly there is something more: a not very successful attempt to make tiredness, fatigue, moral inertia, pass for realism. In our hearts we are perfectly aware that things do not go well; a good many realise that the ship is drifting to dangerous reefs. But like sailors who are deadly tired, we prefer to trust to luck,

rather than add further effort to all these years of effort. We want to be free of "problems" and disturbing difficulties.

And so, because certain very plain results of the war and the problems they constitute happen to be very unpleasant results, we have dropped into the habit of ignoring them. While professing to let dreams no longer be our master, we are turning to dreams more irrealisable than those we have just abandoned. The most dangerous form of self-deception is that which can masquerade as courage or common-sense.

That we are not facing fact is unhappily very easy to establish, for the facts which we have not faced, and with which this little book deals, are not obscure, or puzzling, or complex; are not of a kind which demand technical knowledge or learning. The case as here outlined does not rest on anybody's authority as an expert in politics or economics, or in Foreign Office documents, or currency problems. It is based on things which are of common knowledge—mainly the data of daily life, of human nature as each one of us knows it.

And this book is written on the strength of the one hopeful fact among all the rather dreary and hopeless facts of the situation, namely this: Just as the nature of the outstanding danger which assails our country is not at bottom difficult to understand, not one which needs for its perception the instrument of technical knowledge or erudition; so, in the same way, it is open to the least learned of us to see the remedy which should be applied if only he will set aside for a moment certain natural wishes and tempers and prejudices. To the man who is truly realistic, who will so far hold his instincts in check as to let his mind have full sway for a little; to the man who will truly and in good faith say: "Never mind what I

would like to be true, what I want; let me see, what, honest injun, are the facts of this situation"—to him it is open to know broadly what should be the policy of his country, if he is to leave it a country in which his children may live and find happiness.

What these pages attempt to show is this :

If in certain matters of foreign policy we go on assuming as true certain things which in the past we have assumed as true; applying methods which we have applied in the past for achieving national security and welfare, we shall sacrifice those things utterly, and bring about a condition in which the bulk of our population will be unable to earn their bread, unable to live at all. After a period of increasing unrest and bitter suffering and difficulty (like that which has already in the last year or two faced so many great centres of our ancient and apparently stable European civilisation) our people will be driven to vast migrations, similar to, but very much greater than those which marked the history of Ireland in the last century, and England as a national entity, as one of the main factors in the organisation of the world's life will (for whatever such a position may be worth) give place to others.

I am aware that the very form of the statement throws doubt upon its reliability. "Note the implication," your man of common-sense will say, "that this fellow alone has political wisdom, that everybody else is wrong; that a whole nation, with plain and simple facts before it, will walk blindly to destruction. Note the implication that he knows better than statesmen, who have access to fuller knowledge, is aware of dangers hidden from them; and the cool assumption that unless we listen to him we shall all go smash. All the Hall-marks of the crank. . . .

And isn't he, by the way, the fellow who before the war talked about the 'Impossibility of War'? " ¹

That little explosion itself illustrates the fashion in which, when we want to justify our inertia or our prejudices, we can suddenly repudiate all the principles which at other times we regard as obviously sensible and indispensable.

As to knowing better than the Government: do you, or do you not, again and again pit your judgment against that of your Government by voting against it, and turning it out, repudiating its policy? What is the vote but an instrument to enable you and me, common John Smith or Mary Brown, to do that very thing, to sit in judgment upon these high ministers of State and say whether they have been right or whether they have been wrong?

We know that whole nations do go wrong in their judgments. We have been proclaiming the fact for the last ten years, in the case of a nation which is perhaps the best educated in the world, the Germans. Their education and efficiency did not prevent gross misjudgment on simple things, like the probable effect of their conduct upon other people. Since the Armistice we have seen the French take a line which seems to us to indicate a real blindness to their best interests. Once before, during the Dreyfus Affair, we thought we saw a real national myopia in the case of France. During the Napoleonic generation, of course, we talked of French ambition and folly and wickedness, as in this generation we have talked of German.

Indeed, as we watch the process of Continental ruin, of the Balkanization which goes on between the Baltic and the Black Sea, of a round score of States bankrupt,

¹ No, he is not. But years before the war he became tired of shouting his denial of this nonsense, of pointing out that his whole case was based on the assumption of the extreme likelihood of war. (See the Addendum to *The Fruits of Victory*, pages 260-8.)

often with populations famished and dying, yet all keeping up the never-ending feuds which are the main cause of the ruin, it is a mere truism to say that the majority opinion, the prevailing view of these peoples as to their respective national rights, as to the policy which will best serve their security and welfare, is the view which renders them unable to live together; and unless modified must mean for them savagery and anarchy. That is the homily of which your common-sense man will any day deliver himself—concerning the people of the Balkans, or the Poles, or the Irish, or the French. Yet all this unwisdom, these disastrous policies, are upheld by whole peoples, numbering in the aggregate hundreds of millions; people often of great and lively intelligence like the Irish and the French.

One does not need to share the Carlylean view that the forty millions are mainly fools. The forty million French are not; nor for that matter the sixty million Germans. One may go further. Though it is obvious that the necessary change of opinion must of mathematical necessity begin with a minority, that minority need not be, and generally is not, in the qualities that make up life as a whole, any better than the majority. That minority which in Germany was the enemy of Prussian militarism, and which might, if it had been listened to by other Germans on this particular matter, have saved them and the world illimitable misery, was not any better in general character than the Germans as a whole. It was often worse. The minority in Germany that criticised the country's militarism and foreign aggressions was composed largely of extreme Socialists, who would not be anything like as popular in English circles as some of the Prussian militarists.

§ 2

THREE YEARS GOVERNMENT BY PANDER

As a matter of fact, the case against my imaginary critic is stronger still. For the views here presented are not those of a merely negligible minority. They have become, during the last year or two, as ample evidence goes to show, the *private* conviction of a great many English Ministers, ex-Ministers, bankers, traders and economists; and most of us have perhaps the uneasy feeling that "there's a good deal in it."

But they do not constitute the basis of the consistent public policy of the country, largely because we have reached that attitude to affairs in England in which private conviction no longer coincides with public profession. For the last ten years or so we have seen grow up, to an extremely disturbing degree, the habit of having one view of life and politics for private use and another for public. Nearly everywhere you find the public man—the politician, the preacher, the writer, the journalist—professing one opinion in the smoking-room and a quite different type of opinion on the platform, or in the pulpit, or in a newspaper article.

This means that those who should be the natural leaders of public opinion, deliberately mislead it—by pandering to it. And this explains, in very large part, why whole nations can and do go wrong on vital issues.

Take as an illustration of the sort of thing that has been going on in this connection, the facts of an actual case, an intrinsically important one. No one problem has borne more potently this last four years upon the restoration of Europe than the indemnity question. This is not a detail of policy, it is the thing upon which the whole European settlement for four years has waited. The peace and prosperity of a continent,

the future drift of Western civilization, the question whether the old antagonisms are to be perpetuated or appeased, depends upon the policy which will be pursued in this matter. If France is led to new invasions, the virtual annexation of the Rhine provinces, as threatens now to be the case, this will lead in our generation to the jeopardy of the new German Republic, revolution from Monarchists or Communists, or both, and in the next generation to a new war of conquest, if the continent has not gone too much to pieces even to wage war.

Until this question is out of the way no financial or commercial stability, no currency or budgetary reform is possible; and until these things are achieved there can be no permanent improvement in our unemployment and general economic distress. Yet the thing is still unsettled after four years of patient, elaborate, prolonged negotiation, numberless meetings, uncounted publications of reports by experts.¹

Why this complete failure to settle anything?

Because the Governments concerned have never in time, soon enough, been able to propose in public the policy or steps which they know to be necessary and which in private they were urging.²

Listen to Mr. Lloyd George in the House of

¹ As I write these lines the usual Conference is going on about it. It is the *fourteenth* since the Armistice. This week's (August 11th, 1922) *Saturday Review* says:—

"Not one of these meetings has produced any result sufficient to avoid the necessity of a successor. In all essential respects, after close on four years of armistice and three years since the signature of the Treaty of Versailles, we are precisely in the same position as when the last gun sounded."

² The *Outlook* says:—"French politicians are desperate. Not only political ruin, but perhaps treason trials await them if their people learn how France has been duped and deluded and led into bankruptcy following will-o'-the-wisps of always demonstrably unprocurable reparations. France should have taxed herself and reduced expenditure; she was tricked instead into carrying on as usual in the belief that 'Germany would pay all.'"

Commons, explaining why French Ministers had not, at the time the Treaty was signed, been able to settle the indemnity at a reasonable figure :—

“ There was no Ministry in France at that moment which could have accepted any figure such as has been suggested. It is no use, if you are dealing with realities, not to take political realities into account. M. Clemenceau was one of the most courageous statesmen who ever presided over the destinies of France. He was not afraid of facing opposition in the Chamber; but even he would have shrunk from going to the Chamber at the time and urging them to accept a figure which at present might be regarded as quite acceptable even by French statesmen. It was essential that you should give time to allow the passion, the temper, and the ferocity of war to subside, so that you could finally adjudicate in a calmer atmosphere the claims between the various parties.”¹

He is defending there of course his own political philosophy. It comes to this: A statesman who does what he knows to be the right thing for his country, a thing which is, moreover, capable of easy explanation, will be politically destroyed. He must neither do that thing nor make that explanation. A story current at the Conference was to the effect that an expert of the British Commission pointed out to Mr. Lloyd George that the scale of damage implied a demand for about eleven or twelve thousand millions, and added: “ You can’t possibly suppose that it can ever be found. What is the sense of these figures?” “ Twelve thousand million!” said Mr. Lloyd George. “ My dear fellow, if the election had gone on another fortnight it would have been fifty thousand million!”

Everybody laughs of course. “ It must not be taken too seriously. That is politics.” But it is a method of politics that might be described as govern-

¹ House of Commons, August 3rd, 1922.

ment by pander—which in four years has very nearly ruined Europe, and will certainly ruin it completely, unless we can substitute for it something better.

But we are not yet at the root fact of the thing. *Why* is public opinion of that nature? *Why* are politicians so everlastingly afraid of doing the wise thing because the public would destroy them if they did? *Why* is that kind of mind the public mind in politics? ¹

We come here to the rôle of the press, or the most popular section of it. Let us trace it in this indemnity question.

From the beginning the issue has been extremely simple, quite explainable in five minutes to any intelligent schoolboy. The indemnity which Germany can pay must be measured broadly by her excess of exports over imports. She has no gold mines, so the only way she can get money wherewith to pay us is by selling goods. It would serve no purpose for her to give us paper money unless it can be exchanged for either gold or goods. Indeed, the great cry now is to make her stop printing money. However you may argue the thing—and anyone can argue it out for himself without technical economic knowledge—you must come back to the fact that the extent of the German indemnity will be measured by the worth of the German goods that leave Germany less those she is obliged to import.

Now it is plain, given our own dependence on foreign trade, that the extent to which Germany's can be expanded with due regard to the smooth working of our own commercial machinery is strictly limited. It

¹ The demagogue often, of course, misjudges the public mind, generally crediting it with much less wisdom than in fact, despite its diet of misinformation, it possesses. In the recent Turkish business the politicians seemed to judge that war would be popular, when the public had fully decided not to tolerate it at any price. The incident is dealt with later.

does not necessarily mean that any increase in German foreign trade is bad for us. That does not happen to be true. It does mean that the one measure of Germany's capacity to pay is the possible surplus of exports over imports.

There was certainly nothing obscure or puzzling in this to the financial advisers of the Governments that met in Paris in 1918. It so happens that the present writer had raised this very question, put this very dilemma, as part of the problem of the economics of war, several years before the war, and a great deal of controversy had arisen between economists touching this point. The experts advising the various Governments, correspondents in touch with those experts, the editors in touch with the correspondents, were all aware that the amount Germany could pay must be measured by the amount of German goods or services that could be absorbed *outside the German frontier* without damage to the Allied commercial organisation. Anyone who discussed the question seriously for half an hour¹ knew that it was no good basing what Germany could pay on the value of her public buildings, the receipts of her railways, the amounts spent in theatres and cafés, and that particularly it was no good talking about Germany paying the whole cost of the war. If she should build up a foreign trade as great as that of all Europe and America combined she could not do it. And to ask the impossible was to kill the chances of getting the possible.

The "big public" of tubes and 'buses and tea shops, as distinct from those nearer to the centre of things, had not yet grasped that point, and there was a perfectly natural hesitation in admitting it too readily. The

¹ I except M. Tardieu and a few French journalists. They are in the condition of certain religious fanatics whose minds suddenly close when you touch fundamental dogma.

notion that the criminal could not be made to pay for the havoc he had caused, and that we should have to foot the bill ourselves, was not a pleasant fact to face. All the more reason for checking the natural tendency to nurse an illusion which might make an already precarious position still worse. To perpetuate chaos on behalf of mythical billions we could never get, was to sacrifice what we might get; uselessly to increase our own difficulties and dangers.

At the beginning of the 1918 election, Mr. Lloyd George obviously wanted to have his hands free as to the indemnity which should be demanded of Germany. (At the armistice we had given an undertaking to the enemy that the amount to be claimed should be limited to damages done to the civilian population.)

If the Press, as a whole, had told just the simple truth about this matter, brought the essential facts home with the same insistence which they had had to employ during the war on a hundred subjects—economy, food, clothing, and the rest—the whole story of the reparation problem would have been a different one.

But instead of the truth being told, we know what happened. The popular papers, headed by the Northcliffe Press, started a "ramp," a "stunt." Germany must be made to pay the *whole* cost of the war. "He has not said it." "He has not said it," they yelled. The Premier tried hard for a time not to say it. But the stunt Press won the day. He "said it."

But the deception did not end with the election. There followed nearly four years of negotiation, during which the greater part of our Press continued to hide systematically this extremely simple point that the extent of possible indemnity did not rest ultimately upon the German will alone, but upon

ours; upon the extent to which it would be to our advantage to allow or encourage the growth of German foreign trade.

The most powerful section of our Press has consistently done its best to keep from its readers the one fact which in the interest of European peace it was necessary to impress upon them. Many aspects of the economic problem in Europe are obscure and difficult. This crucial point is clear and simple. We want Germany to pay a certain large sum; she can only do so by greatly expanding her foreign trade. In what lines of foreign trade are we ready to accept such expansion? In steel rails, or motor cars, or cutlery, or dolls' eyes, or hairpins, or fabric gloves? Coal? We know already what the effect of even a little "indemnity coal" has been. Food, raw materials? Germany must import them to live. Fertilisers? She could not pay by that means one-hundredth part of the sums demanded. When she extends her nitrate factories we get fits, because she is increasing her capacity to manufacture explosives. The very people who demand these great sums would be the very people who would be the first to refuse the one condition upon which Germany could perform what we ask. Months before the signature of the Treaty the Germans put this question to the Allies: In what lines would the Allies facilitate the expansion of German trade? When finally Rathenau managed to get the Wiesbaden agreement accepted, and France agreed to take certain payments in kind, that document remained a dead letter owing to the hostility of French industrial interests. Germany was ready to "pay"; we and France made payment impossible, and the whole time threatened invasion because Germany refused to pay and was "evading the issue." We blame France over the Wiesbaden business. But are we any better? The very members

of the House of Commons who insisted upon astronomical figures in the indemnity are those who would not even hear of Germany sending small quantities of fabric gloves into the country. "If Free Trade England," asks Mr. J. A. Spender, "is in a fuss about fabric gloves, what would be the case with Protectionist France? We may get some faint idea of it from the protests of French interests which, so far, have prevented any of the quite sensible schemes for supplying German labour and material for the devastated areas from reaching the practical stage." Mr. Spender adds :

Is it really necessary that the whole world should be kept in suspense and its trade paralysed by maintaining vast claims which all instructed men know cannot be met, and, if they could be met, would be rejected by the claimants? Must we go on, year after year, verifying from costly experience what has now become self-evident? There was some excuse for ignorance in 1919. The idea of vast payments being made from one nation to others was a new one to the modern world, and the small sum exacted from France after the Franco-German war offered no analogies.

The answer to Mr. Spender's question as to why public opinion still defies the self-evident, is that it has unfortunately become an organised industry to exploit existing prejudice by withholding the very simple facts which might destroy that prejudice.¹ Here was a simple truth, the more general realisation of which might have accelerated enormously the appeasement of Europe and the solution of our own pressing economic problem. It was a national interest that it should be known. Not only have some of our largest papers not brought out this truth; they have

¹ Mr. Spender writes for papers that have, unfortunately, a much smaller circulation than those supporting the policy he is criticising.

persistently hidden it, and not only persistently hidden it, but have persistently implied the exact contrary. Any day you may read stories of the way in which "money that ought to go to the Allies" is being spent upon public improvements, theatres, country excursions. "Why don't the Allies tax German amusements?"

It is a "little too thick" to assume that after years of discussion, of Banker's Reports, expert explanation, the correspondents who send this kind of thing, the editors who print it, do not know that it has no bearing on the question of what Germany can pay; do not know that the printing of it merely helps to keep alive a confusion of mind that paralyses the action of statesmen and prolongs a situation fatal to the nation's most elementary interests.

It is not a question of the goodness or wickedness of Germans, "being kind to Germany," "coddling the Hun," "standing by Allies," "favouring the enemy," or any of the other phrases by which, when clear thought is most needed, this particular type of journalist, by stirring up murky passions, does his best to render it impossible. It is a question of the simplest, hardest fact. Is it, or is it not, true that an indemnity can only be paid by German exports? If it is true, then it is a truth vitally affecting our attitude towards the prime problem of European policy since the armistice. Why is it so systematically kept in the background?

We blame the French to-day. But if, basing ourselves on the Armistice and upon the plain facts of economics, we had stood out against the inclusion of pensions and for the limitation of the claims to material civilian damage¹ the situation we now face would

¹ Mr. B. Baruch, of the American Delegation to the Peace Conference, telling the story of the struggle over the inclusion of pensions in pretty plain violation of the armistice terms.

never have arisen. That situation has been bedevilled throughout because for four years the statesmen have had to maintain fictions which not only they, but the journalists who exploited them, everybody at all "in the know" who discussed the thing in private, knew to be false.

Note the verdict in this connection of two competent American economists (Professors Bass and Moulton, of the University of Chicago), who in their book on "America and the Balance Sheet of Europe" (p. 335), write :

"What hope is there for the world so long as the leading Premiers of Allied countries admit that Germany can pay only with goods which none of the Allied nations are willing to receive, and give support to their Parliaments in framing tariff measures designed to prevent German exports, at the same time insist that recalcitrant Germany must meet the reparation obligation to the last farthing and the last sou? What hope is there for the world so long as most of the leading students of international finance and economics, who recognise the fundamental illusion in reparations and Allied debts, will frankly discuss the subject only in undertones and in inner offices? What hope is there for the world when statesmen and financiers alike, while lacking the courage to tell the truth about reparations and inter-Allied debts, insist that nothing can be done as a practical matter, 'however desirable it might be from an economic point of view,' because the people will not be satisfied to give up the supposed advantages of reparations and debt payments? If ever there was a time for leadership in a campaign of enlightenment on the fundamentals of international economics, it is now. If ever there was a time when the truth is needed to set men free, it is now. If ever there was a time when evasion

says: "What had really happened was a compromise between the Prime Minister's pledge to the British Electorate to claim the entire costs of the war, and the pledge to the contrary which the Allies had given to Germany at the armistice."

and concealment were political virtues, it is *not* now."

One of my reasons for citing that passage in this connection is to remind the reader that in a year or two now, we in our turn, in the matter of the American debts, are likely to be the victim of the same sort of situation in which Germany has found herself these last few years.

In a recent prolonged tour of the United States, after long discussions with bankers, merchants, cabinet ministers and senators (I exclude the Congressmen, who belong to another category), I failed to discover a single person, pretending to any knowledge of finance or economics or foreign affairs, who thought that the European debts, with the possible exception of England's, owing to America could be paid, or ever would be paid since payment would in practice necessitate lowering the American tariff. But the recent dispatches from America all agree on this point: that it would be political suicide for the Republicans, or the Harding Cabinet, to favour the remission of those debts. The popular line is to demand their payment, and your astute politician will go on voicing the unwise or impossible—but popular—thing.

And in the matter of Europe's debts to America, the Hearst Press is playing about the same rôle that the Northcliffe Press had played in the "make Germany pay" campaign. You find in the Hearst Press to-day exactly the same care to exclude, and by implication deny, the root difficulty of the thing: that those vast sums can only be paid by America's purchase of European goods.

§ 3

PRIVATE V. PUBLIC OPINION : THE MECHANISM OF
DEMAGOGY

WHAT is the motive which prompts popular and powerful organs on both sides of the Atlantic thus to hide and distort and confuse the fact which the public interest demands should be fully and clearly understood? What motive actuates the American politician, when in his public speech he demands, and when in his vote in Congress he causes his country to demand, the integral payment of Europe's debts, knowing all the time that it would be wiser to counsel the cancellation of those debts? Why those implications that they can easily be paid? Why the attendant implication that if they are not paid it is due to the ill-will and bad faith of Great Britain? Why all this, knowing the illimitable dangers of the ill-will contained in the view which he fosters?

It is certainly not a perverse desire to deceive the public for the sheer pleasure of deceiving it.

It is explained by certain conditions which attach to the competition for popular votes on the part of the politician and for circulation on the part of the newspaper.

Plainly it is not a pleasant thing for a creditor to be told that his debtor cannot pay. It is not likely to be one of those thoughts whose father is a wish. The evidence has to be pretty clear before we will believe it. If, while considering the point, there comes along a second informant who declares that the first is all wrong, that the debtor can very well pay; that he is hiding his wealth, that if we are all sufficiently "firm" he will pay up—why, we have very ancient biblical authority for the belief that the prophet of smooth things will be the more popular of

the two. If he is a politician we will give him our vote; if a newspaper owner, our subscription.

It may be very important for us not to be under illusions. But if we are busy and tired, and we don't like these "calamity howlers" anyhow, we will let our wish rather than our thought dictate our vote or our newspaper subscription.

But the general principle which determines the choice here operates in a multitude of other decisions not concerned with payment of debts or indemnities. We don't like having our convictions disturbed, hearing arguments against them. That is why we always take the paper that agrees with us; belong to clubs of people who share our political belief. The heretic hunting and the general history of the religious conflicts tell us how seriously men have regarded the crime of differing from their opinion. If you doubt the force of this factor, note your feelings the next time that you get into an argument with someone, touching a long cherished theory of yours. He happens, we will suppose, to show you that you are completely wrong. He has done you a very great service. He has put you on the track of truth when you were straying among the pitfalls of error. Are you really grateful? Or do you feel like hitting him?

It is precisely, of course, the opinions which we cannot defend rationally, about which we are apt to be most passionate and emotional. Especially if we have a fear, which we may only half admit even to ourselves, that a rational examination may destroy an opinion dearly held, do we resent the attempt of anyone who would rob us of it by rational examination. As we cannot repel the attack on it by reason, we are violent-minded and passionate about it, and declare that to question it is base and immoral. If you would win popularity make no appeal to reason: feed hungry emotions and present appetites.

The power of the demagogue, whether political or journalistic, lies in the fact that it is more immediately popular to confirm or applaud an existing folly than to correct it. And the trouble is that you can't afford to wait months, or years it may be, for your rightness to prove itself by the facts, because meantime your rival has been elected, or run away with your circulation, his supporters having forgotten, it may be, why they really voted that way, or first took his paper.

In practice and in crises the thing which it is most important for the public to learn, or be reminded of, is precisely the thing that it does not want to know, or wants to forget. Though the judgment of Sinn Fein about Ulster, or Ulster about Sinn Fein, or the French about the Germans, or the Germans about the French, is apt to be a bit defective and lop-sided, does it pay their respective papers to correct that lop-sidedness? An Ulster paper that really made a practice of stressing the good things about Catholics, a French paper that should emphasize those facts that explain the German case, or a German paper the news that helped to explain the French case, would certainly lose circulation as against the one that did precisely the opposite. What the readers of each paper really want is to read the things which confirm their settled prejudices. To give the public what it wants may at certain times of crisis be extremely bad for it. When it happens to have acquired certain prejudices that may create a good deal of havoc in the world, it does the world an ill-service to feed these prejudices, to persuade its victims that they are a virtue. Yet so to deceive it is precisely what the public does want; and to undeceive it something which it will resent. The paper which at crises does not foment the prejudice will lose circulation, profit, solvency perhaps, as against one that does. There is a Gresham law at work which will at times so operate

that the bad drives out the good prejudices, tickles our animosities or encourages our fundamental moral conservatism. This preference for hearing only those things which confirm what we have come to feel or think would not matter if we lived in an unchanging world in which we were never called upon to readjust old notions to new conditions. But as we happen to be living in a time when the old civilization has come clattering about our ears, and when we must reconstruct on somewhat new lines—which means a new way of thinking and feeling, unless the same thing is not shortly to happen again—then this fact that nearly the whole force of newspaper competition feeds our already strong tendency to obey the old instincts of nationalism and tribal combativeness become a grave social menace.

This Gresham Law, by which the anti-social instinct is selected and strengthened as against the social, would operate in some degree in any case; always has operated, as we may gather from the psalmists' reference to the popularity of prophesying smooth things, and from the Defence of Socrates, who declared bluntly that no man could hold public office in Athens and tell the truth. But the thing is the more dangerous with us because of the mechanical element in our civilisation. The "mass production" of newspapers, films, wireless, by great Trusts, is rendering "mass opinion" more and more irresistible. We wield instruments of opinion immeasurably more powerful than those of old. Never perhaps in history was there so wide (and disastrous) a gulf between "public opinion" and "private opinion," between what you may hear expressed openly and freely in smoking rooms, at private dinner tables, by public men and journalists, and what they say on public platforms and in the Press. History has known the phenomenon before, but never quite to this degree.

Rome knew the period when the Augurs winked in the midst of their solemn mummary, when virtually "everybody who was anybody" talked with his tongue in his cheek during public professions of the official faith. But they at least believed that all this pretence about the Gods was good for slaves and groundlings whom it was meant to deceive. The modern augur knows that his deception is bad for those whom he deceives; and not only bad for them, but bad for himself; that it makes the statesman's job more difficult, the journalist's more unpleasant, and the accomplishment of any useful end by either so uncertain, that the whole fabric of society may be threatened—as it is now threatened—by the subserviency of those who do know to those who don't.

This is the nemesis of government by bamboozlement or pander. We think to make the millions do our will by feeding their prejudice and passion; and then at the last we find that we must do theirs, and are the slaves of the thing we nourish. We fought to make the world safe for democracy to find that the democracy which our war produced, violent-minded, blind, clamant for contradictory things, had made human society itself unsafe.

"Human nature. . . . Man is not a logical animal; not governed by reason." Precisely. That is what I am trying to show. It is because he is so little subject to reason that it is so important to recall him to reason. If instinct alone sufficed there would be no need for any law or code, for debates, for books, legislatures, courts or churches. Those things exist because human as distinct from animal society is the product of thought as well as instinct; of the discipline of intelligence guiding instinct with some fore-knowledge of consequence.

The typhoid patient who craves food obeys an instinct which will kill him if indulged. He will feel

angry with those who keep food from him, pleased with the "friend" who feeds him. It is with the latter's argument that he will agree more readily.

The debate raised in these pages challenges an instinct, runs counter to strong prejudices.

It is quite easy for a critic to render great numbers of the public deaf to that argument. A few words, phrases, incantations will do. "Flag . . . patriotism before pocket . . . our country first . . . emasculate internationalism . . . red blood . . . boys of the bull-dog breed . . . be kind to every country but your own . . . usual Germany-can't-pay-whine . . . touching solicitude for the dear, kind Hun . . ."

All this is food to the typhoid patient; drink to the dipsomaniac. To offer it is a sure road to popularity.

At times, one is almost tempted to ask: Why not let him have it? If the patient wants to go to the devil in that way, why not let him, and earn his gratitude and ha'pence?

§ 4

THIS IS NOT AN ANTI-WAR TRACT: "WAR" IS NOT THE
MAIN DANGER

THIS is not an anti-war tract in the sense of being an attempt to strengthen intuitive objections to war.

From the point of view of Britain's national survival it is not "war" (in the sense of the periodical recurrence of a great orgy of killing and destruction), which is the major danger. If we could imagine war as something in which, every generation or so, an efficiently organised world went mad for the time being, exterminated a few million of each other, piled up debts for its children to pay, and then went back again to an orderly life and a well organised society—terrible and regrettable as the phenomenon

might be otherwise, there would be nothing there that threatened the existence of this country.

The case against war—even the economic case against war—is not to be shown by establishing a balance sheet : so much cost, so much result in terms of territory, trade or concessions, the difference representing the profit or loss. This writer has always held that the material damage of war has usually been greatly exaggerated. The last war, indeed, accomplished something in an economic sense which we have not been able to do by peace : produced for the time being, and for the purposes of war, a social solidarity, and energy, and sacrifice on the part of individuals, which performed economic miracles. If we could be as economically effective for peace, as we were for war, four-fifths of our economic problems would be solved. Such energy and solidarity as we saw from 1914 to 1918 could soon repair the material damage of war.

The fact about war between nations which concerns Britain is this : It arises out of, as it perpetuates and intensifies, a form of world organisation which will render it increasingly difficult for the British population to live at all ; it must end by creating in Europe a state of society in which there will be no place for Britain economically ; in which she will become the fifth wheel in the chariot. The explanation of what precisely that means is to be found in the pages which follow.

It is concerned with a problem of economics. This does not mean that the main motives of men are or ought to be preponderantly economic. But it is certain that they will be if the economic fact is neglected. A people that is half starved is quite unduly "economic" in its motives and preoccupations. Its daily thought is centred upon material things, food, shelter, warmth. If we would liberate its activities for better things, then we must solve the

more fundamental economic problems. It is not "noble," and it serves no high end, to drift into penury and social chaos, with suffering children living in a sordid scramble for existence, because we have had a lofty disregard of "sordid" or dismal facts. It is only silly. Civilisation is founded on a certain minimum of food, shelter, warmth. And although the foundations are not the whole building, the whole building will be insecure if the foundations are unsound.

And we shall find, as the discussion progresses here, that in the economic problems which concern nations are involved the profoundest of moral questions : the right to life. May we, by national right, declare that such and such resources of the earth shall be for our children and no others ?

We have not answered some of these questions yet, and until we do answer them, not only can there be no peace, but, in the view of this writer, there cannot be that particular organisation of the world which will permit future generations of Englishmen to live on this soil.

I have said that there is no attempt here to strengthen the merely vague feeling against war. I doubt whether to do so would serve much purpose. We are passing at present through an intensely pacifist mood. But it has followed, at the interval of a few months, an intensely belligerent one, and may as rapidly return to it. In 1918 we would tolerate no settlement but one which, if it meant anything more than the satisfaction of temper, as when a man breaks the furniture, meant that, to impose it, we were ready to use great and prolonged military coercion, force to an unlimited extent. In 1922 the head of the newspaper combination that was the most clamant for this settlement, declares that "the nation is not prepared to go to war on any pretext whatever." And the Turks are allowed to tear the Treaty we made to

pieces. This cannot last. The mere decision not to enforce anything at all is not a solution of the European problem. Rather does it mean giving it up because we are weary of it; that fatigue, not a weighing of the facts, has decided us. We did not get rid of private war by surrendering to those who happened to be armed, but by organising central power. The alternative to Nationalist militarism is, not surrender to the Nationalism that happens momentarily to be powerful, but the organisation of a workable internationalism. If restraint of the Turk would now mean war, that is because the European nations, instead of uniting in the past, have used the Turk as a pawn in the struggle for purely national power.

Everybody—"militarist" and "pacifist" alike—is ready enough to shout "No more war." But we have not examined the price of peace, decided, that is, what are the rights for which we will fight. It won't do to say that we will fight only to right wrong, to resist wicked aggression, to stop oppression, to preserve national safety. Always in every great war, however difficult each side may find it to believe it of the other, the mass of both sides are passionately convinced that they fight for those things. And the proof is the heroic gladness with which thousands on each side die for their convictions. Men do not die gladly and heroically in thousands for what they believe to be wrong, however wrong, in fact, it may be. And recent history in France, in Poland, in Ireland, is proof that wrong convictions passionately held to be right, are not something peculiar to Germans.

This means that we have still to find out what is right, what is fair in international relations. To that end, as an inevitable part of their economic purpose, these pages make certain suggestions.

CHAPTER II

THE ARGUMENT OF THIS BOOK

I HAVE attempted to summarise the main argument of this book in a dozen short paragraphs, the title of each being itself a summary, thus :—

(1) Our soil cannot feed or clothe us. (2) We live out of the surplus of foreigners. (3) That surplus is declining and the system of production and exchange necessary to it disintegrating. (4) The disintegration is due to the Nationalist basis of the European political system. (5) National military power cannot remove Nationalist obstacles, ensure economic stability, or compel production. (6) Yet our policy is generally hostile to economic internationalism. (7) The settlement was based on an unrealised and impossible Nationalism. (8) "Imperial Isolation and Development"—inadequate as an alternative to economic internationalism—really means a Balance of Power policy. (9) A Balance of Power policy must inevitably conflict with support of any international economic law. (10) Britain must pledge her power to an international economic code to be impartially enforced. (11) Our policy has lacked decision because we have not realised clearly the exclusive alternative. (12) The necessary policy outlined.

The pages in which the summarised argument is developed are indicated in footnotes. The reader may be reminded that the argument is not complete in this summary : if it were, the remainder of the book need not have been written.

(1) OUR SOIL CANNOT FEED OR CLOTHE US

There are living on these islands at least twice as many people as their soil can support at any standard

*adequate to what we know as civilization. In the lifetime of the children now at school, our soil may 'be called upon to support a population of fifty, perhaps sixty, millions. When we have exhausted all the feasible possibilities of intensive culture, French gardening, State-aided emigration to the Colonies, and the rest, the obvious fact remains, that most of that population will only be able to live, as most of it lives to-day: by turning coal into bread, through the alchemy of foreign trade. That is to say, we must exchange our coal, or manufactures, or services based on it, for the surplus of raw material and food produced by foreigners.*¹

(2) WE LIVE OUT OF THE SURPLUS OF FOREIGNERS

The coal, manufactures, services, can only be a means of supporting this excess population (which is most of it) so long as the overseas world produces a surplus of food and raw materials over and above its own need; and is content to exchange it for the services we perform instead of performing those services itself. One of the main factors determining the value of our coal as a means of buying foreign food or material is the extent of the foreign surplus. If there were no surplus, *if the productivity of the overseas world so fell that it had only enough for itself, we should offer our coal in vain.* The foreigner would be too poor to furnish a market. Half our population would have to starve or emigrate. To the extent to which that surplus declines, food or material becomes more costly in terms of the things which we give for it.²

¹ Pp. 44—52; 61—63.

² Pp. 61—67.

- (3) THAT SURPLUS IS DECLINING AND THE INDISPENSABLE SYSTEM OF PRODUCTION AND EXCHANGE NECESSARY FOR IT IS DISINTEGRATING.

That surplus is declining. The decline is due partly to the growing pressure of overseas population itself (as in America) and the exhaustion of first fertility, but still more at the present juncture to the paralysis of the international trade and credit system. A constant and steady overseas surplus (or in other terms, a high general productivity) can only be assured if each area does that for which it is best fitted and exchanges the result. This means assured access by each nation to the raw materials of the others, transport across political frontiers sufficiently unimpeded to secure large scale production in certain basic industries, reciprocal inviolability of commercial contract and immunity of property, a stable monetary and credit system, and so forth.¹

- (4) THE DISINTEGRATION IS DUE TO THE NATIONALIST BASIS OF THE EUROPEAN POLITICAL SYSTEM

The disintegration of this essentially international system is due to the intensification of political nationalism: the struggle of nations towards individual independence based on their isolated strength and economic self-sufficiency; the effort to make the political also the economic unit. The consequent failure to maintain the most economical division of labour not only reduces that surplus from which is derived the value of our coal as a means of buying food and raw material, but deprives us of our economic *raison d'être*: foreigners insist on being their own manufacturers. Yet this tendency will be strengthened so long as there is no alternative system

¹ Pp. 67—71.

whereby nations can be assured both political and economic security.¹

(5) NATIONAL MILITARY POWER CANNOT REMOVE
NATIONALIST OBSTACLES, ENSURE ECONOMIC
STABILITY, OR COMPEL PRODUCTION.

We cannot ensure the stability of the present system by the political or military preponderance of our nation or alliance imposing its will on a rival. *The factors enumerated in the third paragraph are of the kind that cannot be secured by physical coercion.* We have had complete power since the end of the war over our greatest rivals : that power has not enabled us, or our Allies, to take the enemy's trade or maintain our own, to secure what we need for our taxpayers and unemployed, to restore credit and currencies, or to prevent those things going to pieces.²

Coercion to secure these economic ends fails for a simple reason : If others are to pay or buy they must actively produce, be, that is, economically strong, and in a position sooner or later to resist our coercion. If we make them weak they cannot pay ; if they are strong they will pay what they deem fair or spend their money finding means to resist us. That is why, though preponderance of power can and generally does paralyse trade and production, it cannot ensure them.³

(6) YET OUR POLICY IS GENERALLY HOSTILE TO
ECONOMIC INTERNATIONALISM

Although the system indispensable to our welfare is essentially international in character, we have opposed the internationalist and favoured the

¹ Pp. 71—80.

² Pp. 98—103.

³ Pp. 112—117.

Nationalist tendencies in Europe, and are still doing so; first by reason of our support of certain features in the Versailles settlement, and secondly by our present tendency to a so-called isolation and withdrawal from Europe.¹

(7) THE SETTLEMENT WAS BASED ON AN UNREALISED
AND IMPOSSIBLE NATIONALISM

The political system of "absolute nationalism" embodied in the Treaties, and on the basis of which we are still trying to organise Europe, has attempted to bring within the borders of each national State the things indispensable (raw materials, lines of communication and access) for the life of its people. But the national and economic unit seldom coincide. It meant jerrymandering frontiers, bringing within the political frontier of the liberated nationality—Poland, Czecho-Slovakia, Italy, Roumania—alien populations. For the purpose of securing a nationalist settlement of Europe there were a dozen new violations of the nationalist principle. Result: prospect of further war to correct the new violations of nationality; the new nationalities will in their turn demand in the name of national security new violations of the national principle, *ad infinitum*. These struggles paralyse the economic process by which England lives. National self-sufficiency can only be obtained by violating the principle it invokes.²

(8) "IMPERIAL ISOLATION AND DEVELOPMENT" (IN-
ADEQUATE AS AN ALTERNATIVE TO ECONOMIC
INTERNATIONALISM) REALLY MEANS A BALANCE
OF POWER POLICY.

"Isolation," "clearing out of Europe," the development of a self-sufficing Empire, while having

¹ Pp. 93—98.

² Pp. 71—81.

the appearance of non-provocation and non-aggression not only add to the strength of inertia in the ideas of absolute sovereignty over national territory which are so opposed to the creation of any economic internationalism, but must rapidly lead us once more to the espousal of the Balance of Power policy, which is in flat contradiction with the espousal of an international code.

At present two-thirds of our overseas trade is foreign. To transfer that two-thirds to the Empire and make it self-sufficing would mean stiff preference over a prolonged period. It would involve increasing friction with the non-British world. A world-wide empire which includes vast undeveloped territories containing raw material needed by dense and growing populations outside that empire, backward peoples (in Africa and Asia) whose conquest by others might be made the means of organising them against us, cannot be left simply undefended. As soon as there is a danger of any nation or group becoming so preponderant as to threaten the Empire or its communications, we shall seek Allies for our safety, as we have done in the past (in our struggles in turn with Spain, with Holland, with France, with Russia, or with Germany). In order to secure those Allies necessary to "balance" that potentially hostile Power, we must pledge ourselves to support or acquiesce in their particular political aims, though we may not approve them, as in the late war we acquiesced in certain Russian, French and Italian aims which admittedly we did not approve.¹

(9) BALANCE OF POWER POLICY MUST INEVITABLY CONFLICT WITH SUPPORT OF ANY INTERNATIONAL ECONOMIC LAW

If we are thus compelled to pledge our power to

¹ Pp. 88—92.

Allies, to support them at all costs in order to maintain the "Balance," we cannot also pledge our power to the impartial maintenance of a code or law. There is a conflict of obligation, as we found (*e.g.*) when the need for off-setting the power of Germany compelled us to support France in annulling the international instrument of Algeciras. To oppose Allies by maintaining the code against them would upset the "Balance." The law becomes powerless because those who should enforce it are pledged to stand by those who may violate it.¹

(10) BRITAIN MUST PLEDGE HER POWER TO AN INTERNATIONAL ECONOMIC CODE TO BE IMPARTIALLY ENFORCED

The only alternative is to define the rights and obligations of each under a common code, and to put our pooled power behind it. We have hardly yet defined even the beginnings of such a code.²

(11) OUR POLICY HAS LACKED DECISION BECAUSE WE HAVE NOT REALISED CLEARLY THE EXCLUSIVE ALTERNATIVES

We have not taken the opportunities which have presented themselves in the last four years for promoting the solution here suggested, just because our hands have been tied by Balance of Power entanglements. Our policy does not indicate a clear choice between what must be mutually exclusive alternatives. If the intention at the Peace was to lay the foundation of an agreed economic policy ensuring the "economic indispensables," freer trade across frontiers, obviously the Treaty did not carry out the intention. Nor in the four years following the Peace did the relations with Central Europe and Russia

¹ Pp. 88—97.

² Pp. 117—120.

reveal any desire to make new adjustments an opportunity for creating a new economic order. Yet the failure to carry out with Central Europe and Russia a policy which might have laid the foundations of the economic unity of Europe has not sufficed to maintain the Alliance with France. The support of the League of Nations, and our conduct in such things as the Mandates, have been equivocal, yet the alternative policy has failed.

We have not sufficiently recognised the inevitable conflict between any policy looking to the creation and development of an economic code (whether through the League of Nations or otherwise), on the one hand, and Imperial self-sufficiency supported by Balance of Power commitments on the other. We cannot stand boldly and sincerely for both. We must choose between the two.¹

(12) THE NECESSARY POLICY OUTLINED

Because we cannot, for the reasons touched on in this summary and developed in later pages, secure the vital needs of our people by irresponsible power, we should accept the risks of the only feasible alternative, and direct our foreign policy mainly at substituting for the haphazard system of the past a formally recognised international "Code of Economic Intercourse" dealing not merely with the relatively secondary matters so far dealt with by the economic section of the League of Nations, but with the more fundamental principles: the relation of national customs tariffs to the general economic needs of the world; equality of economic opportunity in undeveloped territory, concessions and investment therein, access to their markets and raw materials, and as an earnest of our sincerity in this aim we should be

¹ Pp. 88—97.

prepared to place our entire non-self-governing empire (India, African Crown Colonies) under such code, to place foreigners on an economic equality therein, not as a matter of grace dependent upon the variations of our internal policy, but as a thing of right rendered secure by treaty. Our arrangements and bargains with Russia, Germany, Austria, Turkey, Greece, and other enemies or *protégés*, should cover as far as may be this larger ground.¹

¹ Pp. 116—117; 125—127.

CHAPTER III

THE THREAT TO BRITAIN : EUROPE'S ECONOMIC DECLINE

§ 1

“ OVER-POPULATION ” AND IMPERIAL MIGRATION

Is Great Britain over-populated? Not necessarily. It was probably more “over-populated” in pre-Roman times, when the people numbered, say, half a million. Half a million, that is to say, lived more precariously, with more frequent failure of food, than is the case when the islands have nearly a hundred times the population living on them. A million Red Indians found the North American Continent inadequate to support them without fighting one another for its food. A hundred million modern Americans find it under-populated. So we need not conclude that Great Britain is necessarily over-populated. What are improved transport and communication and division of labour for, if we must all find everything we need within the actual area on which we live? What, indeed, is that area? Is Liverpool, or New York, or for that matter Piccadilly Circus, “over-populated”? As a matter of fact, London or Paris is less “over-crowded” than many a country village; healthier, with a lower death rate, with higher standards of comfort and decency, certainly less over-crowded than most villages of purely agricultural civilisation, as in India or China. We need to be clear as to what “over-population” means.

Having thus cleared the ground, let us consider the

first fact upon which the argument of these pages proceeds.

The fact that these islands cannot find food for their population is so well known (notwithstanding that its social and political consequences are so ignored) that we need not burden so brief a statement of so large a case as this little book happens to be with many statistics concerning it. One of the best modern authorities on the relation of Britain's population to the country's resources in food, Dr. J. Brownlee, M.D., D.Sc., Director of the Statistics of the Medical Research Council, in dealing with the Census of 1921 and its lessons, says :

“With the best modern agriculture, and with allowance made for different types of season, I question if the agricultural resources of the country, with present standards of living, would be equal to the sustenance of a population of 15 to 20 millions at the very most, and the upper limit would demand food restriction in lean years, or even perhaps in some cases partial starvation.”¹

It is not necessary to deal in theoretical absolutes.² It is conceivably true that if the entire population were to turn to some hitherto untried system of intensive culture, working the hours of Chinese peasants or Indian ryots, even the present numbers, though shut off from the rest of the world, could keep themselves alive.

But that theoretical possibility would not save

¹ *Manchester Guardian*, August 17th, 1922.

² Sir Henry Rew (the author of *Our Food Supply in Peace and War*) says :

“It is theoretically possible to produce in this country a sufficient quantity of food to sustain the present population, but practically it is not possible.” (*Daily Mail*, 15th Sept., 1922.)

Dr. Brownlee says :

“There is no likelihood that many more individuals can be employed upon farm lands. The evidence is all the other way.”

millions of our people from misery and famine, and the country from social chaos, if the next fifteen or twenty years saw a commercial collapse destroying the markets of Manchester, Sheffield, and Glasgow. It is merely a lofty disregard of the practical difficulties to suppose that in anything under several generations these dense industrial populations could be turned into growers of food—for that, of course, is what the plan of self-sufficiency implies. And this transfer could not be made without a revolution of method in agriculture which is entirely experimental—and the experiment might not succeed.

And we must remember that self-sufficiency can only be a relative term at the utmost, in the case of a country like ours. I do not suppose anyone would propose the home production of cotton, rubber, tea, coffee, tobacco, cocoa, bananas, oranges, and a host of other products which bulk so largely in our imports, and for which we must somehow pay by our industry.

Everything that can be done with reference to better employment of the land should be done. It is more than likely that we are not getting from it all we should. But if the British worker, by a day's labour in, say, building ships, can obtain from the Argentine a quantity of food which, if he grew it at home would take a week's labour, the reversion to the latter method would mean a tremendous reduction in our standard of life. For this country to feed its present population would mean the sacrifice of the standard which includes such things as books, schools, leisure, football matches, tea, seaside holidays, anæsthetics, dentistry, universities—nearly all that we know as English civilisation would have to go. It would be a coolie England. And the process of change, if it came, as it threatens to come, as the result of a rapid collapse of foreign trade, would mean chaos, social disorder, violence and crime.

Emigration would help, of course, and we shall consider it in more detail presently. But it does not solve the problem. For though you can in a few weeks, or months, destroy the market of a great industrial centre, and throw a couple of million workers into unemployment, you cannot as readily convert cotton spinners into peasants or farmers. To transport Lancashire to Australia, and enable it to live there, is the work of a half a century or a century, not the few weeks or months which suffice by commercial depression to convert a busy industrial city into a semi-starving one. And it does not take half a century of hunger, discontent, strikes, riots, suspicions, collisions of interest, as the last eight years of history show, to bring down the greatest empires, and to get things so utterly out of hand that even the means of emigration, and the capital necessary to make it a success, disappear. How many in ruined Austria could pay their fare even to emigrate to America? And if the forces which have brought about the present continental chaos continue, they will also bring about the disintegration of the British Empire.

The very vital issues involved here are sadly liable to confusion. Let us attempt to make them clear.

It is a sound policy to organise and aid the development of the Empire and the migration which pressure of population may render necessary. Let us do everything possible to that end. We can do that without nursing the illusion that we can cut ourselves off from Europe and remain indifferent to what goes on there. And we can also develop our Empire—indeed, we shall best develop it—without making it a closed Empire, and without regarding it as a preserve from which the rest of civilisation must be excluded.

If, in other words, imperial development and migration are proposed as the *alternative* to economic internationalism (instead of an addition to it, or a form of it) they would fail. Let us summarise the reasons :—

(1) It is not humanly possible to migrate the necessary numbers as rapidly as their present means of subsistence will fail, if the present international disorganisation continues. To “shift Lancashire to Australia” is a work of generations.

(2) During those generations our foreign trade must not decline more rapidly than the new trade is built, or the necessary resources, capital, for successful migration will be lacking. To establish immigrants in large numbers means large available capital. The number of town workers without capital that Australia, Canada, South Africa, or New Zealand, would receive is strictly limited.

(3) Trade unfortunately can collapse with almost catastrophic rapidity—in a few months or years; much more rapidly than trade based on new population can be built up.

(4) The immigrants which the Colonies desire, and which would best serve the latter’s purpose, are agricultural immigrants, and what we need to export are town and industrial workers. (The Irish immigrants of the middle nineteenth century had at least the advantage of being largely agricultural.)

(5) If industrial workers emigrate to pursue their calling in the Dominions, their labour constitutes a competition for the industry of the Mother Country. The more economic arrangement would be for the Dominions to accept the worker’s labour while permitting him to remain at home and take British manufactures in exchange for Colonial produce.

(6) If we are faced during the next few decades with recurring crises of unemployment, and are

obliged to send to Colonies, themselves possibly harassed by unemployment, vast masses of unwanted town folk, swelling their own unemployed, we should inevitably get measures restricting immigration, exposing the whole imperial relationship to severe strains.

(7) The removal of the best and most vigorous workers from the Mother Country, leaving the elderly, the weak and dependents, adds greatly to the burden of the home population.

All of which means that if migrations are to be carried out without intense suffering and conflict within the empire, our foreign trade must not further disintegrate; it must somehow be restored.

To-day, in Britain, the number of males between 20 and 60 is, in spite of war casualties, 1,300,000 more than it was in 1911, a number which roughly corresponds to that of the unemployed. To organise settlement on such a scale as this means capital of enormous proportions. That capital can only be provided if we improve our foreign trade. But that improvement of foreign trade itself means capital.

Mr. J. M. Keynes, dealing with this problem of population, says :—

“ It is not sufficient that our trade should recover to its pre-war volume of activity—which is generally the utmost for which we now hope; it must be on a substantially larger scale, approximately 15 per cent. larger than in 1911, if we are not to lose ground. For many years to come, regardless of what the birth-rate may be from now onwards, upwards of 250,000 new labourers will enter the labour market annually in excess of those going out of it. To maintain this growing body of labour at the same standard of life as before, we require not only growing markets but a growing capital equipment. In order to keep our heads above water, the national capital must grow as fast as the national labour supply, which means new

savings at the rate of £400,000,000 to £500,000,000 per annum. Whether we can reckon on the continuance of this, in view of the change in many of the circumstances which, during the nineteenth century, were specially favourable to saving, is at least doubtful.”¹

Unemployment has a habit of being world-wide at the same time. It would be just when our need of emigration was greatest that the pressure of colonies to restrict it would also be greatest. We think of a country like Australia as “limitless” in its capacity to receive immigrants. Its labour already protests at unrestricted immigration. The United States is not considered altogether an over-populated country: there lies an Atlantic Ocean of land between New York and San Francisco. Yet already restrictive measures are tremendously severe. Professor Fairchild, an immigration specialist of New York University, points out that the recent action of the United States in closing its doors to emigrants is probably one of the first expressions of an era in which mass movements of population from nation to nation will not be permitted.

Increasing population is not confined to a few nations—it is a world phenomenon. The increase during the nineteenth century was unprecedented. A careful estimate places the total population of the world in 1800 at about 640,000,000 to 700,000,000. In 1914 it was 1,649,000,000. In 114 years a much greater increase in population had been produced than in all the preceding tens of thousands of years. The question naturally arises, if sustenance could be found for such an increase in the nineteenth century, why not in the twentieth for a corresponding one,

¹ J. M. Keynes in the *Manchester Guardian Commercial Supplement*, 17th August, 1922.

and in the next, and the next? Why worry about over-population at all?¹

During the years 1906 to 1911, the population of the world increased at the rate of doubling every 60.1 years. If this rate were to continue, at the end of 10,000 years the population of the world would be 22,184 with 46 noughts following. This would mean in terms of standing room, allowing one and a half square feet per person, that the population would be 60,570 with 30 noughts following greater than the available standing room on the earth's surface.

Professor Fairchild says :—

“We think of our country as relatively thinly populated, and of China as an extreme example of over-population. ‘Teeming millions’ is the stereotyped phrase with which we describe her people. Yet if the population of the United States (not including Alaska and Hawaii) should continue to increase at the rate which prevailed during the representative period from 1906 to 1911, before the end of this century—which some of our children will live to see—we should have a population about one-third larger, on a land area about one-fourth smaller, than that of China. By the end of the next century we should have a population much larger than the entire human species to-day. It therefore behoves us to recognise and face our own problems in this field before undertaking to solve those of foreign nations.

“The simple fact is that the population problem of the world is so vast that no nation, or group of nations, however idealistic, altruistic, and prosperous,

¹ The “political arithmeticians” of the seventeenth century, like Graunt, Petty and King, went exhaustively into population problems, and King, to whom Macaulay ascribes “great acuteness and judgment,” estimated on the basis of past growth in population that “the next doubling of the people would be in about 600 years.” He calculated that the population of England in 1900 would be 7,350,000. This is interesting as revealing how greatly the rate of increase of recent years has exceeded that of earlier times.

should attempt to solve it by means of migration, and no case can be made out for the obligation to do so.”

Every advance in hygiene, sanitation, and public health, which tends to extend the average span of life, adds to the gravity of this problem. Lothrop Stoddard has pointed out how the improvements in these fields introduced by white men into the lands of the coloured races have already occasioned an unprecedented rate of increase among those peoples.

I cite this American's final conclusion, because what he thinks to-day, Australians and Canadians are likely to think to-morrow. He says :—

“The book of race migrations must be closed for ever. It is for an informed and sensible public opinion to put a stop to permitted invasions. The peace of the world cannot be assured until some effective check is placed upon wars for land or the products of land; the prosperity of the world cannot be assured until there is a general denial of the right of any nation with an excessive increase of population to seek relief by sending its surplus nationals abroad.”

In other words, the remedy is more in the direction of the utmost exploitation of available resources, of intensive cultivation rather than the extensive distribution of population.¹

¹ I have not desired to complicate the argument of these pages with the discussion of the problem of birth control. My personal view is that prudential restraint of population will inevitably grow and aid in the solution, if we can maintain a high standard of living. It is the peoples of primitive economy plus a low standard of life that show the unchecked fertility, e.g., China, India. If the peasants do rule in Europe as they threaten to do, we may be faced by a sort of European India—populous, with a coolie standard of existence.

§ 2

BRITISH COAL NO LONGER KING

Now note certain facts in our industrial position.

From the beginning of the industrial revolution until the eve of the war, the one great source of industrial power was cheap coal. England was in a better position than any other country to produce coal cheaply, and it was that fact, as Stanley Jevons in his classic on the coal question,¹ published in 1865, somewhat poetically pointed out. "The plains of North America and Russia are our corn-fields; Chicago and Odessa our granaries; Canada and the Baltic are our timber-forests; Australasia contains our sheep-farms, and in Argentina and on the western prairies of North America are our herds of oxen; Peru sends her silver, and the gold of South Africa and Australia flows to London; the Hindus and the Chinese grow tea for us, and our coffee, sugar, and spice plantations are in all the Indies. Spain and France are our vineyards, and the Mediterranean our fruit-garden; and our cotton grounds, which for long have occupied the Southern United States, are now being extended everywhere in the warm regions of the earth."

Now it is true that we have still immense reserves of coal. But it has lost some of its old competitive power, and so some of its purchasing power. Our cost of production has increased in such measure that it is nearly three times as great as in the American coal industry. In the United States, just before the war, the output per person employed in the coal mining industry was 680 tons a year, in Great Britain it was 260 tons. The war has increased our disadvantage.

¹ "The Coal Question: An enquiry into the Progress of the Nation and the Probable Exhaustion of our Coal Mines."

This difference is vital. It is to be explained in part by the fact that the Law of Diminishing Returns is beginning to operate in the getting of coal in England (which means that we have skimmed the cream of the easily obtained coal, and are now compelled to mine that which is more expensive to raise), and in part possibly by the more thorough application in America of all the economies of large scale production.

Whatever the cause, there is the fact : America is in a position to outbid us in the furnishing of coal. She is not doing so in coal itself, because in the coal trade so many factors other than first cost of production have to be taken into account. But the cheapness of her coal is one of the factors which enable her to do her own manufacturing—and some of ours. The figures just quoted are a portent.

Note that this cost of production has an immense importance apart from the fact of coal being the basic motive power of all British industries. We must be able to export coal itself in competition with other countries for two reasons : the export trade is necessary in order to enable us to maintain a large scale production, and also to furnish an outgoing cargo for the ships that are necessary for our import trade. Not to be able to export coal would add to the freight costs of our imports.

But our disadvantage in the comparative cost of production is not all. Coal has lost its monopoly. Owing to the development of the internal explosion engine it has powerful competitors in oil, which we do not produce; and owing to the development of electricity, in water power, of which we have so little, while certain other countries have so much. This means that countries for which heretofore we manufactured because they had no fuel, while we had, will now be able to do their own manufacturing.

But a change for the worse in the position of the

country is not confined to coal. Closest to coal as an ultimate raw material of industry is iron. Let us note where we once stood and where we now stand in respect of iron.

America did not smelt iron with coal until 1840. As recently as 1885 Britain still produced as much iron as America and Germany put together. During the 40 years from 1870 to 1913 Great Britain's pig-iron production increased from 6 to 10½ million tons. In the same period Germany's output rose from 1·4 to 19½ million tons, and that of the United States from 1·7 to 31 million tons.

It was not until 1890 that America drew ahead in the iron world, but by 1913 a mighty change had occurred; from first place Britain had fallen to a bad third :—

PIG IRON PRODUCTION, 1913.

				TONS
United States	...	...	...	31,000,000
Germany	...	...	...	19,300,000
United Kingdom	...	...	...	10,500,000
All the others	...	...	...	16,200,000
All the world	...	...	...	77,000,000

Last year (1921) England's output of pig-iron was *the lowest for seventy years*. Taking the monthly average we find that while in 1913 it was 869 metric tons, for 1921 it was 221—hardly more than one-fourth.

The following figures show our exports of iron and steel (including pig-iron) during the past three years compared with 1913 :—

				TONS
1921	...	...	...	1,700,000 (estimated)
1920	...	...	...	3,253,200
1919	...	...	...	1,393,200
1913	...	...	...	4,807,200 ¹

There is a further point, perhaps more fundamental still, to be considered in this connection.

¹ *The Times Commercial Review*, 31st January, 1922.

§ 8

REDUCED PURCHASING POWER OF MANUFACTURES

UNTIL the beginning of the twentieth century, the advantage in the exchange of manufactures for food was on the side of the manufacturer. Until the last years of the nineteenth century the world was a place in which it was relatively easy to produce food, and nearly the whole of its population was doing it. In North and South America, in Russia, Siberia, China, India, the universal occupation was agriculture, carried on largely (save in the case of China and India) upon new soil, its first fertility as yet unexhausted. A tiny minority of the world's population only was engaged in industry in the modern sense : in producing things in factories by machinery, in making iron and steel. Only in Great Britain, in Northern Germany, in a few districts in the United States, had large-scale industry been systematically developed. It is easy to see, therefore, despite the primitive machinery of agriculture and its relatively low productivity in terms of labour, what immense advantage in exchange the industrialist had. What he had for sale was relatively scarce; what the agriculturist had for sale was produced the world over and was, *in terms of manufactures*, extremely cheap. It was the economic paradox of the time that in countries like America, South and North, the farmer—the producer of food—was naturally visualised as a poverty-stricken individual—a “hayseed” dressed in cotton jeans, without the conveniences and amenities of civilisation, while it was in the few industrial centres that the vast wealth was being piled up. But as the new land in North America and Argentina and Siberia became occupied and its first fertility exhausted, as the migration from the land to the

towns set in, it became possible with the spread of technical training throughout the world, with the wider distribution of mechanical power and the development of transport, for every country in some measure to engage in manufacture, and the older industrial centres lost some of their monopoly advantage in dealing with the food producer. In Cobden's day it was almost true to say that England spun cotton for the world. To-day cotton is spun where cotton is grown; in India, in the Southern States of America, in China.

This is a condition which, as we shall see, the intensification of nationalism and its hostility to international arrangement will render very much more acute.

§ 4

THE CHANGED RELATIONSHIP TO AMERICA

THERE are still further facts. The greatest source of food and certain indispensable raw materials of industry (notably cotton) was a country (America), debtor to Great Britain, which largely sent this food and raw material as payment of interest owed, or as payment for sea carriage which America was unable to perform for herself; or for banking and insurance, which was in England's hands as the world's banking centre.

Now note the post-war situation :

(1) The surplus of food available for export by America is rapidly diminishing, partly owing to the demands of its own increasing population, partly to the exhaustion of the virgin fertility, bringing into operation the Law of Diminishing Returns, partly due to the drawing off of the farming population to the industrial centres (an effect of Protection). This

involves an increase in the price of food in terms of manufactures.

(2) There is a complete change over in the respective financial positions of the two countries; America has ceased to be a debtor country, and England has now large payments to make (70 millions a year in public debts alone) to America, before she can begin paying for her food and raw materials.¹

Taking interest and sinking fund on our debt, and the loss of interest on foreign securities we have sold; we are, on balance, at least a hundred million sterling a year worse off than before the war.

(3) America has herself gone into ocean carriage and become a competitor of England.²

(4) America produces quite as cheaply as England, owing to the large scale production possible in so large an area, having free trade within itself, as is the United States.

(5) America has absorbed much of the insurance and banking business originally done by London.

¹ "The United States has become a creditor nation, with the result that the \$250,000,000 interest formerly payable by us to Europe has been wiped out and replaced by an annual interest charge against Europe of \$622,000,000. Europe can therefore no longer use interest due as an offset to the excess of imports. The \$122,000,000 represents the estimated interest on private investments and credits abroad; the \$500,000,000 is 5 per cent. on the \$10,000,000,000 loaned by the United States government to European governments. Payment of this is being indefinitely postponed, the annual interest charges thus being added to the principal. It has been computed that by 1923 the accumulated amount will stand at \$12,350,000,000, the interest charge on which would equal, at 5 per cent., \$617,000,000 annually. In addition to these debts owing to the American government, foreign governments owe to private individuals in the United States approximately \$2,000,000,000." (Financial Report of the American Committee to International Chamber of Commerce Meeting in London, 26th June, 1921.)

² In 1914 the U.S. had considerably less than *one-tenth* of the sea-going tonnage possessed by Great Britain. In 1921 the U.S. had considerably over *one-half*. Her percentage of the world's shipping had risen in seven years from 4.3 per cent. to 12.31 per cent.

(6) A great stiffening of Protectionist and anti-alien tendencies has marked the post-war period in America, which the disputes over the payment of European debts are not likely to allay.

All of which, of course, is reflected in the fact that our trade as a whole is about two-thirds of what it was before the war. It should also reveal how greatly we need to find a substitute for what America used to be : a country supplying food which we could pay for by manufactures, shipping, insurance and banking services ; who should be our debtor rather than our creditor ; its exchange in our favour. Such a country Russia (and other undeveloped territories) might be, but will not be unless our political conduct changes.

§ 5

THE DECLINE IN SAVING

It is said : But if we are really so much poorer how is it that the standard of living in a country like England has not appreciably fallen ? The answer is that in many unnoticed but important respects it has fallen ; that we are not paying our public debts, and that we are dangerously undermining the moral and material equipment of our civilisation by failing to maintain our plant and develop our education.

The financial and industrial system of our day, if it is to endure, must annually effect such a distribution of the national income and of the national productive power that existing capital goods—railways, factories, equipment, etc.—are maintained in good repair. A failure to do so means, inevitably, persistent economic retrogression. If wealth production is to be increased as the years go by, and if the low existing standards of living are to be raised, additions must be made each year to the present depleted capital equipment of society.

Now the truth is that the world as a whole—even in the halcyon days of the generation immediately preceding the war—did not possess much of a growing margin, did not annually add very much to the existing supply of capital goods. Estimates vary somewhat, but for the world as a whole the annual capital increment was probably somewhere between 5 and 10 per cent. In Great Britain, in the excellent year 1907, it was only a little more than 15 per cent. according to the best accepted estimates. If we take the figures of the distribution of our national income¹ three striking facts are revealed:—(1) In 1920 the British people spent 7 per cent. more of the national income on food, drink, tobacco, and dress than they did in 1907. They lived substantially better. (2) Government expenditures (national services) were almost trebled. (3) The percentage devoted to the maintenance of existing railroads, warehouses, factories, equipment, etc., and to the creation of new capital equipment at home and abroad, was reduced from a total of 23·7 to 5·4.

The grim truth is that in the boom year of 1920 England did not even maintain the supply of existing capital—the industrial machine was being allowed to run down. In the “prosperous” year of 1920 Great Britain was actually going backward. She was living much beyond her means. Comparable data on the distribution of national income in other European countries are not available. But the evidence afforded by trade statistics, national budgets, etc., all indicates that in practically every continental country the situation in this respect is substantially worse than in Great Britain, or if not immediately worse, has been temporarily alleviated only by huge

¹ As those of Mr. CRAMMOND in *The Times* of June 28th, 1921.

additions to the national debts. Everywhere those living on pensions, interest on Government bonds, and unemployment insurance are being supported out of what should be reserved as capital.

§ 6

THE NEW BLOCKADE

THE facts so far dealt with concern mainly our internal organisation—decline in output, relative increase in the cost of production, decline in saving, and so forth. And the reader will say: "The remedy here lies outside the field of foreign policy. It is with our own methods, our own character."

To agree that our problem is partly an internal one does not affect in the least the validity of the argument here presented. It is quite true that we might have a perfect foreign policy, settle the specifically international problem completely, and still not be able to support our population. None the less it would remain also true that no internal reform whatsoever could be effective if the international problem were neglected. The solution of this latter is not all sufficient, but its solution is indispensable.

And it is precisely in this indispensable part of the problem that lies the greatest need for a new view; for it is in this field that present wisdom fails so much more than in the domestic. There is, patently and obviously, in international relations an anarchy, a chaos, a failure for which there is no parallel in the relations of citizens of the same State. As between these latter a society of sorts does exist; within the frontiers law of a kind does reign, and is enforced. As between nations so far there is no law; it is all yet to be built. Since we can do nothing effective until this anarchy is lessened, and since here the problem is

toughest and hardest, it is to this point mainly that attention should be directed.

Moreover, some at least of the factors we have just examined arise from changes which are beyond conscious control. That is but an added reason for making sure that the disadvantages we cannot remedy are not worsened by errors which we can. People with enormous natural advantages, big margins of wealth and resources, "can afford to be a little foolish." Those not so blessed cannot. Among the avoidable errors which may add enormously to our difficulties—so enormously as to make all wisdom in other directions of no avail—are the errors of our own foreign policy.

With that preface we may come to the next step in our argument, which is this : if the foreign food which supports the life of so much of our nation is to be obtained in exchange for our coal, the food must be there, it must exist.

In the outline of the argument given above I have spoken of our coal being exchanged for the *surplus* of food and raw material produced by foreigners. Note the word surplus. If we could imagine an overseas world, the productivity of which had so fallen that it was producing only just enough for itself, if foreigners were so poor that they produced only enough food to keep themselves alive, then obviously it would be no good offering them our manufactures. They could not pay for them, and these twenty or twenty-five million British to-day (they may be thirty-five or forty million in a generation) who depend upon foreign food would either die or emigrate.

So much is self-evident : indeed the point of the last paragraph is a truism.

How many of us realise it? We used to get tremendously excited over the notion of a foreign fleet having sunk ours, preventing the importation of

food to these shores. We knew that it would mean the end of things—collapse in a few weeks and the rest of it. Would the result be any less certain if the stoppage of food took place because there was none to send, the blockade be less effective because the food ships never loaded the cargoes at all?

We are apt in certain moods to think of foreigners as commercial rivals. Well, imagine all those competitors sunk beneath the sea: we should starve. Imagine them shut up in their own countries with just enough to live on: equally we should starve. Imagine their production so reduced that people like the Americans or Argentinians were reduced to the standard of the people of India: we should very nearly starve. Very many of us would starve completely.¹

§ 7

ECONOMIC INTERNATIONALISM INDISPENSABLE

Now an overseas world which is producing no appreciable surplus, nothing like enough to furnish the vast quantities of raw materials and food to feed these dense industrial populations, or (which is only saying the same thing in other words) constituting a market for industrial wares: a world of such a low productivity is no very unimaginable thing. For it is, broadly, the world that did exist in the youth of our grandfathers, before the era of machinery, of steam, of railroads; and is the condition to which great areas of Europe have once more been reduced: a condition in which the peasants consume their own product instead of selling it for a worthless paper money that buys nothing, content by primitive means to raise enough for themselves, the only

¹ An Australia of four millions bought, in 1913, half as much as an India of nearly four hundred millions. One Australian was as good a customer as fifty British Asiatics.

exchange being barter between immediate neighbours; in which each village, as in the seventeenth century, is practically self-sufficing, spinning its own wool, weaving its own cloth, forging its own primitive tools. That is a picture which very many of us are apt to regard as an attractive one—a world that finds it can do without railroads, factories, banks, stock exchanges. It is attractive—at a distance. But it happens to be a world in which Britain, as we know it, could not exist. To make an England that could live in such a world most of those now alive would have to commit *hari-kari*.

A society in which nearly all the food of vast cities must come from the other side of the world; in which Sheffield is to be fed by sending cutlery, Manchester cotton, Nottingham lace and hosiery, to South American pampas and Siberian tundras, must be one of refrigerator plants, great railroads, great ships, bills of exchange, banks, credit.

History is so full of the trade squabbles of the eighteenth—and earlier—centuries, that we are apt to think of the problem of foreign trade in our day as the same kind of problem which faced the England that competed with Holland and Spain and France for the Americas, or in India. But the difference of degree is so vast as to make a difference in kind. The England of the seventeenth or eighteenth century might have lost all its foreign trade, and been thrown absolutely upon its own resources: no one need have gone any hungrier. To throw the England of the twentieth century upon its own resources would be to condemn tens of millions to death.

Let us be quite clear why the “village method” will not suffice to give us a margin of surplus in the overseas world sufficiently great to enable our coal to feed us. It is quite simple. The highest standard of productivity demands a geographical division of

labour which the village economy does not permit. Put it in its simplest mathematical terms :

The soil of Green Island will produce ten units of wheat and one of sugar per acre : Red Island ten of sugar and one of wheat. Each Island—ten acres apiece—doing that for which it is best suited gives a total product of two hundred units of the foodstuffs mentioned. These islands go in for Protection and self-sufficiency ; each devoting half its ten acres to each foodstuff. Result, a total not of two hundred but of one hundred and ten units : productivity nearly cut in half. And this does not take into account the economies of large scale production.

If Protection in Europe is pushed to much further lengths we shall get countries in the temperate zone growing their oranges and bananas under glass, and politicians glorying in the wide employment the method creates—glass makers, boiler makers, hot water pipe makers, and so forth. But the fact none the less would be that an orange by that system would cost half-a-crown, where exchange would procure it for a penny. In the latter case you would get the standard of living in which every child had oranges and sweets and toys and books and education, in the former the kind of society in which those things are only met with in a few palaces. On both sides you would get much less return in wealth for the same unit of labour. “The real advantage of international trade,” says Sir Charles Addis, “lies in this, that it permits of an extension of the division of labour by which the aggregate world production of goods is increased. The return to labour and capital of a self-contained country will be less than if it trades with another country. Or, to put it the other way, the quantity of goods produced by the two countries trading together will be greater than it would be if each produced for itself.”

It is not merely a question of the suitability of given soils and conditions for a given purpose. Large scale production demands a large area of exchange of markets. If every small farm insists on having its own machinery and never employing neighbours or co-operating with them, the use of such things as harvesters and thrashing-machines becomes impossible; and each must thrash his wheat with a flail. Note that when this general principle operates as between farm and factory, it is not the case merely that the factory needs the food of the farm in order to feed the worker, but that the food production cannot be efficient without the factory. "Industrialisation" is as indispensable for the production of food in the quantities we need, as it is for the production of motor-cars or locomotives or cutlery. It is not a question merely of farm machinery. There are areas in Central Europe whose productivity has been reduced forty and fifty per cent. because fertilisers are no longer available, owing either to the absence of railway locomotives or to the fact that debased currencies will no longer purchase materials now placed beyond the national frontier, or because the state to which those materials have been transferred has now first claim on them.

I have dealt so far with the quite obvious fact that if our coal is to be exchanged for food, the foreigner must have a quantity of food greater than that which is just sufficient to keep him alive, and the very nearly obvious fact that if that surplus is to be considerable there must be a widespread co-operation and geographical division of labour. We come now to a third point. It is not sufficient merely that there should be a surplus: that surplus must be available for exchange. At this moment, when millions in Central Europe are starving, farmers in Western America are burning corn and foodstuffs (although

ships which might transport it are lying idle), because one factor in the process is paralysed, one wheel in the machine damaged, the wheel of currency. Because the credit system is so disorganised that Austrian crowns or German marks have become waste paper on the exchanges, food which might feed starving children in old European cities is allowed to rot; and next year that surplus food won't be produced. Workers will leave the farms and do something else. And the goods in Austria which might have paid for the food won't be produced either, because there is not the food this year. *The prospect of exchange is a main factor in the production, and the smooth working of that exchange an indispensable element if the things produced are to be rendered available for exchange.*¹

§ 8

THE CONTINENT'S DECLINE IN OUTPUT

IF we keep these facts in mind for a moment we shall grasp something of the reasons which explain the catastrophic fall in the productivity of the western world.

Do we realise the extent of that decline?

In answering that question it is enormously important to distinguish between the actual destruction of material, which is relatively unimportant, and the political, social, and moral disorganisation and chaos which is economically so much more important. More disturbing than the figures of decline (which

¹ "Wealth in the economically civilised world is founded upon credit and commercial contract; these being the outgrowth of an economic interdependence due to an increasing division of labour and greatly developed communication. If credit and commercial contract are tampered with . . . the credit dependent wealth is undermined." Synopsis, *The Great Illusion*, 1909.

might be fortuitous) is the deterioration in the system of production; the economic tendency.

When we talk of the "devastated districts" of the war it is well to remember which are the most devastated districts. Our moral indignation very rightly centres mainly upon those of Belgium and France, and we rightly insist upon their restoration. But as a matter of simple fact, the greatest devastation and the greatest suffering is not there at all.¹ It is in cities like Vienna, where not a brick has been disturbed. The children and women and old men of the reddest red area in Northern France have not suffered as those of Austrian and certain other towns have suffered. In Northern France they are fed, clothed and warmed. Where the "invisible devastation" is worse, there is in winter neither food, nor clothing, nor warmth. Mr. Hoover calculated a couple of years ago that a hundred million people in Europe—the population of the United States—were not really self-supporting. They were living either with the aid of credit, or charity, or half living, or not living at all.

It is unfortunately quite possible, by comparing post-war with pre-war money figures, omitting to take the changed value of money into account, and by like tricks, to disguise the plainest facts of the economic decline. At a time when practically all the children of whole provinces, and hundreds of thousands of

¹ "All the houses destroyed in France and Belgium were not more than the normal building programme of a year or two in Western Europe alone, and the injury to their railways far less than a year's new construction in an epoch of railway development; whilst the soil is already restored by peasants' labour. But perhaps the most striking illustration of material recovery is shown by the facts about the mercantile marines of the world. This is a field where the material damage was not merely local but world-wide. Yet by the end of 1921 it had been repaired completely, and the world's mercantile marine restored to its former strength." (J. M. Keynes' "Reconstruction Supplement," *Manchester Guardian*.)

adults as well, were dying like flies on a frosty day from actual lack of food, a London paper day after day printed stories denying the existence of famine in Russia and violently attacked English public men for being "taken in." When facts of dramatic and even ghastly plainness can be flatly denied by organs of public information, one can never be sure that less dramatic, but no less important, facts from our point of view, may not for some reason of prejudice or impatience be denied until it is too late to profit by their lesson.

There are a few statistics that are barometrical. Take a material like jute. Because it is the packing material of many of the indispensable standard products the quantity produced is a fair indication of the activity of trade generally. The production of the last few years is just half the normal pre-war figure. Before the war in a normal year it was ten million bales; in 1921 it was four millions.

Or take the production of another material which is barometric of general European industry; the output of Europe's greatest ore fields. France hoped much from the recovery of Lorraine, and especially of its ore, the famous minette hematite, containing 85 per cent. of iron mixed with limestone, which renders it peculiarly easy to smelt. Minette ore produces pig-iron with a high percentage of phosphorus, and is converted into steel by the basic process. The ore-fields of Luxemburg and Lorraine are the most extensive in Europe, and a rich harvest seemed to be promised by them to France. They were confidently expected to produce 60,000,000 tons a year, and France, with her Nord and Pas de Calais mines repaired, and with Lorraine and the Saar in her possession, very naturally aspired to become the greatest ironmaster in Europe.

Not 40 per cent. of the old blast furnaces are

working, and instead of producing 60,000,000 tons Lorraine only produces 15,000,000. Even then the ironmasters cannot get rid of their pig-iron, and are at their wits' end to replace the Ruhr market for minette.

Let us turn to the agriculture of Europe. Precise figures are difficult to arrive at in the case of many of the countries which used to be our main source of supply, because their Governments have virtually gone to pieces. But note the case of a settled country like France. Taking 100 as the figure of 1913 crops, we find that in 1920, when the meteorological conditions were quite unusually good, the yields were : Wheat, 74 ; rye, 69 ; barley, 80 ; oats, 81 ; potatoes, 86. Turning to Germany we find that in the chief items of agricultural production (corn and potatoes) the output was only 60 per cent. of the harvest of 1913, after making full allowance for the reduction of area and population.¹

These are typical. And remember that this reduction in agricultural productivity in a country like Germany raises the price of foodstuffs for us by making her to a correspondingly greater extent a competitor in the food markets, while it diminishes

¹ Memo. of the "Allgemeiner Deutscher Gewerkschaftsbund" for the Genoa Conference.

"The area of the German State has fallen from 54,000,000 hectares to 47,000,000 hectares; the population, which was 64,900,000 on December 1st, 1910, is now 58,400,000. Thus the area has been lessened by 13·04 per cent., and the population by 9·97 per cent. The density of population, which was 120 to the square kilometre before the war, would have been raised to 125 to the square kilometre by the mere alteration of boundaries, but has actually reached 131·3 to the square kilometre, having been not least affected by an immigration of many Germans who were obliged, or who elected, to leave their homes and lands in the separated provinces. This increase is proof that the separated provinces have suffered a corresponding reduction of density of population." S. MERZ, President of the German State Corn Department, *Manchester Guardian Commercial Supplement*, August 17th, 1922.

her power to purchase our goods (and before the war she was a market ranking in importance with our greatest colonies). How far her purchasing power has declined—even before the latest sensational falls in the value of the mark—can be gathered from these figures of imports in bulk : In 1913 she imported 728 million centals (100 kilos), and in 1920 it had fallen to 188 millions. She was buying, that is, four times as much before the war as at present.

§ 9

EUROPE PARALYSED BY NATIONALISM

WHY has the machine thus gone to pieces? Note first this fact :

This Europe which goes hungry and freezes and dies, and whose production declines so disastrously as to threaten to leave England economically high and dry, her coal valueless because there is nothing for which to exchange it, has exactly the same means of feeding itself that it had before the war, when the Continent did support itself : the same soil, minerals, water, air, climate, technical knowledge. War devastation? But the suffering is worse, as we have noted, where nothing material has been disturbed, where not a field has been touched by a soldier's foot.

The cause of this disintegration therefore obviously is moral in the sense that it is due not to some natural catastrophe—earthquake, flood, drought—not to the soil, but to the men living on it; a certain social defect.

What social defect? What is the social or moral change which distinguishes post-war from pre-war Europe? And how can *our* conduct affect, or affect in the future, the social or moral defects of Continental Europe?

Let us see first the nature of the change, so obviously a political or social and not a physical one, which has reduced that surplus out of which we live.¹

The change can be indicated in one word, a greatly intensified "Balkanisation," a fiercer nationalism.

The factory which before the war had easy access to coal, raw materials, markets, because they were mainly within the same state, now finds that the coal is in one, raw materials in another, the market in a third foreign State; and sometimes, as unsurmountable obstacles to the necessary combination, stand customs barriers, varying currencies, suspicions, rivalries, mutual repudiation of obligations, withholding of raw material for political reasons, Safeguarding of Industries Acts, the resentment of each little State at the trade of the other, and the attempt to stop that trade.

We in England, watching this Balkanisation, admit readily enough, that nine-tenths of the Continental disintegration is the work of a certain type of nationalism, of the inability of the national groups to come to working agreements. Americans, accustomed to co-operation over such wide areas, see it more readily still. An American wanting to travel three thousand miles on his own continent—from New York to San Francisco, or from Duluth to New Orleans, or to send goods over those distances—buys his ticket and gets on the train, or ships his goods, as the case

¹ Mr. W. L. Hichens, Chairman of Cammell, Laird & Co., writing on the post-war situation of the British engineering industry, says: "The high hopes we had formed of trade revival have been dashed to the ground, for they were built on a foundation of sand. Until peace reigns and economic stability is secured there can be no revival of material prosperity. For peace at home and abroad and economic stability are the two essential conditions without which trade and industry are paralysed. There are no indications that the necessary environment will be provided in the near future; in fact, every day the condition of Europe drifts from bad to worse." *Manchester Guardian Supplement*, September 9th, 1922.

may be, at an hour's notice. But if he had to travel the same distance in Europe it would take him possibly a month to get his necessary passports, papers, permits; and to ship goods across the number of frontiers involved—well, no man even tries to do it save under the compulsion of the sternest necessity. Two or three frontiers is about all that can be managed. Ask any large American manufacturer whether he could do his existing business if, instead of forty-eight States that have no customs barrier at all, and have the same currency and banking system, he had to deal with that number of really independent States, each with its customs barrier, consular visa, currencies—and armies ready to fight. He would tell you that if America were riven by divisions of that kind, there would be no Henry Fords, or the scale of production in, say, coal, to which she is accustomed.

Nationalisms existed before the war, but we had managed to discipline them at least sufficiently to build up across the frontiers the process necessary to us. That process, it is true, never had any protection in any formulated international code or law. It was for the most part a web of private arrangements based on the readiness of traders and industrialists to accept the risks represented in hostile or unstable tariffs, discriminating transport rates, the absence of assured access to markets and raw materials, political manipulations of banking and currencies. Even without the disruption of the war this haphazard system could not much longer have given Britain either the extent or stability of foreign trade necessary for her existence.

It was, and is quite open, under that principle of national sovereignty upon which accepted international "law" is based, for a given nation to pursue with reference to such things as tariffs and access to raw material, a course which, if generally pursued,

would make international commerce impossible. The dense population, which the industrial revolution had brought into existence in Britain, was dependent upon a system which existed on political sufferance; had no constitutional recognition and existed indeed in defiance of the strongest political emotions and tendencies, those of nationalism and patriotism. And those tendencies have been so strengthened by the war (and by the Peace Treaties which we insisted upon imposing) that even the pre-war tacit code which did permit of an extended international (or more properly, transnational) system has been largely destroyed.

Particularly since the war has an immense impetus been given virtually everywhere to the Protectionist tendency. All the factors of Protection have gained in strength. There are more frontiers; the temper of nationalism has risen; and economic self-sufficiency for military reasons is part of the general armament impulse.

It is here suggested that that tendency is related intimately to the political system of Europe, which our own policy has so large a part in shaping.

§ 10

PROTECTION AND THE NATIONALIST SYSTEM

Too often is Protection, economic nationalism, regarded as a purely economic phenomenon, and its motives regarded as merely economic. But Protection surely belongs quite logically to the political system of Europe as a whole. That system, and the "international law" we associate with it, starts from the assumption that each independent State has complete sovereignty over its soil: can keep its raw materials to itself, close its harbours, forbid traffic across it.

A given State has therefore no assurance of being able to obtain those things necessary to its economic life unless they are within its own political frontiers. A large development of its foreign trade may render it dependent upon the grace of foreigners for markets, raw materials or access across other States, since existing international law does not offer security in those things. There is a natural attempt, therefore, on grounds of national independence, to be nationally self-sufficing. Protection is the inevitable instrument. If for that self-sufficiency are needed materials outside its political border it will try and expand that border in order to include them. Often that means—as in the settlement at Versailles—bringing alien populations within the national border, with the result of awakening national hostilities and of creating the need for a preponderance of power as against neighbours in order to overcome them.

Note that the motives behind this tendency are not necessarily “economic” in any narrow sense. People do not form themselves into nations and acquire dislike of foreigners “because it pays.” The force which explains the grouping into nations may be found more probably in the obscure instincts of the herd and tribe. Once formed into a nation, people desire to be independent of foreigners. They cannot be independent if they are dependent upon foreigners for vital necessities, coal or iron, or ice-free harbours. There follows “expansion” from the desire to be nationally self-sufficient. The motive is national, not economic, if you will. But the resultant national conflicts arise out of economic needs. That economic issue arises because of the fact of nationalization. The very term “international” trade means that we are dealing with political conceptions, “nations,” as well as with economics. And as our whole economic life is concerned, it is worth while to examine the fashion

in which the political conception and the emotions related to it operate in this connection.

All that has been said in the little illustration of the two islands is, you will say, obvious and elementary enough. Why labour a point which no one thinks of challenging? Because this quite obvious thing is violently and passionately challenged the moment that the element of nationalism enters in. Assume that the two territories described above are respectively the American States of Florida and Rhode Island. In existing political circumstances no American questions the advantage of the co-operative process just described. It is obvious to him. If Florida finds that its local hardware industry cannot stand the competition of the large scale production of Rhode Island—or Pennsylvania—no Floridian would dream for a moment of asking “protection” against these States. But if the hardware happens to be Canadian, he not only asks it, but gets it. All sorts of elaborate arguments to prove the economic advantage of Protection, which he would see immediately were rubbish if he were using them against fellow Americans, are then put forward as unanswerable. But the fact which makes Protection in the first case seem silly, and in the second reasonable, even unanswerable, is manifestly the introduction of nationalist favouritism or hostility. There exists in his mind a certain moral assumption—that damage done to foreigners is no concern of his; if by such damage he can benefit persons of his own nation, the infliction of the damage becomes a virtue. Such rules as “the greatest good to the greatest number,” all thought of the “general” welfare, are subservient to patriotism.

If we would understand the way in which this nationalist psychology operates in economic processes we should avoid a very common confusion. “Inter-

national" is an incorrect term to apply to world trade,¹ except in war time, when Governments are the traders. In peace time "France" does not trade with "England." A Bordeaux wine merchant sends claret to a Manchester cotton spinner, who can only buy it if he gets raw material in America, and sends the manufactured article to an Argentine rancher, who has sold cattle to a Hamburg butcher supplying a factory making telephone instruments for a Finnish co-operative society. Is that "French," "English," "American," "Argentine," "German" or "Finnish" trade? It is a transnational unit made up of a series of exchanges between individual traders. Mutual individual interest has built up that transnational process. But to nationalism, to economic patriotism, it is anathema, and whenever the nation or State intervenes, it is for the purpose of breaking it up, of severing these cross-frontier lines, and limiting trade to that between individuals of the same State. When, as in the United States, it is found that the geographical division of labour is operating, and American agriculture is exchanging its products for those of British industry, the State intervenes by its tariffs to prevent this exchange, this purchase of British goods by American food. It says to the American farmer: "You shall buy American manufactures, not British." It attempts to expand American manufacture (drawing Americans from country food production into industrial towns for the purpose) and so makes America much more an economic unit. This desire for self-sufficiency is the distinguishing characteristic of the economic nationalist. The purchase of foreign goods is felt to be a sort of sin. One does it at times because in business one cannot afford to be "sentimental."

¹ Though it will be applied here, on the strength of common usage, to the trans-national trade of individuals.

But it is, of course, putting "pocket before patriotism." If one could afford to be patriotic in business one would never buy a foreign article. Englishmen share this view with other nationalists, though the feeling which they have would, if it were acted on universally, condemn their country to starvation. If this view that patriots ought not to buy foreign-made articles is sound, England exists on the wages of sin, the sins of foreigners against their patriotism. The suggestion that to buy foreign goods is often of great advantage to our country is regarded as mere high-brow sophistry or the academic worship of a "shibboleth."

Thus, though on the face of it it is more advantageous for Americans to pay in some American product for the carriage of their goods at sea by Britons (and incidentally enable Britons to pay their debt to America), the American Government is now devising elaborate schemes for the carriage of American goods and persons by American ships only. Coastwise trade having been reserved for American ships, trade with Hawaii and Porto Rico, or the Phillipines, is now to be considered "coastwise" trade. Goods coming from abroad in foreign ships are to pay more tax than those in American. Emigrants desiring to enter America must, to the extent of 50 per cent., do so in American ships. The treaties giving equality of treatment in the Panama Canal are to be denounced. The additional cost of carriage by American ships is to be borne by the American tax payer. Shipping is not the only industry which it is felt must at all costs be within national control. In France, Belgium, Germany, the principle of bounties has been applied to sugar, in Canada to iron and steel; and, of course, in the form of tariffs to nearly everything.

The motives here are quite obviously not merely

economic. Of the millions of American readers of the Hearst Press, who showed such heat and even passion in demanding the denunciation of the Panama Canal Treaty, how many owned shipping shares or could in any way benefit by this piece of rather bad international faith, or were economically concerned except that their taxes would be increased? They were not thinking of their pockets; they were feeling patriotic. And even where the economic motive does operate, as in the case of American interests that have been demanding Protection against Canadian competition, it can only secure support to carry it into effect through the operation of national hostility. Here is a manufacturer demanding, on grounds of economic advantage, Protection against the competition of Canadian factories. But if to-morrow Canada were annexed to the United States, and became part of the Union, this manufacturer would never dream of demanding Protection against "Americans." He would have to accept the competition of Ontario as he accepts that of Illinois, as a matter of course. Yet the economic fact would be unaltered: the competition of a low priced Ontarian plough would not be less effective because it had been baptised American. He demands and gets Protection only because Ontarians are "foreigners."

Again, the feeling behind that attitude is a perfectly logical and defensible one, granted the premiss of "absolute" nationalism. If it be true, not merely that there is not, but never can be, any adequate international system for securing, outside one's own frontiers, the economic indispensables of life, then one must try as far as possible to make life within the nation economically self-sufficing. But the same premiss leads us further: if the means of life are not within our political control we shall not be safe until they are brought within that control. That means

taking them from the control of others. The nations have origins that long ante-date modern economic needs and processes. Nowhere, in consequence, does the frontier of the nation and "the natural economic unit" completely coincide. To organise life on a basis of national self-contained units is impossible. The nationalist tries to solve the problem by including alien populations within his frontiers : by violating the national rights of others. He justifies himself on the ground that otherwise he might find himself excluded from economic necessities. But it involves coercion, resistance to it, each demanding rights he refuses to grant others, competition for preponderance of irresponsible power. The question arises whether it is politically feasible to base our economic security on a system which permits a nation to exclude others from economic indispensables, and whether, if we are to have security at all, we must not come to a system by which the economic rights and obligations of each are defined under a common code, and the combined power of the international community pledged to its maintenance.

CHAPTER IV

THE ISSUE

THE facts, then, of the preceding chapter indicate the real issue of our foreign policy in so far as that touches the future means of feeding our population. We have seen that the maintenance of a high general productivity and a certain system of exchange based on geographical division of labour are indispensable if British coal is to continue to secure food for British people. We have seen further that the whole system tends progressively to disintegrate as the result of the struggle of nations towards an individual independence based on their isolated strength and economic self-sufficiency. That aim impels each nation to make the political also the economic unit, to bring the means of subsistence within its own political control. The consequent failure to maintain the most economical division of labour not only reduces that surplus from which is derived the value of our coal as a means of buying food and raw material, but deprives us indeed of our economic *raison d'être*: foreigners insist on being their own manufacturers. Yet this tendency will grow so long as there is no alternative system whereby nations can be assured both political and economic security.

So much is almost self-evident. But I now suggest that our foreign policy instead of nursing such a method supports one which renders the development of any international system impossible.

I shall show first that a policy of so-called disentanglement from Europe does not mean merely

aloofness from Europe and a freedom to support any initiative towards an international arrangement; it means being drawn into a Balance of Power policy, which in turn leads to an active opposition to internationalist policy. This would be energetically challenged, and the fact that it is so little realised, and yet touches so closely on present political tendencies, renders its understanding the more important.

Let us consider first certain aspects of the increasingly popular suggestion that our empire would be an adequate substitute for dependence upon foreign trade.

§ 1

THE IMPERIALIST ALTERNATIVE

ALL that has been said so far concerning the so-called over-population of these islands, the chaos in our foreign trade, the political and social disintegration of Europe, are, for very many, just arguments for turning to Empire. "If England can't feed us, the Empire can. Cut Europe. It is hopeless. Let us cease to mix in these broils. Get back to our old isolation. If the energy and money that we now devote to this derelict Europe were given to the development of our imperial heritage, we should have an outlet alike for population and trade which would enable us to dispense with the need for foreign trade."

It not only seems to offer a solution to the economic problem, but to be a guaranty for peace as well. "No entanglements. We do not need anything of the world except to be left alone. Leave them alone and they will leave us alone." In this proposed with-

drawal from embroilment pacifist and imperialist join hands.

Incidentally this, or something like it, is always popular just after we have concluded a Continental war. We then bless "isolation" and pursue it just sufficiently to enable our Government to deny that we have any military commitment to any Continental Power, but not sufficiently really to avoid the commitment. Then suddenly, at twenty-four hours' notice, we are woken up with the announcement that what is going on on the Continent not only concerns us but threatens our existence; and we find ourselves once more at war.

Let us consider this proposal to "let Europe stew" and devote ourselves entirely to the Empire.

We saw, in considering the case of migration, that certain things in reference to foreign trade had to be taken into account, one of the principal being this: if our foreign trade failed more rapidly than the new trade was built up within the Empire, we should be faced, not merely with lack of resources for the migrating millions, but with a social disorganisation arising out of unemployment that would add enormously to the suffering involved in the process; and, arising out of the attempt to dump unemployed millions on Dominions, themselves faced with unemployment, a friction which would expose the imperial bond to very severe strains.

Now a crucial fact to be noted in any attempt to canalise our entire trade into imperial channels is that the bulk of our overseas trade is not with the Colonies at all; it is with foreign countries. Its natural course has not been mainly to "follow the flag." Successful as we have been with our political empire, we have not been able to make our political and economic coincide, to make our empire economically self-

sufficing. As a matter of economic fact, it is out of trade with foreigners, not with the empire, that we mainly live.¹

In order to redirect what have so far been the natural currents of our trade, to force that trade into other channels, we must resort to governmental action of one kind or another. We have already made a beginning, of course, in the decision to spend a good many millions sterling during the next fifteen years if the Dominions will subscribe a like sum in assisting emigration. But if two-thirds of our trade is to be squeezed into channels different from those which it has taken in the past, governmental action will have to be very much more far reaching than this. (It is rather curious, by the way, that so many Imperialists who thus look to governmental action to ensure the trading future of the country are so often those who demand that governments shall keep their hands off the control of trade and leave it to "the free play of economic forces.") If that redirection or transfer of trade is to take place we shall be driven to very stiff Preferences, inter-Imperial Protection, a reversion to something of the seventeenth and eighteenth century type of Empire—exclusions and monopolies.

Now history is against that method. It was hard experience which led us to abandon it. The retention of it a little too long, even in a very mild form, lost us the American colonies. The retention of it in severer forms lost Spain its empire. Modern French experience is against it. It will be said that there is no intention of reverting to the feature which lost

¹ The figures for 1913 are:—

Imports	From British Possessions...	£192,000,000
	From Foreign Countries ...	£577,000,000
Exports	To British Possessions ...	£195,000,000
	To Foreign Countries ...	£330,000,000
Re-exports	To British Possessions ...	£14,000,000
	To Foreign Countries ...	£96,000,000

us our main, and Spain all, American colonies : forcible imposition against the will of the Colonies of a one-sided arrangement intended only to benefit the Mother Country. Any modern version of that plan would be for the mutual benefit of all the States concerned ; and by consent.

Assuredly ; for, of course, we are not in fact dealing with an Empire, but with an association of equal States. Each State of the Empire would retain with insistence and even passion, as we know, its fiscal independence.

But that excludes Free Trade within the Empire. We saw in the last chapter how inevitably the spirit of nationalism buttressed all the forces making for Protection ; that indeed Protection is in large part a manifestation of nationalism. We are confronted in the British Empire to-day with a growing Colonial nationalism, a nationalism not confined to the self-governing States, Australia, South Africa, Canada, but extending to India and Egypt. A strengthening of imperialist sentiment as the result of a fight for Preference and imperial development would not lessen those nationalist tendencies. Colonial nationalism already expresses itself in Protection. Each of these States is determined to have its own industries and manufactures. In Canada they are developed, not only by Protection against Great Britain (though for the moment the agricultural influence has checked the high Protectionist party), but by bounties on certain forms of iron production. (We should be extraordinarily angry if a foreign State resorted to that.) Australian Protection extends to persons as well as goods. There is severe restriction upon the immigration of certain classes of British workers, as we know from the six hatters' case and other like incidents. Indeed, the bulk of the British Empire—the entire population of British India—finds itself in practice

absolutely excluded from the British soil of the Dominions.

When Mr. Joseph Chamberlain revived the idea of inter-imperial development by Preference, he held out the hope that the Dominions and ourselves could come to a bargain by which they would devote themselves mainly to the production of raw materials, or to the primary industries, and we should specialise on manufactures and ocean carriage. It is a theoretically perfect arrangement; some such division of labour is demanded by the special position of this country. But there is not the faintest indication that our great self-governing Colonies would lend themselves to it. They have "infant industries" which colonial patriotism and pride, and the special interests that benefit economically, combine to develop. Dominions will give us a "preference"—subject to the Protection of their own industries. And like America, they are rich enough to afford the luxury of Protection.

Coercion is, of course, out of the question. We bargain with these States as equals—on the same footing upon which we bargain with Russia or Germany or Bulgaria. And it is not merely the self-governing States that occupy this position of fiscal independence. India occupies it virtually; and any Preference that the Home Government may "wangle" is more than offset by facts like the boycott which constitutes in certain circumstances an obstacle more elusive and difficult to overcome than the tariffs of foreign States. It would indeed be true to say to-day that the division of labour which Mr. Joseph Chamberlain hoped for would be easier to realise by bargains with States like Russia, than with States like Australia. Russia is destined for generations to be a peasant State: the peasants don't like the industrial towns—are almost at chronic war with them. They would quite as readily use British ploughs as those

from Soviet factories. And because these people are in greater need than the Australians they will give better terms.

Canada and Australia are likely to be more serious industrial competitors to British industry than Russian or Balkan peasant States. On this score, therefore, the Chamberlain project does not get us very far.

Yet it is on this broad division of labour as between agriculture and large scale industry that Britain's economic life is founded. The political frontier and political feeling prevent it being carried out in any absolute and thorough-going way. We are pushed to building up the total out of a multitude of special cases : we can manage to get pocket knives over that frontier; lace curtains through this customs barrier; British agricultural machinery into that particular Balkan State, which is too far removed from Canadian competition. Because the total of our trade is composed of a multitude of such piecemeal cases it must cover the whole world. No manipulation of tariffs which is within the bounds of practical politics would enable us to shift that foreign two-thirds of our overseas trade into purely imperial channels, where it would meet, in that smaller area, precisely the same sort of obstacle which it now encounters in the larger world area.

In any period that we can foresee the intricate exchange of services and goods so indispensable to us will only be possible if it can have a world-wide operation.

But the fact that the policy of imperial Preference would in practice prove ineffective and unworkable does not at all imply that it will not be advocated, as it has been since Mr. Joseph Chamberlain's day, and affect in consequence our foreign relations and world policy. Imperial Preference as a possibility

of the future is likely to be regarded with favour by a sufficiently large section of electors to block the way to any thorough-going scheme of economic internationalism. If, say, it becomes a question of placing our non-self governing territory on a basis of equal access, assured by treaty, economic imperialism as a policy is likely to have sufficient strength to render such thing impossible. It will be urged that we must keep our hands free; retain our economic independence.

Now that, in practice, means that we oppose the internationalist adjustment; oppose the creation of an international code : as we have done in the past.

§ 2

IMPERIAL SELF-SUFFICIENCY AND THE STRUGGLE FOR POWER

I HAVE suggested that a policy of national "isolation" must in practice mean a Balance of Power policy; and that a Balance of Power policy is incompatible with our real espousal of any international code, economic or otherwise.

Let us be clear as to the theory and then note how practice has confirmed it.

When we talk of drawing ourselves into our imperial shell, of rendering the Empire self-sufficing by stiff measures of Preference, of monopoly even, in the resources and economic opportunities of these vast territories of Africa and Asia—do we assume that such an empire will not need defence? We certainly do not. If we found ourselves once more confronted, as in 1914, and on many previous occasions in our history, by a foreign power or combination of powers so preponderant that, of ourselves, we should not be able to resist it; a power that threatened our heritage

in India or Africa, or the high road thereto, we should once more seek Allies, as we have sought them before. We should revert to the policy of the Balance of Power.¹ We should try and preserve peace by opposing to the combination a still stronger one than that which confronted us, the stronger the better, we should say. That is why it is that the Balance of Power always means, really, an attempt to create a preponderance of power—on our side.

Well, it will be said, what is there wrong with that? We are a peaceful people. We ask only to be left alone. The stronger we are the less temptation will there be to attack us; our strength is a guaranty of peace.

This argument will be used a thousand times in the coming years, as it has been in the past. And it is indicative of the one-sidedness of political thinking that it never seems to strike us that the position we take here is an anti-social one: that it asks of others something which we passionately refuse to accept when asked of us. We do not tolerate the existence of a group of rival powers so strong that resistance to it would be hopeless; condemning us to a permanent diplomatic inferiority; making our free movement over the world a matter of sufferance. It is the whole

¹ *The Times*, March 8th, 1915: "Our honour and interest must have compelled us to join France and Russia even if Germany had scrupulously respected the rights of her small neighbours and had sought to hack her way through the Eastern fortresses. The German Chancellor has insisted more than once upon this truth. He has fancied apparently that he was making an argumentative point against us by establishing it. That, like so many more, only shows his complete misunderstanding of our attitude and our character. . . . We reverted to our historical policy of the Balance of Power."

The Times maintains the same position five years later (July 31st, 1920): "It needed more than two years of actual warfare to render the British people wholly conscious that they were fighting not a quixotic fight for Belgium and France, but a desperate battle for their own existence."

raison d'être of the Balance of Power. Then why do we, by the very terms of that policy, ask others to accept that position?

We are perfectly right not to put ourselves in a position in which another group is so powerful that in case of conflict we should be compelled to accept its dictation : to allow it to be judge in its own cause and executioner of its own judgment. It is true to say, as we said before 1914, that this deprives us of freedom. It is a position of "status" not "contract." But the just alternative is not to demand for ourselves the position which we declare intolerable when held by others; not to demand that we shall hold the position of mastery, of irresponsible power which we refuse to others, but to offer partnership, a contract, which shall be fair to all, and then pool our power to support it.

Power pledged to a defined and limited purpose, to which other parties have agreed, need not be resisted by them unless good faith be questioned. But good intention and good faith will not exempt us from opposition to the claim to be sole judges of the purpose for which preponderant power shall be used. The first step is to agree upon the purpose of power; to find some code.

We cannot support any such code if we are pledged to the Balance of Power. If we must "stand by our Allies," how can we be free to enforce a principle or code of conduct against them?

To turn against Allies would upset the Balance. To maintain the Balance we are compelled to disregard the moral merits of an Ally's policy (as in the case, say, of the Czar's Polish Policy when we fought with Russia : and of the Turkish Policy, when we fought against her). If the first obligation is to the maintenance of the Balance, it cannot also be to a law which may have to be enforced against those indis-

pensable to the "Balance." There is a plain conflict of obligation.

The method of society in its use of force is not to seek a "balance" of force between rival groups or individuals pledged to no code or bargain, still less between law and its violation, but to secure an overwhelming preponderance of power in favour of a social code which shall at once restrain and protect all impartially.

It may be said, What is the enforcement of a code but the imposition of the power of one group, who may like it, or to whom it may be favourable, upon a weaker group, who may not like it, or to whom it may not be favourable?

Well, there is an acid test which differentiates the method of what President Wilson has called the Community of Power from both the theory and the practice of the Balance of Power. That test is this: Will you apply the principles or code which you ask for yourself to your rival or enemy? Is that which you ask for yourself precisely that which you are prepared to grant? Will you accept third party judgment in the interpretation of your rights under the code?

Neither in theory nor in practice does, or can, the Balance of Power principle—in reality the demand for preponderance—stand this test. Take the first right of all: the right of defence, security. For that we demand that we shall be stronger, the other must be weaker. The very term of the demand means that he is to be deprived of what we regard as the first right of all. If we said, for instance: "There are several of us. Let us all agree that we shall resist collectively any member who refuses to submit his grievance to judgment and abide by it; whether that member be friendly or unfriendly"—in that case you could get equality of right. Power would be

pledged to a known purpose; used under third party judgment.

But the other policy is equivalent to a demand for irresponsible power. *We must be judge of our rival's rights, and our own. To demand preponderance of power for undefined ends is an act of aggression, however "good" we may be, and "bad" the enemy.* It is true we cannot get this linking of power to a principle until we realise more clearly what the principles should be: what is defence, what is "independence," what are the rights of nationality, the limits of sovereignty? We have been concerned heretofore to achieve power. We should have been concerned to establish the purpose for which power should be used.

Let us see how all this has been illustrated in the war. The object of the war was the maintenance of national freedom, not merely our own, but that of other European States; the maintenance of the "principle of Nationality," from which, Mr. Headlam tells us, springs "the Magna Charta of Europe, the doctrine that the soil of Europe is not subject to conquest and annexation."¹ In that principle also inheres the conception of "justice and reciprocity."² And Mr. Headlam is very scornful of the shallowness and superficiality of those who do not see that these things are founded upon a Balance of Power.

Now, at the time that Mr. Headlam was writing, there existed a whole series of secret treaties, by which our Government was tied. One of them (that of April 20th, 1915) promised to Italy certain territories, a promise which so violated the principle of Serbian nationality that we had not acquainted Serbia with its terms. By another arrangement France had agreed to give to Czarist Russia a

¹ *The Issue*, page 27 (Constable).

² *Ibid*, page 17.

free hand in the matter of Polish independence; Russia had agreed to give France a free hand in the matter of a Rhine frontier for France. There were other commitments. With reference to them, Lord Robert Cecil, then Under Secretary of State for Foreign Affairs, said in the House of Commons (July 24, 1917):

“It will be for this country to back up the French in what they desire. I will not go through all the others of our Allies—there are a good many of them—but the principle to stand by them will be equally there in the case of all, particularly in the case of Serbia.”

Precisely. If you want to maintain the Balance of Power you must “stand by your Allies,” whatever the moral merits of their policy. Why did we make with Italy an agreement which we knew violated the principle for which we were supposed to be fighting? Because we must have Italy on our side to make the Balance. We were perfectly aware that Russia was no fit judge of Polish rights. Why did we acquiesce in giving her a free hand? Because we must stand by Allies. We cannot at one and the same time impartially support a principle, like that of nationality, and also, for the purpose of maintaining the Balance, “stand by” Allies who have an interest in violating that principle.

§ 3

OUR OPPOSITION TO ECONOMIC INTERNATIONALISM

WE find that in precisely the same way our Balance of Power commitments have led us to oppose the development of an international economic code. A number of attempts have been made from time to

time to create an international organisation, an embryonic European Legislature indeed; to introduce the principle of international economic control and of equality of right in the economic opportunities of the undeveloped or disorderly territories of the earth. The attempts were in response to a real need of civilisation. In Africa, China, the Balkans, Turkey, Persia, and many parts of Asia, are vast territories containing great stores of materials necessary to mankind, stretching sometimes athwart international highways, inhabited by populations that have not so far managed to maintain orderly governments. That is a situation which we know in fact constitutes a problem. The kind of anti-imperialist who says, "We have only one thing to do: keep out. We have no right there," proposes a policy which disregards too completely the push of daily need. Even weak and disorderly peoples have obligations, like the strong and orderly. It is not merely their weakness which endangers the former. Small States which are well organised, like Switzerland, Holland, Sweden, Norway, Denmark, may not be absolutely secure, but they are as secure as the great empires. In a fighting world they may be trampled on occasionally. So are the great powers. But if Persia is threatened while Norway is fairly safe, Morocco extinguished while Sweden is still independent, it is not because the European States are potentially stronger, but because they are able so to organise their contacts with the outside world that that world can co-operate with them.

There are two ways of handling this problem of the disorderly or backward State that will or must maintain relations with the rest of the world. The one is to put it under some sort of international regime which will assure for all nations something like equality of opportunity—it is the method which was

tried for a time in parts of Northern Africa and was abandoned, and is the principle which is supposed to animate the mandates of the League of Nations; and the other method is that of exclusive "ownership" or "protection" by one nation, imperialism. It is the method which the West has in part followed. It is the method which we have supported.

The Berlin Conference of 1885, initiated by Bismarck, was an attempt to secure for the still unpartitioned African territories an international status. The Treaty of Madrid and the Act of Algeciras had a similar motive. There were regulations concerning trade, the treatment of the natives, the introduction of military conscription, and so forth. There existed in Egypt, and in other parts of what used to be the Turkish Empire, other forms of international control, like the Egyptian Capitulations.

This is not the place to go into the diplomatic history that lies behind the struggle over Egypt and Morocco and the Congo basin and equatorial Africa, but the outstanding fact is that we were led, mainly by the need of ensuring such grouping of the powers in Europe that we should be in a position to meet the threatened domination of Germany, to set ourselves against this nascent internationalism and to favour the nationalist or imperialist method. France chafed at the international regime in Africa, particularly in Morocco; we chafed at the limitations of our freedom in Egypt, which was a highway to India. We drifted into a bargain as part of the larger diplomatic settlement: if France would recognise a free hand for us in Egypt, we would support her claims in Morocco as against the international regime of the Act of Algeciras. It was necessary to clear away the differences between the two powers; and in order to secure an assured alliance, to "stand by France." Morocco, a territory in which equality of

treatment for all nations had rested on an international agreement, became, with our help, a French Protectorate. Equatorial Africa, which was to be exempt from militarization, became a source of supply of black conscripts to France. These particular internationalist babies of Madrid, Berlin and Algeciras, died still-born. Nobody at the time seems to have regretted it. The internationalist method was held in general contempt.

Note in this connection that we cannot stand for an economic code without also co-operating in mutual arrangements for political security. It is one of the tragedies of the war that certain of the specific economic differences with Germany had been settled just before the war broke out. The economic opportunities for Germany in the Middle East, in so far as they rested upon the Bagdad Railway interests, had been secured her. Then came the possibility that a strong and possibly enlarged Serbia, backed by Russia, might block the German road to the East; interpose barriers of all sorts. (For though, as we shall see presently, political power is usually utterly futile to create for its owner economic advantage, it can be used disastrously to impede another's advantage.) The power or influence of the European Community as a whole had not yet been so organised as to ensure such things as equality of rates in transcontinental traffic. The universal view was that economic access in disorderly and unsettled territories, like those of the Near and Middle East, could only be assured by the political power of the merchant's or capitalist's own country. The German theory was that Germany must resist the growth of preponderant Slav power athwart the road to the East, or she would find her use of them blocked. It may, indeed, be said that in one sense the settlement of the Bagdad matter with Germany added force to the

motives which caused her to resist the growth of Serbian irredentism backed by Russian power. The fact that we were by our political commitments making it increasingly likely that Germany would find her economic access to the East blocked by Slav power, deprived the advantages we had accorded her of any long term security.

It is frequently asked : Why should other nations fear our power when we have the most liberal commercial policy in the world, and when throughout our Empire they get in practice nearly equality of opportunity with ourselves ?

The answer has already been indicated. It is not merely our policy that rivals must face if "our" side is successful. Through the operation of the Balance method, it means again that Russia has to submit perhaps to a Polish or Roumanian dictation, Germany or Austria to a French or Czecho-Slovak policy, Turkey to a Greek one, Bulgaria to a Serbian.

Further : There is no assurance that the liberality of British policy will continue. It depends on the internal development of British politics. If the Protectionists and Imperialists come to power it may be changed. If we were in the position in which foreigners find themselves with reference to our power, we should not accept it, if we could alter it. Why should we ask others to accept it ?

During the generation which preceded the war we chose to maintain the struggle for power. We won. Suppose we continue to win, as in the last war, can the achievement of preponderant power secure for us the things we need ?

§ 4

“ THE GREAT ILLUSION ” AGAIN

THAT question is indeed the ultimate question of our foreign policy. If it appear conclusive that power, secured as we have secured it in the past by an intermittent renewal of continental alliances, can indeed ensure the future of our people, we shall certainly resort to that method as preferable to bargains with outsiders, their admission to equality with ourselves in great areas of the empire which we have won. We shall not tie our hands with contracts, “barter away our independence,” exchange a position of domination for partnership, consent to the interference of foreigners, save under the push of a clearly recognised necessity. Old and familiar conceptions of patriotism, the instinct of rivalry, pride of place, all combine to prompt the older method. An adequate change of policy depends upon a more vivid realisation of the inevitable failure of the power method. That is why, fifteen years ago, it seemed to the present writer so tremendously important to point out that certain developments of the modern world had altered the problem, and had gone far to render political domination ineffective to those ends which are indispensable to a population in our position; why he had the temerity to suggest that when put to the test, power would fail; that we might defeat our rivals, take their territory, seize coal mines and ore fields—and still starve.

Now it was permissible before the war perhaps to treat this theory with some derision. It was based on certain assumptions as to the relation of the international credit system, commercial contract and financial stability to modern means of wealth production, which had not yet been tested on any large scale.

His propositions as to the "intangibility of wealth in the modern world" and "the economic futility of military preponderance"¹ were by very many taken to be a meaningless jargon, a flouting of common-sense, of palpable fact.

When he suggested, as he did, that however completely you defeated your enemy you would not—possibly could not, but certainly would not—make him pay an indemnity commensurate with the cost of modern war, even friendly critics called it lunacy.

"It is as feasible," said one critic, "for the victor in war to take the trade and wealth of his defeated enemies, and to enrich himself at their expense, as it is for a big errand-boy to take an apple from a little one."

Well, if ever theories were put to the test of experience, those rival theories have been. To-day, we, France and Britain, are completely victorious over utterly prostrate enemies; over a population as great as that of the United States, and with, yesterday, nearly its wealth; with a vast and highly organised industry, a foreign trade which disturbed the waking hours of our merchants. That great storehouse of riches is at our absolute mercy. Its owners owe us great sums which morally we should be entitled to take in any form we could: trade, indemnities, raw materials, services—if we could exact them.

We can "take" practically nothing at all. Never had we such power to "take" things, never had we such economic distress. With a million unemployed we find that our ability to "capture" that German trade (of which we talked so much early in the war) does not help us. France, threatened with bankruptcy, and possessing the greatest army in the world, with very few scruples about its use, cannot by means of it secure anything which would make any

¹ See *The Great Illusion*, Chapter III.

appreciable difference in the balancing of her budget.

I suggest that this derided theory has been proven true : for, if it were possible to turn preponderant power to economic account, the Allies would be doing it. They are not doing it. And they are not doing it because they cannot.

A fact like this—the economic situation of the Allies on the morrow of their victory—enables us to dispense with a great deal of theoretical analysis. One can often find in apparently complex theories a “test fact” which establishes their value. Once at Monte Carlo, watching the gamblers, a seedy individual beckoned me aside and displayed a document composed mainly of tables of figures. It was a “system” by which, with a capital of £20, one could break the bank. I knew I was quite unequal to a debate with him on the subject—laws of average and probability . . . and should have been lost if I had began. But there was a “test fact” which established the value of the system. It was for sale, for ten francs. I told the philanthropist that in the face of that fact I was not interested in his figures.

In view of the present situation of the Allies at a time when they are possessed of absolute power over half a world, I think we can dispense with any very theoretical analysis of the proposition that political power is a certain instrument for economic enrichment.

Yet it is doubtful whether the war has really shaken the old dogma. Dogma generally only yields to evidence slowly and reluctantly. Some beliefs, of course, never so yield. (My friend with his bank-breaking gambling system will go on finding victims through the ages.) The more need therefore to bring home as vividly as we can the meaning of the present situation.

It is, in its plainest aspect, when you come to think of it, something resembling a miracle. Ten years ago no economist in Europe would admit as possible what has actually taken place : the powerlessness of a completely preponderant victor to seize great wealth from the vanquished.

Is there any general principle which explains this impotence of physical preponderance in such a situation ?

I think there is, and it directly affects the problem of economic imperialism of the future. It might be indicated thus :

To the extent to which we are dependent on any one, our power over him declines. If we need him at all we cannot kill him : our need limits our coercion to that extent. If the service which we want of him is complex, demanding for its performance tools, knowledge, freedom of movement, and we give him those things to perform the service, he can use them, if so minded, to resist the claims we may make upon him. We are then reduced to bargain. A simple service like cutting sugar cane can be exacted by coercion, the lash applied to slaves. A more complex service like the cutting of a man's appendix cannot be exacted by that means. There must be some measure of good will on the part of the surgeon, a good will which, again, can only be secured by willing response to an inducement offered : say, fees.

Much of industry and commerce, a large part of the economic system by which Britain lives, belongs to this category : the indispensable processes will take place as the result of such free response to inducement, or they won't take place at all. Physical coercion will prove utterly futile, as it is proving futile to France in her angry demand for money from her enemy.

But that merely outlines the mechanism of the

thing. In order to see how it works in some detail let us expand Spencer's parable of the old Egyptian picture of the soldier who has conquered a prisoner in battle, and is leading him away—at the end of a rope—to be used as a slave on a farm in the desert. Looking at the picture we say immediately that the triumphant conqueror is free, the prisoner bond. Spencer suggests truly that both are bond. The conqueror must be very careful not to let go of the rope. If he did his prisoner would run away. He is tied to the prisoner, much as the prisoner is tied to him. On the farm the captor finds that he is not able to go about his own business as he used to, hunting, or fishing, or whatnot; if he did, his slave would run away. He spends most of his time trying to ensure that his slave shall not escape; the slave spends most of *his* time trying to do it. The combined productivity of the two, under the circumstances, is not likely to be very high. What is happening, of course, is that their energies are being diverted from the only source of wealth, which is nature, the earth, the planet, and are being directed at one another—one coercing, the other resisting; the first overcoming that resistance, the second increasing it, and so on. By this means more and more are both energies turned from productive labour and “cancelled out.” And the two might conceivably both starve as the result of such a competition, unless and until the conqueror has the sense (as we find when we examine the evolution of slavery to feudalism, feudalism to the wage system, that, slowly and hesitatingly, he has had the sense) to say to his prisoner: “This is a poor arrangement. Neither of us is benefiting by it. Let us come to a bargain. You thrash and grind the corn while I go and catch the fish, and at the end of the day or week we will divide the spoils.” If they can come to that sort of

bargain and stick to it, the energies of both, heretofore cancelled out by being directed at one another, will be liberated for productive labour.

The evolution to the more productive method, be it noted, depends upon a fact of psychology. The relationship of contract cannot exist unless each trusts the other in some measure. It cannot begin unless the conqueror decides to accept a certain risk: the risk that the slave may not have intelligence enough from the moment of liberation to see his advantage in adhering to the bargain. Of that more presently.

Let us see how far the present impotence of the Allies can be explained by this principle that tools and power given to the coerced, to enable him to perform the task demanded, furnish him the means of resisting the demand.

We need Germany to perform certain services, namely, pay certain large sums for reparation. But she can only perform that particular service with a certain tool, namely, very great foreign trade. We hesitate to allow her to possess that tool, because it means great internal industrial development as well: the development of railroads, mines, canals, the whole industrial machinery of the country. Yet without that internal and external development there can be no such indemnity as that which we are claiming.

As we saw in the first chapter, we have never faced that simple fact. We began in the Treaty, elaborately, carefully, ruthlessly, to take from Germany the only tool by which she could perform the service we were demanding. We shouted for "money," not goods. When she proceeded to produce, in the only way in which a country without gold mines can produce, money that is not the result of selling goods—by printing it—we immediately clamoured for her to stop printing money. Indeed, as Mr. Hartley Withers, writing as late as June, 1922, says: "The Allies have

never been able to make up their minds whether what they want is a large payment from Germany or the maintenance of Germany in a position of economic servitude.”¹ We cannot have both the servitude and the indemnity. We have refused to look the fact in the face, because to do so would bring us immediately up against the dilemma just indicated. A Germany more highly developed than ever, with a foreign trade thus expanded, would be an inconvenient Germany. A Germany with those particular tools, given her for the purpose of doing the particular task we demanded, might be a dangerous Germany, able perhaps at some juncture to use those tools for another purpose.

Here is France, with her old enemy prostrate. She is determined that he shall restore the damage which he has done. (Which in the view of the present writer he should do. The obligation is not in question.) But if he is to perform that task, this prostrate enemy must get up. If he gets up France fears that he will knock her down. And even if she takes that risk, and he delivers a certain amount of wealth, she knows that she will not be able to use it for her own purpose. She will have to use it in protecting herself against his growing power.

No ingenuity, no device, no “sanctions,” gauges, guarantees, “sternness,” can for long disregard the dilemma here indicated.

§ 5

EMPIRE AS THE STRUGGLE FOR BREAD

“BUT let us keep,” it will be urged, “to the specifically British case.”

I shall be told that the foregoing argument misses an essential point. It may be true, it will be said,

¹ *Saturday Review*, 17th June, 1922.

that France is not to-day able to turn to account her possession of the greatest ore fields in Europe; nor Britain her enlargement of Empire. But future generations will benefit. In the great struggle for sustenance fruitful areas of the earth will go to British instead of non-British populations. We have heretofore been able to hold our conquests for our posterity against any challenge; why should we not continue to be able so to do?

Is not indeed the capacity so to do the condition of our continued survival? Is not the real lesson of all that has been written here as to the increasing pressure upon the means of subsistence that we must reserve this heritage for our own people. Can we "give away" to foreigners privileges our own posterity may need? Is not Empire "the struggle for bread?"

The issue, as seen by those who accept the military struggle of nations as a struggle for bread, was stated very clearly once, in the *National Review*, some years before the war, in these terms :

"Germany *must* expand. Every year an extra million babies are crying out for more room, and, as the expansion of Germany by peaceful means seems impossible, Germany can only provide for those babies at the cost of potential She needs the wheat of Canada, the wool of Australia. . . .

The immense colonial possessions of France present a tantalising and provoking temptation to German cupidity, which, it cannot be too often repeated, is not mere envious greed, but stern necessity. The same struggle for life and space which more than a thousand years ago drove one Teutonic wave after another across the Rhine and the Alps is now once more a great compelling force. Colonies fit to receive the German surplus population are the greatest need of Germany. This aspect of the case may be all very sad and very wicked, but it is true."

And the writer added : " So it is impossible and absurd to accept the views of Mr. Norman Angell."

With reference to the case as stated in the quotation just given I suggest four things.

(1) The theory outlined in the quotation is in its main implication almost entirely false; the child of a terminology so grossly inaccurate as utterly to distort our thought.

(2) In the sense, and to the extent to which it is true, successful war constitutes no solution of the problem involved in that partial truth.

(3) The argument would never have been used at all, had there not been at the back of the critic's mind a certain moral assumption, namely, that foreigners have no rights; not even the right to existence.

(4) While such moral assumptions mark our political morality in the international field, not only can there be no permanent peace, but we shall never establish any relationship between nations which will make possible the creation of that body of economic law which is *indispensable to the life of Britain*.

Let us take these points *seriatim*.

Point No. 1. It is not true, given the continuance of even the pre-war economic internationalism, that Germany had to expand politically in order to feed her population. She fed them by the "exploitation" of territory—North America, South America, Russia—which she did not own, and did not need to own; by the same method which we use in feeding our population. She needed the wheat of Canada or the wool of Australia wherewith to feed and clothe her excess population. Would political conquest of these Dominions *give* these things to her population? You, the English reader, "own" Canada and Australia (a fact, which, when your credit is exhausted at the bank you might recall to the recalcitrant manager). Does

this political "ownership" enable you to secure a single sack of Canadian wheat without paying for it like any miserable foreigner? You can get it by one means, and one means alone : by giving something in exchange. It was open to the Germans to do so on the same terms, without conquest or political control. And if the German as a result of conquest were to occupy your position, he would still have to obtain the wheat by the exact means which were available without conquest. In other words, the change in political relationship would not alter the fundamental economic relationship at all. When we use arguments of this kind, we are tricked, as I have said, by a terminology so hopelessly false and misleading as utterly to befuddle our minds.

Point No. 2. Even were the theory entirely true (and the ghost of truth in it will be dealt with in a moment), successful war would offer no solution to the problem which it involves. And that we see to be true. For we have had the war. We are completely successful. We are in a position to keep the Germans not alone from palm-nuts and Nauru phosphates, but, if needs be, from the resources of about three-fifths of the earth. But those million babies still remain. What are we going to do about it? Do we propose to say to Germany : "We are victorious. We have the big navy. France has the big army. Between us we control virtually most of the undeveloped territories of the earth. Keep out. As to your babies — no affairs of ours. Nothing to do with us."

Yes, but . . . the babies are still there ; and in the terms of my critic's hypothesis, without bread. What are we going to do about it? Do we suggest that these highly organised people in Central Europe, so closely allied to us in race, religion, and despite war fustian, in culture, shall treat their excess population

as the thrifty householder sometimes treats the inconveniently frequent progeny of the family cat?

If that really is our last word; if in fact we say: "We've won. We are stronger. We have taken your Colonies and your ore fields, and we shall see that they are not available for feeding your million babies"—if we leave it at that, then we are using our power, the outcome of this war which was fought to "put Might behind Right," to deny to potential millions of human beings the most elementary of all human rights, the right to existence.

Point No. 3. And that is why I said that the argument would never have been used at all if there had not been at the back of the critic's mind the assumption that foreigners have no rights with which we need concern ourselves. Otherwise he would have seen that the problem, which war professes to solve, leaves it where it was, or worse. His mind stopped working at the point of victory, because victory is the one thing in which the military-minded is really interested. What happens afterwards does not concern him. Victory is, for him, an end, not a means, however he may rationalise to the contrary.

Let us push this biological argument to its ultimate expression. Suppose we had done what some declared during the war we should have done—wiped Germany from the map, extinguished her as a political entity altogether; partitioned her between Poland (poetic justice), France, Belgium, Holland, Italy, and ourselves, with possibly a colony for Japan, America, Haiti and the Senegalese. This would certainly have been a "thorough" application of the military solution. Nevertheless, those million babies would have remained. You might have re-baptised them, Poles, Frenchmen, British, American, Japanese, but they would still be mouths to feed. How would the political change have altered the ratio

of stomachs to food? The military method as the solution of the problem of the struggle for bread would only be effective if we were prepared to slit the throats of a hundred million odd, women and children included. And that method has practical and æsthetic disadvantages, into which we need not enter.

War and conquest are no solution of the biological problem, of the pressure of population upon means of subsistence; nor does war constitute in fact the application of the principle of the survival of the fit. Apart from the fact that war is "inverted selection," killing off the best, what happens when we go into a country like India, conquer it, organise it, and so presumably carry out the "survival of the fit"? Do we, as a matter of fact, kill off the "lower" race? If we do our job at all we give it an added chance of survival, and worsen the biological problem. Our sanitation, our measures for reducing the mortality of cholera and other disease, make more mouths to feed. And although we increase, or more than increase, correspondingly, the available resources, we cannot render those resources available for us by military means, by coercion. Of which more presently.

This matter of the "babies" is worth exploring, because the question which they voice will be heard again and again in the politics of our generation.

Central Europe has a population which yesterday lived largely by the help of an industry (or an industrialised agriculture) based upon iron and coal. Germany and Austria between them had—and have—an excess population not greatly inferior to our own in the same situation. Of the iron which fed those Germanic millions, most of it has gone to France, which has (a) a stationary population and (b) a soil, able by its own productivity to support it. That is to say, the country of expanding population which could not be self-sufficing, and needed the iron to exchange

for food, has lost it to a country whose population was not expanding, and which was already self-sufficing. Much of the coal has also been lost in the frontier re-arrangements. The Germanic block represent, at present, the disinherited of the earth; deprived of colonies, of any access as of right to the great sources of raw materials in the world, denied reciprocity in the economic privileges she is compelled to accord.

Let us look further East. The pre-war Russia, so much more extensive than the present Russia, was nevertheless still reaching out for access to warm water. Such access as she had has now in large part disappeared. She is hemmed in by new States, unstable, quarrelsome, created out of her soil. On her Eastern periphery is Japan, also with an excess population, needing assured economic access to the Asiatic continent. Having first acquiesced in her effort to secure that by the old imperialist method we are now opposing her. In the back-ground lies India, becoming more bitterly resentful every day of Western authority.

We have, then, provided Germans, Russians and Japanese with a common cause. We realised indeed quite soon after the armistice that they would be pushed to co-operation against us. And we really did seem to believe that the power of a group of independent national States, like those which comprised our war Alliance, was of the kind which could permanently "keep down" half a world—defy their economic needs, permanently impoverish them, deny them the means of life. When a few critics of Allied policy suggested that this could not be done; that the course of wisdom was to do of our own volition, and to the advantage of early peace and conciliation what otherwise we should be compelled to do by the force of events and with little advantage

to peace and conciliation, the suggestion was met for the most part with contemptuous scorn. *The Times*¹ asked triumphantly, what, if Germany and Russia were allowed to co-operate, would prevent Germany getting "effective control of the resources of Russia" and "a few years hence reviving the struggle as mistress of Russia with a secretly trained army officered by veterans, and holding all Europe and Asia to ransom?" This result was to be prevented by the Treaty measures for keeping Russia and Germany apart, the erection of border States, the "sanitary cordon," etc. Once more we backed the "power" method. We took great pains to erect a barrier between German and Russian co-operation; a *cordon sanitaire*. It is almost cruel to ask what has become of the "sanitary cordon." In a short three years after the erection of that barrier we have Russia and Germany not only making a far-reaching Treaty, but formally publishing it, and notifying us of it—and we can do nothing but accept it.

Look at the situation of Europe and the world generally to-day: note how on the one hand raw materials like iron and coal in Europe and economic opportunities in Africa and Asia, and lines of economic communication throughout the world generally, are controlled. Note on the other hand the political position of the populations that most vitally need the use of those things. From that situation must arise one of two results: some bargain arrangement which will permit the populations which most need the resources to have access to them; or sooner or later, our irresponsible power over them will be challenged—the challenge backed by "the forces of the human stomach and the human womb."

At present, without clearly realising it, we are being led to reject the solution of agreement, code, and to

¹ January 5th, 1920.

cling to the solution by power, though preponderant power cannot achieve our ends; cannot secure, that is, the system by which alone we can live.

§ 6

A CROSS SECTION OF EUROPE'S HISTORY. THE CYCLE OF DEATH

LET us see what light the suggestion embodied in the little allegory drawn from Spencer's Egyptian picture throws, not merely upon the national relationships of Europe during the last four years, but upon the shaping of those relationships during the last four hundred or so. Let us take a cross section of European history.

Here are two States. One of them is, we will suppose, a seaboard State, commanding ice-free harbours, rivers, lines of communication, or raw materials indispensable, it may be, to the economic expansion, or well-being, or life, of a neighbouring State, situated in the hinterland. Some dispute occurs with reference to the use of these harbours or rivers, and the seaboard State, being sovereign and independent, at some stage of the discussion says in effect to its neighbour :—

“ You need the use of these harbours, rivers, roads, canals, raw materials. Note that we alone shall be judge as to whether you shall have such use, or upon what conditions. Since we are an independent sovereign State we can forbid such use if and when it seems good to us. If we care in our harbours to charge your ships twice or ten times the dues that we charge our own ships, that is entirely our affair. Are we not a sovereign and independent state? If, in the case of this inter-oceanic canal, indispensable it may be to your commerce, we care to denounce existing treaties,

and to exempt our ships from tolls altogether, in order that the upkeep of the canal shall be thrown upon you, that again is entirely our affair. Isn't it *our* canal? Don't we own it?"

Or words with the proper diplomatic (though, in the case of inter-oceanic canals, sometimes transatlantic) accent to that effect.

Does the State of the hinterland accept this? Sooner or later it will say :—

“In a difference over things indispensable to the life of our people, in a dispute in which you are an interested party, you claim to be sole judge as to what is fair. Such a claim threatens our vital interest, threatens indeed our indispensable freedom and security.”

We have here, of course, the raw materials of a very pretty quarrel. The dispute gets heated; both sides lose their tempers badly, both sides call it Patriotism, and there results, sooner or later, war.

We will assume that the State of the hinterland, having made sure of Allies by promising them bits of its enemy's territory, is victorious, annexes what it needs and secures warm water harbours, both sides of the river, canals, main artery rail-roads, ore fields, oil wells, or whatnot, the things necessary for its economic expansion.

Well, you may say, here is a clear case of military power being economically effective, a means of obtaining most desirable economic ends.

But is this the end of the drama? It is only the first act. What is the next stage? We have now, of course, an irredentist territory: an Alsace, Finland, Poland, Serbia—or a Vilna, Silesia, Bohemia. The hinterland State has done violence to the principles of nationality, and there begins among its new subject nationalities, agitations, plots. Poets sing, orators declaim, patriots assassinate (preferably

Grand Dukes)—and this time it is the seaboard State that may have the best of the alliance combinations.

And if you would get an idea of how strong may be the means of resistance possessed by even a small State, and what forces, during a period of years, it can mobilise against a great one, just examine the history of, say, Alsace, the Southern Slavs and the Irish during the last fifty years.

It was the attitude of two little groups—the Alsatians and the Serbians—which bedevilled the foreign relations of the greatest military power in the world. If Germany had managed to reconcile the Alsatians, and Austria the Serbians, if the Alsatians had said early and plainly to France and the world: "We are content with German suzerainty, and shall decline to be 'rescued' or 'recovered' by France," how different would Germany's recent history have been. But it was the moral resistance of this tiny State to German domination which did so much to keep alive the legend of *revanche*, to create the Franco-Russian Alliance, and determine the direction of European politics generally. The resistance of this little group, taken in conjunction with that of the Southern Slavs, in the end, utterly broke the power of the greatest organisers of physical force history has known. And Ireland? Mighty as were the conquerors in the case of this little prisoner, he made it extremely difficult for them to go about their own business in peace. Whether the Irish were at Westminster or war, English politics were again and again complicated by this everlasting question. When Englishmen ought to have been deciding their own issues, they were divided over the Irish. Ireland came between us and the Americans. She rendered difficult the shaping of foreign policy, created obstacles for us in things as apparently remote as the Panama tolls

question, American coastwise shipping laws. In such ways as these, among others, Ireland organised a resistance extremely costly to overcome. In the end we gave up the method of perpetual coercion, and again, like the conqueror in the allegory, found it wise to come to a bargain.

And so, in our story of the two States the conquest of the seaboard State by the hinterland is only the first act. The second is the story of the conquered State's resistance in the fashion of Alsace, Serbia, Czecho-Slovakia, Poland, Ireland, the resistance which sooner or later provokes a new war. In this new war we will suppose it is the border State which is successful. It is now "liberated." Is once more a Free, Independent and Sovereign State.

Begins now Act III. What does our seaboard State do with its new Freedom, Independence, Sovereignty, with Victory? It reasserts—with greater violence than ever, of course, because it has now old scores to pay off, old oppressions to avenge, and a new authority to exercise—the very selfsame attitude, the selfsame claims—with a few added—which led to war in Act I. Once more it says to its neighbour of the Hinterland:—

"You need access to the sea, along our rivers, the use of our harbours, canals, railroads, access to iron, nitrates, palm nuts, markets, colonies, undeveloped territories. We shall be judge of whether you shall have it, and on what conditions. You cannot live without this iron? We have taken your arms and yet give you no protection against your armed neighbours? And you must live? We do not see the necessity. And, in any case, we shall be judge."

And so, of course, the fundamental difficulty is more acute than ever. For the victor has probably taken such iron or colonies or ice-free ports which the

Hinterland then had, by way of "larning it to be a toad."

Does anyone suppose that Act III. is the last Act? That this new distribution of irresponsible power is at last the "permanent settlement" of mankind? If it is possible for a little State to resist a big so successfully, why should the big, when placed in the position originally occupied by the little, be any less successful? Of course, the game goes on. New plots, new alliances, new war; new punitive treaties, more scores to pay off, more revenge due, and the last punitive treaty which was to punish the previous war, arising out of the previous punitive treaty, which was vengeance for the war before that . . . *da capo, ad infinitum*—I had almost written *ad nauseam*, but vengeance knows no nausea.¹

Of course, the fatal and infernal cycle of futility, falsehood and death might be broken, if, on the morrow of war, the victor, whichever of the two it might be, were to say :

"We have quarrelled over certain things, security, strategic frontiers, undeveloped territory, raw materials, lines of communication—for a hundred years, or five hundred years. We might go on quarrelling to the end of time. We realise that you need access to certain things over which we have control, certain freedoms of movement in areas under our political dominion. Let us come to a bargain about all this. We will agree upon certain mutual conditions, devise a Bill of Economic Rights. And as there are

¹ "In fixing reparations," says M. Clemenceau in the preface to M. Tardieu's book, "we must take into consideration Sedan and Waterloo, *to go no further back.*" (My italics.) ("Waterloo et Sedan, pour ne pas remonter plus haut, nous imposaient d'abord les douloureux soucis d'une politique de réparation.")

In the next war the punitive treaty will be based on the need of securing punishment and reparation for the burning of Joan of Arc.

several of us concerned (there always are several), instead of pitting our force one against the other, everybody trying to be stronger than everybody else, we will pool our power, and put it behind that Bill of Rights or that body of law."

Of course, if that happened, the two parties would have taken the first step towards doing, for the society of nations, what has already been done for the society of individuals within each State. Power would stand as the commonly possessed instrument for the impartial enforcement of the common body of law, instead of being, as it is among nations, the instrument by which each tries to impose his own view of his own rights.

Why is not such a step taken? Why do we not adopt what is plainly the wise, the simple, effective, and only solution of the greatest failure of human wisdom and intelligence that our life on the planet can show?

§ 7

DO WE KNOW FOR WHAT WE FOUGHT? WHAT CODE?

WHY did we not do it at Versailles? Why did we not start, when we had the power in our hands, a new order, based on this Bill of Economic Rights, some agreement touching the things we had been quarrelling about?

First, I shall be told, the dispute was not about those definite, clear-cut, economic issues. The war was just to resist German power. Germany had been wantonly aggressive, and it was necessary to punish her. She had sought to dictate to Europe, and her power had become a menace.

That merely pushes the question a little further back. *Why* had she become aggressive? What was she trying to accomplish by aggression? Did she

just want to show that she could be top dog, or was there behind it some purpose connected with Morocco, and other parts of Africa, the commercial exploitation of the Near East, the Persian Gulf, China?

And how far was she making in those matters claims we should have had to refuse? I suggest we do not know, and that the first step to composing, or preventing the renewal of, a quarrel, is to find out what it is about.

Even so, may retort the critic, her domination threatened much more than assertion of economic rights in Africa and Asia. Once predominant over us, she would have

Yes, I agree, she would have and in the circumstances we were right to prevent her. But, still, a little more precisely, what did she want to do with her domination? I suggest that we do not know; that "she" does not know (whoever "she" may be at this moment, with the Kaiser and the old lot gone). It is not merely the question of the German issue, for the same vagueness will characterise the new alignment of power, as indeed it marks fundamentally all national conflicts. Would Germany have been satisfied, economically, with anything that we could have granted? We don't know. Were the economic things she wanted, real needs, or just avarice? We don't know. Was it mainly political insecurity that she feared? We don't know. We commonly read, before the war, that the struggle was inevitable, because she was pushed by the need of finding food for her redundant population; but just as commonly we read that the war was on her part sheer wickedness and lust of power. In other words, we do not know—on either side—what we were fighting about in any precise way; what was the margin of irreconcilable difference. It has been said again and again that we did not fight about specific differences. We just

feared each other's power. But we don't know really what each wanted to do with it. If a man had talked for years about entering your property, had talked about his need to assert a certain right, about killing your children if he did not get it, you would deem that the sensible thing to do would be to ask him what he wanted. Was it a pathway across the fields, access to your water? And if you reply impatiently that what this particular claimant wanted was simply to turn you out neck and crop, and "take" your property, that, curiously enough, is the one thing we know he could not do. When Germany—or any other Western power—conquers a province, an Alsace or Poland, Schlesvig-Holstein, the population is not turned out. There is a change of Government, but property is not interfered with, each peasant keeps his farm, his house, his land.

"But what!" cries the critic, "you hint that we should be content to accept German government, because we should be left in possession of our property." I hint nothing of the sort. I say we don't even know whether in fact German government would ever have been asked of us. The wiseacres say that what Germany wanted was "the diplomatic domination of Europe." And we don't know what that means either until we know to what end the "diplomatic domination" would be directed. If we are to have a united Europe we must face the things which have heretofore stood in the way of unity. At present we do not even know in any precise sense what those obstacles are.

It is all so vague that at one moment it is possible for the Prime Minister to describe the war as "the most dangerous conspiracy ever plotted against the liberty of nations, carefully, insidiously, clandestinely planned," and at another to declare that "no one at the head of affairs quite meant war. . . . It was

something into which they glided, or rather staggered and stumbled, perhaps through folly; and a discussion, I have no doubt, would have averted it.”¹ In that case it is worth while perhaps engaging the discussion in time and trying to see whether what we fight for is something that we could agree about or not. “Though Germany may have wished to avoid war,” wrote Mr. Headlam in support of his thesis that the terms of peace would not matter so long as Germany was defeated,² “the one condition on which she would preserve peace was that she should be allowed to dictate to the whole of Europe the conditions on which peace could be maintained. The real accusation against Germany is that she attempted to use the fear inspired by her great military power and her alliance with Austria-Hungary, to put herself in a position in which her preponderance over Europe would have been practically assured.”

As Mr. Headlam reminds us, this preponderance of the power of one nation or group is not a new problem in Europe's history. We had to face it in the case of Napoleonic France, in the France of Louis XIV., in the case of Spain. How, at the settlement, did we propose to deal with this old, yet ever new, problem of European politics? We proposed to solve the problem of the preponderance of one group by transferring the preponderance from the enemy to ourselves, and making that preponderance as permanent as possible. We proposed to remedy the injustice of one side being judge in its own case and dictating to the other its judgment, by depriving one side of all power and allowing the other—made up of French,

¹ Mr. Lloyd George, December 23rd, 1920.

² “Men talk of the terms of peace. It is not the terms of peace which are important. It is victory. . . . With a Germany victorious no terms could secure the future of Europe; with a Germany defeated, no artificial securities will be wanted, for there will be a stronger security in the consciousness of defeat.” (*The Issue*, p. 28; p. 38.)

Poles, Japanese, Roumanians, Jugo-Slavs, Czecho-Slovaks—to have all the power, and so be in a position to do what they pleased. It seems somehow inadequate as a solvent of the problem of preponderant and irresponsible power. It could only be justified, of course, on one plea: That the world is divided into roughly “good” and “bad” nations, those who can be trusted with the use of power, like the French, the Japanese and the Poles, and those who cannot, like the Germans, Austrians, Bulgarians. (Russians and Turks would also have been included in the “bad” list if certain obstacles touching their disarmament had not arisen.)

It is hardly astonishing, of course, that we have found the theory unworkable in practice, and that Japan in Asia and France in Europe seem now to be qualifying for the “bad” list. Yet the theory still seems to dominate political thinking. We are adjured daily to “stand by France.” Whatever she does? She may have a blank cheque, and whatever she does we shall be pledged to her support? It would, of course, be an invitation to everything that is worst in French tradition to dominate French policy. But in foreign relations that is always the instinctive way of thinking. Not, for *what* do you stand? But, for *whom* do you stand? And, of course, unless we know *what* another’s power stands for we must resist it—just as he must resist ours until he also knows what we stand for.

In other words, the first step out of this futile struggle for irresponsible power must be to define the purpose of power. So long as national power is undefined we must all struggle for something which we deny to others: preponderance.

Effective protection to France and Poland means also protection offered to Germany and Russia. If these latter have no security from us they must

depend on their own strength, and will somehow build it up afresh. That strength will threaten France and Poland.

It is true that we have made spasmodic efforts towards the creation of some code—the League of Nations itself is such an effort.¹ But it is failing because we do not see how other features of our foreign policy are in contradiction with it and render our support of the League nugatory. And we have not faced what may be termed the emotional price of a new order. Part of that price is to drop the attempt to divide the world into “good” and “bad” nations. Germany may be as bad as you like, and the Germans horrid people. But under the law they must have just the same rights as others; must be just as much entitled to “security” and protection. It is precisely the man of criminal tendencies who needs the protection of the law in his attempts to earn an honest livelihood. If he has not that protection, if others can rob him with impunity, he will become of dead certainty an outlaw to the common danger. It is true, of course, that if the picture we have been painting of Germans for five years is really an accurate one, then there is only one logical policy: asphyxiation. But it would also, apparently, have to include the Russians. If we are not prepared to carry it out, then in heaven’s name let us adopt the other policy. It must be one thing or the other. The right policy feebly followed is likely to be as disastrous as a bad one boldly and shrewdly applied. A League of Nations, in itself tentative and hesitant, applied by Governments contemptuous of it, and which in their turn depend on a public in part indifferent to it, in part hostile and sceptical, certainly cannot succeed.

¹ Even some of the new departures of the Treaty like Article 365 in reference to railway rates, would be a step forward, if they were reciprocal. Being one-sided, they are a step back.

CHAPTER V

SUMMARY AND CONCLUSION

"WELL, what is your programme?" asks the practical reader. "What would you have the Government *do*?"

One indicates what ought to be done. "Oh! but that is hopeless. Public opinion is not ready for it." And there the practical man leaves it. The matter is no longer worth his attention. "What would you do if you were Prime Minister?" And if one replies that one would obviously be as helpless as the Prime Minister actually is, as unable to carry the adequate policy into effect, then that is regarded as equivalent to the admission that it is no good discussing the matter any further; the thing is academic, does not bear on something to be *done*.

I suggest, on the contrary, that there is every good in going on with the discussion. For though that discussion may not affect action to-morrow morning, it may have very great effect on it next year or in five years or in ten. And we shall still need food and clothing, even then. Only by discussion can we get the shift in the public attitude which will enable or compel Governments to move towards or to move with sufficient rapidity towards the indispensable policy.

In other words, the dynamic forces of politics lie outside politics, underneath the surface of events.

But there is another reason why the precise details of a programme are less important than a better understanding of the motives which prompt our decisions. The development of the situation in

Europe depends sometimes upon events which are manifestly incalculable : the murder of a French or German ambassador or statesman at a given juncture by a drunken student may modify the whole course of policy ; render "inevitable" an occupation of the Ruhr, or a Royalist or Communist revolution in Germany. That may render necessary a course inadvisable in other circumstances. It is clearly impossible to foretell that that particular student should get drunk on that particular night in those particular circumstances. Particularly now that we live in these times when it is so fashionable for patriotism to express itself in individual as well as collective murder.

Thus a programme, fitted to the circumstances of to-day, may be quite unfitted to those of the incalculable to-morrow.

You cannot secure wise government by promulgating the numbered clauses of a programme. It can only be secured by the formation of such a public opinion that as specific questions come up for judgment day by day, weight shall be thrown on the side of the good instead of on the side of the bad policy.

To secure this sound, general, day-by-day judgment on the part of the public, which alone will permit the Government to do the best, certain facts of our situation in the world, particularly the true nature of our economic position and what is indispensable to the maintenance of its stability, must be realised. This would give us at least a sense of direction in policy.

Let us summarise once more the facts of that position.

We live by international trade. The basis of international trade is the capacity of customers to buy. That capacity is the result of production, and can

only exist if those customers themselves are producing things and can exchange them. Production is the foundation all round. We cannot compel production or stabilise currencies, or do anything else necessary to the process, with battleships, or armies, or victories. We can, and usually do, prevent it with those things. The whole business must rest upon bargain and agreement. For production and business to grow those concerned must know "where they are." If an industrialist is to spend a million on this factory, he must know its market is not to be closed by hostile tariffs as soon as it is built. If we construct that railroad, will a new frontier ruin it? If we make this loan to stabilise the currency, what will be the political situation ten years hence?

The necessary bargains have never been systematised, organised. There is no general law about it upon which we have all agreed. We must try to make a general law and pool our power, while things in Europe are liquid, in flux. Once Europe has hardened into the nationalist mould once more, and is managing, however poorly, to get along on that basis, it may be too late.

Merely to avoid war, especially at the price of acquiescence in nationalist settlements that will one day be challenged, will not achieve our end. Negative pacifism is inadequate. At this stage of development in Western society the alternative is not as between force and no force. It is between power of one kind or another organised nationally for nationalist ends, and power organised internationally for internationalist ends.

We cannot have economic internationalism if we propose to exclude most of the world from its benefits or protection. We cannot possibly render its arrangements effective if we propose to go on quarrelling with Germany, and Russia, and Japan, and (without

proposing it) with France and Poland, all at one and the same time. If we have pretty well made up our minds that we cannot coerce both Germany and Russia, even with the help of France; or that we could only coerce them by paralysing the industry of half a world, we should then accept the logical alternative: agree to co-operate with them. This does not mean that they are our "friends," that we admit them to be good people, or nice people, or that we share their views on marriage, music or cookery. We may not do those things with our tailor or the man who waits on us in the restaurant; but we do business with the former and accept the services of the latter.

We are not accepting even this first condition at present. We fear the Russo-German combination; but it is taking place despite us: we cannot stop it. All that our present policy is doing is to cause it either to be directed against us, or at least deflected from the support of this new code.

The constructive programme of action has already been indicated. Let us summarise it:

We have at this present moment a financial and economic power that we may not possess twenty years hence, when our need of trade may be even greater than it is now. We occupy to the Continent pretty much the position that America occupies to Europe. The most stricken parts of the Continent—Germany, Austria, Russia—need our present credit help. They cannot get things started again without an economic assistance which, if the will were there, we could at a pinch provide, and without a restoration of political stability, which we could in a large measure help their Governments to secure.

As part of the bargain we should arrange for a defined period of low tariffs and use our influence generally to work towards increasing the area of Free Trade in Europe. Assured access of foreign trade to

our own non-self governing (including mandated) territory—not as a matter of grace, subject to the changes of our home internal policy, but of right embodied in treaty—should be made a bargaining counter to this end. The dire need of countries in or drifting towards the position of Austria, predisposes them towards such bargains, as the recent history of Austrian relations proves.

The first arrangements might take the form of three-cornered agreements between ourselves, Germany and Russia, to include a definite allocation or allotment of Russian trade; Germany to develop certain lines, ourselves others, so as to give greater chance of stabilisation. As this method has been carried to very great lengths by Trusts, Combines and Cartels, it should not be beyond the wit of statesmanship to devise similar arrangements between governments, but so extended as to include such trifling considerations as the consumer's interest and the general weal.

This need not, and should not involve, political hostility to France. Though France were no party to the negotiations, she could be made a beneficiary, should she choose, of the arrangements; and this offer would ultimately make her a party to them and break down her opposition to them.

Though we cannot “stand by France” in the sense of undertaking to support her whatever her policy is, whatever she chooses to regard as her “right,” we should pledge ourselves to her protection—as to others. The clearer that we all become as to what is aggression and what is not, the easier will it be for nations to stand firmly together in resistance to aggression. Our enforcement of France's right should—and would, if we saw more clearly the relation between national right and international obligation—be steadfast and sincere.

Often in the past the present writer has heard the objection: "We would believe in this internationalism if it were practical; we don't believe in it because it isn't practical." To which I have usually retorted: "It isn't practical because you don't believe in it. If you believed in it, it would not only be practical but inevitable."

It sounds like political Christian Science. It is not quite that. It is the simplest form of the Pragmatism. Again and again in a whole range of human affairs the factor which makes the difference between what is practicable and impracticable, or even true and false, is the factor of belief, because belief is the factor of Will. "Can I jump this chasm, in order to save my life?" asks William James, to illustrate his point. "I decide that I can. The decision gives me resolution, courage, determination. I succeed. My success is proof that my calculation was correct, true. My calculation would have been just as true if I had decided that I could *not* jump it. For in that case if I had tried it at all it would have been in a moment of desperation, unfittingly prepared, not really believing it could be done, and I should have failed, perished. That result would have been proof positive that my calculation was correct."

Your practical man can thus always demonstrate the truth of his own misgiving; for it is that misgiving which makes the truth.

And the danger for Britain is that all Europe will go on thus proving the justification of its old barbarian creed, until man in Europe has lost control in the chaos that surrounds him. He will have become the helpless victim of those anti-social forces of his own nature, of which, with discipline and wisdom, his society might be the master.



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