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GERMANY AFTER 1918

IN THESE times of stress it may seem almost superfluous to examine the causes which led up to the war and it would be so if we were assured that these causes were isolated and peculiar to past history. The political make-up of society may change but its economic structure is likely to remain and it is in this that the deeper causes of war may be found. A valuable study of the economic condition of Germany and its reaction upon policy and politics has been provided by Prof. James T. Shotwell in his book *What Germany Forgot* (The MacMillan Company, New York). He is well qualified for the task, having been a participant at the peace making after the last war and being director of the Division of Economics and History of the Carnegie Endowment.

What Germany forgot, according to Prof. Shotwell, was that her economic difficulties were due not to the terms imposed in the peace treaties but to the impoverishment and disorganization caused by her own war effort. There is a great deal of truth in this contention. Certainly the treaties contained provisions which were justly open to criticism, but most of these were not permanent and were in time modified. These defects were seized upon by some in Germany who had selfish and partizan ends to serve, and who, whether they forgot or not, wished the German people to forget the true story of what had happened. In course of time the myth was created that the German army had not been defeated, that the economic capacity of Germany to continue the war had not been exhausted, and that the final collapse was due to the sabotage of the German war effort by Socialists and others of radical opinions. This propaganda appealed to vanity and patriotism, and met with amazing success. A natural corollary of it was that the economic troubles of Germany after the war were entirely due to reparations and other economic conditions of the treaty.

These are the contentions which Prof. Shotwell exposes. He shows how during the last war Germany practised a totalitarian economy (though that name had not yet been invented). All was subordinated to the war effort. The repair of roads, railways, houses, and plant was suspended, stocks of food, raw materials and machinery were exhausted and not replaced, and inflation proceeded at an ever quickening pace.

It was to this situation that the post-war rulers of Germany succeeded. They were not at all successful in grappling with the economic problem (nor were statesmen in other countries), and the great inflation in 1923 gave a severe shock to the whole economy of the country. The vested interests, the landlords and the protected industrialists, retained their privileges, enhanced in many cases by the virtual cancellation of the debts and mortgages to which they were subject. Soon after there came the great depression of 1929, and in the depression years the Nazi movement rapidly gained strength and ultimately, although a minority, gained power by that unscrupulous trickery which is its one permanent characteristic.

In one respect Prof. Shotwell seems to push his argument too far. He implies that the major cause of Germany's economic troubles continued to be the exhaustion of its economic resources caused by the last war, and he criticises the famous passage in which John Stuart Mill points out the rapidity with which a country can recover after a destructive war (Political Economy, Book I, Chap. V). It is, perhaps, true that the destructiveness of modern war is much greater than anything which Mill could envisage, but it is also true that the productiveness of modern methods of production is also greater than anything he could know. We think it is still true, provided that labour can get unimpeded access to land, that the ravages of war can be readily and quickly made good. The proviso is very important, and something to which neither Mill nor Prof. Shotwell have directed attention. Mill, like all the economists up to his time and long after, tacitly assumed the existence of a society in which there were no monopolies and vested interests. In such a society the incentive to work can have full play because the opportunity to work is not obstructed, and the depleted supply of capital equipment can be speedily replenished. That is not true where natural resources are subject to monopolistic ownership.

Prof. Shotwell refers to post-war tariff policies as one of the contributing causes of economic depression. All countries including Germany were more or less guilty in this respect. The protectionist cause was largely sustained and promoted by the agricultural landlords and the holders of mineral deposits and other natural resources as well as by manufacturers. The tariff movement was assisted by the agitation for isolation and self-sufficiency the idea of which was to build up in peace-time a war economy. Those countries which practised autarchy thus blockaded themselves in peace as they had been blockaded in war, while their rulers still fostered the delusion that the ills from which they suffered came from outside. Thus the psychology of war was consciously or unconsciously built up.

Prof. Shotwell says :—

"History has shown that diplomacy is not enough, and it has also shown that a league of nations is inadequate so long as any great power withholds its co-operation from the forces that make for peace and allows its resources to reach the aggressor as well as the victim. In short, the problem of disarmament is a problem of world order and law, not merely of military technique; upon this basis history will judge the relative responsibilities of those who weakened or thwarted the efforts of the League of Nations, as well as the failure of those efforts in themselves. . . . For no treaty, no proclamation of principles, will save civilization from disaster if the nations themselves refuse to learn the fundamental lesson that the era of applied science is one of increasing interdependence, as time and space are mastered by invention, and that the old sovereignties must cease to be the instruments of anarchy."

The peoples must indeed learn to co-operate, and they must also learn that the internal economy of each country must be so adjusted as to eliminate privilege and monopoly.

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