THE ROUND TABLE

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Volume V

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No. 19. JUNE, 1915.

No. 20. SEPTEMBER, 1915.

LORD ROBERTS

THE following extracts from letters from an officer at the front are printed as a tribute to the memory of a great man.

"November 15.

"We heard late last night that Roberts had died. No one could have wished him a more fitting end. Life for him was full of interest and vigour to the very end. I doubt if he ever enjoyed two days more than he did the last two before his death. Meeting the Indians was a special delight to him, and he insisted upon stopping his car to talk to every turbaned soldier he met, and visited them in their hospitals. Old Pertab Singh was here to tea the day he came to us and it was great to see the devotion in the old Indian warrior's eyes and his joy when Bobs addressed him as 'Dear old friend.' The last thing Lord Roberts did was to insist upon walking up a hill here to get a good view of the fighting and it was doing this that caused him to catch the chill which proved fatal.

"Did I tell you how deeply moved I was the other Sunday looking at the dear old man praying there so simply and earnestly and thinking of all he had done and fought for and of his simple modest lovableness? It almost brought the tears to my eyes. I hope his death may serve, coming just now, as a real inspiration to our people and help them to come to right decisions."

"November 17.

"We motored over to General Head-quarters for Lord Roberts's funeral service this morning: there

were a few officers from every corps and of course all the General Head-quarters Staff and representatives of the French Army. We went with the coffin from the house where he died along streets lined by two Highland Territorial Regiments with the pipes leading the way to the Mairie. The service was held in the entrance hall just inside the doorway, where there was room for perhaps fifty persons round the coffin, while the rest of us stood on the broad stone staircases to left and right looking down. The Prince of Wales was there, and Alexander of Teck. But the two figures that stood out to me were ——— by the head of the coffin, his furrowed face full of sorrow and hard put to it more than once not to break down, and Pertab Singh—not in his usual voluminous turban, but with a little bit of cloth wound tight round his head, small at the first glance; it was only when you looked again you saw he was a soldier and a prince. They sang 'Now the labourer's task is o'er' and 'O God, our help,' and it seemed quite natural that Roman Catholics, Hindus and Mohammedans should all join in the service.

"It was a gloomy day, with frequent cold showers, but as they took the coffin out the sun shone forth brilliantly, drawing across a dark bank of cloud opposite a vivid and most perfect rainbow. An aeroplane was flying out of the cloud into the sunshine, and the trumpets of the French cavalry rang out triumphantly. Then the minute guns started booming, the coffin, draped in the Union Jack, was placed in a Red Cross car, and so the gallant little hero went home from the war.

"I thought during the service of Lord Roberts, almost a boy, attending John Nicholson's funeral at Delhi, and of all the span of his life between, and the link of simple courage and devotion to duty binding all the varied incidents of it together, and was glad of the privilege of having known him."

AFTER FOUR MONTHS' WAR

I

THE British Empire has now been at war on the continent of Europe for nearly four months. It has but one problem before it, how best to concentrate every atom of its strength on bringing the struggle to a successful issue. Every day that passes serves to emphasize this central fact, for every day makes plainer the consequences—overwhelming all ordinary political problems—which are involved. The course of the war has disclosed what few of us had realized, the full nature of the plan for gaining for Germany the hegemony of Europe as the stepping-stone to the hegemony of the world. It is the purpose of this article to examine that plan, for it is vital that, among the new problems which the war has raised, the real issues should be clearly grasped and firmly held to until the victory is won.

The aim of the imperialist statesmen of Germany—one which they were fully confident of being able to carry out—was by an irresistible onset to overwhelm the French army before it was fully mobilized, capture Paris, and then turn and, with their Austrian allies, roll back the Russian menace to the east. Had they succeeded, no great territorial changes would have been necessary as between France and Germany in Europe, perhaps none. Germany would have kept part of Belgium so as to be better able to threaten Paris, should France ever have been foolhardy enough to question her hegemony. She would have taken compensation from among the French colonies and coaling stations and in money. But by her mere victory over the French armies she would have gained, without territorial readjustment, her real aim, final release from any serious menace to her western front. France twice conquered, the second time not through

unreadiness and the folly of her rulers as in 1870, but in a fair fight, would have left the council of the great Powers and retreated within herself as all minor nations have to do, leaving the future of the world to be settled by the few other great Powers which were strong enough to engage Germany in something like an equal combat. Paramount over all western Europe by their proved irresistible might, the people of Germany, compact and triumphant, their belief in their rulers and their system vindicated, would be able to turn their attention, without fear of France, to the Balkans and to the worlds across the seas.

But this plan, carefully thought out and prepared as it was, was spoiled by Belgium and England. By Belgium, who, though assured up to the last moment that her territory was safe, refused to bargain with her birthright of freedom and open a way to her neighbour's heart, and by her resistance afforded the slow mobilizing French army a priceless respite. By England, who, also profiting by the delay, threw into France a small but admirable army and so strengthened the fighting line that the French were able to make that concentration of force round Paris which compelled the German retreat from the Marne.

Then the rulers of Germany fell back upon a second plan, which would give them what they most needed in a different way. They realized in practice what Treitschke and many other apostles of the Prussian school had often told them in the schools, that England was the real enemy of the Prussian design, that it was England who was the chief obstacle to their ambitions, and who in 1914 no less than in 1814 would spare no effort to prevent Europe from being mastered by a single Power. So their second plan was to win their way to Calais. For if England really was going to stand in their way, the war would not have been in vain if they could retain their hold on Belgium and the north-east corner of France, or even on Belgium alone. The possession of this territory at the end of the war would give Germany the strategic position she coveted for the future. France,

proved impotent to throw but a portion of the German armies out of her country even during a great world war, with the population available for her armies reduced, with the German frontier within 100 miles of Paris, would be in no position to withstand the German will. She would sink more slowly and less dramatically perhaps, but none the less certainly, to the rank of a second-class Power, remorselessly worn down by the knowledge that Germany could strike her to the ground whenever she chose to go to war. The real menace to the western frontier of Germany would thus be gone. At the same time the security of England would be perilously impaired. Germany could make the Channel and the South Atlantic as dangerous with submarines and destroyers as she has already made the North Sea, and thereby threaten England's trade. She would be able to prevent any such rapid and effective co-operation between England and France as had spoiled her plans now. And she would have a second base from which she could launch an offensive across the seas, and that almost within gun fire of the English coast, when the time for the final grapple with the ill-compacted and degenerate Power which lay across her path should have come.

Germany's original attack through Belgium, like her subsequent decision to make good her hold upon it, was not dictated primarily by military, but by political strategy. All war, said Napoleon, is a struggle for position, and the rulers of modern Germany are not less aware of that fact than their great model. The possession of Belgium and an outlet on the Straits of Dover is for Germany the main end and object of the war. If she can gain them, she will be in a position in which no Power in western Europe, save England, can afford seriously to dispute her will, and as against England, she will have gained the strongest strategical position she could desire. To win them she will stop at no sacrifice, as the fierce fighting in that region in October and November shows, and for them she will be willing to make almost any territorial compensation elsewhere.

Such is the calculation of the rulers of Germany. The possession of Belgium is the final step towards the hegemony of Europe. That phrase is often loosely used, and to a citizen of a democratic state it has but a vague meaning. To the rulers of Germany it conjures up a vision of living reality, it is the object towards which all their policy tends. It is, indeed, the inexorable outcome of their history and system of government. To the Prussian the essence of political doctrine is dominion—the dominion of Prussia and the subdual of her neighbours so that, under pressure from her irresistible sword, they will gradually assume her character and ideals. When they have been leavened by the great governmental educational and professorial machine, and disciplined and moulded by the army machine, the whole will move forward once more under Prussian direction to forge by war a larger empire. And if only the spirit of the nerve-centre can be kept alive, proud, tyrannical, aflame with the will to power, there is no reason why the whole world should not eventually be embraced in one vast system, dominated and forcibly pacified by fear of the monstrous military State at its heart. This is the vision behind the talk about German *kultur*, and the necessity for spreading it by the sword. It is what is exactly expressed in the interpretation by Professor Cramb of modern German Imperialism, which believes that "just as the greatness of Germany is to be found in the governance of Germany by Prussia, so the greatness and good of the world is to be found in the predominance there of German culture and the German mind, in a word, of the German character." It is what stirred the mind of the writer in the *Cologne Gazette*, at the beginning of the war, when he declared that the crime of England had always been selfishly to resist the union of Europe, and that now again, true to her nature, she had stepped in to try and prevent its becoming a unity under German headship.

It is difficult for a citizen of a democratic community to realize that any modern State, calling itself civilized and

claiming to be the cultured leader of mankind, can harbour such a design. An ideal such as this is not one which is born of freedom and self-government. It is the growth of a different soil. It is the inevitable result where a great and vigorous people, fearless and free in the realms of art, thought and religion, has surrendered its political conscience into the keeping of an oligarchic and autocratic caste.

Mesmerized by the success of the Prussian system, deluded by the paraphernalia of an ultra-democratic State, the Germans have never yet dared to take the control of their national destinies into their own hands. Ever since the German Empire came into being there has only been one party in power, the great Prussian oligarchy, the military and bureaucratic caste, of which the House of Hohenzollern is the spokesman and the head. Whatever the Social Democrats have said and claimed, they have never been able to persuade the people of Germany of the first maxim of political liberty, that their government should be responsible to their elected representatives. Hence the people of Germany have taken the imperial policy of their rulers on trust. Taught from their earliest years to respect the superior wisdom of those in authority, they have won concessions from the great governmental machine in domestic affairs, but they have never stayed by a hairsbreadth the relentless expansion of armaments or the mailed-fist diplomacy of which they were the instrument. Their failure to assume the responsibilities of a free people has now produced its inevitable result. The aggressive militarism of Germany has ranged half Europe in a league of self-defence, and an attempt to settle what was a European question affecting the peace of the world by drawing the sword and threatening war against anybody who did not stand aside and acquiesce, precipitated the struggle. So now we have the tragic spectacle of the great German people, the leaders of mankind in so much that is noble and true, fighting with a heroism which is past precedent or praise, as they believe solely for their country's safety, but in reality for the ideals of

an autocratic government whose primary aim is to extend its dominion by military force; a government which recognizes no law or right where its interests are in question, which is ready to extinguish neighbour nations and repress them as it has repressed Posen and Alsace-Lorraine, which has not hesitated to make in times of peace the most elaborate military preparations even within a country whose integrity it had guaranteed, which by its spies and agents endeavours to profit by all its neighbours' troubles for its own aggrandizement; a government which by the law of its own autocratic being is the exponent of the gospel of power, with all the terrorism, perfidy, and repression which it logically entails, and which lives truthfully up to the tradition of Bismarck, "that extraordinary man, the craftiest of foxes, the boldest of lions, who had the art of fascinating and of terrifying, of making of truth itself an instrument of falsehood; to whom gratitude, forgiveness of injuries, and respect for the vanquished were as entirely unknown as all other noble sentiments save that of devotion to his country's ambition; who deemed legitimate everything that contributes to success and who by his contempt for the importunities of morality, dazzled the imagination of mankind."*

Thus the fundamental issue in the war is the age-old struggle between tyranny and freedom. If Germany conquers, all Europe will labour under the terrifying dominance of the Prussian State, fortified once more by success, entrenched in a stronger position than before, and believing even more implicitly in autocracy and violence as the guardians of its destinies, until, in some struggle more devastating and terrible than the present, it is at last overthrown. If Germany is defeated, the prestige of Prussia will be shattered, and the authority of her satanic gospel undermined; and her people, united but freed from the spell which has long entranced them, will begin to move once more along the path towards self-government and freedom. Then will the vision of the democratic peoples begin to prevail. It is a

* Emile Ollivier, *The Franco-Prussian War.*

vision which welcomes diversity, the development of distinctive national cultures and of distinctive national institutions. Its watchwords are freedom for all nationalities, and the sanctity of national obligations as the basis of international law. It hates the militarism which aims at forcible dominion, for no true democracy can wish to subdue and govern a civilized neighbour. While it recognizes the right and duty of nations to defend themselves, it would employ every method that negotiation, arbitration and diplomacy can suggest before it has recourse to the dread arbitrament of war, and as a further goal it looks forward to the voluntary union of nations, each keeping its distinctive national life and institutions, none asserting its predominance over the rest, but combining so that they may repel attacks upon the public peace in common and settle their mutual differences by the vote of a joint assembly and not with the sword. And, as the distant end, it sees that voluntary federation of free civilized nations which will eventually exorcise the spectre of competitive armaments and give lasting peace to mankind.

II

THE course of the war has thus revealed the strategic objective of the rulers of Germany and the political plan for gaining the hegemony of Europe. Belgium is still the cockpit of this struggle, and the history of Europe and the world for the next century will depend on who retains control of it at the end of the war. To this question all others are subordinate—even that of Bohemia, which is the strategic key in the east—a fact of which the German General Staff have shown full appreciation. So did Lord Kitchener when, on November 9, he said:

> "The British Empire is now fighting for its existence. I want every citizen to understand this cardinal fact, for only from a clear conception of the vast importance of the issue at stake can come the great

national moral impulse without which Governments, War Ministers, and even navies and armies can do but little."

The result of the war up to the present has been that Germany, though foiled in her first plan, has still won a marked success. She holds, and holds firmly, the very strategic position it has been the chief end of her rulers to retain. If peace were made now on the terms that each party should keep what it occupied, Germany would have won the war. Such a peace, of course, is inconceivable. None of the Allies could consider any terms until their paramount objective, the expulsion of the German forces from northern France and Belgium, had been achieved.

For the British Empire the position is one of especial significance. Not only have we to consider our own safety, we have also pledged ourselves without reserve to our allies. Speaking at the Lord Mayor's banquet on November 9, Mr Asquith said:

> "We shall never sheath the sword, which we have not lightly drawn, until Belgium recovers in full measure all and more than all that she has sacrificed, until France is adequately secured against the menace of aggression, until the rights of the smaller nationalities of Europe are placed upon an unassailable foundation, and until the military domination of Prussia is wholly and finally destroyed."

That is as solemn an undertaking as was ever given by one great nation to another.

The responsibilities which rest upon us as a nation are thus enormous. But in present conditions they are not very easy for the country at large to realize. The war has as yet not touched our homes or even our coasts. Owing to the inevitable restraints of the censorship, the Press is confined to recording stories of minor victories and deeds of heroism, and making play with every atom of evidence which may suggest difficulties in the high command, and demoralization in the ranks, of the enemy. In consequence there is a real danger that we may persuade ourselves that the victory is as

good as won, or trust to future Russian victories, or to collapse in the great German army machine, or to economic pressure or shortage of food and war supplies, instead of to our own efforts and determination. All these may help us, but we must never forget that with our French and Belgian allies we have to drive back the German armies to the Rhine, and that there is no real sign as yet that the German armies are in any way unnerved, or that the courage and persistence of the German people have weakened. The decision indeed as between the German and Russian forces is uncertain. We are not justified in answering that question in advance, still less in making the more agreeable answer a basis of our policy. The conflict in the east may as well result in fresh forces being launched against the western lines as in the pressure upon them being relieved. To trust to Russian successes or to economic causes to give us victory, not to the preparations we make for ourselves, is both to gamble with our safety and to lower our good name.

The plain truth is that, in this terrible struggle for the safety of the Empire and the freedom of Europe, we have to organize the whole forces of the nation so as to bring our strength most effectively to bear upon the decisive point. The question is therefore only military in the broadest sense; it includes, not merely the manufacture of armies and all that armies require, but the organization of all our resources so as most rapidly to meet the military demand, so as most fairly to distribute the strain involved in it, and so as most effectively to carry on, in spite of it, the commercial and industrial activities on which our day-to-day necessities and our economic and financial strength both absolutely depend.

So long as neither side can claim much advantage in morale or leading, the decisive factor is numbers. They will be needed whether the strategists decide to force the Germans to evacuate Belgium by a frontal attack or by a great movement to the south threatening their communications. Even in resisting the assaults of the enemy the wastage is enormous. One British brigade in fifteen days

fighting lost 97 per cent of the officers and 77 per cent of the men. This is no doubt an extreme case, but in three months' fighting the total casualties amount to between a quarter and a third of the British forces actually engaged. If wastage continues at that rate, all the reserve and much of the new army, even though we cut down what are needed for home defence to the lowest possible figure, will be used up as drafts as soon as they are trained. And even if the rate of wastage does diminish and it proves possible to put a large part of the new army into the field in addition to the present numbers in the firing line, we have to fill the gaps in their ranks. To make that decisive thrust or turning movement necessary to drive the Germans back to the Rhine, we must not only send the new armies to Belgium, but we must have fresh forces coming on behind them to keep them up to strength or to take their place. There can be no doubt of the supreme importance of numbers. Lord Kitchener on November 9 declared that he had no complaint whatever to make about the response to his appeals for men; but, he added, "I shall want more men and still more, until the enemy is crushed." On November 16, Mr Asquith told the House of Commons that, while over 200,000 had then enlisted in the Territorials and over 700,000 in the Regular Army since the outbreak of war, a total of just under a million, he was going to ask the country for another million. And Mr Tennant, the Under-Secretary for War, speaking a few days later, declared that, while the Government hoped that the new million asked for would be sufficient, it was impossible to say whether that would be the case or not.

These are tremendous demands, and even these will not be sufficient if the war is prolonged or the tide swings against us. It is manifest that we may be driven to special measures to meet the strain. The question whether the process of enlistment may not require some closer regulation, both as to distribution and as to pace, is already in many minds. The method of more direct appeal, and the method of compulsion, are variously recommended; and both on

democratic grounds. It may be useful therefore to advance certain considerations on the subject.

The success of the voluntary system up to the present has been a surprise even to its own most enthusiastic advocates. Within a few weeks of the outbreak of war a peace strength of about six hundred thousand Regulars and Territorials has expanded, without panic and without dislocation of the national life, to a war strength of nearly two million men under arms in the United Kingdom and with the Expeditionary Force at the front. That is an achievement of which the nation may well be proud. But we have to look beyond the present. The hard fact is that the Government has already asked for another million men over and above those already in training, and that even this further million may not be sufficient to bring Prussian militarism to its knees and free our allies from the invader's grasp. We have therefore to consider carefully how to meet this further appeal with the least possible dislocation of our industrial life and the fairest distribution of personal sacrifice. The beliefs and sentiments traditional in peace have no relevance in the supreme emergency of this war. Upon our duty now all parties are agreed. The opponent of militarism in all its forms must lay aside for the time his fear of grafting permanently on his country a system which he abhors; the advocate of universal training must forgo the temptation to take advantage of the war to commit his country to his own ideas. The sole question before us is how to win the war. In point of fact measures adopted as special war measures now are not likely to prejudge the question of the national policy after the war is over. The United States, which had recourse to compulsory recruiting in the crisis of the civil war, reverted to the voluntary system afterwards, and has retained it ever since. And our national military policy after the war will depend mainly on whether or not the arms of the allies are successful in overthrowing the chief exponent of aggressive militarism in Europe.

The problem of recruitment for a great war like the present falls naturally into several divisions. There is first

of all the question of numbers. The Government have asked for another million, but they have not as yet announced, and possibly they will not be able to announce, how many recruits they want per week.* The numbers required per week will depend upon the supply of arms and equipment and accommodation, and the provision of a nucleus of experienced officers for training purposes. Supplies, which were notoriously short at first, will very shortly overtake the number of recruits. Officers are more difficult to find, but the number of convalescent regular officers unfit for further active service, yet fit to train others at home, is bound to increase. The Government are probably able by now to work out a time-table for some months ahead, in which these various considerations are broadly set down; but the public has no means of informing itself about them. It only knows that in the past the Government's arrangements have fallen badly short of the response of men to the recruiting call. If compulsion is adopted, the War Office can get men as it needs them without publishing the state of its affairs; but the voluntary system demands that it should take the country much more fully into its confidence.

Secondly, there is the question of the dislocation of industry. It is not possible to take away a million and a half men from active work in factories, workshops and the fields, without interfering with production. And to take two millions is certain to interfere more than taking one, and to take a third will have still graver effects. It is essential to keep the national life going. Great Britain has to provide, not only the needs of her own armies and navy, but many of the supplies imperatively needed by her allies. To do these things she must keep her productive efficiency at the highest point consistent with her military and naval efforts. It is necessary, indeed, to strike a balance between the two. This fact, as well as the want of any military training among her elder population, makes it impossible for her to put as high a

* Lord Kitchener stated on November 26 that he was getting "approximately 30,000 recruits a week," and added—"the time will come when we shall want many more."

proportion of her people in the field as is the case with France or Germany. But it also means that some regulation is needed in the system of recruitment, if it is not to dislocate industry. Armament firms, for instance, cannot spare a hand; railways, merchant marine, and coal mines can only spare a limited proportion; and the woollen industry is obviously more important at the moment than the cotton industry. The voluntary system, left quite unregulated, must cause much serious dislocation, if there is a sudden rush to the recruiting offices as the result of a special appeal or a great disaster.

Thirdly, there is the personal equation. The recruits should come as far as possible from those ages and conditions which are best fitted for the duty. It is quite wrong that young men who are physically fit should stay at home, while elderly men with families and responsibilities, who are experienced enough to feel and understand the call, enlist. Moreover, many an employer or superior is able to use a press-gang of his own, and appeals are made to employers to put pressure on their employees, which naturally and rightly arouse the suspicion and distrust of the working class. Again, an immense proportion of the manhood of the country is in honest doubt. It is not a question, as in peace, of choosing a profession, but of answering the call of duty; and that call is seldom clear. A man has to decide between the claims of his family, his business, and his country, and he has not the knowledge on which to base a true decision. Of all such the main desire is that the Government, the only body in a position to judge, should inform them whether they are wanted or not. It is no question of slackness or want of patriotism. The response to the call for recruits disposes of that charge for good and all, and if it were possible to show every man in the country exactly where his duty lay, we could get not one million but two million recruits at once. The present methods of recruiting, however, the unseemly appeals to patriotism and emotion by means of advertisements and brass bands, do not meet the difficulty; for they do not show the individual where his duty lies, nor do they assure him that he is only called upon

after the call has been made to those who ought to join the ranks before him. It is only natural that many men should feel that if they are to break up their families or disregard their parents, they must have a clear lead from the Government. They cannot balance the opposing considerations, for they cannot know enough. All such men tend to wait upon events, and they are not to be blamed for taking that course. This, indeed, is much the most serious obstacle in the way of the continued success of the voluntary system. If it could be overcome, and if it were possible for the Government to make clear to each individual what he ought to do to serve his country in this crisis, the question of compulsion would never arise.

Finally, there is a moral aspect to the question. As a nation we are pledged to our allies to help them with our last penny and our last man, in defence of the common cause. The first principle of democracy is that the citizen owes an unlimited obligation to his fellow citizens, and that the State as representing all has the right to call upon every man to give his life and property for its sake, if they are required. This is the principle which underlies the reign of law and the imposition of taxation, and it applies with even greater force to a time of national crisis, when not only the internal order and administration of the country is in question, but its existence and its honour are at stake. The long prepared endeavour of the German people to impose their will on Western Europe and set their system of government above our own is due, before all things, to a firmly rooted belief that we are their inferiors in patriotism and morale. The German challenge will still stand, and the war—whatever its immediate result—will have been fought in vain, if we fail to dispel for ever that widely held idea.

The conclusions which follow from these considerations seem to be these. The most important factor is the joint one of time and numbers. Every motive of prudence and honour impels us to go on expanding our military strength as rapidly as is consistent with efficiency. We must recruit the numbers we require, and we must recruit them in time.

It is no use raising armies so slowly that they will not be fit for action until Europe is driven by exhaustion to make peace.

On the other hand the greatest single impediment to the continued success of voluntary enlistment is the doubt in the mind of the individual as to whether he personally ought to enlist or not—a doubt which it is practically impossible for him to resolve for himself. The Government may be able to take that responsibility on its own shoulders without going as far as adopting compulsory enlistment for the war. If it cannot find a means of doing that, and if either the numbers fail or men do not come forward in time, then the compulsory method seems inevitable. Whether and when that may become necessary, it is impossible for the layman to judge. The ordinary machinery of inquiry and criticism is suspended, the channels of information and publicity are choked or closed, and all parties rally behind the Government to give unity and strength to its decisions. It is therefore for the time being in the position of a dictator implicitly trusted and implicitly obeyed. It can sometimes not give reasons for its decisions. It has often to act promptly and without giving time for discussion and thought. Upon its foresight and decision everything depends.

The special responsibility that lies upon Ministers is therefore immense, and it cannot be shared. But ordinary citizens are not thereby absolved from thinking out the emergency for themselves. On the contrary, we have all to follow, as best we can, the rapid transformation of familiar issues in the fierce ordeal of war, and to show that as a people we can grasp what the emergency involves. We are fighting, not conscript armies—for they are the strength of both sides,—but the conscript mind. Our Government cannot share its responsibility for pointing the course the nation should take, but its efficiency and success depend of necessity upon the support which the whole country is ready to afford. Germany believes that free democracies have not the imagination or the public spirit to face a supreme emergency and do whatever victory may demand. For our freedom and for our peace, we must prove that they have.

NATIONALISM AND LIBERTY

I. The Two Schools

TWO schools of thought and sentiment dominate the politics of modern Europe—the liberal and the national. They are by no means always united or always opposed. Where a nationality is struggling for its place or even yet unredeemed, they are usually strong in union; but where on the other hand a State is powerful in the world, they are usually opposed in both its internal and its foreign politics. And since it is the powerful States which set the tone of political thinking over Europe as a whole, it is the opposition of the two schools rather than their union which is most apparent at the present time.

In England the opposition has been marked for many years; for it is common among those who lay great emphasis on the one to disparage the other, and larger numbers of the people every year have tended to prefer the liberal hope of international agreement to the national case for strength by land and sea, though nationalism has attracted their sympathies wherever it was weak in material power and oppressed. In Germany, on the other hand, nationalist ambitions have been pressed at the expense of liberal ideas, and the great official system of the German Empire, with its vigorously national basis, has come to regard the liberal movement as its chief internal enemy.

The antagonism supposed to be inherent in the two forces is illustrated by a whole series of antitheses, with which

great play is made in the fighting literature of both camps. Those who fear the power of nationalism—at least where it is great—point with much reason to the "yellow" press, the leagues and associations for preaching hatred, suspicion and aggrandizement, the manœuvres of "secret" diplomacy, and, above all, the huge expansion of armaments, which are everywhere the material panoply of the leading national systems in the modern world. These things, they say, are poisoning the wells of democratic aspiration towards a world in which all forms of competition, international or otherwise, will be governed by law, and war will have become a nightmare of the past.

On the other side the champions of nationalism have arguments of equal force. They look with particular apprehension to the economic and international aspects of the liberal movement as a denial that great States have any need of structure or strength, any moral purpose, or any distinctive spiritual life. The vertical divisions of Europe into strong national systems have brought high civilizations and cultures to birth. The horizontal divisions aspired to by liberal and international reformers seem to threaten a material eclipse of all these spiritual forces by reducing European life to a selfish individualism or else to a soulless economic struggle between class and class.

The divergent tendencies of the two schools are, of course, most clearly marked in their extremes. The controversy between extravagant apostles on both sides may be reduced to statements and counterstatements something like the following:

> *The Liberal School.* "Nationalism as the animating spirit of great organizations of material power is a denial of human progress, a return to brute force as the highest rule of life."
>
> *The Nationalist School.* "Liberalism as the dissolvent of national systems is a denial of the highest cultures so far attained by human effort, a crude return to purely material standards of life.

The Liberal School. "Better than the maintenance of nationalism is any kind of peace."

The Nationalist School. "Better than the sacrifice of nationalism is any kind of war."

These antitheses appear to be irreconcilable, and they present humanity with a choice between two equally dark alternatives: either a strife of nation against nation, with all the brutalizing results which Europe is suffering to-day; or else a strife of individualism in many forms against the moral basis of all government, in which the pressure of material ideas would be almost as destructive of spiritual values as open war itself.

Argument of this nature is a standing feature of British political life. Though in our domestic conditions it is the moderates on both sides rather than the extremists who carry weight, the controversy between the two schools is incessant and takes new forms with every fresh departure in British or Imperial politics. Nationalism tends usually to be most strongly associated with the conservative creed, which looks first of all to the structure of the State and seeks to safeguard it both against unbalanced change from within and against pressure or menace from without. Liberalism, on the other hand, is usually best exemplified by the party of that name, which thinks less of what men owe to their country than of what they need from it, and cares little for weakening the State in its desire to spread the sense of individual freedom and power. Liberty needs the keeping of both these schools; for while conservatives in their care for the State are too apt to resist all change, liberals in their passion for freedom are prone to jeopardize that very structure of the State from which all freedom comes. It is needless to illustrate the play of these two forces in English life; enough to recall the terrible crisis to which, from long blindness on both sides, they had brought the country's affairs just before the outbreak of war.

For the time being the war has ended all this. Here is a

struggle in which all our peoples, or all but a negligible minority, believe it their duty to take part. We are suddenly of one mind, and for all our domestic differences we find that we belong to a single school of thought as compared with the school against which we fight. The German nationalist philosophy, with its aggressive militarism, its contempt of freedom, its indifference to international law, seems to present us with a new and more formidable antithesis. Whatever toll it may take of us in effort, in endurance, in suffering, in life, this is recognized as a struggle in which we must strain every nerve to prevail.

Yet our differences of view have not really been reconciled. Complete as our unanimity is, we have reached it by different roads according to our different political creeds. The old antagonism is only latent, and we shall find it exercising as dangerous an influence as before on British policy and aims, unless we seize this time of open mind to think it clearly out.

The domestic differences of the two schools are at present of no account; they will not be thought of until the war is over, and there is no cause to keep them in mind. But the differences which may affect our European policy, or at any rate weaken the strength behind our European aims, are in very different case; they cannot be considered too carefully or too soon. Are these differences real? Are liberalism and nationalism in fact and of necessity antagonistic forces in the world? The protagonists of each of them denounce a gross materialism in the other camp. Is either justly open to that charge?

And if English differences on these points are unreal, is there any necessary antagonism between the national standpoint of the British Empire and the national standpoint of Germany?

These are questions of great import to the modern world, for they lie at the root of the causes which have plunged it in war. We are not the only people which believes itself to be fighting disinterestedly for a great

ideal. The Germans believe it no less, and even their calmest and broadest minds refuse to believe it of us. If British statesmanship is to play the part which we trust it may be able to play through the success of our arms at the end of the war, it must be inspired by a public opinion which has really thought out both the issues of the struggle and the hopes which may reasonably be based on it. The following pages are an attempt to face that need.

II. Liberalism, Nationalism and Democracy

LIBERALISM and nationalism—the terms are undeniably vague. Yet their broad significance in the modern world is really independent of all shades and refinements of meaning, and it may be broadly defined.

Liberalism.

Liberalism is in its essence a moral power. It strikes spontaneously at injustice or oppression in any form; it seeks to make individual conscience the free arbiter of all men's lives; authority and discipline are repugnant to it, unless freely undergone; it distrusts all large organization or power, as inimical to free life and thought; it is impatient of economic divisions, as implying some servitude in the less favoured parts; and in its aspiration to redress all inequality in the world it has a passionate faith in the virtue of change.

This spirit of liberalism has moved upon the waters of life since human societies were first formed. It has overthrown tyranny after tyranny—religious tyrannies, political tyrannies, social tyrannies, economic tyrannies—and it marches as firmly still, and will march to the end of time, against all the powers and potentates which rise in turn to challenge the free development of human life and ideas.

In modern politics—which alone concern this study—its

significance is various, but its main tendency is to appeal from existing States and structures to a universal code of political principle. Liberty is not the patent or prerogative of any one society or any one government. It is in fact the goal of all, though they differ greatly in method, though some for the moment have narrower aims, and though the point at which the progress towards liberty would be destroyed by anarchy is high or low according to the character and degree of each civilization. And liberalism is for ever pressing to that universal goal, regardless often of all other terms in the difficult equation of organized human life. It is the civilizing spirit in a crude and unequal world; an impulse, like charity, which knows no rules. Like charity, too, it is indiscriminate, and the world is often no better for its warmest impulses, when these lack system or overlook hard facts.

This spirit is often one with nationalism. It is, for instance, one half the inspiring force behind communities which are oppressed; and it has been strongly allied with that national movement in the British Dominions which has raised them step by step to the rank of federated self-governing States. But organization is not its natural course; it enters it only under the impulse of nationalism, when the goal of each very clearly coincides. Its natural tendency is the reverse: it is disruptive and international—disruptive in its desire to secure the fullest freedom for all parts of a political whole, and international in its appeal to a universal code. The vertical division of Europe into nations is thus against its sense of right, which seeks to assimilate nation with nation under a single code and to level up the horizontal inequalities of class and class. Its weakness is in method; it may animate all governments—it does in varying degrees—but it cannot take their place.

Nationalism.

Nationalism has made the structures in which alone liberalism has hitherto taken practical shape. It provides

the pillars of all existing systems of government, the only middle way between tyranny and anarchy which the movement towards liberty has hitherto found. It is also much more, for it is the mould in which all the highest civilizations have hitherto been cast.

The sense of national unity, or the desire for it, is clearly a product of many different factors, such as geographical position, history and race; but none of these factors explains it alone. Geography should by this time, for instance, have united the different peoples of Ireland; yet it has told but slowly against differences of history and race. Geography, on the other hand, would seem to be the strongest possible factor against the survival of a sense of unity in the scattered democracies of the British Empire; but race and history, and some other counter-factors, have made it of no effect. The truth, perhaps, is this—that while geography has played a predominant part in the past (and nowhere more than in the British Isles), it is now a factor of much less account, because the advance of civilization has shaped the European peoples in certain historical moulds and definitely fixed the distinctive sense of race.

In the chief European nations the basis of national sentiment is plain to the eyes. England, France, Russia, Holland and Spain—these are names with a vista of human effort and achievement behind them, continuous, concentrated and ineffaceable. Germany, Italy, Belgium, Denmark, Greece—it is needless to complete the list—all these also are names, which, with less continuous life or shorter records as national powers, are equally fixed as forces in the modern world. And behind these again are other national groups, some still divided, some only recently touched to consciousness of their needs, which neither principalities, nor powers, nor armies, nor prisons, nor schools can turn into anything else. In the foremost are enshrined great languages and literatures, which represent a special attitude to life, a special order of ideas. Shakespeare, Molière and Goethe are emanations of the spirit of the nations into which they

were born; their works are essence of the language and the country, as well as of the age, in which they thought and felt and lived. And institutions with their records and traditions—whether monarchies, or parliaments, or universities, or armies and fleets—have the same distinctive national significance and power. In the great nations the force of these things is obvious; but the same kind of force, more violent often because unsatisfied, animates those lesser nations which have not yet evolved full systems and traditions or have lost them in part.

The age of great race-transformations is past. In Europe the existing race and national sentiments are clear; they may merge themselves in greater communities, but only of their own will. No living nationality can any longer be destroyed by force; and where new nationalities are formed, they will spring only from the free association of existing national communities or else from the merging of many races under new skies, as in Canada, Australia, or the United States.

Nationality without the sanction of sentiment has merely a legal sense. In the eyes of the law every subject of a State is a "national" of that State. By that interpretation a Polish subject of the German Empire is a German "national," and a Greek subject of the Ottoman Empire is a Turkish "national." But in the play of forces here in question this merely legal meaning of nationality has no significance. The only sufficient test is the conscious wish of whole communities demanding union under a government whose character and sanction they accept and approve.

The nature and extent of these forces, which are like currents (often conflicting) in the general stream of European life, are now broadly but clearly defined. The boundaries can never be absolutely exact, because small nationalist minorities are sometimes isolated amid other stocks, or else in places the stocks are shot and intermixed. But the broad boundaries are known, and the forces within them cannot be pent, or transmuted, or destroyed.

Democracy.

These two great powers, the power of liberalism and the power of nationalism, are then the main elements of the political atmosphere in which Europe now moves. They are like oxygen and nitrogen to all that breathes upon the earth—the oxygen of liberalism a vitalizing and energizing element, seeking always to rise; the nitrogen of nationalism a heavier element which corrects the headiness of liberalism and keeps it to earth. Liberalism is, moreover, a spirit common to all western civilizations, international in its tendency and universal in its appeal; while nationalism is the distinctive soil in which those differing civilizations have grown and flowered.

Liberalism is, however, as old as humanity, and nationalism as an instinct is equally old. Though in its present form it is a comparatively modern growth, its origin goes back to those elementary loyalties which bind families together and wed all human communities to their own plot of earth and vault of sky. What is it, then, which has given both forces so strong an impulse in modern times? All who look back on European history to the immediate origins of the period in which we live have observed a sudden expansion of both forces, which dates from little more than a century ago. All Europe seems from that time to have responded, in its varying peoples, to some new ozone in the air, which transformed both liberalism and nationalism and raised them to a higher power.

The nature of that new force can hardly be questioned. It was the democratic idea. No doubt history in reality makes no sudden starts. Democracy had been kindling as a force beneath the surface for a long period of years; in England and America it had already shown its strength. But in Europe its emergence was, in fact, a sudden event. It transformed European history in the nineteenth century, and its power is both splendidly and terribly apparent in the vast struggle which has involved all Europe to-day.

There is scarcely need to dwell upon the new sources

of strength with which liberalism has been enriched by the democratic idea. Democracy and liberalism have come to be, in some senses, almost synonymous terms. The social and political equality at which democracy aims are part of liberalism's own faith. As education spreads and communications improve, democracy and liberalism both gain new power. The rising average of intelligence throughout all peoples tends, with some marked exceptions, to make liberty more dear. In some manifestations, moreover, democracy is, like liberalism, an international force. The war against economic injustice transcends in some phases all national boundaries, and makes a link of varying strength between majorities of every race.

Considerations like these are the commonplaces of modern English politics; but we have need to realize that democracy has given nationalism, as well as liberalism, an entirely new kind of power.

The literal meaning of democracy is "power of the people," and it is precisely in that literal sense that democracy gives modern nationalism its overwhelming strength. In the fixing of national boundaries many forces have played a part—dynasties, great statesmen, religious divisions, and wars; but while the influence of these has grown gradually less decisive, the influence of common language and better communication has risen gradually in their place. Common language has become more powerful with the advance of education, the rising average of intelligence, the wider diffusion of books. A much larger proportion of citizens in every western country is now born into the full heritage of the national life and literature, and they see that life and the institutions in which it is expressed mirrored before them in all its phases through the medium of the daily Press. Peoples are in consequence self-conscious as they have never been before. Dynasties and statesmen have still great power, but they depend for strength upon their capacity to keep the sentiment of whole peoples on their side. Thrones which were tottering everywhere in the

earlier half of the nineteenth century have grown firmer only when a conscious national sentiment has found expression in them. It matters not in this respect whether the government of a country be "popular" in the narrower sense or not. German or Russian nationalism is not the less a power of the whole people because Germany and Russia are autocratic States. National policy in modern European States must have the sentiment of a whole people behind it, if it is to have adequate strength; it must, in other words, have a democratic sanction such as few nations dreamt of a century ago.

The Australian Commonwealth, with its high protective tariff, its unanimity on matters of defence, its passionate regard for its purity of race, is a striking example of the force which democracy can bring to national (and far from liberal) ideas. So in almost equally striking ways is each of the self-governing Dominions; and most remarkable of all is the unanimity with which all these democracies have just responded to the call of an even broader citizenship—the British cause in this war. Democracy is manifestly a mighty power upon the British side; but we must guard ourselves against assuming, on prejudice rather than fact, that democracy is a strength ungiven to our great rival's cause. It is perfectly true that the ideas of government applied in Germany are much less popular than in the British democracies; but it is a delusion to argue from that premise, as many people do, that the sentiment of the German people as a whole is not behind the nationalist ambitions which have led them into war. The splendid efforts which they are making, the passionate unanimity which they have shown, is evidence enough that the whole force of a conscious people has been thrown no less into the years of preparation than into the actual fray. The Germany we are fighting is not merely an army and an Emperor. It is a people, one in mind and soul.

Democracy has, in fact, given a new range and meaning to the competition of civilized peoples—a range and

meaning which have only now come home to the British peoples in the terrible ordeal of war. The central fact on which the struggle turns is that not merely rulers and governments, but whole peoples, are engaged. The power which democracy has brought into the world has never been so vividly exemplified—except, perhaps, though on a smaller field, in the American Civil War. The change is startling and terrible, but the first sign of it was given first by revolutionary France more than a hundred years ago and then by the Prussia which rose from under Napoleon. A century before that time the wars of religion, which had often been waged with the fervour of a great popular cause, had given way to semi-diplomatic campaigns, conducted by ambitious monarchs like games of chess, in which provinces changed hands according as their owners won or lost the game. With Napoleon's victories nationalism and liberalism—combined with democracy as a new explosive compound, like nitro-glycerine, in the armed ambitions of revolutionary France—first blew to fragments the older systems of Europe and then became an over-mastering force against France herself in the hands of the sleeping peoples whom the shock of her legions had roused.

The full fruits of that new growth are before our eyes today. A vain-glorious ruler, an unbalanced constitution, a military caste are not enough to explain what has occurred. It is the very essence of modern political conditions that nothing great can be ventured or accomplished without a people behind. The history of the nineteenth century is the gradual establishment of those conditions in all western States. Some study of it, however brief, is essential to any just appraisement of the forces which have suddenly made havoc of the civilized world.

III. "European Civilization" since 1815

IT was just a hundred years ago, in 1815, that Europe emerged from the long storm of the Napoleonic era, which had swept over all her peoples, made havoc of most landmarks not guarded by the sea, and shaken to their foundations the established systems of government. A great oppression had been removed, and the statesmen who met at Vienna in that year, seemed to have an opportunity such as had never arisen before for securing a permanent peace. The air in those high places from which Europe was governed at the time had the freshness of clear weather after rain. More than one of those who swayed the Congress —in particular the Russian Emperor—had visionary hopes regarding the outcome of its deliberations.

"The object of the Conference," one of its historians records, "was no less than the 'reconstruction of the moral order,' 'the regeneration of the political system of Europe,' 'an enduring peace founded on a just distribution of political forces.'" What the Congress in fact achieved was only—in Bismarck's phrase about the peace between Russia and Austria in 1864—"to paper over the cracks." The real political forces of the century were not to be thus restrained; they had torn the patchwork to pieces in fifteen years.

It was, of course, from revolutionary and Napoleonic France that the storm-clouds under which the nineteenth century began had drawn their destructive power. "In the old European system," writes Lord Acton in a famous essay,* "the rights of nationalism were neither recognized by governments nor asserted by the people. The interest of the reigning families, not those of the nations, regulated the frontiers; and the administration was conducted generally without any reference to popular desires."

These ideas had, in fact, been challenged long before the

* *The History of Freedom and other Essays*, p. 273.

French Revolution by England and Holland; and they were to some extent combated in the Swiss Confederacy. But England, behind its moat of waters, lived a life of its own, from which foreign and dynastic influences were finally expelled by the defeat of the Young Pretender in the Forty-five; and neither the Dutch Republic nor the Swiss Confederacy had had the power to spread, or even to maintain, its ideas of national right and government.

On the other hand, the old dynastic systems had definitely overthrown the structure of a national self-governing State which was beginning to rise in Poland. "The partition of Poland," writes Lord Acton in language which English opinion has always endorsed, "was an act of wanton violence committed in open defiance not only of popular feeling, but of public law. For the first time in modern history a great State was suppressed, and a whole nation divided among its enemies." Burke felt the wrong of it keenly, while defending against Fox the alliance of England with Russia against France. "No wise or honest man," he wrote in 1793,* "can approve of that partition, or can contemplate it without prognosticating great mischief from it to all countries at some future time." The impulse which brought about the partition came from Frederick the Great. Had the century which followed but made Prussia realize the nature of that wrong, the world might have been spared her second disastrous impulse to set hands on Alsace-Lorraine. Frederick's vision was, however, no narrower than the general vision of his day. Nationalism was still a dormant power; even where conscious of itself, it lacked all popular sanction and strength; and Burke condemned the partition of Poland, not as a popular wrong, but as a crime against the established order, which was always supreme in his thoughts.

In the midst of this Europe the French Revolution broke into eruption like a volcano, destroying first its own cone and then pouring over the surrounding countries.

* *Observations on the Conduct of the Minority*, Works, vol. v, p. 25.

Liberalism and nationalism both inspired the new French creed, for the theory that the people was sovereign implied the unity of that people as a self-conscious national whole. But the idea of nationalism which was associated with the revolution presumed a unity of mind and character in the French people which was independent of their history and past conditions. The nation was regarded, not as an historic product, but as a physical fact without spiritual ancestry—like a community of rabbits—and the mind of this community was held to be expressed in the mushroom ideals and fabric of the revolution, which changed from week to week. The nationalism which the revolution produced was, in fact, nationalism without its roots; and it was a natural result that France, in the struggle against Europe, should ignore the force of national tradition elsewhere in her endeavour to stamp all Europe with her own liberal faith. A new heaven and a better earth, annihilating the past—such was to be the gift of France to other nations, borne upon the triumph of French arms.

The glamour of conquest, and the dazzling genius of an Emperor whose eagles carried victory in their wings, for a moment blinded the French people to the nemesis which such ambition could not but rouse. French institutions, administered by French instruments, seemed definitely established in Germany, Italy and Spain. But France herself had woken a new spirit which turned against her arms. The old rulers of Europe were broken or humiliated, but now the peoples themselves rose against the change. A new liberalism was born in the resolve of nations as a whole to order their own affairs; a new nationalism in the revolt of whole peoples against foreign control. These forces were invincible. "The three things," Lord Acton observes,* "which the Empire most openly oppressed—religion, national independence, and political liberty—united in a short-lived league to animate the great uprising by which Napoleon fell." The first of these forces was indeed as old as the world itself;

* *The History of Freedom and Other Essays*, p. 281.

but the other two had never realized such strength or unanimity before.

It was thus a new world, though not the world of her design, which France had brought into being by 1815; but it was too new for the rulers of the day to understand. The statesmen who met at Vienna to compass "an enduring peace founded on a just distribution of political forces," failed entirely to grasp what those forces now were. The reconstruction of Europe was accordingly conducted on principles which ascribed a proprietary right in peoples to the dynasties of Austria, Russia, Prussia, Holland and Sweden, though all these dynasties claimed to rule over peoples of diverse tradition and race. At the same time the movement towards popular government was generally ignored. This was the meaning of Talleyrand's "Legitimism," the catchword on which the Congress relied. Italy, Hungary, Poland and the other small Slav peoples, Belgium, Norway, Greece—all these were handed over, or left unredeemed, to alien and absolute thrones. Nationalism and liberalism, the two great forces of the new century, were equally outraged and repressed.

It is therefore small wonder that the Concert of Europe—a magniloquent abstraction which dates from the Congress—soon found the task of maintaining the stable peace which it had promised entirely beyond its powers. The peace which the great Napoleonic struggle had brought was mainly for these islands, which turned from conflict abroad to a series of far-reaching industrial and political changes at home, and had only minor wars to think of in distant lands. With continental Europe history took a very different course, and the peace established at Vienna was broken again and again. Revolutions were rife within ten years, and constitutional or national struggles continued to plunge some part of civilization in bloodshed throughout the century at intervals of never more than fifteen years. A very summary catalogue of these disturbances is perhaps the best way of recalling their extent. The forces at work

are most easily traced, if the catalogue is divided into two parts—the first from 1815 to 1871, when the German Empire was proclaimed at Versailles; the second from 1871, when nationalism received a stimulus of a new kind, to 1914.

Europe from 1815 to 1871.

The first of these periods produced the following catalogue of events:

1815. Congress of Vienna. End of Napoleonic Wars.
1821-1832. War of Greek independence.
1830. Revolution in France.
Revolution in Belgium against Holland.
Constitutional revolutions in Brunswick, Hesse, Hanover and Saxony.
Revolution in the Papal States.
Revolution in Poland.
1832. Belgian neutrality guaranteed by the Powers.
1832-1836. Civil Wars in Spain and Portugal.
1846-1848. Rebellions or constitutional revolutions in France, Prussia, Hanover, Northern Italy, Naples, Galicia, Austria, Hungary, Bohemia and Switzerland.
1849. Independence of Hungary proclaimed.
1849-1850. War in Schleswig-Holstein.
1852. Napoleon III declared Emperor of the French.
1854-1856. The Crimean War.
1859-1860. War of Italian Independence.
1861-1865. American Civil War.
1862. Creation of Rumania.
1862-1863. Rebellion in Poland.
1864. War in Schleswig-Holstein.
1866. War between Austria and Prussia.
Venice ceded to Italy.
1870-1871. Franco-Prussian War.
Proclamation of the German Empire at Versailles.

A glance at this crude catalogue is enough to show that, though a new era had indeed opened for Europe in 1815, peace and stability were not among its more obvious qualities. It will be seen that the history of the period is a variation on two themes, which sometimes run together and sometimes run apart.

The first is the nationalist theme. Only six years after the Congress Greece begins her long struggle for independence from the Ottoman yoke by the rebellion in the Morea, and ultimately attains it with the consent of Europe and the help of the British and French fleets. Belgium rises only nine years later than Greece against the alien rule of Holland, achieves her freedom (she also with the help of British arms), and is guaranteed a neutral State in 1832 by England, Russia, Prussia and France. In 1830, Poland rises too, and again in 1862; but the forces leagued against her are too powerful, for her people are divided among three absolute sovereigns and she is too remote for effective support from England or France, though both incur some odium (at least in 1860-2) by endeavours to come to her help. In Northern Italy, in Hungary and in Bohemia nationalist passion breaks out in violence from 1846 to 1848. In Bohemia it is for the time suppressed. The independence of Hungary is proclaimed in 1849. Italy has not yet gathered sufficient organization and strength at that time, but she achieves the greater part of her object (with cordial English sympathy and some practical help) in 1860, and in 1866 the cession of Venice by Austria rounds the new Italian Monarchy into an almost complete national State. In 1862 Rumania, too, achieves the status of an independent national State, though a great part of her "nationals" remain under Russian rule in Bessarabia and under Hungarian rule in Transylvania. In 1866 she acclaims the advent of the Hohenzollern sovereign who died only a month ago.

Often identical with this widespread nationalist movement, and often distinct from it, the struggle for popular liberty proceeds with no less pertinacity and force. In 1830, just fifteen years after "the regeneration of the political system of Europe" by the wise men of Vienna, there are constitutional revolutions in France, Brunswick, Hesse, Hanover, Saxony, and the Papal States. From 1832 onwards, civil war rages in Spain and Portugal. In 1848 the rising wave of liberalism rounds its crest and breaks; combined

with the nationalist movement, it convulses central Europe from end to end. From 1862 to 1866 one of the greatest constitutional struggles in all history is waged in the United States, where liberalism and democracy, differently interpreted in two camps, bring civil bloodshed and rapine upon the country for four long-drawn years.

In one part of Europe only, where every circumstance pointed to the establishment of a free and powerful national government, the liberal movement seemed incapable of realizing the national idea. This was in the German States. The sequel was calamitous, for German nationalism only came to its own on a wave of reaction against liberalism, which has threatened the peace of Europe ever since. The constitutional movement had made headway in several German States, but in Prussia it virtually collapsed, and Prussian autocracy was riveted upon the German Union by Bismarck as with strokes of the hammer of Thor. France, on the other hand, which had fallen back into a strange medley of liberal and Napoleonic ideas with the declaration of the Third Empire in 1852, was schooled anew by the disasters of the Franco-Prussian War and the violence of the Commune, and rehabilitated herself with marvellous recuperative power as a peaceable Republican State.

Europe from 1871 *to* 1914.

The establishment of a solid union of the German States in place of a loose collection of jealous Courts and Chancelleries, whose intrigues and troubles were a constant menace and temptation to other European Governments, should have facilitated the development of a European consensus firmly wedded to peace. That it failed to do so was due to the aggressive character given to German nationalism by the founders of the Empire. It is true, indeed, that Bismarck, the greatest of them, endeavoured all through his long tenure of office after the great wars to discourage the aggressive spirit latent in large sections of his countrymen, and to disarm potentially hostile Governments abroad. For twenty

years he succeeded in his task. Yet the peculiar stamp set upon all German institutions by the Prussian dominance was almost certain to prove too strong for statesmen of less genius than him, and this tendency was aggravated by the danger arising from Germany's self-imposed task of holding down and denationalizing an unwilling alien population on both her Eastern and Western frontiers. German Poland was already a danger-point, inherited from the unscrupulous statesmanship of Frederick the Great. Bismarck blindly created just such another menace by the seizure of Alsace-Lorraine.

German policy in these two subject-provinces is illustrated in a subsequent article;* there is no need to discuss it here. The moral of it is, however, all-important to this argument. It is so plain that few words are needed to set it down. In the very act of consolidating their own union and freedom the German peoples set themselves to deny both union and freedom to the alien populations of Posen and Alsace-Lorraine. The absoluteness and finality of this denial is almost unconsciously illustrated in the account of his long stewardship, from 1899 to 1909, published by the late Chancellor, Prince von Bülow.† It was a settled feature of German policy to keep the Poles divided and to turn those under German sovereignty into Germans by refusing them the elementary liberties of their distinctive language and race. The same policy was applied to the subject-province in the West. Alsace, if not Lorraine, might have been won by the grant of liberty; both Alsace and Lorraine would certainly have abandoned their dream of reunion with France for the lesser satisfaction of recognition as a neutral State. Germany conceded nothing to their desires. Her government, in Alsace-Lorraine as in Posen, was conducted in flat opposition to all nationalist and popular sentiment. Her only aim was to Germanize.

The whole history of the nineteenth century from 1815

* See following article.

† *Imperial Germany*, pp. 239–265.

to 1871 was there to show that no such policy could possibly succeed; but political instinct is as rare in Germany as her other qualities of mind are strong. The oppression of Posen was bad enough in the dynastic cosmogony of Frederick the Great. The oppression of both Posen and Alsace-Lorraine from 1871 was infinitely worse, for it had acquired a democratic instead of a dynastic sanction as part of a great national cause. Nor was the influence of this reaction confined to Germany herself. It was powerful in Russia, where a tragic crime in 1881, the assassination of Tsar Alexander II, set back incalculably the hopes of popular reform. It was powerful in Hungary,* where the Magyar race set itself to maintain a similar domination over their Slav fellow-citizens. It was powerful in Turkey,† where it buttressed oppression again and again at critical moments, and has finally destroyed all the hopes once based on the emergence of the Young Turkish regime. Austria alone has resisted the general tendency, but the aims of her reformers have been steadily neutralized by North German and Hungarian influence, with consequences lamentably apparent in the fate which has all but overwhelmed the Dual Monarchy to-day.

The repercussion of this policy on Europe, and upon Germany herself, is the main feature of European history from 1871 to the present year. Germany has been compelled by the exigencies of her own acts to dread all liberal influence in her neighbours on the West and even more on the East. The inevitable progress of the nationalist movement among the oppressed Slav peoples from Thorn to Salonika has taken for the German race the nature of a menace to the central German power. All the weight of democratic sentiment in Germany, Austria and Hungary has in consequence been thrown against the advance of liberalism and nationalism alike in the provinces and States which ring them round. All the strength of German intellect has been concentrated upon justifying a nationalist creed of an oppressive and

* See following article.

† *Ibid.*

aggressive kind. The rights of other peoples have ceased to be of any concern. France, already afflicted by German arms with one great wrong, has been threatened more and more fiercely with a second and even greater wrong. The lesser States have been sent even more ruthlessly to the wall.

Citizens of the British Dominions and of the American Republic, whose own sense of nationalism is breath to their lungs, will realize how terribly the aggressive character of German, Hungarian and Turkish nationalism has weighed upon the smaller Slav States. It has revived the blind policy of the Congress of Vienna in an even more sinister form, since the old dynastic theory has given place to a cult of oppression with whole peoples at its back. Another crude catalogue of events is the simplest way of showing the cumulative effect of the new departure after 1871.

1875-1878. Risings in the Balkans.
The "Bulgarian Atrocities."
1878. The Russo-Turkish War.
Treaty of Berlin.
Creation of Bulgaria. Rumania, Serbia, and Montenegro declared independent and sovereign States.
1879. Alliance between Germany and Austria.
1882. Triple Alliance between Germany, Austria and Italy.
1885. Union of the two Bulgarias.
1885-1886. War between Bulgaria and Serbia.
1889. Entente between France and Russia.
1895. Alliance between France and Russia.
1896. "Splendid Isolation" of Great Britain. War with France averted.
1897. War between Greece and Turkey.
1898. War between United States and Spain.
1899. Peace Conference at The Hague, on proposal of the Tsar.
1899-1902. South African war.
1902. Anglo-Japanese Alliance.
1904. Anglo-French Agreement.
1904-1905. War between Russia and Japan.
1905. War threatened between France and Germany.
Algeciras Conference.
Revolution in Russia.
Separation of Norway and Sweden.
1907. Anglo-Russian Convention.

1907. Second Hague Conference.
1908. Young Turk Revolution at Constantinople.
Austria annexes Bosnia-Herzegovina.
Bulgaria proclaims her independence.
War threatened.
1909. German threat to Russia. War averted.
Declaration of London.
1911. The " Panther " at Agadir.
War with difficulty averted.
1912. Italy annexes Tripoli.
War between Italy and Turkey.
First Balkan War.
1913. Second Balkan War.
1914. General European War.

Like the previous one, this catalogue is full of wars, due mainly to the steady pressure of nationalism towards its own wherever still divided or oppressed. Norway breaks away from Sweden—a final commentary on the work of 1815; and the smaller Balkan peoples continue their steady emergence as independent national States. Still more significant is the formation of an alliance of growing strength between the two central Powers, with Italy as a half-hearted and always timorous partner, Turkey as a willing attendant and tool.

Two other tendencies stand out. In the first place, the pressure of the Central European Alliance produces very soon the Franco-Russian Alliance, and then, as diplomacy becomes more strained, the Anglo-Japanese Alliance, the Anglo-French Agreement, and finally the Anglo-Russian Convention, which rounds the diplomatic group of the Triple Entente.

The other movement comes from liberalism. It is a growing attempt to find grounds of common action between all nations for the maintenance of peace, as the menace of international rivalry becomes more pronounced. The first Hague Conference, summoned by the present Tsar, the Declaration of London, the second Hague Conference, and a growing network of arbitration treaties between liberal

Powers all illustrate the growing desire of civilization for securities against war and for mitigations of its cruelty.

It is strange and discouraging that, despite these efforts, the twentieth century should have opened, like the nineteenth, under a menace of universal war; and still more discouraging that civilization should have failed to ward the menace off. Yet the causes are significantly alike. In 1800 the sudden democratic awakening of France was sending her armies out against the world in order that French liberty and equality should prevail. Nationalism was still but a half-conscious power; the vital force in France at that day was a kind of militant liberalism, with an Emperor at its head and a passionate people behind. It was, in fact, liberalism denying its own faith in the effort to make its faith prevail. In 1900 a militant nationalism was making the same claim. It also had an Emperor at its head and a united people behind. It also was denying its own faith in the effort to make its faith prevail.

In both centuries the struggle is due to an intolerable national claim, but the nature, extent and consequences of the claim are more terrible by far in our own day, because democracy has multiplied a thousandfold the grip and driving power of national aims. The whole world knows what German nationalism demands for itself by virtue of the culture of the German race. The whole world knows what it denies to lesser peoples on the same moral ground. The conflict is of nationalism against nationalism, for it is only the national sentiment and organization of the Allied Powers which has given them the strength to vindicate liberty and the lesser nationalities against German arms.

It might, therefore, seem from the record of the past hundred years that no reconciliation is possible between the international aspirations of liberalism and the pressure of rival nations in still incomplete development. Serbia accepted every proposition in the ultimatum of the German Powers with the single condition that her independence and integrity should be maintained. With that condition

the Great Powers supporting her expressed themselves ready to be satisfied. War was the only alternative, and a whole armoury of international conventions and agreements had been set up to obviate that last and dreaded arbitrament. Yet Germany pressed on to war, and the whole German people were behind the German Government.

Is then the German belief that rival civilizations must war against each other until one is supreme by force of arms the only sane conclusion from the century which has passed since the Congress of Vienna "reconstructed the moral order" and established "an enduring peace"? The answer from Europe is not encouraging. We must look for one further afield.

IV. The British Record

THE record of England's two great opponents has been roughly analysed. Its essential features can be recapitulated in two sentences. The French people, having achieved political liberty by sudden and violent means, a hundred and twenty-five years ago, entered the nineteenth century with a fierce determination, made fiercer as the struggle proceeded by the pressure of the world outside, to assert themselves over all other peoples and remodel Europe in accordance with French ideas. The German people, having achieved their unity just eighty years later by equally sudden and violent means, entered the twentieth century with a similar intoxication of mind, persuading themselves more and more, as they also felt the pressure of the world outside, that it was their mission to indoctrinate all civilization by force with their own German ideas. It has been the fate of England to contest both claims, since both must have proved fatal to her own liberties. She was allied with Germany against France, she is now allied with France against Germany; and the latter alliance is by far the firmer

of the two, because the sentiment of two whole peoples has made it a spontaneous growth. In the culminating struggle of both the nineteenth and twentieth centuries Russia has stood as fast as England or either of her Allies for the European cause.

It is often contended against British policy—the charge is a standing feature in all German criticism—that its real object, well concealed under liberal and humanitarian phrases, is to achieve a domination of its own. So far as Europe is concerned, the charge is demonstrably untrue.

If British Imperial and foreign policy are studied, they reflect in their details, not a consistent theory of conduct, but rather a constant interaction of two strong currents of thought and sentiment. The two impulses are British versions of the forces already seen to have governed the political history of the Continent. One of them, inspired by liberalism, is intensely conscious of the value of local sentiment; its constant desire is to allow every community, however small, to govern itself in accordance with its own ideas. The other school, conservative and national in the broadest sense, is less concerned with local sentiment and more concerned with the power and organization necessary to the existence of the State. Both have a similar ideal of liberty in view; but one looks rather to the individual aspects of liberty, conceiving rightly that the free play of communities, however parochial, is a living force to be husbanded and utilized as the animating spirit of democratic government; the other looks rather to the pressure of interest between the great systems of the world, and realizes keenly that the sacrifice of the larger to the smaller cause may ultimately destroy the liberty of all.

The interaction of these two schools in the domestic affairs of the Empire has produced remarkable results, but in foreign politics they have alternated without much interaction, the liberal school always burning to vindicate the liberty of small States, the conservative reacting from the danger to which a quixotic policy of interference in

other people's business would expose the British system itself. Belgium, Greece and Italy, for instance, have all to thank British liberalism for solid support. British general elections have been swayed by such outbursts of the same feeling as Mr Gladstone's denunciation of Bulgarian atrocities in the Midlothian campaign. King Bomba of Naples, Abdul Hamid and his unregenerate successors, the Young Turkish Committee of Union and Progress—all such powers and potentates have felt at times the moral weight of British liberal ideas. The name of Gladstone is still revered in many a little foreign State. But conservatism and self-interest have always been strong enough—and fortunately so—to prevent these ebullitions of generous sentiment from taking too extravagant a turn. In the case of Poland even Liberal British statesmen have been content, in the spirit of Dogberry, to call attention to the statutes and then to "take no note" of their infraction. In the case of Turkey liberal sentiment has had an even harder time, for we have always respected the feeling of our Mohammedan subjects, and have also dreaded the entire collapse of the Ottoman Empire as the signal for a European war, which would inevitably afflict us with fresh responsibilities in the Near and Middle East.

Greater considerations, such as these, have indeed always moderated and controlled the looser play of our liberal sentiments. Our main interests are security and peace, and all our political schools have been governed by them, though the conservative emphasis has from the nature of things been laid upon security, the liberal emphasis upon peace. It has been in the name of these paramount interests that we have always sought to vindicate treaty faith. The neutrality of Belgium is a case in point. Our insistence upon it has been neither entirely interested nor entirely disinterested. Our position now is that of a householder who helps to arrest a burglar in his neighbour's house. No doubt that householder is protecting his own as well as his neighbour's spoons, but he has the moral strength of

knowing that his interests and those of society coincide. Great Britain has sought to maintain a similar relation between her national interest and international law. She has, indeed, at times gone far, as in the laws of capture at sea, to subordinate her individual interest to the general good.

In neither of our two main objects, the maintenance of security and the pursuit of peace, has there been any serious claim to dominance over other Powers. If our liberalism has sometimes tended to be interfering, its bark is much worse than its bite, and our instinct has always recoiled from the show of superior power. Our action is, in fact, well-meaning; it often promotes a just and peaceable solution of international difficulties; but its chief moral is the utter insufficiency of good intentions *per se* for preserving the Empire itself or the world in general from the steady recurrence of the appeal to force.

It is greatly more instructive, and greatly more encouraging, to follow the interaction of liberalism and nationalism outside Europe in the great theatre of the British Empire. The two forces are there to be seen throughout the nineteenth century, building up a State in which freedom and national sentiment find ever further expression without disintegrating the structure as a unit of government in relation to foreign Powers or threatening other civilized communities with an aggressive claim to dominance. The British peoples themselves have only realized in the last four months how full of significance their gradual work has been. They find themselves one in aim and sentiment, though leagues of ocean divide them, and though their very freedom has shaped their character and outlook in many different moulds. The world has not yet seen a political achievement so rich in promise for future times. Yet the sense of union between the self-governing British democracies is only one-half of the achievement of the race. Even more full of promise, since it points to the solution of the greatest problem of the modern world, is the spontaneous impulse of loyalty and kinship which has ranged

the Indian peoples beside their British fellow-subjects in common cause against the enemies of the British State. If our power has hitherto been too weak to keep the peace, this great union of diverse peoples contains an augury which compensates, and more than compensates, for the present havoc in European life.

It is worth while setting a catalogue of the main episodes in British history against the two European catalogues which stand a few pages back. The history is immensely various, but its general tendency is faithfully reflected in a few critical or consummating events.

1817-1818. Extensive campaigns and annexations of territory in India.
1833. Abolition of Slavery in British Colonies.
1837-1838. Rebellions in Upper and Lower Canada.
Lord Durham Governor-General of Canada.
1839. Lord Durham's Report.
1840. Union of the two Canadas.
1847-1854. Lord Elgin, Governor-General of Canada; development of responsible government.
1852-1856. Grant of responsible government in New Zealand and Australia.
1856. Annexation of Oudh.
1857-1859. Indian Mutiny.
1858. Government of India transferred to the Crown.
1867. Confederation of Canada.
1872. Responsible Government in Cape Colony.
1881. Battle of Majuba; Sand River Convention.
1887. First Colonial Conference.
1894. Second Colonial Conference (at Ottawa).
1897. Third Colonial Conference.
1899-1902. South African War; contingents from all Dominions; Indian troops not used.
1900. Creation of Australian Commonwealth.
1902. Fourth Colonial Conference.
1907. Fifth Colonial (now termed Imperial) Conference.
1909. Imperial Defence Conference.
Creation of Australian Navy.
1910. Union of South Africa.
1911. Sixth Imperial Conference.
Durbar of the King-Emperor at Delhi.
1914. European War: united action of all parts of the Empire.

1. Teutonic
- German
- Dutch
- Flemish
- Scandinavian

2. Latin
- French, Walloons & Spanish
- Italian
- Rumanian

3. Slavonic
- a. Northern Slavs
  - Russians
  - Poles
  - Ruthenes
  - Czechs & Slovaks
- b. Southern Slavs
  - Slovenes
  - Croats & Serbs
  - Bulgars

4. Letts & Lithuanians

5. Ural-Altaic stock
- Turks
- Magyars

6. Greeks

7. Albanians

National Boundaries — *Racial Boundaries* .....

The object of this map is merely to present the broad outlines of racial distribution in Central and Eastern Europe. Any attempt to indicate the numerous racial minorities and scattered enclaves in Hungary and the Balkans would necessitate treatment on a far larger scale than the scope of the Round Table permits.

Some of the racial boundaries in the Balkans are of necessity somewhat arbitrary, in view of recent events.

In order to help the reader's eye, the Teutonic districts have been left unshaded, while the Slavonic districts are shaded by sloping lines.

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It is not necessary for the present purpose to attempt to trace the stages of this immensely complex development. It will suffice to indicate the main features of the result.

The Self-Governing Dominions.

The record, like its European counterparts upon a previous page, shows both nationalism and liberalism as the main forces at work. In the first half of the nineteenth century this nationalism was English or British in the purely insular sense. It inspired a conservatism throughout the Empire which feared all extensions of self-government in the colonies as leading to ultimate disruption and collapse. On the other hand, liberalism pressed always towards the fullest realization of self-government and looked to ultimate separation as the inevitable goal. The demand for colonial self-government was, of course, most widely made in the colonies themselves, but the conservative instinct was also strongly entrenched amongst them. Had all the conservatism resided in the mother-country, and all the liberalism in the younger communities, the outcome would have been very different; but as both instincts were strong on either side, and often in the minds of the same men, the gradual development of colonial autonomy took the form of a compromise in which local self-government became complete without prejudice to the essential needs of unity in defence and foreign affairs. Care for the latter remained, in fact, the privilege of the mother-country, whilst internal development absorbed the attention of the new democracies.

The compromise looks simple, but its value as a contrast to modern Europe will be apparent from two things.

In the first place, it has overcome the difficulty, which has plunged Europe again and again in fruitless insurrection and war, of reconciling different nationalities to union under a single government. England and Scotland had, in fact, solved this difficulty for themselves, without loss to the national independence and character of either people, at the beginning of the eighteenth century. In that instance, the

English did not attempt to force their culture on the Scotch. Both peoples remained free to be as nationalist as they pleased. The same problem had to be faced in Canada. Lord Durham found there, in his famous phrase, "two nations warring in the bosom of a single State"; the differences between Lower Canada and Upper Canada were, in fact, emphasized by every circumstance of religion, language, outlook and race. The solution was, however, attempted and achieved. It consisted of two processes. First, the two Canadas were given self-government as a single colony; and then, within that union, each was given complete self-government (with every liberty of language and religion) in its own provincial affairs. Ontario (once Upper Canada) and Quebec (once Lower Canada) are now contented provinces in the great Dominion which bears their common name. Their freedom of language and religion, and their still great difference of race, have not prevented the development of the common Canadian patriotism which gives the Dominion its present vitality and strength.

The case of the South African Union is even more instructive. All through last century the differences of the Dutch and British communities grew slowly to a head. In the circumstances of the country two different sovereignties were in fact impracticable. The economic interests of the two coastal communities under British rule, and the two interior communities under Dutch rule, were so divergent and yet so interdependent that only a single sovereignty could provide fairly for each or even keep the peace. At the same time, a division of sovereignty necessarily meant that a large and discontented section of Dutch in the Cape Colony, and a large and still more discontented section of British in the Transvaal, would remain under alien rule. This feature, indeed, existed also in the Free State and Natal, but in a much less serious form. In the end the conflict of two sovereignties in a country where only one could permanently survive produced the inevitable war. The sequel is too familiar to need description. When once

the question of sovereignty had been settled for all time in the British sense, the Dutch found themselves enjoying all the liberties of language and religion which they prized, and also a much fuller measure of political liberty than had belonged to them under their own form of government. Within ten years of the war, all four States were united under one free Parliament, the economic problem which had distracted South Africa for half a century was solved, and the government of the country was being ably and loyally conducted by the foremost of the leaders whom the Dutch had followed in the field.

It is to be noted, however, that this particular phase of the nationalist problem existed only in Canada and South Africa; it is not the only form of nationalism with which British statesmanship has been called upon to deal. The union of the different constellations of self-governing colonies into autonomous Dominions has produced a nationalist movement of an even more powerful kind. Canada and Australia are nations by sentiment; they are responding more and more to all those fundamental instincts and impulses by which a living nationality is known; their political life is governed more decisively every day by a vigorous and aspiring Canadian and Australian patriotism. New Zealand and South Africa have not moved so far along the path of national development, but their course is set as definitely upon it as that of the Canadian Dominion or the Australian Commonwealth.

It is perfectly true that this new nationalism within the Empire is creating some very serious difficulties which cannot long be overlooked; but neither the new nationalism nor any of the practical difficulties by which it is faced have yet been able to impair the moral force of that greater citizenship which binds the self-governing British States together as one community towards foreign Powers. German writers, arguing from the German theories of nationalism, have predicted unanimously that the reverse would come to pass. The failure of their predictions proves that

these British democracies have before them an opportunity of showing that free nationalism, without sacrificing one of its essential rights, may rise to higher conceptions of citizenship than any of which Europe has yet dreamed.

The Indian Empire.

One other feature in the catalogue of British achievements since 1815 is no less significant. The British conquest of India proceeded steadily after that date; it may be said to have ended with the Mutiny of 1857-1859, which followed closely on the annexation of the Punjab in 1849, and of Oudh in 1856. The Government of India was transferred to the Crown in 1858. Since that time, practically two-thirds of India have been directly administered by British officials, and one-third has remained, under British protection and some safeguards against misrule, in the hands of its Indian princes and chiefs. Goldwin Smith, who steadily predicted and advocated the dissolution of the self-governing Empire on liberal grounds, declared in the 'sixties that the Government of India was a moral obligation which England should never repudiate. Liberalism in England since his time has pressed steadily for extensions of the representative principle and other reforms in the Indian administration, but the divergent tendency of liberalism and nationalism regarding other parts of the Empire has never been manifested in any serious form with regard to India. The practical instinct of the race has avoided the follies which M. Brissot imputed to the French government of Belgium at the time of the French Revolution. In our administration of the Indian peoples, we have not—to quote M. Brissot's words—"suppressed, all in a mass, their ancient usages, their abuses, their prejudices, those classes of society which without doubt are contrary to the spirit of liberty, but the utility of whose destruction was not as yet proved to them."* Except where contrary to

* M. Brissot's *Address to His Constituents*, translated in part in the works of Edmund Burke, vol. v, p. 96.

humanity we have let all these things be, seeking only that a just and disinterested system of administration, with a constant improvement in the conditions of life, should tell gradually upon the mass of popular beliefs and superstitions. Still less have we committed the folly, because enamoured of liberty ourselves, of "attempting all at once to raise to the same eminence men, strangers even to the first elementary principles of liberty, and plunged for fifteen hundred years in ignorance and superstition."* On the contrary, we have contented ourselves with a steady and increasing, if not always wise, provision of education; and with associating an always larger number of educated Indians with the business of government. The lower Indian Services are now manned entirely by Indians, the higher contain a considerable proportion of Indians, and an Indian shares all the *arcana* of Empire as a member of the Viceroy's Executive Council.

The Indian problem is not yet solved. The last two decades have produced a violent anarchistic movement, and India is beginning to feel, by the very peace and unity which England has given her, an awakening sense of nationalism which demands full recognition for the Indian Government amongst the other Governments of the Empire. But while these problems remain, the war has shown that since the Mutiny the uprightness and good intention of British administrators and soldiers—a paltry hundred thousand among three hundred millions—have brought to life in India a spontaneous loyalty to the Government of the King and a most moving sense of the value to India of British rule. The bridge which we have sought to build between East and West is seen to be no mean thing, when Indian soldiers fight eagerly by British soldiers on the fields of France, when British soldiers join with Japanese soldiers in the capture of Tsing-tao, and when Japanese cruisers convoy the Australasian contingents on their voyage to the West.

* M. Brissot's *Address to His Constituents*, translated in part in the works of Edmund Burke, vol. v. p. 97.

India is only one example, though much the greatest, of the reconciling and civilizing function which the Empire has thus performed. The success of British Government in Egypt, achieved on the Indian model amid peculiar difficulties, is another instance of the same kind. No honest nation could look back over such a field of responsibility without recognizing many human failures of vision and of patience in the records of its work; but whatever our faults of omission and commission have been, it is notwithstanding the fact that the Empire has succeeded in combining the establishment of peace and law with a steady growth of freedom, according to their several capacities, in all its many parts. Out of its undeviating respect for all religions, all languages, all nationalities, all moral and spiritual values, however conflicting, amongst those whom it unites there has suddenly come to light the amazing truth that in its struggle against humiliation and overthrow it carries with it the instinctive loyalty and practically all the trained intelligence of citizens and subjects numbering a quarter of the human race.

V. The Problem of a European Concert

IS it possible to deduce some moral from the last hundred years' experience which will help us to build better than the statesmen of 1815, when the time comes for renewing their task? It is clear that the strongest influences in modern Europe have given its history, at least since 1871, a colour and direction as different as possible from those of the British Empire during the same time. Does all that history suggest no avenue to reconciliation between the great forces of liberalism and of nationalism which democracy has so powerfully enhanced and which seem, in their highest individual development, to maintain so fatal an antagonism?

The answer surely is that both extremes have something to learn. Peace cannot be imposed upon the world by any one dominant national Power; for in the name of liberty some nations would always revolt. But neither can peace be attained by a liberalism which seeks to ignore all national ideals and to set up in their place a reconciling international council or concert; for in that event, too, and in the same cause of liberty, some nations would at a crisis refuse to recognize the superior foreign will. The course of wisdom is most assuredly to learn by the failure of 1815 to recognize the forces which exist, and to seek to strengthen those effects of each which make for stability and goodwill.

The Smaller Nations.

The first step at least is plain. It is to secure in the settlement the fullest practicable recognition of the rights of nationalist minorities and small independent States. The maps and articles which follow on later pages illustrate how much this principle was still to seek in central and southeastern Europe before the war. In the Balkans, in Hungary, in Galicia, in Poland, in Finland, in Posen, in Schleswig, and in Alsace-Lorraine nationalist minorities were being deprived of the elementary liberties of language, education and in some cases religion; they were, in fact, denied all moral and political right. Some little nations, already independent in fact, were threatened with extinction or suffocation by greater Powers. Austria-Hungary had tried persistently to prevent the realization by Serbia of any independent status as a free and sovereign government. Belgium was treated as though her territory should be open at German will to the passage of German hosts. If successful, the claim was bound to sap the independence of all other weak or neutral nations by offering them the equally immoral alternatives of ruin or subservience. The virus of suspicion and hatred which has poisoned the political system of Europe has come almost entirely from the fears or wrongs of these unredeemed, oppressed or threatened

nationalities. Poland has been a nursery of unrest for more than a century; it was always, for instance, a weight on Bismarck's foreseeing mind. The "Eastern Question," which has bred war and rumours of war continuously for an equal time, is in its nature precisely the same; in one form or another it rises from the upward pressure of nationalities which have been mutilated or buried alive. To some extent, indeed, nationality is still fluid in the Balkan peninsula; but the principle which should govern its treatment is none the less plain.

Nothing can be achieved by pressing for Utopian boundary lines as between all these States; for no divisions can be entirely satisfactory to the national principle unless the liberal statesmen of Europe determine like Alexander to move whole communities to different places on the map. It is probably even too much to hope that all divided nationalities shall be reunited into political wholes. The old national boundaries of Poland, for instance, could not be restored without profound injustice to both the Russian and the German race. Even plebiscites would not solve the question, as some people suppose; they were obviously useless to solve the much less serious problem of Fermanagh and Tyrone. But it is not Utopian to hope that, however circumstances may cause the new settlement to be drawn, it shall not condemn "unredeemed" minorities to loss of elementary rights, or leave any open question as to the meaning of independence in already sovereign States. A new congress cannot impose these ideas upon unwilling nations; the treatment of minorities must remain a domestic question within the several States, and neutral States can never be permanently secured by the sanction of any congress. But a congress could enunciate the principles, and strive to embody them as fully as possible, both in the boundaries which are recast and in the future domestic policy of the victorious governments. And in this way it might do much more for "the reconstruction of the moral order" than by emulating the impossible programme which

the Congress of Vienna proclaimed for itself in that unhappy phrase.

The war will have been vain, indeed, if all Europe does not realize in the years which follow it that living nationalities are indestructible, and that no language or culture, however great, can be imposed upon unwilling subjects by force.

The Greater Nationalism.

Sooner or later liberalism will triumph in that struggle; but according as its triumph is swift or slow, it will itself be sooner or later mulcted in one of its own historic ideals. The sentiment in favour of small States *per se*, which liberalism has always maintained, is almost as great an obstacle to peace and stability as Prussian nationalism. It is the product of a rooted idea that, if freedom is to be real, "the boundaries of governments should coincide in the main with those of nationalities." The words are John Stuart Mill's; they are illustrated again and again by the writing and speaking of leaders of British and Irish liberalism. But the idea is in fact reactionary; it springs from that distrust of structure which is liberalism's besetting weakness; and it must be condemned by progressive statesmen, as completely as the opposite Prussian vice, if Europe is ever to become an harmonious whole.

If the sentiment had any basis in political fact, then England and Scotland must have sacrificed the full ideal of freedom when they amalgamated their governments two hundred years ago. Ontario and Quebec must have done likewise last century; the British and Dutch in South Africa (under liberal auspices) within the last four years; and even these distressing examples of reaction would pale beside the sacrifice of liberty which made the American Colonies, with their great diversities of race, the United States of America. The sentiment, indeed, will not stand thinking out. It is late in the day to argue that Virginia, the Free State and Quebec would be better in themselves, and stronger buttresses of peace, had they succeeded in

repudiating the greater nationalism in which their interests are now merged.

With the revulsion against Prussianism all civilized statesmanship agrees; but the point to which it is pressed by the little-nation school identifies true nationalism with the primitive instinct of race. The first and obvious objection to this view is that race can seldom be definitely fixed. If English race demands a separate sovereignty for England, then Yorkshire and East Anglia and Cornwall, and no ethnologist could say how many other subdivisions, should also have sovereignties of their own. But to seek to define the proper limits of sovereignty by these or any ethnological tests is to carry politics back to the tribal age. The patriotism of that age was based upon the physical connection between a man and his clan. It is precisely to the transformation and expansion of that primitive loyalty into a moral and spiritual power that civilization owes its advance. Nationality in its modern significance is something entirely above and beyond the physical factors by which it was originally shaped. It is a tradition, an atmosphere, an environment—in Burke's great phrase, a moral and political country—the history of generations expressed in the life and structure of the State. The loyalty which inspires the many peoples of the Empire to give of their best lives this year for the welfare of the British State is not a loyalty sprung from race; it is a sense of ethical kinship, sprung from the spirit of British institutions and life, in which the King's subjects of all races have their part. To attempt, then, within the Empire to limit sovereignty by race would merely be to reduce a moral and spiritual power to the weak and ineffectual elements out of which the labour and upward striving of centuries have slowly minted it.

Not less reactionary is that side of the little-nation cult which liberalism derives from its suspicion of large structures of government as inimical to liberty. Some little nations there must be, so long as these can find no hope of free development as parts of a larger State; but smallness

is a disadvantage both to the small nation itself and to all larger neighbour States. The rule of law has as yet no stable basis in human society except within the sovereignty of a single State. The questions which threaten peace are very seldom questions between different parts of one sovereignty, provided always that the liberty of those different parts is not more restricted than is essential for the stability of the whole. The moral sanctions which protect society extend their effective scope only with the extension of the State. The progress of law is the progress of the State, and liberty depends on law. The larger the State, the more communities it embraces, the greater area it controls, so much the wider is the range of human life which it exempts from the crude rule of force.

Liberalism is constantly weakened and distracted as a civilizing force by a failure to recognize the practical moral of these facts. It seeks to ensure peace by the building-up of a moral international code; but it does not perceive that the larger and fewer the national sovereignties to be governed by that code, the fewer also the points of friction, the simpler the issues, the easier the acceptance and application of common ideas of right. The logical outcome of the small-nation cult would be the subdivision of Europe into a far greater number of sovereign governments. Germany would be resolved into its component kingdoms; England and Scotland would part; the federation of the Balkans—if such a course were ever possible—would be discouraged. In the greater area of the world, too, the nations of the British Empire would become independent sovereign States; India and the Dependencies would be cast off; the Union for which Washington and Lincoln lived and died would relapse into some new congeries of Eastern and Western and Southern Powers; Ontario would part company from Quebec. No liberal mind really contemplates this process of disintegration beyond a certain point; but while liberalism has ceased to advocate the dissolution of existing systems of government,

and does not always oppose the creation of larger units of government, it does still exercise a consistent and positive pressure in favour of the nineteenth-century cult of little States.

The dangerously anti-pacifist effect of this pressure must be clearly realized if the next European congress is to do more for peace than its predecessor in 1815. Legitimism itself was scarcely more retrograde. The two are opposed, but equal vicious, extremes. Free association, if its benefits are realized, may do what forcible amalgamation can never do; and there can be no question that should the various nationalities of South-eastern Europe, of Scandinavia, and even of the Iberian peninsula, prove able to unite their fortunes in such free federations as the British peoples have created with success elsewhere, the peace and stability of Europe would thereby be immeasurably advanced.

The Concert of Europe.

The future of the little nations is of crucial importance in the further question of stable co-operation between the great civilized States. The Concert of Europe was first promulgated as an ideal by the Congress of Vienna, but the vision probably drew much of its colour from the dreams of an Imperator Pacificus, administering a universal code, which inspired the Middle Ages from the days of Charles the Great. It has been the stuff of many statesmen's dreams. Napoleon at St Helena declared that it had always been his aim. His successor in the Third Empire bore it constantly before his eyes. British policy has worked for it consistently for many decades past. It is a foremost feature in that Europe regenerated by German culture which has become so fervent an aspiration in the rulers and people of Germany.

Every liberal mind must dwell upon the vision with increasing hope and desire. Whatever obstacles may stand between the world and it, the goal of civilization must unquestionably lie in the creation of a system

of law which all peoples will recognize and uphold. For us in the British Empire it is the natural consummation of what we have already done and seek now to preserve: for the establishment of a true Concert, when it comes, must involve two things—the substitution of moral for forcible sanctions as the main support of law, and a world-wide uniformity of ideas as to what the law should be; and these are objects which the British Empire has already gone far to realize for a quarter of the human race.

To judge the prospects of such a Concert it is, however, essential to determine on what the rule of law depends. Law, as is well shown in one of the Oxford pamphlets* on the war, in the last resort depends, not on force, but on respect for law. The difficulty which besets the growth of international law is, in fact, the lack of adequate respect. The progress of Europe towards a stable international code must, therefore, depend, not upon fleets and armies, but on the gradual emergence of such a regard for international right as already supports the rule of law within all European States.

The argument from national to international law is still imperfect, however, unless the full meaning of this moral support is brought out. National law depends in the last resort on the fact that the allegiance of every citizen is unlimited in scope. The law may demand of him his property, his family, his very life. There is no sacrifice which the law, in pursuance of the law, may not exact. Upon this unlimited devotion of its subjects every system of law subsists. The devotion is not contractual; to renounce it is treason, except by the gradual process of becoming subject to another State. Even in that case the allegiance remains as complete; it is merely transferred from one system of law to another one, for there is no civilization without this unlimited obedience to some State.

This unlimited devotion is given only to sovereign governments. A citizen cannot have two States, for every

* *War against War*, by A. D. Lindsay, pp. 13-18.

State depends in the last resort upon complete allegiance, and an allegiance which is divided between two States must manifestly in both cases be incomplete. When the rule of law loses this sanction amongst any serious portion of its subjects, government becomes imposssible, since, failing the moral support of the great mass of its citizens, it wields inadequate force. The failure of law when any large section of citizens withdraw their moral support was very nearly illustrated in Great Britain just before the war broke out. It was exemplified on a very great scale only fifty years ago in the American Civil War.

It is clear that at present the "respect" for international law, or the moral support on which it depends, falls very far short of unlimited allegiance. The breaking-point of national law is the chronic condition of international law, because the final devotion of the citizens of all States is pledged to their own governments. If international law is, therefore, to acquire a sanction such as will set it above all national governments, it must itself become the law of a government which all the European peoples acknowledge as sovereign, and to which they are bound at call to sacrifice their property, their family, their very life. Between complete allegiance and non-allegiance there is no middle course. Law is either the expression of a government owning this sovereign claim, or else it is only an aspiration, foreshadowing a new moral order perhaps, but without the power to assert itself as law against all other claims.

The progress towards a universal code of law must, therefore, take the form of progress towards a universal government; and the essential condition of such progress is the maintenance and expansion of the present structures of government. To break up existing States, or not to forward the free amalgamation of existing sovereignties into larger States, is not to bring nearer the acceptance of a universal code; it is to set it incalculably back. For that reason, if for no other, the twentieth century is bound to

move away from the nineteenth century cult of little States. As an obstacle to the larger free associations, it is against the political instinct which augurs best for the peace of the world.

If that conclusion is clearly pointed by consideration of the sanction which international law requires, it is pointed no less clearly by consideration of what international law should be. All the statesmen who have pictured a Concert of Europe as a living thing have seen that it implies a prevailing uniformity of European ideas. Napoleon I and Napoleon III both saw it, and pictured a consensus secured by the triumph of French ideas. The Congress of Vienna looked for uniformity in the doctrine of legitimism. Germany has looked for it in the universal acceptance of German culture as the standard civilization of the world.

Uniformity is, indeed, the essence of the whole idea; but Europe will have suffered the experience of many decades in vain, if any nation is still to dream that consensus can be bred of the dominion of a single Power. Consensus can only be stable if it comes as a free growth, and free growth means the gradual approximation of the different national aims and ideals, not the triumph of one over the rest. The number of existing nations is manifestly the greatest of all obstacles to any such growth. European diplomacy is already sufficiently bewildered by the intricacy of the means by which international questions are discussed. Every Chancellery the more means so many more agents in every capital whose ability and personality may have decisive results; every Chancellery the less means so many fewer of these agents, with a proportionate reduction of the personal factor and a proportionate simplification of diplomatic work. The tendency to groups and associations among Powers is, in part, an instinctive effort on the part of those responsible for policy to introduce some greater clearness, simplicity and directness into their work. The whole tendency of business is the same. Complexity is expensive and dangerous; simplicity and broader regulation is

the universal goal. International relations will benefit immeasurably by the same process, and therefore by the reduction of the number of sovereign States. A stable Concert can never be attained, indeed, by any other means.

Not less important for the attainment of a Concert is adequate agreement upon the *status quo;* and for that purpose larger organization is equally imperative. In Europe as it now is, the constant instability of the *status quo,* and the consequent stimulus to manœuvring for position in the diplomacy of the greater Powers, are mainly due to the existence of the weaker nationalities and States. It is from these that the ambitions and suspicions of the greater Powers are fed, for the inability of small States to pursue their own lives and legitimate interests without a constant eye to their strong neighbours exposes them inevitably to every kind of influence and intrigue. The prospect of a revolution in Portugal, for instance, may be a matter of vital concern to Spain, or the establishment of some Ruthenian organization in Galicia may raise serious fears in Russia as to the equanimity of her own Ruthenian subjects; and when these questions arise, the greater Powers inevitably suspect some connection between them and their enemies at home or abroad. The *status quo* must always be a somewhat precarious and conjectural abstraction for even the best meaning and least aggressive statesmanship while these intricate sources of danger, suspicion and temptation continue to exist; and no remedy can touch the evil effectively except the gradual formation of larger systems of government, in which the smaller States may merge their interests without loss of freedom or individuality. But once those greater associations are formed, the problem of international intercourse may be approached with a new hope; for not only will the *status quo* have acquired a hitherto unknown stability, but also the difficulty of modifying it in minor ways to meet the changes of time will be immensely decreased.

This latter consideration is, indeed, of crucial importance to the maintenance of a European Concert worthy of the name. Large systems of government can make concessions with dignity and ease, where smaller States can only make them with humiliation and distrust. Large States, moreover, can balance gain against loss on a scale which to little States is impossible; and—most important of all—they can act without creating the suspicion that their policy towards this Power or that has been inspired by some outside influence which this or that other Power may have cause to dislike. In all these ways the movement towards larger systems of government will steadily clear the atmosphere of diplomacy, as well as simplify its problems and its mechanism. And no movement towards arbitration or other similar expedients can do so much to make a true Concert practicable; for arbitration deals only with the symptoms, while the growth of larger governments will deal with the disease.

There are, therefore, to sum up the argument, two main conditions of progress towards European stability and peace.

On the one hand, all Europe must abandon the doctrine that any nationality has the right to denationalize or extirpate another: in other words, every nationality must have the right to use its own language, develop its own culture, and follow its own domestic way of life. On the other hand, it must be recognized that this interpretation of national right does not, in equity or of necessity, demand expression in a separate sovereign State. Liberty is the child of law, and law has no sufficient sanction except that exercised within its own borders by a sovereign government. Even such a government, moreover, must be strong enough to maintain its right against other governments; and many national States, if sovereignty were delimited by nationality, would never have that strength. It follows, therefore, that the British method of uniting nationalities freely within a larger State, which secures their common

interests without denying their individual rights, is, in fact, the only sure road of progress towards a European polity in which the rights of nationalities will be securely fixed. English and Scotch in Great Britain, British and French in Canada, British and Dutch in South Africa, are all examples of the manner in which this may be achieved.

Not only liberty, moreover, but also peace, depends upon the growth of sovereignties of this kind. International law is weak at present because it lacks the only effective sanction of all law, a sovereign government. It cannot be imposed upon Europe by the triumph of a single national State; on the contrary, it must depend—until all Europe freely joins to establish a common European Government—upon the willing consensus of the separate sovereign States. Such a consensus must always be unstable in proportion to the number of sovereign States which it has to embrace. The larger the areas of Europe freely united under single sovereignties, the simpler the questions at issue and the mechanism for dealing with them, the easier the settlement of international differences, the surer the progress towards a common European system of international faith and right.

VI. The Peace of the World

So far, however, the argument has dealt with European conditions alone; and those conditions, for all their difficulty, are only half the problem which peaceable statesmanship is called upon to solve. The pleas put forward in favour of a European Concert seldom face the fact that Europe is by no means the whole world. Civilized nations and governments are now spread all over the globe; America and Asia, Africa and Australasia, once mere *hinterlands* of diplomacy, may, at any moment, influence an international question as decisively as any part of Europe itself.

Nor are these other nations and governments, with their

European character, the only peoples concerned. Distances have so shrunk and conditions have so changed, since the Congress of Vienna put civilization to rights, that the new democracies now depend for a vast proportion of their food, their raw material, their markets—for almost half the foundations, in fact, of their normal economic life—on undeveloped territories in all parts of the globe. No system of international co-operation can be worth the paper it is written on, if it ignore this all-important fact. Although the causes of the present war take their origin in European conditions, those conditions can no longer be considered alone. The policy of Germany towards Turkey, for instance, is not to be understood without reference to German ambitions in Asia Minor and throughout the East; and that policy has necessarily coloured her attitude towards the whole problem of the Balkan States. If other examples were needed, they might be taken at random from international history for many decades past.

In this vast field, as in the European field—which is in fact but the centre of an indivisible whole—the progress of the world depends of necessity upon the establishment of far-reaching systems of law. The problem, in other words, is a problem of government; for no lesser sanction can save the backward peoples from the danger of exploitation without law, or Europe from a constant struggle for mastery over the power and wealth which their territories will produce. The struggle between Dutch and French and English in India was merely the prelude to a movement which now extends to every region of the earth, from China to Mexico, from Mexico to Africa, and from Africa on through all the undeveloped East. Upon the maintenance of just and progressive relations between the European Governments and these far scattered regions, with their different levels of civilization and infinite varieties of race, depend, more than on any other factor, the peace and welfare of humanity.

The British Empire and its Allies have already gone far to meet the problem which these relations raise. The

German people can see nothing in the employment of Indian and Algerian troops in France, or in the co-operation of Japan with the Western Powers, but the unscrupulous use of " barbarians " to overcome a culture higher than their own. They do not understand that these " barbarians " are part of a great civilized structure, the French and British systems of government, and are fighting, therefore, for something which they have in common with their French and British fellow-citizens—an allegiance which meets the needs of their own lives as well as ours, and gives them a political status no less necessary and beneficent. The German Emperor and his people, with their constant insistence on the culture for which they fight, do not realize that one-half of the world (or less) cannot label the other half " barbarians " and proceed to civilize them forcibly by the sword. The whole record of history is there to show that, on those terms, peace becomes harder, not easier, to maintain, and that in the long run the " barbarians " always win. The greatest of human needs is the attainment of some principle of mutual respect and benefit, not of mutual contempt and extermination, between the older and more backward civilizations and those of the West.

The larger systems of government now allied against the central European Powers are all in different ways examples of a consistent and not unsuccessful effort towards relations of this kind. Great Britain, France and Russia have all built bridges of sympathy and law between some lesser civilization and their own, which their Asiatic and African subjects are as ready as themselves to defend. Not less significant is their close co-operation with an Asiatic ally, Japan. To view this wonderful phenomenon as a failure of civilization is only possible for men who have never yet grasped the essentials of honourable intercourse between races and peoples of different character and origin. The alliance of the German Powers with Turkey, the last and worst example of that incapacity for change which has hitherto lain on all the East like ice, is typical of their views

and aims. The new East is allied against them, and sees its surest hope, as we see ours, in the overthrow of Germany's present ideals. For the systems of government arrayed against the German Powers—the British, the French, the Russian, and the Japanese—are seeking, not to widen, but to span the gravest fissures in the relations of humankind; and they are thus the most essential element in any hope of progress towards an effective code of international law.

Much, however, as all four systems may do in this respect for the peace of the world, there is only one of them, the British system, in which every side of the problem of international relations is represented and met. Nationalism is too small a word for the political and moral framework of this worldwide State. There are many nations within it, and it is building up yet greater nations from the varied materials which these have supplied. The scope of nationhood is, however, limited by certain natural laws. If the meaning of the term is not to be entirely transformed, it indicates a fundamental community of instinct, outlook and sentiment to which, in the ordinary play of human life, both geographical and physical limits seem clearly to be set. On the geographical side, for instance, it needs an area not too large for constant intercourse; on the physical side, it demands sufficient similarity of habit and of race for intermarriage and all that it implies. Nationhood in that sense is clearly too narrow a term for the common allegiance of many peoples and races to the British Commonwealth. The American Union is probably the largest possible model of a national State; and even that remarkable achievement is fundamentally impaired by anomalies inherent in the presence of a serious number of citizens of incompatible race. The point up to which the American Union has succeeded, and the point at which it fails, are both of equal significance for defining the limits by which, in the course of nature, nationhood is beset.

These limits are clearly operative at many points within

the British Commonwealth. Great Britain, Canada, Australia, New Zealand and South Africa are already national States. Nationhood cannot be stretched to embrace such widely separated and diverse communities; their distinctive nationalism is indeed their virtue and their strength. Yet, just as all these nations have been united by common governments out of smaller States—Great Britain from English and Scotch, Canada from British and French—so also are they themselves united as partner-nations in a common government, which makes them one before the world as members of one State. The peoples of the Empire cannot be one nation. Some are nations already in the fullest sense of the term; others will not for centuries attain a rank in civilization deserving even the shadow of that name. But whatever their different rank, they constitute one State, and one State they should remain. For this is the twofold service of the British Empire to the world—to show that free nations, and not only free nations but also backward peoples whose welfare necessarily lies in stronger hands, may be associated together by consent beneath one system of law in joint allegiance to a single commonwealth. A State which serves that double aim is solving within its borders the two problems which most gravely jeopardize the maintenance of peace, and by success within its borders it is simplifying immeasurably the same two problems for all other peoples in the world.

The call to us is therefore clear. Until the peril of this war was actually upon us, we did not realize how strongly we had built. The legal significance of the Empire was vaguely known, but not the unity of spirit and purpose underlying the legal frame. The war has shown that the allegiance uniting us transcends the narrow limits of nationality and race. It is an ethical kinship, sprung of common purpose, common interest, and common ideals; too broad in its range for nationhood, but based upon the same principle of unlimited devotion to a single State. Our Statehood is the essence of our strength and of our work.

To save this great system now, and to maintain it afterwards, is the most effective contribution which we can make to international progress and the general peace of the world.

No sacrifice, then, can be too great to secure the triumph of our arms; for on the efforts which we now put forth there hangs, not only our success in the conflict itself, but our moral influence among the nations when the conflict is at an end. We are called upon to show that no form of public spirit can outdo our own; for our aim in the war is, not merely to defeat the German Powers, but to prove to them that neither now nor a hundred years hence can their system ever prevail. It is one of the strongest elements in the German belief in their case that our system is too weak in moral purpose and in patriotism to be more than a passing thing. We have to prove them wrong, and only by so proving them can we bring about the fall of that German idea of nationalism and of government which is in spirit the antithesis of our own. The effective impulse to reform in Germany cannot come from without; to suppose it can is to adopt the very German fallacy which we are combating. The impulse must come from within; but no consideration will influence it more than the estimate which German democracy has formed of our national morale. If that estimate be high, Germany and the world in general will move immeasurably faster towards our law-abiding and pacific ideals; if it be low, another generation, too young to remember the horrors of this war, will tread the same path against us and challenge our ideals once more.

British citizenship is, therefore, on trial before the world. When the new Congress meets to take up afresh the task of 1815, our influence there, and for generations afterwards, will be measured by the service of our peoples to the common cause of the allied arms in this supreme ordeal.

THE DOCTRINE OF ASCENDANCY

THIS great war represents a mighty clearing of ideas, the ranging of Europe into two opposite camps on the vexed subject of nationality. Nor is it a mere accident that Germany, Austria-Hungary and Turkey find themselves on one side, and isolated from the rest of Europe; for the national systems which control their destinies, though differing widely in degree, are linked together by a single principle. Germanization, Magyarization, Turkification—the two latter are merely the comparative and superlative of the first—these three policies have contributed, each in its own way, to the present war. Just as the Young Turk policy of Turkification rendered a war between Turkey and the Balkan States inevitable, so the policy of Magyarization pursued by two generations of Hungarian statesmen sowed the seeds of war between Austria-Hungary and the Southern Slavs and thus lit the flames of a far greater conflagration. So, too, Germany's whole attitude to the minor nationalities of the empire is an essential feature of that *furor teutonicus* which has so ruthlessly destroyed the independence of Belgium, and which has been summed up by one of the very few moderate writers whom recent political controversy has produced among the Magyars, as "the theory that the smaller races and nations have no *raison d'être* and that the German 'Edelvolk' has the mission, gradually to absorb them in its world empire."* It is not necessary to go far for confirmation of such a view. Treitschke in a famous essay,

* Mercator, *Die Nationalitätenfrage und die ungarische Reichsidee*, p. 53.


ALSACE-LORRAINE
& the Rhine Frontier
English Miles
0 10 20 30 40 50
Present boundary of France
Boundary of France 1815-1871
Crefeld
Düsseldorf
Roermond
Elberfeld-Barmen
Remschied
Lüdenscheid
Solingen
Westphalia
Cologne
Mülheim
Kalk
Jülich
Maastricht
Aachen
(Aix-la-Chapelle)
Düren
Bonn
R. Sieg
Siegen
Marburg
Visé
Liège
R. Meuse
Euskirchen
R. Rhine
Giessen
R. Lahn
Verviers
Spa
Malmedy
Coblenz
Mayen
Frankfurt
Wiesbaden
Bingen
Mainz
R. Main
Darmstadt
Esch
Kreuznach
R. Moselle
Echternach
LUXEMBURG
Trier
(Treves)
Arlon
Luxemburg
Longwy
BIRKENFELD
(to Oldenburg)
Worms
Mannheim
Kaiserslautern
PALATINATE
(to Bavaria)
Heidel-berg
Speyer
(Spires)
Diedenhofen
(Thionville)
Neunkirchen
Saarlouis
Zweibrücken
Saarbrücken
Landau
Verdun
Mars-la-Tour
Metz
Gravelotte
Vigneville
Forbach
Saargemünd
Karlsruhe
Weissenburg
Wörth
Pont à Mousson
Hagenau
Rastadt
Dieuze
Fontenoy
Nancy
Saarburg
Zabern
Baden
Toul
Lunéville
Strassburg
Kehl
Donon
FRANCE
HOHEN-ZOLLERN
Schlettstadt
St. Die
Markirch
Epinal
Colmar
Breisach
Neu-Breisach
Freiburg
Piombières
Gebweiler
Thann
Mülhausen
Belfort
Basel
SWITZERLAND
Emery Walker Ltd. sc.

after roundly affirming his belief that Belgium and Holland are not European necessities and that the latter will never again make any great contribution to human civilization, closes in a phrase of mingled arrogance and pedantry. "The ancient tree of European culture (Gesittung) is strong enough to tolerate, beside the heavy branches of the great civilized nations which support its crown, a few modest twigs which give a rich and pleasing effect to its foliage."* More recently one of the ablest and most popular advocates of German expansion, Paul Rohrbach, is equally emphatic that "in future the small nations will have no course but to attach themselves with a good grace to those centres of culture which most attract them or to which their geographical position assigns them."† When, in answer to such ideas, our statesmen proclaim their determination to uphold the rights and liberties of small nationalities, the Germans are welcome to regard it as a typical instance of British hypocrisy. But this cannot make us believe less firmly in the political principles upon which the British Empire is founded, and which, so far from suppressing existing nationalities, takes a peculiar pride in bringing fresh nations into being, as free members of a widening commonwealth.

I. Alsace-Lorraine

A RECENT German magazine contains an article by a contributor who travelled from a town in central Germany to Strassburg during the days of mobilization. He describes in glowing language the scenes of excitement and enthusiasm at station after station along his route—the cheering, patriotic crowds, the martial ardour, the eager desire to be of service to the soldiers, the proud consciousness of German nationality, overriding parties and creeds,

* *Historische Aufsätze*, vol. II, p. 544.
† *Der deutsche Gedanke in der Welt*, p. 49.

which, if we may trust the unanimous testimony of German writers, made the early days of August an indelible emotional experience. But suddenly, as though by magic, so the German writer tells us, a change came over the scene. The train passed into a region where the officials and the soldiers were indeed the same, but where the stations were deserted except by the few who had business there. The traveller was nearing the end of his journey. He had crossed the frontier of Baden, forty-four years ago the political and still the spiritual frontier of Germany, and entered into the conquered province of Alsace.

The provinces of Alsace and Lorraine, which lie on the French side of this spiritual frontier, have been for centuries the battle ground of their powerful neighbours to the East and West. Ever since, over a thousand years ago, the Empire of Charlemagne broke up into an Eastern and a Western half—the germs of modern Germany and modern France—there has been a debatable land between them. By the Treaty of Verdun in 843 a Middle Kingdom was carved out for Lothar, after whom Lorraine was named, and Holland, Belgium, Luxemburg, Lorraine, Alsace and Switzerland to-day survive to represent, if not the Middle Kingdom of Lothar, at least the necessities which brought it into being and maintained it in varying forms through so many centuries.

The steady aim of French foreign policy for the last 900 years, from the time when France first had kings of her own, has been to ensure France "good frontiers." These frontiers seemed marked out by Nature herself: the sea, the Pyrenees, the Alps and, to the North-East, the Rhine. War after war was waged to attain to them, and the last of the French conquerors, Louis XIV and Napoleon, in their invasions of Belgium and Germany, were only carrying on the deep-rooted tradition of their predecessors.

By the defeat of Napoleon, followed in 1830 by the establishment of the kingdom of Belgium, one part of the French programme was definitely checked. The French-

speaking inhabitants of the Walloon districts of Belgium have thrown in their lot with their Flemish neighbours, and are not likely to desert them. By the Treaty of Frankfurt in 1871, following on the defeats of 1870, France seemed to have lost Alsace and Lorraine also.

They had been part of the French dominion since between 1648 and 1697 and had passed with the French through the crucible of the Revolution, which made them one in political sentiment with the French people: the Marseillaise was first sung at Strassburg. But, German in race, Alsace had retained her German speech. It is only since 1870, under Prussian rule, that she has discovered once and for all where her spiritual allegiance is due. It will rank among the ironies of history that German military rule should have achieved success where centuries of controversy and conflict had failed: and that the German successor of Louis XIV and Napoleon should not only have driven Alsace back into the arms of France but should also have knit a closer relationship between France and Belgium than those great conquerors could ever secure.

The provinces of Alsace and Lorraine consist of some 5,605 square miles, with a population of 1,874,000, of whom 1,400,000 are Roman Catholics. With the exception of a small district round the fortress of Metz, which was and is as French as the neighbouring districts of France, the population is predominantly German-speaking. After the annexation of 1871, when 60,000 of the inhabitants left the country,* Alsace-Lorraine was constituted an "Imperial Territory," being governed as an appanage of the Prussian Crown. It remained in this condition till 1911, when it received a constitution, but nothing approaching self-government or responsible institutions, and the dependence of the civil upon the military authorities was strikingly exemplified last year at Zabern (Saverne), when an obsolete provision of the

* Emigration went on continuously during the first generation of the German occupation. The numbers are estimated at a total of 166,000 for the years 1875-95.

Prussian military code was upheld in the highest quarters against the German civil law.

The difference between the results of German rule in Alsace-Lorraine and British rule in South Africa has often been remarked upon. The Germans have certainly not succeeded in conciliating the inhabitants of the annexed provinces. It is even doubtful whether they have seriously wished to do so. It was to ensure the security of South Germany that the provinces were originally annexed and the new frontiers so heavily fortified; but the continuance of the " French menace " is a convenience to the military authorities and a reason for the acquiescence of South Germans in the Prussianization of the provinces. Both Bismarck and Bülow have given candid expression to their belief that the question of Alsace-Lorraine is, and is likely to remain, an open sore; and though from 1871 to the present day much has been done, especially through the University of Strassburg, to Germanize the inhabitants and above all, as Bismarck recommended, the women and girls, nothing at all has been done to make allowance for their special gifts and temperament and their natural reluctance to be Germanized. The consequence has been the rise of a steady undercurrent of anti-German feeling, in spite of the commercial prosperity which the German connection has brought the provinces. Instead of dying out with the younger generation, the French tradition has taken root and blossomed afresh, helped in recent years by the revival of the cult of nationalism in France, by the writings of Maurice Barrès, and by the election of a Lorrainer, in the person of M. Poincaré, to the Presidency.

To Barrès and his school the provinces are the " Eastern bastions " of Latin civilization against Teutonic barbarism. The good and the bad side of Germany, its robustness and its sentiment, its pedantry and its grossness, are alike repugnant to him. The German Government has ably seconded him by presenting Germany to the provinces in its most unamiable light. Nothing could be more aggravating

or in worse taste than the tone of patronizing *hauteur* adopted by official Germany towards France and French aspirations. "The Germans," said Bismarck, for instance, to a Strassburg deputation in 1890, "are good people, but they all have half a bottle of wine too little. They want warming up and setting on fire. But the Frenchman has got this half bottle, and so, give him the least extra drop and it is too much." It is this tone and temper in their German rulers which has set the nerves of the inhabitants permanently on edge and made them realize that, whatever their race, their national affinity is France, and whatever their rulers, their capital is not Berlin but Paris.

Those who know the provinces are all agreed in asserting that the underlying feeling of the great majority of the population has, in theory, throughout been in favour of reunion with France, in accordance with the eloquent and moving protest of their spokesman in 1871.* But the impossibility of such a solution without a great war in which their two neighbours would be fighting over their prostrate body had led Alsatian public opinion in recent years to pursue the idea of trying to achieve local autonomy on the lines of Baden and Würtemberg. Similar movements of thought were afoot on the French side of the frontier, and M. Sembat, in a much-quoted passage, had declared in favour of abandoning the idea of "revanche" and working for a good understanding with Germany on the basis of the accomplished fact. But all these half measures have been swept away by the war, which they were framed to avert. Both the provinces and the French are looking once more to the re-incorporation of the provinces into the French Republic. Several of the leading politicians in the provinces have already fled to France, and the fact that from the moment the situation became menacing the Germans patrolled the frontier to prevent desertions, speaks for itself. A French victory without the restoration of the annexed provinces is

* For the text of this see Georges Delahache, *Alsace-Lorraine* (Ouvrage Couronné par l'académie française, 1911), p. 81.

no more conceivable to the French than a peace which ceded Belgium to Germany is to ourselves. The alternative solution, the neutralization of the provinces without their incorporation into France, would be just as humiliating to Germany and would involve the unhappy provinces in new difficulties by shutting them off from the markets of both their neighbours.

Alsace and Lorraine formed part of France when she first proclaimed the twin principles of democracy and nationality. In the name of those principles France has never ceased to claim them back. "It is an honour that France has a right to claim," says the great French historian, Albert Sorel, at the close of his work on *Europe and the French Revolution*, "to have founded her public law on the principle which gives the only true sanction to conquest, namely that the people alone have the right to dispose of their own destiny and that no change in their national status is legitimate if it is not ratified by their free, direct and universal vote. She will always have a right to hope for the application of that principle, her own principle, to the populations which war, in 1870, violently separated from her own body."*

II. The Prussian Poles

THE case of Prussian Poland is very different from that of Alsace-Lorraine. In Alsace-Lorraine the problem is that of a more or less homogeneous region, with a culture and traditions of its own, lying intermediate between two powerful neighbours, towards one or the other of which it must, both for political and economic reasons, eventually incline. Prussian Poland presents in its acutest form the problem, with which we are familiar in Ireland, of two powerful races, utterly different in their outlook, irreconcilable in temper, and embittered by indelible historic

* Sorel, *L'Europe et la Révolution française*, vol. VIII, p. 509.

memories of conflict, insult and humiliation. The problem of Alsace-Lorraine is a question of assimilation: that of German Poland of ascendancy—ascendancy in its most naked form, to be achieved, if necessary, by the expropriation and expulsion from its ancient home of the inferior by the dominant race. The policy, tried for short periods during the nineteenth century, of "killing" Polish nationalism "by kindness" proved a complete failure in the clumsy hands of Prussian bureaucrats, and the relations between the two nationalities have been growing more and more bitter and irreconcilable during the whole of the last generation.

The Kingdom of Prussia numbers some four million Poles among its subjects. Poles are the predominant element in the population throughout the Province of Posen (except in a few of its western districts), in a strip of Eastern Silesia (northwards of the upper reaches of the Vistula), and in a curved strip of West and East Prussia extending from the Baltic coast west of Danzig (Danzig itself is overwhelmingly German) south-westwards past Graudenz and thence along the Mazurian lakes in East Prussia, the scene of the opening battles of the present war. But these districts do not exhaust the Polish population of Germany. During the last generation (partly owing to the Prussian policy of expropriation) there has been an extensive immigration of Poles throughout the towns of Eastern Germany and a still larger movement to the industrial districts in the West. There are now 200,000 Poles in Westphalia and the Lower Rhine, and in many of the collieries they outnumber their German fellow-workers. There has also, of course, been a considerable emigration to the United States, where it is calculated that there are about three million Poles from Russia, Austria and Germany.

The geographical distribution of the Poles in Eastern Germany is important, because it explains why the Polish question has always been regarded by Prussian statesmen as a matter of life and death for the Prussian monarchy. Polish Prussia lies between the predominantly German

provinces of East Prussia and Silesia, and commands the communications between the two great centres of Breslau and Königsberg. Moreover, the western frontier of the Polish area comes up uncomfortably close to Berlin. Hence the continued possession of Prussian Poland is as necessary to the Prussian State, from the strategic point of view, as the retention of Alsace-Lorraine was considered necessary in 1871 for the defence of South Germany. "Nobody doubts," said Bismarck in 1894, "that our army would have to be crushed before we gave up Alsace. The same applies, and in still greater measure, to our eastern frontier. We cannot dispense either with Posen or Alsace, with Posen still less than with Alsace. . . . Munich and Stuttgart are not more endangered by a hostile occupation of Strassburg and Alsace than Berlin would be by an enemy in the neighbourhood of the Oder. Therefore it must be assumed that, if ever the question comes to an issue, we shall be determined to sacrifice our last man and the last coin in our pocket to defend the eastern frontier of Germany as it has been for the last eighty years. . . . We lived for centuries without Alsace and Lorraine, but how our existence could shape itself if a new kingdom of Poland were to be formed nobody has yet had the courage to think out. In earlier days Poland was a passive power, but nowadays, supported by other European nations, it would be an active enemy and so long as it had not secured Danzig and Thorn—I do not know what other designs the excitable Polish spirit might indulge in—it would always be the ally of our foes."* The lapse of twenty years has only strengthened the force of these considerations: and we may expect to see fiercer fighting and more bitter controversy over Posen, Thorn and Danzig than over Metz and Strassburg.

Bismarck's policy towards the Poles was therefore dictated mainly by considerations of defence and foreign policy. For the defence of the eastern frontier it was necessary that the Prussian hold on Posen should be consolidated,

* *Reden des Fürsten Bismarck*, II, pp. 465 and 467.

and for the maintenance of friendly relations with Russia it was necessary that both Powers should continue to pursue an unsympathetic policy towards Polish aspirations. Prussia could not afford to be more liberal than Russia: for if Russia could survive the bestowal of liberty on Poland, Prussia, in Bismarck's view, could not. The milder treatment meted out to the Poles by Austria caused Bismarck little misgiving, for he knew that the reunion of Poland under Austria was not within the region of possibility.

The main difficulty against which Bismarck and his successors have contended in Posen has been that which was expressed, with characteristic Prussian bad taste, by Prince Bülow when he declared that the Poles bred like rabbits and the Germans like hares. The rapid increase of the Poles has been a perpetual trouble. It was in order to meet this that Bismarck, in 1885, by a ministerial decree, ordered the expulsion from the province of Posen of all Poles who were not actually Prussian subjects. By this measure some 40,000 men, women and children were uprooted from their homes and sent across the border without hope of return. Great indignation was excited, and the Catholic party in the Reichstag succeeded in passing a resolution against it through that body. Bismarck replied by a speech in the Prussian Parliament in which he stated bluntly, " we want to be rid of the foreign Poles: our own are quite enough for us," adding that not twenty Reichstag resolutions would cause him to swerve a hairsbreadth from his resolution.

In 1886 a further measure was passed. Bismarck proposed to open operations against " our own Poles " by " colonizing " Polish districts with German settlers. A Royal Commission for the Colonization of the Eastern Marches was created and empowered to purchase Polish estates in Posen and West Prussia and to resell them to approved German settlers. Five million pounds were set apart for the purpose, Bismarck gilding the pill by declaring that fifteen million would not be too much.

This and the subsequent measures in the same direction were framed, as a recent writer remarks, " on principles

which required the assumption that political economy had been definitely banished to the planet Mars."* The results have been instructive. Bismarck invited the Polish landlords to sell their estates to the Commission and spend the proceeds in Paris or Monte Carlo. Many of them took the first half of his advice, but spent the purchase-money in buying new estates, dividing them up into small holdings for Polish tenants. The colonization policy, in fact, stirred Poles of all sections and classes, the nobility, the clergy, the growing middle-class, and the peasants, into an energetic defence of their ancestral home, and has done more than anything else to unite and to educate the German Poles in their national interest. The Government, once committed to the path of "colonization," has sunk deeper and deeper into the slough. When after a few years it was found, as has happened in connection with Back-to-the-Land schemes from the days of the Gracchi onwards,† that the German settlers were re-selling their properties to the Poles, a system of entail was introduced in 1896, by which the Government reserved to itself the right of pre-emption at every change of hands. This secured to the Commission for good all the land for which public money had been expended. But it could not secure the Commission against Polish competition. Soon after the bill of 1886 the Poles themselves formed a Co-operative Land Bank, which had succeeded by 1896 in settling as many Polish colonists as the Government Commission had settled Germans. The movement has been so successful that during the last twenty years a network of Polish co-operative banks has been established all over the eastern provinces and has become one of the most powerful instruments of Polish nationalism, special attention being paid to districts where, for reasons of policy, reinforcement seems desirable.‡

Under Prince Bülow's regime as Imperial Chancellor the

* Dawson, *The Evolution of Modern Germany*, p. 476.

† The curious reader may care to refer to Ferrero, *The Greatness and Decline of Rome*, vol. 1, pp. 45 and 62.

‡ Ludwig Bernhard, *Die Polenfrage*, Leipzig, 1910, gives an interesting map, showing the distribution of these banks.

Government redoubled its efforts. In 1907 a law was passed forbidding any Pole from erecting buildings on his own land without obtaining permission. This law was aimed expressly at the new Polish settlers. The Poles met it by all sorts of expedients, preferring to live like gipsies rather than lose their hold on the land. Finally, in 1908, Prince Bülow introduced and passed the Expropriation Bill, which armed the Government with compulsory powers for the purchase of Polish estates. The Poles met the situation philosophically, as indeed they might. "The principal effect of the expropriation of the landowners," said one of their leaders at the time, "will be the Polonizing of the towns in the East. The Poles driven from the land will turn themselves to trade and industry." "These laws," said another, "have nearly always been to the advantage of Polonism rather than of Germanism. So it will be with the measure of expropriation. The Poles will, as a result, get plenty of ready money . . . and the money deposited in Polish banks for industrial purposes will bear rich fruit." In fact, the Prussian policy of the last thirty years has achieved two main results. It has taught the Poles political economy and so promoted their prosperity as a community: and it has contributed to the establishment of a peasant proprietory, both German and Polish, in a country of large estates.

But the most conspicuous failure of the Prussian Government has been in the sphere, not of colonization, but of "culture." Bismarck, before all things a Foreign Minister, was not over-troubled with theories about the mission of Germans to spread German culture among the Poles. But both William II and Prince Bülow have repeatedly proclaimed this "civilizing task" towards a "weak and incapable" nation to be the chief object of Prussian policy. "It is a law of life and development in history," writes Prince Bülow, with a sublime disregard of the facts, "that where two national civilizations meet they fight for ascendancy."* In pursuance of this new-fangled theory the

* *Imperial Germany*, p. 246.

Prussian Government has made steady efforts of recent years to suppress the Polish language, in spite of the fact that, on the acquisition of the provinces by Prussia in 1815 the Poles were promised, in the name of Frederick William III and his successors, the maintenance of the Polish language in administration, in the law courts and in the schools. In 1873 Polish was excluded from the elementary schools, except for the teaching of religion, a measure which did much to excite anti-Prussian feeling among the simple peasantry. In 1883 the exclusion of Polish was extended to secondary schools, and the freedom of religious teaching was also interfered with. Finally, in 1905, religious instruction in Polish was forbidden, and the Poles were forced to pay for having their children taught the Catechism in German. It was this which produced the famous " children's strike " of 1906. Some 40,000 children in the diocese of Posen alone refused to be taught religion in a foreign tongue. The movement spread throughout the Polish districts and affected as many as 100,000 children. The Government ordered the punishment of the young offenders, and many were brutally flogged, while their parents were heavily fined. Finally, by a law passed in 1908, the use of Polish has been forbidden at meetings in all districts where the Poles are less than 60 per cent of the population. Minor vexations are, of course, innumerable. The whole administration of the law is in German: place-names, and even family names, are Germanized by the authorities: and even Polish theatrical performances are only carried on under the greatest difficulties.

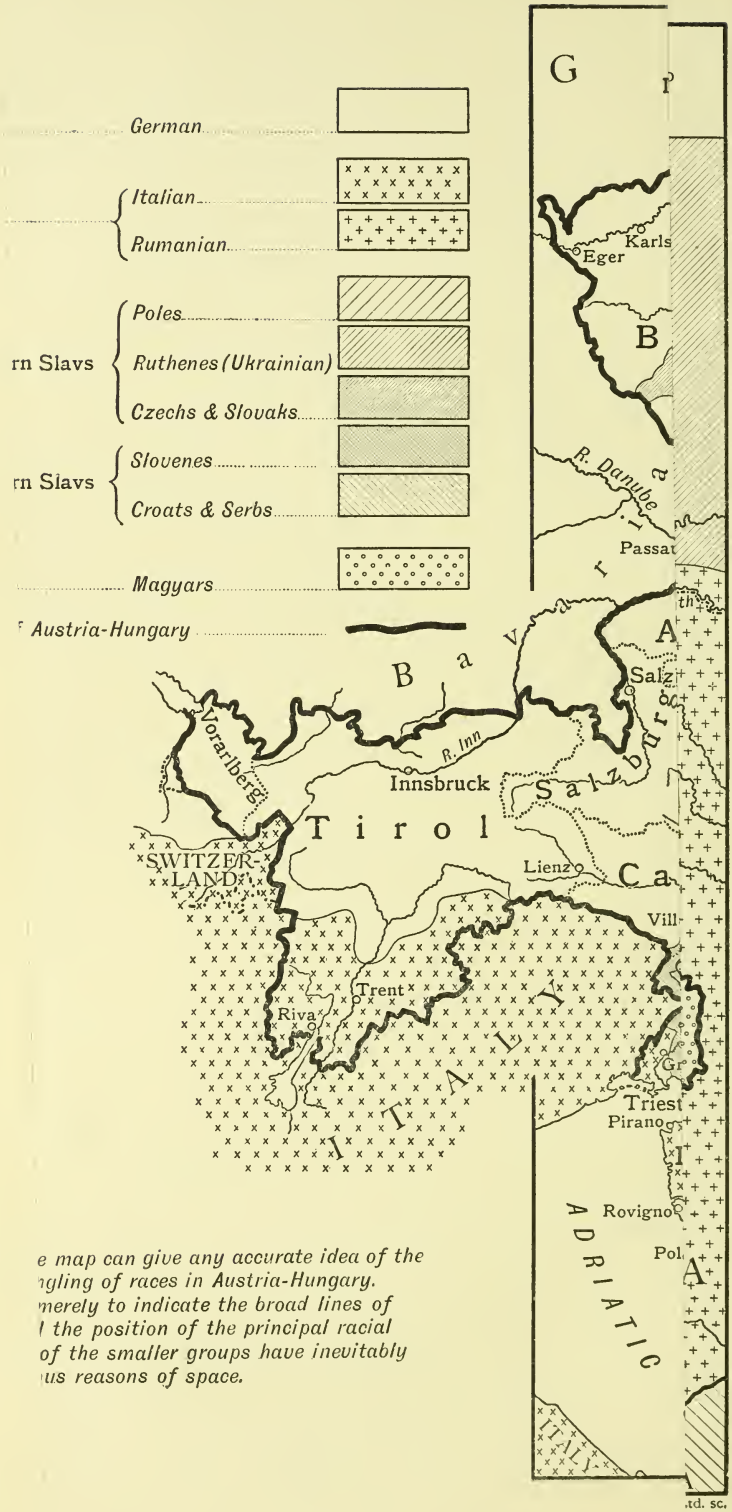
The result of all this activity has, of course, been to make the Poles, by nature both a spirited and a stubborn race, obstinately tenacious of their national heritage. The extent to which they have succeeded in retaining their linguistic ascendancy may be judged by an incident that occurred on a visit of the present Imperial Chancellor, then Prussian Minister of the Interior, to one of the new German " colonies." " Well, and how do you like your new home? "

THE RACES OF AUSTRIA-HUNGARY

1. Teutonic — *German*
2. Latin — *Italian*; *Rumanian*
3. Slavonic
   a. Northern Slavs — *Poles*; *Ruthenes (Ukrainian)*; *Czechs & Slovaks*
   b. Southern Slavs — *Slovenes*; *Croats & Serbs*
4. Ural-Altaic Stock — *Magyars*

Boundary of Austria-Hungary

Only a very large scale map can give any accurate idea of the extraordinary intermingling of races in Austria-Hungary. Our present object is merely to indicate the broad lines of racial distribution and the position of the principal racial minorities; but many of the smaller groups have inevitably been omitted for obvious reasons of space.



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he asked one of the colonists. "All right," was the cheery reply, "except that we do not yet sufficiently understand the Poles. But" (reassuringly) "never mind, we shall learn Polish yet!"*

III. Race Problems in Austria-Hungary

IN the Habsburg dominions, officially known to-day as Austria-Hungary, the problem of nationality has always presented a peculiar aspect of its own. Germany, despite its political dismemberment, has been for centuries a racial unit, in the sense that its members have rarely lived under foreign rule, and the crowd of petty States, of which the empire consisted a hundred years ago, were at least German in character, language and traditions. Some of its outlying provinces, it is true, have gradually been lost to it and have developed a separate national identity and culture of their own, until to-day even the Pan-German extremists find it difficult to enforce the argument that Holland, Belgium, and Switzerland are really sections of the German race. But till late in the eighteenth century it is true to say that Germany was a racial unit; it is only since then that the mistaken policy of Prussia has introduced foreign elements, by the Polish Partition and the wars of 1864 and 1870. Austria-Hungary, on the other hand, has always been a polyglot State, built up by the persistent dynastic policy of a single family, on a basis of geography, round the great river system of the Danube, but with an almost complete disregard of ethnographic considerations. The result is a vast mosaic of races, whose future development presents an equally difficult and complicated problem, whether we regard it from a political, a social, an economic or a purely ethnic point of view. These races fall into five main groups—Teutonic (Germans), Slavonic (Czechs, Slovaks, Poles,

* Dawson, *op. cit.* p. 489.

Ruthenes, Croats, Serbs, Slovenes), Latin (Italians and Rumanians), Ural-Altaic (Magyars), and Semitic (Jews). Thus, leaving aside altogether certain minor groups, there are twelve principal nationalities and ten principal languages, exclusive of dialects,* in Austria-Hungary; and the problem of government, in addition to the linguistic difficulty, is complicated still further by the fact that these races are still in very varying stages of civilization, some of them being as highly developed and as well organized in matters of education or industry as many Western nations, while among others illiteracy and superstition are rampant.

The House of Habsburg, despite many shortcomings, has never altogether lost sight of one definite historic aim—the attempt to create a political nationality which would transcend the national feeling of individual races and unite them in a common patriotism to the State. This ideal, described sometimes as Imperialist, sometimes as Centralist, and in late years as "Great Austrian," rested on a thoroughly sound instinct and deserved to succeed. Unhappily, the methods employed were often calculated to defeat its object. The history of Austrian policy, both internal and external, for the last two centuries, has been a long series of wasted opportunities, of hesitation between alternatives. The double-headed eagle in the Austrian arms has been typical of this attitude. Just as in foreign policy it stands for the rival tendencies to gravitate westwards into Germany and eastwards into the Balkans, so in home policy it represents the fatal indecision which has led Austrian statesmen to dabble alternately in centripetal and centrifugal tendencies, to foster or to repress individual national movements according to the political constellation of the moment, to play fast and loose with the two conflicting Habsburg mottoes " Viribus Unitis " and " Divide et Impera." Never has the tendency to rest content with half measures been so marked as during

* The difference in number is accounted for by the fact that Croat and Serb is one and the same language, and that the language of Jews is German or a debased Yiddish dialect of German, Hebrew being only the language of the Synagogue.

the long reign of Francis Joseph; and at last, by a hideous chain of circumstances, Austria has got into the position of the famous ass of the mediaeval Schoolmen—the ass which could not make up its mind as to the respective merits of two tempting bundles of hay. The original ass of the parable died of starvation, and Austria is already exposed to the serious danger that her rival policies may both pass into other hands.

There can be no doubt that the international character of the mediaeval Church, the conception of Christendom as a commonwealth, the world outside which was scarcely known to exist, and the use of Latin as the common language of culture, all told against the growth of nationality in the modern sense of the word; and as all three influences lingered in Austria later than elsewhere, the rise of the new force was still scarcely realized by the ruling classes of Austria even as late as the second half of the eighteenth century. The ideal of a strong centralist State, in which the monarch held the position of a benevolent parent towards his people, underlay the whole policy of Maria Theresa.

Her son, Joseph II, tried to adapt this idea to the doctrines of Voltaire and the Encyclopædists. Inspired by eighteenth century theories of "enlightenment" and absolutism, he virtually ignored national feeling altogether. "All provinces of the Monarchy must form a single whole, and in all, the forces of the people must be directed towards a common aim —the power of Austria"—in these words, Joseph summarized his programme of reforms, on his accession; and the foremost instrument towards their achievement was the introduction of German as the universal language of State throughout his dominions.

His clumsy and rigid methods jeopardized all that had been won by the tact of his mother, and roused from their slumbers all the latent forces of nationalism. The chief opposition came from the Magyars, whose nobility was driven into the national movement by Joseph's rash onslaughts upon two of their strictest preserves, Hungarian

local government and serfdom. The first signs of a national revival, both in Hungary and in Bohemia, were academic, almost pedantic. Strange as it may seem to Western students, the archæologist played a very vital part in these movements, the poet built upon the foundations which he had laid, and finally the politician took up the work of both and popularized the ideas for which they had lived. The linguistic and literary revival among the Magyars rapidly undid the work of Joseph, and prepared the way for a long series of constitutional and linguistic reforms, culminating in the Hungarian upheaval of 1848. The Magyars owed the rapid lead which they established over their neighbours to a more favourable geographical situation and to the political and economic strength of their nobility. The Czechs were delayed by the fact that their national nobility had been almost exterminated during the Thirty Years War, and that its successors were altogether German in feeling.

But it would be a mistake to suppose that the other races were slower than the Magyars to feel the promptings of nationality. The famous Supplex Libellus Valachorum presented by the Rumanians of Transylvania to Joseph II, the publication of a Slovak newspaper as early as 1783, the lively opposition of the Croats in 1790 to schemes for introducing the Magyar language, the Serb demand in the same year for the autonomy of the Banat—these instances could be multiplied to show that nationality was stirring everywhere in Hungary. Unhappily, the Magyars, having outdistanced the others, set themselves deliberately to retard their progress and to establish a monopoly.

The Napoleonic wars sowed the seeds of nationalism broadcast over Europe, and left them to germinate slowly in the exhausted soil. At the Congress of Vienna, conservative and reactionary ideas again triumphed. The diplomats did lip-service to the idea of nationality, and made the paper concession of "national institutions" for the Poles. But otherwise the whole settlement was flagrantly anti-national;

Europe was cut up according to dynastic and personal inclinations, and the history of the hundred years which followed is a succession of violent attempts to upset its unnatural decisions.

In Bohemia, the national movement was at first confined to a tiny group of patriots, of whom one of their number remarked during an informal supper party, that, if the ceiling of the room where they were sitting were to fall in upon them, there would be an end of Czech nationalism! At first the movement was "Bohemian" in the true historical sense, German-Bohemians like Meissner showing equal enthusiasm. The cleavage came in 1848, when Prague became the centre of a Slav Congress, and thus the rival of Frankfurt. Henceforth, the two races in Bohemia fell more and more apart, and their quarrel has done more than anything else to paralyse the political development of Austria in recent years.

Meanwhile in Hungary Magyar nationalism steadily gathered force, under the inspiration of brilliant political leaders and of a remarkable literary revival. Unhappily it was soon captured by a peculiarly violent form of jingoism which bitterly resented the national claims of almost all the neighbouring races, and began to propagate the idea of an exclusively Magyar national State.

The Magyarization of Hungary was openly proclaimed as equivalent to "the victory of reason, liberty and intelligence," and the bare idea that Slovak, German or Rumanian culture could coexist with that of the "ruling nation," (*az uralkodó nemzet*, as it is often called), was scouted as treason to the State.* The violent passions aroused on all sides by this frenzied propaganda were directly responsible for the way in which the revolution of 1848 developed in Hungary into a fierce racial war, ringing the Magyars round by hostile nationalities in arms. Count Széchenyi, known to his own countrymen as "the greatest of the Magyars,"

* See Count Zay's address to the Lutheran General Assembly (1840), *cit. Racial Problems in Hungary*, p. 66.

roundly accused Louis Kossuth of "goading" the non-Magyars "into madness against the Magyar nation" by his intolerant policy.

In 1848 the Magyars represented the cause of constitutional liberty and progress, but their folly in seeking to restrict its privileges to their own race rallied all their neighbours, the other nationalities of Hungary—Slovaks, Rumanians, Saxons, Croats, Serbs, and Ruthenes alike—on the side of the dynasty, and so, as the issue proved, of political reaction. Strange as it may seem, it is no exaggeration to assert that "the defeat of Kossuth's Magyars, in the eyes of Europe martyrs of liberty, was greeted by their subject races as the end of a detested tyranny."* But, as a witty Magyar remarked, "the other races received as reward what the Magyars received as punishment." Indeed, the system of blended centralism and Germanization applied to the whole Habsburg Monarchy during the period of Bach and Schmerling, was not unfairly summed up by another Magyar politician as "the equal right of all races—to become Germans!" The experiment failed no less decisively than preceding efforts, but on this occasion its failure was very largely due to the interaction of nationality and economics, as accentuated by the emancipation of the peasantry, which from a national point of view entirely changed the face both of Austria and Hungary. "It is through it that the struggle of nationalities has become a war of masses, instead of a duel of privileged persons. The peasants enslaved, oppressed, miserable, did not count as factors in this struggle; but the peasants, liberated, raised in their personal dignity and in their material condition, have been able henceforth to render effective aid to the cause of their nationality. Delivered from the yoke which weighed heavily upon them, they have become capable of enthusiasm for an ideal and of sacrifices in aid of its attainment."†

* Auerbach, *Les Nationalités en Autriche-Hongrie*, p. 239.

† Louis Eisenmann, *Le Compromis Austro-Hongrois*, p. 146.

The failure of the revolution was followed by ten years of black reaction (1849-1859) and seven years more of continual constitutional experiments. It was the two wars of 1859 and 1866—which by finally expelling Austria both from Italy and from Germany led to the achievement of Italian and German unity—that rendered internal political reform in the Monarchy inevitable, and the Magyars were fortunate in possessing a small group of able statesmen—Deák, Andrássy and Eötvös—who utterly outclassed the third-rate politicians of Vienna, Prague, or Agram, and who enjoyed the favour and confidence of the Court. The Compromise or Ausgleich of 1867 marks a new point of departure in the history of the Habsburg Monarchy—Austria-Hungary as it is henceforth officially styled. "The real motive force which underlies the Dual System is a league between the two strongest races, the Germans and the Magyars, who divided the Monarchy between them, and by the grant of autonomy to the two next strongest races, the Poles and the Croats, made them their accomplices in holding down the remaining eight."*

In effect, Dualism enlisted the support of Austria, and all its resources as a Great Power, in favour of "the idea of the Magyar State" (*a magyar állam eszme*), that "unitary national State" by which every Hungarian statesman for three generations past has aspired to replace the old polyglot State of history.

During the forty-seven years which have elapsed since the Ausgleich, there has been a marked difference in the development of Austria and of Hungary, which has been still further accentuated in the new century. In Austria, the German hegemony only lasted for a decade; the German parties, relying partly on the bureaucratic and military traditions, sought to identify that hegemony with the Austrian State itself, but the attempt became hopeless from the moment when the Czechs abandoned their foolish policy of abstention from parliamentary life. The constitution was made,

* *Racial Problems in Hungary*, p. 157.

and its functions were distributed between the Central Parliament or Reichsrat and the seventeen provincial Diets, which enjoy very varied powers. There was no official language of State, and the very equality which the law secured in theory to every one of the recognized races and languages* served to increase the confusion. The violent racial brawls of which Parliament was the scene undermined its prestige, increased the indifference of the masses to its proceedings, and rendered reform and even ordinary legislation increasingly difficult. Hence a situation of recurring crises, in which bouts of parliamentary obstruction correspond to the rise in temperament of a fever patient. Till the close of the century, racial and linguistic disputes—above all, the perennial struggle of German and Czech for the mastery in Bohemia—paralysed the whole internal policy of the State, which virtually owed its continued existence to the joint efforts of the dynasty and the bureaucracy. "It is because it is only sustained by these two forces that the Cis-leithan State (i.e., Austria), has been reduced in the Dual System to the rôle of a simple appendix of Hungary," wrote M. Eisenmann in 1904 with perfect justice. The system was contrived as a just balance between two equals, but this was completely deranged by the breaches made in the German hegemony in Austria, and with every decade it became more and more clear that the machine would only work when one scale was high in the air. For a whole generation Hungary not merely controlled the whole foreign policy of the Monarchy—notably under the great Andrássy and under Kálnoky and even the indolent Goluchowski—but also directly interfered from time to time with the internal constitutional arrangements of her partner.

This leadership of the Magyars has rested upon a racial monopoly of the most thoroughgoing and oppressive kind,

* Section 19 of the Austrian Constitution runs as follows: "All races of the State enjoy equal rights (*sind gleichberechtigt*) and every race has an inviolable right to assert its nationality and to cultivate its language. The equal rights of all languages of the country (*landesübliche Sprachen*) in school, office and public life, are recognized by the State."

which has been rendered possible by a concentration of all political, social and agrarian power in the hands of the Magyar nobility and the so-called " gentry " (a word which since its introduction into Hungary has acquired a peculiar indigenous flavour) and by their economic alliance with the Jews. Hungary too, has its " Law of Equal Rights of the Nationalities " (XLIV, 1868), which lays down many admirable linguistic privileges in school, church, law court and administration. But its whole tenour is vitiated by the simple fact that the Magyar language employs one and the same word (*magyar*) for two essentially different conceptions—Hungarian, the wide geographical term embracing the whole State, and Magyar, the narrow racial term, applicable only to one out of the many nationalities of the country. The preamble insists that all citizens of Hungary " form, from a political point of view, one nation, *the indivisible unitary Magyar nation,* of which every citizen is a member, no matter to what nationality he belongs," and it further qualifies all subsequent concessions by a vague reference to " the unity of the country and the practical possibility of government and administration." The law thus deliberately confuses the political and ethnical conceptions of the " nation," and denies from the outset the existence of the non-Magyar nationalities as a political factor. Moreover, it is this section of the law which has always been emphasized in the years that followed, while its many linguistic and racial concessions have almost without exception remained a dead letter. Indeed, most of the leading Magyar statesmen of the last forty years, while declaiming about the liberty enjoyed by the non-Magyar races of Hungary, have almost in the same breath admitted that the Law of Nationalities has not merely not been enforced, but is incapable of fulfilment.

The intolerable nature of Magyar tyranny may be summed up in the following words, written at the height of the coalition regime in Hungary (1906-09).

Primary and secondary education, instead of resting upon the principle of instruction in the mother tongue, has been for a generation past enlisted in the cause of Magyarization; the State never erects non-Magyar Schools and only grants subsidies to those already existing in order thereby to enforce a stricter control. The local administration is in the hands of a narrow and powerful caste, which by means of an illiberal franchise is able to hold the non-Magyars in a permanent minority, and to exclude them from the control of their local affairs; the officials treat the Nationalities as foreign interlopers, and show little or no consideration for their languages and national customs. A far-reaching system of electoral corruption and gerrymandering, backed by a complicated and unequal franchise, makes it impossible for one-half of the population to gain more than twenty-five seats in Parliament,* and concentrates all political power in the hands of a small clique of influential nobles and ecclesiastics, professional politicians and Jewish financiers. The dependence of the judicature upon the executive renders the non-Magyar leaders liable to continual vexation at the hands of the law; judges, prosecutors and juries are all alike recruited from the ranks of their bitterest enemies, and a hostile verdict is thus only too often a foregone conclusion. The persecution of the non-Magyar Press is carried on with the deliberate purpose of reducing it to a state of bankruptcy or subservience. The absence of any rights of association and assembly place the Nationalities at the mercy of the authorities and renders infinitely more difficult the task of organization; while the petty annoyances and restrictions imposed upon those Slavs and Rumanians who remain loyal to the language and traditions of their ancestors, embitter their lives and aggravate racial differences.†

The Slovak, Rumanian, Serb, German, and Ruthene nationalists have long been political pariahs in Hungary; but persecution has not tamed them. No single incident throws more light upon their stubborn attitude and at the same time upon the intolerable claims put forward by official Hungary, than the notorious "Memorandum Trial" of 1894. Two years before, the Committee of the Rumanian National Party in Hungary had petitioned the Monarch in a Memorandum recounting the many grievances of their race, and when the Hungarian Cabinet barred their access to the throne, had published the memorandum in pamphlet form.

* In 1910 these 25 were reduced by sheer corruption and violence to 8!

† Seton-Watson, *Racial Problems in Hungary*, pp. 392-3.

This action was treated by the Government as "incitement against the Magyar nationality," and the members of the Committee were tried before a Magyar jury and sentenced to terms of imprisonment amounting to a total of twenty-nine years. Dr Ratziu, the party president, declined to recognize the Court's jurisdiction, and appealed to the public opinion of the civilized world. "We have acted," they declared, "solely as mandatories of the Rumanian people, and an entire people cannot be brought to justice . . . . You have yourselves realized that it is not a question of law but merely of force, and the world will learn with astonishment that a court has been found to judge men who were deprived of the possibility of having defenders. . . . . By your spirit of mediaeval intolerance, by a racial fanaticism which has not its equal in Europe, you will, if you condemn us, simply succeed in proving to the world that the Magyars are a discordant note in the concert of European nations."* A month after the trial the Hungarian Government eclipsed its previous record by formally dissolving the Rumanian national party as a disloyal institution. Since then the party has been tacitly allowed to revive, but official recognition of its existence has been steadily withheld, and, indeed, when put forward as a claim during the negotiations between Count Tisza and the Rumanian leaders last winter, formed one of the many stumbling blocks in the way of an understanding. The Magyars have remained calmly oblivious of the fact that to deny a nation the two elementary rights of petition and political organization is to challenge it to choose between suicide and revolution.

Enough has been said to show that the development of Austria and Hungary has flowed in exactly opposite directions. While in Hungary the waves of Chauvinism beat higher and higher, Austria has made steady progress towards the ideal of racial toleration. There is still plenty of friction, but even the most backward of her nationalities has come to enjoy a freedom of move-

* See *Racial Problems in Hungary*, p. 473.

ment and possibilities of culture, which cannot even remotely be compared to the bondage of their neighbours in Hungary. Austrian political institutions have been hampered at every turn by racial quarrels, but despite all the criticism which their barrenness evokes, they have broadened and deepened in recent years. Except in two border provinces—Galicia and Dalmatia, where special conditions prevail—Austria is far freer in 1914 than in 1900. Above all, a whole school of political theory has grown up on the vexed question of racial minorities and their representation, and though opinions differed widely as to the true solution of such problems, there was a growing inclination to make Austria the centre of experiments which, if successful, might have transformed the whole problem of nationalism in Europe, but which have been brutally exploded by the present war. Politically, of course, the difference between the two States is typified by the contrast between Austria's rapid adoption of universal suffrage in 1906, and the desperate and successful efforts of the Magyar oligarchy, at first to prevent, and then worse still, to undermine and falsify its introduction in Hungary.

An Austro-Hungarian bank-note sums up the rival ideals. One side bears an inscription in every language of Austria, on the other the Magyar language is in solitary grandeur. It thus stands for Equality *versus* Hegemony, and at the same time for the rival habit of confessing and of concealing the true facts of the situation. In Austria there is room for Polish, Czech, Rumanian national feeling, though of course within limits which ardent nationalists would fain shake off. In Hungary, in the words of a recent writer, "our nationalities can never substitute any other culture for the Magyar, for a special Serb, Rumanian or Slovak culture does not and cannot exist."* Once more the hapless word "culture," which has become the nightmare of this war! The Magyar conception of the State, then, resolves itself into a monstrous vampire which battens on the rene-

* E. Baloghy, *Magyar Culture and the Nationalities*, p. 210 (in Magyar).

gades of other races. To this the non-Magyar races long opposed the modest claim for equal linguistic rights and the fulfilment of the Law of Nationalities. But they have been driven steadily in a separatist direction, and Magyar tyranny has embroiled not only Hungary but the whole Monarchy with the neighbouring Balkan States. Even before the war, which their evil policy has done so much to evoke, the Magyars had become a liability rather than an asset of the Dual Monarchy.*

The last number of THE ROUND TABLE contained a summary of the national movement among the Southern Slavs, uniting in a common sentiment the Croats, Serbs and Slovenes of the Dual Monarchy and the Serbs of the two independent kingdoms, Serbia and Montenegro. This movement and Austria-Hungary's fatal policy of thwarting Southern Slav development, have been the real underlying causes of that Austro-Serbian dispute, upon which the murder of the Archduke acted as the spark in a powder magazine. To-day we are witnessing the baptism of fire of a new nation in the commonwealth of Europe. Gallant Serbia has assumed the same task which Piedmont successfully accomplished over fifty years ago. The same applies to the Rumanian question, which, as the result of the two Balkan wars, had begun to develop on parallel lines with the Southern Slav question. To every patriotic Rumanian on both sides of the frontier the deliverance of Transylvania and the adjacent counties of Hungary from the Magyar yoke, and even the complete realization of Rumanian unity, have long been cherished as the chief hope of the future. To-day the significant speech of the new King to a deputation of Rumanian professors—to the effect that no responsible person in Rumania could be suspected of opposing the realization of national unity—shows the direction in which the wind is blowing. His words are but a faint echo of a phrase used five years ago by one of the most distinguished living Rumanian politicians. "If I thought," he said, "that

* H. W. Steed, *The Habsburg Monarchy*, p. 284.

Transylvania could ever conceivably become Magyarized, I should give up politics, for it would no longer be worth while for us Rumanians of the kingdom to go on living."

Until the outbreak of war it had always been admissible to hope that Austria would show sufficient energy and statesmanship to solve these two problems in a "Habsburg" sense, though the events of the Balkan wars had reduced this hope to vanishing point and compelled the friends of Austria to revise many of their conclusions. If to-day the dissolution of the Dual Monarchy is being seriously discussed throughout Europe, that is at least partly due to the pessimism which led its own leading statesmen and politicians to reckon openly with such a possibility even a year ago. It is right to point out for the last time that the blame for failure falls far more heavily upon Hungary than upon Austria, and that large sections of opinion in Vienna—including the late Heir Apparent himself—were openly friendly to the Rumanians and favoured very considerable concessions to the Southern Slavs. But their platonic good intentions did little or nothing to redeem a situation which grew monthly more critical. Austria to-day cannot separate herself from the doom of the Magyars. She is being judged, not by the unrealized dreams of the Archduke, or by the tolerant views of her political theorists,* but by the inexorable laws of fate. Her statesmen have had due warning, but have persisted in the old paths. Their false conceptions of nationalism have but strengthened its disintegrating force. So far as Austria-Hungary is concerned, this war is in itself a proof that the policy of racial dominance and forcible assimilation are morally bankrupt; but only the future can show whether those nations which are rising phœnix-like from the funeral pyre of a vanishing era will prove themselves worthy of the great task which history has assigned to them—the reconciliation of the ideal of national unity with that of full liberty for racial minorities.

* See the works of Baron Eötvös, Fischhof, "Rudolf Springer" (Dr Carl Renner), Aurel Popovici and Otto Bauer.

IV. Balkan Nationality and Turkish Oppression

IN the Balkan Peninsula the problem of nationality has been complicated by religion. During the Middle Ages every Balkan race took its Christianity from Byzantium, and indeed the first great Slav apostles, Cyril and Methodius, came from Macedonia. The Turks in the great days of their dominion were a caste, half feudal, half military, which owed many of its best recruits to the human tribute levied from its subject population. To avoid all danger of assistance for the conquered Christians from the Catholic west, they wisely constituted the Patriarch of Constantinople the intermediary of all their relations with their Orthodox subjects, and thus gave free play for four centuries to the Hellenizing tendencies of the Eastern Church. Such was the foundation of that corrupt Phanariot* regime, which reduced the national and religious life of the peninsula to such utter stagnation and has left its corroding mark upon the politics of every Balkan nation. Under the double influence of the Turkish conqueror and the Greek confessor, nationality long lay dormant, though it should be added that, despite its ignorance and sloth, the Orthodox clergy, wherever it had not been denationalized, did more than any other force to keep the flickering torch from being altogether quenched. The Turkish conquest varied in completeness. In Serbia the entire nobility was literally exterminated, while in Bosnia it accepted Islam in order to save its lands. Among the Serbs and Bulgars a "rayah" who neglected to dismount on meeting one of the conquering race was risking death on the spot; while in Wallachia the Turkish suzerainty was of so loose a character that the building of a mosque in Bucharest was never tolerated.

So long as the Janissary system flourished in full vigour,

* So-called from the Phanar, or lighthouse quarter of Stambul, where the Patriarch resides.

risings were well nigh impossible; but its decay during the eighteenth century had the double effect of weakening the Turkish military system and of strengthening the Christian population which had hitherto suffered from this constant drain. With the close of the century came the first mutterings of the storm. The long rivalry of Austria and Russia for influence in the Balkans, the French Revolution and the propagation of its doctrines throughout Europe, were the stimulants of the nationalist movement which the new century heralded. Since then Balkan history is an unbroken succession of waves, in which first the Serbs, then the Greeks and Rumanians, and last of all the Bulgarians, shook off the Turkish yoke and laid the foundations of the national States of to-day.

Sympathy is sometimes expressed for the Turk in the long chain of disasters which has gradually robbed him of his former heritage in Europe, and his apologists are fond of extolling the dignity and virtues of the individual Turkish peasant and contrasting them with the unlovely qualities of the enslaved rayah. But no efforts can conceal the supremely negative nature of the Turkish character, its utter incapacity for constructive work, its periodical lapses into ungovernable savagery. Above all else, the Turk has shown himself ignorant of the very elements of the art of government. "For forms of government let fools contest, that which is best administered is best;" and if we apply the poet's test, there is no country where the verdict will be so annihilating as in Turkey. The final and unanswerable condemnation of Turkish rule consists not in recounting the periodic massacres and outbreaks which its discontented subjects have provoked, but in contrasting the material and moral condition of the various provinces before and after the conquest, and still more their condition a generation before and a generation after the expulsion of the Turks. Every province which they have held has become a desert under their blighting influence and has only blossomed again when the blight has been removed. The rose garden replaces the dung-

hill, and flourishing modern cities the foul and mouldering hamlets of a century ago. Whether it be Hungary, Croatia, Serbia, Greece, Rumania, Bosnia or Bulgaria, the story is invariably the same. The proverb which declares that grass does not grow where the Ottoman hoofs have trod, merely gives poetic expression to a fact which is as indisputable as the law of gravity. The Turk has never understood any principle save that of physical force; by the sword he built up his empire, and by the sword he is losing it.

For a brief period the Young Turkish revolution of 1908 was acclaimed as upsetting all such theories and as inaugurating the dawn of freedom for all the races of Turkey. But it speedily became apparent that the chamber which the Young Turks had so noisily swept and garnished, was to become the haunt of seven devils worse than the first. On the one hand, the lavish phrases of liberty and fraternity which ushered in the new regime, were soon replaced by an open policy of Turkification, which employed all the most approved methods of Magyar corruption and added the practices of organized conspiracy and assassination. On the other hand the revolution threatened the national aspirations of the Slav and Greek populations, since a regeneration of Turkey would have postponed indefinitely the hope of reunion with their kinsmen in the independent Balkan States. Events have forced these facts upon an unwilling public opinion, but what is not yet fully realized is the essentially un-Turkish and un-Moslem character of the Committee of Union and Progress, which has been the soul —the *âme damnée*—of the whole movement. Among its leaders there is hardly a single pure-blooded Turk. Enver, the murderer of his generalissimo, is of Polish origin: Djavid belongs to the curious Salonican sect of the Donmeh: Carasso is a Jew: Talaat is an Islamized Bulgarian gipsy: Achmet Riza, one of the group's temporary figure-heads, is half Circassian and half Magyar, and a positivist of the school of Comte. And it is such a committee which presumes to dictate to the Khalif of Islam, in German interests, a

Holy War against the leading Mohammedan power in the world!

Despite the inherent defects of the Young Turkish organization, it, however, is only right to admit that the task of introducing real reforms might have proved too great even for much more liberal and enlightened statesmen. The legacy left to them by previous generations, and above all by the long Hamidian despotism, had paralysed all the tendencies that could be described even remotely as "liberal." The abstract ideal of reform on western lines was in itself a noble one, but could not be infused into a State whose very essence was a blend of theocracy and militarism. It will always remain a matter of deep regret that the healthier sections of "Young Turkey" lost their original leadership and thus failed to confer the benefits of a progressive regime upon the many component races of the Ottoman Empire.

Instead of this, the internal policy of the Young Turks only too soon came to rest upon forcible Turkification, emphasized by the removal of its political opponents. The long list of its victims was opened by Shemshi Pasha and a number of "Liberal" journalists and minor politicians, and culminated in Nazim Pasha and Mahmud Shevket Pasha. The names of the Khedive and of Noel and Charles Buxton are on the shorter list of unsuccessful attempts; while certain mysterious incidents connected with the royal murders of Salonica and Sarajevo have opened up hitherto unsuspected vistas of intrigue and crime.

The art of assassination is merely a refinement of political craft. The same methods, employed *en gros* in Macedonia, provoked the Albanian risings of 1911 and 1912 and produced a coalition of the Balkan States against Turkey. In the war that followed Turkish rule was finally expelled from Macedonia—leaving behind it, it is true, an unhappy legacy of hatred between the Christian races. But the old methods had become ingrained in the Turkish system, and since the recovery of Adrianople as a result of the second Balkan war, the Bulgarian element in Northern Thrace has been almost

literally extirpated, and the success of this policy has encouraged the Committee to pursue scarcely less drastic methods of "elimination" against the Greeks of Thrace and Asia Minor. It must, of course, be admitted that massacre and expropriation are much the most effective means of solving the problem of nationality; and there is every prospect that they will be applied this winter to what is left of the Armenian population of Asia Minor. We can only hope that the Russian offensive will triumph over the enormous physical obstacles of the Caucasian frontier, before the Kurds and Lazes have worked their will upon Armenia.

There is yet another national question which awaits solution at the hands of the Turks, but which can no longer be solved by the sword. The Arab nationalist movement is already a factor of permanent importance, with serious possibilities in the not distant future; and it is by no means improbable that the Arabs—who, unlike the Turks, have in their past history developed a great civilization and shown themselves to be a constructive, not a mere destructive force—may wrest the Khalifate from the hands of a dynasty which they never loved and of a parasitic and alien clique which is in no way representative of Islam. Nor can we afford to ignore the possible effects of such an Arab movement upon the fate of Palestine and the future of the healthy Jewish nationalism which is at length striking root in its original home.

In accepting the rôle of Germany's vassal, Turkey has been hurled to her doom by a tiny camarilla; for the victory of either group in the present struggle is likely to prove fatal to her empire. Germany has long regarded Turkey as one of her most effective instruments against Britain and would fain exploit Islam in a campaign for world-dominion. The folly of such a dream can best be expressed in the words of a well-known German Socialist, written under the impression of Turkey's defeat in 1912. "German world-policy has lost its sense and aim. On the battlefields of Macedonia

and Thrace German Imperialism was beaten side by side with the Turkish army. If Germany were a democratic country, then her government, which had known so little of the working forces of the Orient, which for the second time had been surprised and befooled by an Oriental upheaval, which had staked so much German money, so much German strength, so much German prestige upon a lost cause, and which had misled the whole policy of the nation for two decades—this government would have been swept away by the wrath of the nation. But in Junker-ridden Great-Prussia the barren incapacity of a diplomacy which is not responsible to the nation is free to pose still further as statesmanlike wisdom. The German bourgeoisie has itself renounced the supervision and control of the policy which is intended to serve its interests."*

Is it mere folly to express the hope that a time will come when the German people will repudiate the arrogant claims put forward by its ruling class and, reverting to the ideals of its greatest poets and thinkers, will realize that nationality and culture are not mere gross material things, to be imposed on others by the violence of the "mailed fist," but spiritual graces which owe their triumph and their inspiration to the inward vision? The statesmen of Europe will have built in vain, if from the wreckage of this war there does not rise a new and higher conception of the idea of Nationality.

* Otto Bauer, *Der Balkankrieg und die deutsche Weltpolitik*, p. 47.

RUSSIA AND HER IDEALS

> Your genius is of the finite, ours of the infinite. You know how to stop yourselves in time, to find a way round walls, or to return; we rush onwards and break our heads. It is difficult to stop us. We do not walk, we run; we do not run, we fly; we do not fly, we fall. You love the middle; we, the extremities. You are sober, we—drunken; you are reasonable, we—lawless. You guard and keep your souls, we always seek to lose ours. You possess, we seek. You are in the last limit of your freedom; we, in the depth of our bondage have almost never ceased to be rebellious, secret, anarchic—and now only the mysterious is clear. For you, politics—knowledge; for us—religion.
>
> DMITRI MEREZHKOVSKI.

THE popular symbol we have selected in this country for Russia is the bear, clumsy, crafty, brutal, stupid. We have learned to think of her as tortuous and unscrupulous in foreign affairs, cynical and merciless at home; in short, as a despotism, stopping at nothing if she desires to wound or over-reach a rival, grinding beneath her heel a vast population of ignorant and oppressed peasants, and only preserving her obsolete institutions against the courageous attacks of a small handful of devoted revolutionaries by means of the knout, the pogrom and the secret police. There is truth in this picture, the truth of a caricature drawn by an inferior artist. It is a picture in which the essence, the soul, has been left out and the accidentals exaggerated. Yet it is accepted without question as an accurate representation of Russia by a very large number of people in England.

There are two reasons for this. In the first place, there hangs a great veil of prejudice between us and Russia. We see her through the eyes of alien and hostile peoples.

The whole of her western border, from the North Cape to Odessa, is inhabited by non-Russian races. In the North are the Finns, further south the Esths and the Letts, then come the Poles, and finally in the centre and south are the Jews. Each of these nationalities has its own grievance against the Russian Government, which has behaved disgracefully to them all; and three at least have secured powerful support and a general discussion of their wrongs abroad, through the press and other means. Our sympathies, indeed, turn naturally towards the subject peoples of Russia, not merely because they have been badly treated but because we can understand them better than we can the Russians. Finns, Poles, and even Jews, we feel, are Europeans, peoples belonging to our civilization and sharing our point of view; when, on the other hand, the Germans at the beginning of this war dubbed the Russians as barbarians and "semi-Asiatics," there must have been many in England who tacitly echoed these epithets.

And this brings us to the second reason why Russia has been so greatly misunderstood. It is that she is different from ourselves, she is not western, not European; her history, her institutions and her geographical conditions have given her another type of civilization and point her on to new lines of development. But this does not mean that Russia is Asiatic, like Turkey for example, or that she is even what is called a "backward nation." She has learnt much and will learn more from Europe, as one civilization will always learn from another with which it is brought into contact; but Europe also has much to learn from Russia. The truth is, as Mr Wells has recently pointed out, that, "socially and politically, Russia is an entirely unique structure. It is the fashion to talk of Russia as being 'in the fourteenth century,' or 'in the sixteenth century.' As a matter of fact, Russia, like everything else, is in the twentieth century, and it is quite impossible to find in any other age a similar social organization."* The temptation to find

* *The War that will end War*, p. 64.

analogies is, of course, almost irresistible, and the present writer does not hope wholly to escape it. It is interesting, and to a certain extent illuminating to think of Russia as a mediæval country; but directly we use such a comparison as the basis of moral judgment or political prophecy, we find ourselves on exceedingly dangerous ground. Still more dangerous is it to regard Russia as another eighteenth century France, and to compare the Revolution which failed in 1906 with the Revolution which succeeded in 1789. Lastly, it is both unscientific and unjust to measure everything that happens or exists in Russia by the foot-rule of British parliamentary democracy. Her problems are and have always been totally different from ours, and she has therefore been obliged to devise other means of coping with them. If we want to understand Russia, if we are to be fair to her, we must study her in the light of Russian history and Russian conditions alone. The following article is an attempt to get behind the caricature to reality, to lift, if only for a moment, the veil of prejudice and false analogy from the face of Russia; for it is only by so doing, it is only by looking her straight in the eyes, that we may hope to catch a glimpse of her soul.

I. The Russian Polity

"FROM the very first moment of their entry into the Russian plain from the slopes of the Carpathians, the Eastern Slavs (the original progenitors of the Russian nation as we now know it) . . . found themselves stranded upon a boundless and inhospitable plain, the inhabitants of which had neither civilization nor memorials to bequeath. Debarred from close settlement by the geographical features of the country, the Eastern Slavs were forced for centuries to maintain a nomad life, as well as to engage in ceaseless warfare with their neighbours. It was this peculiar conjunction of circumstances which caused the history of Russia to

become the history of a country for ever undergoing colonization—a movement continued up to, and given a fresh impetus by, the emancipation of the serfs, and remaining in progress to the present day."* In these words, one of Russia's greatest historians admirably condenses the story of his native land. "A boundless and inhospitable plain," "centuries of nomad life," "ceaseless warfare," "a country for ever undergoing colonization," here are the factors which lie at the root of Russian development, Russian polity, and Russian psychology.

How different are these conditions from those which faced that other great colonizing race—the British. Secure in the coign of vantage of our island fortress, we have been able to elaborate our democratic institutions undisturbed, to lead the world in commercial and industrial progress, and to seize the uttermost parts of the world for our inheritance by our maritime supremacy. Russia has never been secure, and until lately, has always lacked natural frontiers. Even the device adopted by the Chinese, and by the Romans in Britain, the device of building a mighty wall to guard their border from barbarians and to mark the limits of their ambition, was denied her; for walls would have been as little capable of permanent defence on the Russian plain as trenches are upon the flats of Belgium. There was nothing for it but advance or retreat. After centuries of fluctuating fortune, suddenly, towards the end of the fifteenth century, the Russian people began to move steadily forward like an irresistible wave, and the movement has since continued with hardly a check, until now practically the whole plain is submerged. Before we examine the cause of this almost miraculous expansion, let us look a little closer at the problem which Russia had to face.

A physical map of Europe and Asia will illustrate the magnitude of the task at a glance. Taking as a base a somewhat crooked line running up the east coast of the Baltic through the North Cape and then right along the shores

* V. O. Kluchevsky, *History of Russia* (Eng. trans.), vol. 1, p. 2.

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of the Arctic Ocean to the Bering Straits, and as the apex a point somewhere near the Hindu Kush, we get an obtuse-angled triangle which embraces almost the entire plain of the continent. This triangle, comprising an area of eight and a quarter million square miles, or one-sixth of the land surface of the globe, is the Russian Empire of to-day. Russia in fact is *the* Eurasian plain, the hinterland of both Europe and Asia, the whole "interior" of the Old World. The subjugation and colonization of this immense area has been the work of about four and a half centuries; and there is nothing like it in the history of the human race except the growth of the United States of America, the area of which is only three and a half million square miles.*

Moreover, the Russian advance had to face resistance infinitely more severe than that which met the American colonists. Central Asia was the cradle of Turkish, Tartar and other Mongolian tribes who, like bitter winter winds, incessantly swept across the great plain. By meeting these, repulsing them or incorporating them, and by steadily advancing eastwards, Russia has brought to a close the period of the *Völkerwanderung*, she has freed civilization from the scourge which has afflicted her from time immemorial, she has conquered the breeding ground of those "barbarians" who caused the downfall of Rome and have been a constant menace to Europe. To quote another and eloquent passage from Kluchevsky: "Fate set the Russian nation at the Eastern gate of Europe, to guard it from violation by the nomad brigands of Asia, and for centuries the nation spent its force in withstanding the pressure of Asiatic hordes. Some of those hosts it beat back (fertilizing, in doing so, the broad steppes of the Don and the Volga with its bones), while others it admitted, through the peaceful portals of the Christian Church, to the European community. Meanwhile Western Europe, relieved of Mohammedan attacks, turned to the New World

* See Milyoukov, *Russia and its Crisis*, chap. i, for an interesting comparison between the development of Russia and the United States.

beyond the ocean, where it found a wide and grateful field for the exercise of its mental and physical energies in the exploitation of untouched riches. Even with its face thus directed to the colonial wealth of the far West and its store of cinnamon and cloves, Europe could still rest assured that behind it, in the direction of the Ural-Altai East, no danger was to be apprehended. Consequently Western Europe gave little thought to the fact that in that region there was proceeding a ceaseless struggle, and that, its principal bases on the Dnieper and the Kliazma abandoned, the defending force had removed its headquarters to the banks of the Moskva, where in the sixteenth century there was formed the centre of a state which at length passed from defence to attack, in order that it might save European culture from the onslaughts of the Tartars. Thus Russia acted at once as the vanguard and the rearguard of European civilization. Outpost service, however, is everywhere thankless, and soon forgotten, especially when it has been efficiently carried out. The more alert the guard, the sounder the slumbers of the guarded, and the less disposed the sleepers to value the sacrifices which have been made for their repose."* Could there be a more complete answer to the taunt of "Slavonic barbarism?" It would be difficult to name another nation which has done more for the peace of the world since the dawn of history than the people of Russia.

It is obvious that for her special work of outpost service Russia required a special type of polity. An army must have strict discipline, a staff of officers, and above all a general; Russia has always been an army. Directly a State becomes involved in a war of self-preservation, party politics disappear, and the liberty of the subject is restricted. Russia has from the dawn of history been constantly engaged in a war of self-preservation, and could never afford the luxury of liberal institutions or personal freedom. One of the earliest revelations of the mind of Russia that we possess is the legendary invitation of the Slavonic tribes

* *Russia and its Crisis*, vol. II, p. 231.

in the ninth century to the Scandinavian Prince Rurik, who is claimed as the remote predecessor of the present Tsar. "Our land is great and fertile," they said, "but there is no order in it; come and rule over us."

The famous words in which Stolypin expressed in 1907 the sentiments of the nation—"Order first, Reform afterwards"—echo the cry of more than a thousand years ago. Order has from first to last been the paramount necessity of the Russian State; but it took some nine hundred years to discover the best, nay the only, way of securing it. A State whose very existence is perpetually at stake, for whom discipline is the primary need, has really no choice but to place itself in the hands of an imperator, a Cæsar, a Tsar. The Slavonic race has made its democratic and republican experiments. There was Novgorod the Great, the burgher-republic, which flourished from the twelfth to the fifteenth century. There was Poland, the feudal republic, the loosest and most anarchic of mediæval States. Neither of these was destined to endure, because neither could cope with the urgent necessities of the situation. After two centuries of subjection to the Tartar yoke, the shame of which has never faded from the national memory, the Russian people made the Grand Duke of Moscow their captain, and have followed him along the road to victory ever since. Autocracy in Russia is a case of the survival of the fittest.

The establishment of autocracy led immediately to the expansion of the Russian State. The great Eurasian plain, it will be noticed, is divided into two basins by the Urals. The city of Moscow is the exact centre of the western basin, it is the point where all roads meet, it is the strategic citadel of the country. It was therefore natural that the Prince of Moscow should become the captain of the advancing host. In the middle of the fifteenth century the circle round Moscow was a small one; since then the circumference has been spreading north, south, west, east, until the tides of expansion washed over into the Siberian basin and the shores of the Pacific were reached. But Moscow is not merely

the strategic centre of Russia, it is also the religious capital. The Tartar yoke and the incessant warfare against the tribes of Asia had the effect of making patriotism and religion almost identical in the popular mind.

It is no coincidence that the rise of Muscovy to power, at the end of the fifteenth century, synchronizes with the fall of Constantinople. When St Sophia became a Turkish mosque, Moscow became the capital of the Orthodox Church; while Ivan III, who first took the title of Tsar, had married into the Byzantine Imperial family and regarded himself as the heir of the Byzantine tradition and authority. Moscow was the third Rome. "Look here now and listen, O thou pious Tsar," wrote a learned monk of the period to Ivan, "Christian realms have all converged into thine, the only one. Two Romes have fallen; the third stands upright, and there is no fourth to come. Thou art the only Tsar of the Christians in the entire world; thy Christian sway shall never yield to anyone."* Millions of the Tsar's subjects believe much the same thing to-day as did the fifteenth century monk. For the mass of the Russian people autocracy is part of religion itself, which they will only surrender when they surrender Christianity. It is the form of government which they can understand. They can understand God and they can understand the Tsar, His representative upon earth; anything more complex would puzzle them. For it must be remembered that Russia is not a country full of ports and cities and commercial centres, where men develop a plentiful quantity of wit and a plentiful lack of reverence; it is a vast thinly populated plain occupied by agriculturists whose habits of mind are fundamentally the same as those of their forefathers a thousand years ago. There has been expansion, but little other change in Russia, since it began its imperial career. Thus Tsardom is more than autocracy, it is theocracy. As both it is intensely representative of the national mind and character.

* Milyoukov, *op. cit.*, p. 75.

The limitations of autocracy are the limitations of human personality. There have been some remarkable men and women on the throne of Russia, and her annals can show more rulers of genius than those of any other European country except, perhaps, Sweden. But even a man of superhuman energy like Peter the Great could not carry on the work of the State unaided; and as the State expanded, the question of the instruments of government grew more and more urgent. The old feudal nobility, known as the *boyars*, proved worse than useless in this respect and continued to give trouble long after the establishment of autocracy at Moscow. For centuries, indeed, the Slavonic world was faced with the choice between autocracy with order and feudal oligarchy with disorder. Poland, the western half, chose the latter; and it would be difficult to find a better justification of the autocratic principle than the history of that unhappy country. For a time, at the end of the sixteenth century, even Russia herself seemed to be about to anticipate the fate of Poland; but danger from without and the common sense of the people led to the re-establishment of autocracy in the person of the first of the Romanovs.

It was Peter the Great, the third of the line, who was to solve the problem of administration. The privileges of the old *boyar* aristocracy were swept away and a new nobility, a nobility of service, was created. It was decreed that every individual who attained a certain grade in the military or civil service was thereby entitled to rank as an hereditary noble; and, as the State service has since been open to every one, it is clear that the nobility of Russia is constantly recruited from outside. The result is that Russia contains nothing corresponding to the small, exclusive and politically powerful aristocracy, which has made much history in democratic England. When it is remarked that there are some 600,000 nobles in modern Russia, it will be at once realized that the Russian nobility cannot possess very great significance, either socially or politically. As a matter of fact a strong aristocracy in Russia would be incompatible with

the existence of the autocratic principle. This is recognized by both peasant and Tsar, the two parties who are chiefly interested in keeping the nobility in its place. Paul I declared on one occasion that there was no one of any consequence in Russia except the person to whom he was speaking, and then only for as long as he was speaking to him. On the other hand the early revolutionaries were identified everywhere by the peasants with the *boyars*; how could they be anything else when they talked against the Tsar and still more when they finally assassinated him?

The nobility, therefore, of Russia consists simply of present and past members of the bureaucracy, the administrative machine which Peter the Great created to assist the autocrat to govern the country. People in England who have been regaled with highly coloured stories of the state of things in Russia very often imagine the bureaucracy as an exclusive and aristocratic caste which spends its time oppressing the poor. The truth is, however, that, as far as structure goes, the Russian bureaucracy is the most democratic in the world. Anyone, provided he passes the requisite examinations, can enter the civil service; and theoretically there is nothing to prevent a peasant's son from rising to the highest offices of the State, if he has sufficient ability. What is wrong with the Russian bureaucracy is lack of initiative and lack of responsibility. It is an instrument, not an organ, of the State, a machine which was intended to respond at once to the slightest movement of the autocrat's hand. The consequence is that the Russian official has acquired the habit of waiting for orders from above before he moves. An English civil servant is generally given a definite task and left to work it out by himself; he is often impatient of regulations and orders from the central office. A Russian civil servant tends to feel that if no definite order has arrived from Petrograd, there is nothing to be done but draw his salary. And at Petrograd itself, there is no great hurry. "In the huge barrack-like buildings where the central officials of St Petersburg work, the atmosphere is indolent

and doctrinaire. Report writing becomes a fine art. The mental oppression produced by masses of unconsidered papers is relieved by interminable cigarettes and ever-recurrent cups of tea. There are plenty of people about; to the bureaucratic office more than to any other place in Russia we may apply the maxim, that it takes three men to do the work of one."*

At the same time, the Russian bureaucracy has acquired what amounts to almost absolute irresponsibility. There is only one person in the whole empire who can control its action or call it to book, the Tsar; and most Tsars have not Peter the Great's all-pervading energy. It is this lack of adequate control which has led to the vices of corruption, petty tyranny, stupidity and red tape that deform the government of Russia. The instrument has become too vast, too unwieldy, too complicated for the autocrat to manage; and being as it is, nothing but a machine, it stands in the path of Russia's development, unintelligent, unprogressive, and intolerant. It grows, moreover, every year more jealous of its powers, more impatient of external criticism, which it suppresses by all the means—and they are unlimited—at its disposal. Freedom of speech, freedom of the Press, freedom of meeting, cannot be allowed to exist in a country ruled by an irresponsible bureaucracy.

Yet it is the system rather than the people who compose it that is at fault. "The official," writes the Englishman who has studied him most closely, "is the product of two different factors, the system and the country, and the country comes first. As a Russian, he is pretty sure to be very good hearted, and at least fairly quick of wit. Of the system he may have in him either the best or the worst: he may have the instincts of a loyal and patriotic servant, or he may be simply lazy and unintelligent. With him, as with other Russians who are not officials, the chief lack may well be a lack of character. He, like many other Russians, may separate his career from his private enjoyments, and may

* Pares, *Russia and Reform*, p. 156.

even be at once shameless and self-seeking in the first, and shameless and self-seeking in the second. . . . There exists a certain kind of official who has definitely set himself to make his fortune through officialdom. He has, perhaps, had to silence secret scruples and to give up former ideals. He may have had great difficulty in obtaining his post; for promotion he depends upon the good will of his superiors; correct in dress and manner, obsequious where it is necessary to curry favour, he lets off his feelings in bullying his inferiors, and gets his reward by making money out of the opportunities of his office. So common are such officials that the habit of brow-beating seems almost to be a feature of the whole class, and that wholesale perquisites of a certain kind are generally looked upon as "sinless takings." If such a man is astute, he will always be trying to follow the changes of wind in that quarter from which all breezes of promotion come. Picture such a man in a great national crisis, where authority is divided, where the prestige of officialdom is itself in danger, and guess whether he will stand for the letter of the law or for any means which may help to re-establish the old absolutism, by which he has profited so much. We can already understand the reasons which made certain local officials the ready tools of the policy of provocation, of the policy of the 'pogrom.'"* Thus the bureaucracy has become a Frankenstein, which the autocrat is powerless to control but for whose sins he is unjustly held entirely responsible. It took a Peter the Great to make the monster, perhaps another Peter the Great will be required to break it.

II. The Two Russias

THERE are three classes in Russia, nobles, merchants, and peasants. Neither the merchants, however, nor, as we have seen, the nobles are of very great social signifi-

* *Russia and Reform*, pp. 177-8.

cance. The real line of cleavage in Russian society is that which distinguishes the educated from the uneducated There are upwards of 170 millions of people in the Russian Empire, and of this enormous population about 25 per cent can read and write. That 25 per cent is the true aristocracy of Russia—an aristocracy of intellect. A very large proportion of the educated section pass of course into the bureaucracy, as most educated persons in the Middle Ages passed into the Church; indeed, nearly every educated person is either directly or indirectly a member of the "official class."

Yet it is also from among the educated section that the revolutionaries—the extreme foes of bureaucracy—are derived. To understand this phenomenon it is necessary to grasp the importance and meaning of the so-called *intelligentsia*. The land of Russia is the richest in the world, her forests are as yet almost untouched, her mines have not been opened up; she is virgin soil. The Russian people are in a state not unlike this also; they, too, are, intellectually speaking, virgin soil. Now, when the mind of a people in this condition is suddenly brought into contact with an old and developed culture from some foreign source, as happened for example in Europe at the time of the Renaissance, there inevitably follows a sudden and wonderful florescence in the realms of thought, literature and art, which, however, is likely to run to seed, to become overluxuriant in some directions. And if, too, there is a considerable difference between the native and the imported culture, there will probably arise no little confusion in the moral sphere. Renaissance and decadence are two branches of the same tree—"the tree of the knowledge of good and evil"—which is found growing at the cross-roads of culture. Russia has eaten of the fruit of this tree and the result is that strange national product, the *intelligentsia*.

It is very difficult to define the limits of this class or clique in Russian society. Some would include within them all educated persons who are not members of the bureaucracy;

others would confine the term to those who belong to the liberal professions. It will be most useful, probably, to think of it, not as a separate class, but as a movement, a movement, shall we say, like sixteenth century Humanism, which attracts men from many quarters, and some men at a definite period of their life. It is, in fact, educated Russia become intensely, at times overweeningly, self-conscious; it is culture become a cult. This movement has produced many wonderful things which the human race will never allow to die; it is responsible for modern Russian literature, and modern Russian music. It has had great achievements also in science and medicine. Virgin soil is marvellously productive. But with all its creative genius, there is a lack of balance about the Russian *intelligentsia*, which is most evident in the social sphere of life, that is in politics and morals. Like the men of the Renaissance, the Russian intellectuals hate and wish to destroy the past; Nietzsche's "transvaluation of all values" is their battle-cry. Like the men of the Reformation, they are bibliolaters, though the books they worship are not the Old and New Testaments, but the works of Karl Marx, Herbert Spencer, Nietzsche, and such other modern prophets. Thus they are both excessively doctrinaire and ultra-revolutionary. They regard such institutions as marriage, private property, the Church, as out-of-date, because they have seen them condemned in a book, or because they consider that their existence is not in accordance with "reason." They make a magnificent destructive force, but they have hitherto proved themselves hopeless in the work of construction, because they ignore the only foundation upon which a social edifice can be built—human nature—and think that it is possible to improvise a new era like a sonata or a romance. For while they can understand creation, they have no patience for development. Lastly, the political ideas, which they derive almost exclusively from the West, and from the most extreme of western thinkers, are of course sadly inapplicable to Russia, in which the conditions are totally

different from those which confront the English, French or German political theorist.

Yet the Russian *intelligentsia*, which has been changing rapidly of late years and is in its pre-revolutionary form now almost a thing of the past, was a most necessary stage in the development of Russia. The Russian mind, like the Russian plain, knows no limits. It moves forward like a great tidal wave and, when it has spent its force, there follows the ebb. Russia is a country of extremes; violent revolution is succeeded by violent reaction. Yet the net result is progress, progress which is represented by the margin left between the ebb of one wave and the ebb of the preceding one.

Meanwhile the Russian people, the illiterate 75 per cent, stands aside, a puzzled but shrewd spectator of this life-and-death struggle between the bureaucracy and the *intelligentsia*. These have alternately won its support as one or the other has been guilty of some flagrant act of violence or oppression, but neither has really won its sympathy, since both are lumped together in the popular mind as *boyars*. This identification is not so absurd as it sounds, seeing that the absolute triumph of either party would mean the virtual destruction of the autocratic power. *Boyar* means landlord, the ancient enemy of the peasant class, and the latter looks upon the revolution, not altogether unjustly, as an attempt to dispossess one set of landlords and put in another. In any case, peasant and Tsar stand together and feel their interests to be identical. If, therefore, we wish to understand Russia, it is of first importance to understand the peasantry which is the real power in the land.

Lift that veil of prejudice, of which we have spoken, from the face of Russia, sweep aside the dust and smoke of the revolutionary conflict which raged some years ago, and you see her as she is—a land of peasants, intensely loyal, intensely patriotic, intensely devout; their national patriotism, their devotion to the Tsar, and their religion being all aspects of one faith by which they live and die. If one were asked to

sum up Russia in a word, one could find the word at once. Russia is a Church. There is no line between secular and divine, as there is with us. Every room has its icon, every undertaking its prayer. The power of ecclesiastical institutions is not great, the parish priest is not reverenced overmuch, the Church of Russia is neither influential nor learned; but the country is the most Christian in the world. The peasants can neither read the profound philosophers and sociologists of the West, nor write their thoughts in books and treatises; yet they have a philosophy of their own, as definite and as tenaciously held as that of the *intelligentsia*. It is the philosophy of simplicity, of brotherliness, of mystery and of miracle. All they know or care about are the two elemental facts of life—God and the land. The country is full of churches, monasteries and shrines. Thousands of pilgrims find their way to Jerusalem every Easter; peasant pilgrims who go on foot, not tourists with Cook's tickets. Russia is not a sad country. On the contrary, it is constantly engaged in celebration, festival, choral song and dance. The Russian Church is not ugly and benighted, as some suppose. The religious music, which is entirely vocal, is thus described by Mr Maurice Baring: "The singing of the church choirs in Russia is without comparison, the finest in the world. The bass voices reach to notes and attain effects resembling the 36-foot bourdon stops of a huge organ, and these, blent with the clear and bold treble voices, sing 'an undisturbed song of pure concent.' The best Russian choirs sing together like one voice. They attain to tremendous crescendos, to a huge volume of thunderous sound, and to a celestial softness and delicacy of diminishing tone."* And the ceremonial ritual is no less impressive, no less beautiful than the music which accompanies it, while the painting of sacred pictures is still a living art in Russia, possessing its own time-honoured rules and conventions.† And these singers, painters, prose-

* *Mainsprings of Russia*, p. 243.

† See the delightful story by Leescov, entitled *The Sealed Angel* (Eng. trans. by Beatrice Tollemache).

poets and priests clad in gorgeous robes and moving with sublime stateliness, are peasants; for beauty in Russia still belongs to the people, as it did in the West until the Renaissance "enclosed" it and made it the preserve of the well-to-do. It is still the hand-maid of religion, the external symbol of that joy and gladness with which the people go up into the house of the Lord.

The counterpart of this profound religious sense is found in everyday life in the hospitality, brotherly love and toleration which all travellers notice as characteristic of the Russian population. "The *moujiks*," writes one who knows them intimately, "are sociable and brotherly; they do things together, sing together, pray together, live together. They like meeting together in public places, in churches and markets. They like great parties at marriages and funerals, and prodigal hospitality at all festivals. They like to wash themselves together in the public baths, and to work together in the field and forest. They are more public than we are, less suspicious, less recluse. They would never live next door to anyone and not know all his family and his affairs. They always want to know the whole life and business of a stranger *moujik*, and the stranger is always willing to tell. They do not shut themselves in; their doors are open, both the doors of their houses and the doors of their hearts."*

Here then is the virgin soil which makes Russia so great, both in actual and in potential achievement. What is good in the *intelligentsia* is derived from this native source. The simplicity, altruism and non-resistance, for example, preached by Tolstoi, and the tenderness and all-embracing pity which breathes from Dostoieffsky, are nothing but developments of certain sides of the peasant character. What is bad is borrowed from abroad.

* Stephen Graham, *Undiscovered Russia*, p. 279.

III. Reaction and Reform

THE problem of Russian domestic politics is how to devise a check on the power of the bureaucracy, without impairing the principle of autocracy, which is the only principle that three-quarters of the population can understand. Foreigners so often confuse autocracy with bureaucracy that it is perhaps worth while showing that the two institutions have played very different parts in Russia during the nineteenth century. It would indeed be hardly too much to say that, though all Tsars, of course, have not been reformers, all the great reforms which have been carried through have originated from the autocrat, while the bureaucracy has always cast its weight upon the side of reaction. Alexander I, the contemporary of Napoleon, was during the first half of his reign at least, liberal, if not Jacobin, in politics; and, though he introduced no reforms of importance in Russia itself, he posed as a constitutional monarch in the dependencies of Finland and Poland. Nicholas I was a stiff soldier who greatly increased the power of the bureaucracy both in the direction of centralization and by establishing the notorious "Third Section," which was a secret service under the direct surveillance of the monarch. Yet even Nicholas abolished the last relic of capital punishment, flogging by the knout, while he did much to prepare the way for the emancipation of the serfs, which took place during the next reign.

His successor, Alexander II, is, after Peter the Great, the man who has left the deepest mark upon Russia. He carried through three tremendous reforms, two of which have done more than anything else to limit the bureaucratic sphere of action, while the third was in itself one of the most astonishing revolutions in the history of the world. These reforms are of such importance in their bearing on the present situation in Russia that something must be said in detail on each of them.

The first to be undertaken was the emancipation of the serfs. Serfdom dates from the end of the sixteenth century, and it was a necessary stage in the development of the Russian people, as in that of every other people in Europe. But its continued existence was obnoxious to the nineteenth century mind, and all types of Russian thought, not excepting the extreme reactionaries, were in favour of abolition. A change, however, which would alter the status of some five-eighths of the population, was no light task. Many urged that it should only be undertaken with the assistance of a popular assembly, but Alexander wisely perceived that the autocratic power was the best instrument for the purpose. The conflicting interests of landlord and serf would at once have led to party conflicts in a representative chamber, whereas the Tsar was the sole authority in the State who could really act as impartial arbiter between the two.

The great transformation of Russian society was completed in 1861. Not only were the landlords deprived of their rights over the peasants, but they were also obliged to sell a large proportion of their land to their former serfs, since Alexander recognized that "liberation without land has always ended in an increase of the proprietor's arbitrary power." The State paid the landlords for this land, recouping itself from the peasants in the form of taxation, to be spread over a term of 49 years. Furthermore, the peasants were not dealt with directly but through their communes, which to some extent took the place of the landlords as legally responsible for taxation. These measures, of course, required subsequent amendment in the light of experience. The increase of the population caused in time a serious shortage of land, the "redemption tax" was found to be exceedingly onerous, and the *mir* or communal system, in spite of the high hopes placed upon it, has proved on the whole administratively inefficient and agriculturally ultra-conservative. These defects were the cause of the unrest among the peasants in 1904-5, which made the revolution-

aries seem so much more formidable, at that period, than they actually were. Accordingly the Government has during the last ten years abolished the "redemption tax," and has made it easy for the peasants both to acquire more land and to leave the *mir* to become small individual proprietors.

The rural question still, no doubt, involves some difficult problems for the Russian statesman, but the emancipation of 1861, followed by the reforms of fifty years later, has done an immense deal for the progress and prosperity of the country. The peasants now own by far the larger proportion of the arable land of Russia, they are industrious and contented, and their release from the soil in the time of Alexander led to a great wave of colonization. "Issuing in 1861 from the Central Provinces, where it had long been pent up and become artificially congested, the tide of emigration overflowed into Siberia, Turkestan, the Caucasus, and the trans-Caspian regions, until it reached the shores of the Pacific itself."* With her 145 millions of sturdy and independent *moujiks* Russia can look forward to the future with confidence and hope.

The other reforms of Alexander II were scarcely less important than the emancipation of the serfs, though we shall have to pass over them more rapidly. In 1864 the entire legal and criminal machinery of the country was revolutionized. Before this the judiciary had been a department of the executive; it was now separated from it and given an independent existence. It is not necessary to emphasize the importance of this from the point of view of the liberty of the subject. It is sufficient to suggest that it marks the beginning of that "rule of law" in Russia, which is part of the atmosphere of a constitutional country like England. It meant, too, a definite curtailment of the bureaucratic power, which had now to deal with a separate and often hostile department of State. And in the following year the autocrat still further circumscribed the authority of the bureaucracy

* Kluchevsky, *op. cit.*, vol. I, p. 2.

by setting up representative institutions for local government in the Russian Provinces.

These provincial assemblies, known as Zemstva, became at once centres of sound liberalism, a counterpoise to the reaction of the bureaucracy on the one hand and the revolution of the *intelligentsia* on the other. They were, in fact, representative of all that is best in Russian society, and of the country as distinct from the towns. Each district had a Zemstvo, consisting of delegates from the peasant communes and from the local gentry; and above the district Zemstva, was a higher Zemstvo for each government or province, composed of delegates from the district assemblies. In 1870 the system was completed by the creation of Town Councils, which represented—somewhat inadequately, it must be admitted—the third class in the Russian polity, the merchants. The powers of these bodies were at first considerable. They could levy at their discretion a rate for the purposes of local government. They had the care of roads, hospitals, sanitation and elementary education, while Alexander deliberately entrusted to them the more kindly and beneficent side of local administration, leaving the unpleasant police work to the bureaucracy.*

Thus within the space of four years the entire social and political structure of the country was overhauled; nearly 50 million serfs had been emancipated, an enormous transference of land had taken place, a new judiciary had been established, local government had been set up, and the foundations of a national legislature had been laid. It may safely be said that autocracy alone could have carried through so gigantic a task, over so huge a country, and in so short a time. It is not, of course, claimed that Alexander II was a Solon; the ideas of which he approved were not his own. What is certain, however, is that the autocrat, moved no doubt, by popular opinion—which means such demands of the unofficial *intelligentsia* as have obtained the moral

* See *Russia and Reform*, ch. xi, for further information about the Zemstva.

support of the peasantry—has always been, and is likely for some time yet to be, the power in Russia by which things are done, through whose mouth reforms are promulgated.

Unfortunately the revolutionaries and bureaucrats between them did their best to undo Alexander's work by plunging the country into a period of reaction which has not even yet quite passed away. In 1881, on the very day when the Tsar had decided to crown the Zemstva with an imperial chamber, representing the whole country, he was assassinated by revolutionaries. The crime played straight into the hands of the bureaucracy, which had been long waiting its opportunity. "Reform," in whose name the assassins had offered up their sacrifice, now stank in the nostrils of the people, the Court was thrown in self-defence into the arms of bureaucracy, and the latter at once seized the reins of power, which it continued to hold for thirty-five years. The Zemstva still did excellent work, but their authority was curtailed, and everywhere they were subject to the control of the central government; the working of the judiciary was hampered as much as possible; and as the struggle with the revolutionaries grew more violent, martial law and "administrative order" almost entirely superseded the ordinary law of the land.

The real ruler of the country during this period was the procurator of the Holy Synod, the old bureaucrat Pobedonostsev, who, unfortunately for Russia, acted as tutor both to Alexander III and to his son Nicholas II. He popularized a philosophical justification of the bureaucratic principle, known as Slavophilism, which was an obscurantist nationalism, affecting to despise the liberal countries of western Europe as decadent, and exalting the bureaucracy as the true saviour and preserver of the Russian spirit.

The chief mainstay, however, of the bureaucratic regime was the support of Germany. Since the days when Frederick the Great and Catherine II became joint accomplices in the partitions of Poland, the governments of Russia and Prussia had been in close touch with each other, a bond which

Bismarck found it to his interest to strengthen by all the means in his power. Moreover, Germans were to be found in posts of authority all over the Empire. "Baltic Germans were strong at the Court; they held many of the highest administrative posts and were in every chancellery; they had, for example, a disproportionate share in the work of the Courts-martial. German stewards with scrupulous exactness collected the revenues of their absent masters. German firms captured the strategic posts of trade, and German managers ruled Russian workmen. Owing to a strong contrast of character between the two races, their use of power was often contemptuous and rarely sympathetic."* Long before the outbreak of the present war the Germans were the best-hated nation in Russia; they had become identified, not altogether unjustly, in the popular mind with the reactionary bureaucracy. Prussia has always been the evil genius of her Eastern neighbour; that is one reason why a war against her has called forth the enthusiasm of the whole Russian people.

Meanwhile, the bureaucracy, having crushed all opposition and all criticism, grew more and more demoralized, while the revolutionaries, forced underground, grew more and more extreme. The middle party, represented in the Zemstva, at the same time began to feel public opinion developing in their favour. The Japanese War, with its revelations of the corruption and incompetence of the Government, brought matters suddenly to a head. The economic discontent of the peasantry, labour troubles in the towns, and mutiny in the army and navy all contributed to the general disturbance. And before they knew where they were, the bureaucracy found themselves without a supporter in the land. There was a rapid and complete collapse for a time. The demands of the reformers were granted. The work of Alexander II was to be completed by the creation of an Imperial Duma. Liberty of speech, of the press, and of meeting was conceded. It looked, at the end

* *Cambridge Modern History*, vol. XII, p. 379.

of 1905, as if the forces of reaction had finally succumbed, and the Government had been beaten on the constitutional issue. But once again in the history of Russia the hopes of reform were ruined by the extravagances of the revolutionaries.

Russia's first parliament met in an intractable temper, sweeping reforms were demanded, divided counsels and wordy discussions were the order of the day, and yet no real effort was made to secure by statute the elementary rights of personal and constitutional liberty. Never was there in Russia a more glaring exhibition of that lack of what we call "character," of that recklessness and want of balance, of that refusal to recognize the true limits of the situation, than in those disastrous years, 1905-7. The Duma had lost the confidence of the country before the Tsar dissolved it in July, hardly two months after its opening. And the revolutionaries alienated the last sympathies of the public by the outrages which followed the dissolution. Matters drifted from bad to worse, police murders and bank robberies were answered by pogroms and hooligan risings, and the country seemed to be returning to the "Time of Trouble" at the end of the sixteenth century. A violent revulsion of feeling took place, especially among the peasantry, whose economic demands the Government had wisely satisfied; a dictator was called for, and appeared in the person of Stolypin, the strong man of modern Russia, whose watchword was "Order first, Reform afterwards."

The real cause of the failure of the Revolution of 1905 was the fundamentally different outlook of the revolutionary *intelligentsia* and the peasantry. The latter listened to their would-be saviours when they talked of securing "all the land for those that labour"; but when they discovered them to be people who believed neither in God nor Tsar, they shrank in horror from them as traitors and infidels.

It cannot be doubted that the ruthless suppression of the revolutionary movement from 1907 to 1909 met with the approval of the majority of the nation. Had the revolution-

aries been contented with the constitutional issue, they might have carried the day on it. But it soon became clear to the country that they were attempting something much more than this, that they hoped to overthrow the whole social and religious structure of Russia. "Holy Russia," the Russia of Tsar, Church and *moujik*, the Russia of immemorial custom and sacred tradition, was threatened; and the Russian people, as they always have and always will, flocked to its support. And so, though a Duma still meets and deliberates at Petrograd, doing work that is much needed for the Empire, the question of ministerial responsibility, which means, of course, bureaucratic responsibility, remains unsettled. The representative assembly can criticize, but it possesses no real or effective control.

It is not idle to hope that this war will do much to solve this and other problems in Russia. A great war has always been beneficial to that enormous and somewhat amorphous empire, which seems to need a tremendous shock of this kind to galvanize it into activity. The Crimean War led directly to the reforms of Alexander II, the Japanese War to the creation of the Duma. Both these wars, it is true, precipitated reform by exposing the incompetence of bureaucracy when brought to the extreme test; while the war at present being waged has not, it is satisfactory to say, revealed anything but a high level of efficiency on the part of all concerned. But it must be remembered, first, that the open breach with Germany has deprived the bureaucracy of the prop upon which it has leaned for long, and second, that the close alliance in arms with the two greatest liberal Powers in the world can hardly fail to produce a profound result upon the susceptible Russian consciousness.

In any case, whatever happens, critics in England or America will do the cause of reform in Russia no good whatever by empty denunciation of the Russian Government. Our first duty to Russia is to understand her, to realize the magnitude of her task, and to give her credit both for the inestimable services she has rendered to civilization, and for the

almost miraculous progress she has made, considering the difficulties she has had to face. We shall do well to remind ourselves also, that not the least of those difficulties has been the constant presence of revolution in her midst. It is a price she has had to pay for her proximity to the West, and for the extraordinary intellectual facility of her sons; but it has twice by its stupid excesses dashed the cup of constitutional liberty from her lips and plunged her people back into extreme reaction.

The hope of Russia, as far as domestic reform is concerned, is, without doubt, the district and provincial Zemstva, which have already done such excellent work in the past, and will do more excellent work in the future, when once they are released from the deadening effect of bureaucratic interference. By a further delegation of power to these bodies, together with the grant of definite rights as against bureaucratic aggression, it would, perhaps, be possible to leaven the Russian civil service gradually by the representative principle and popular control, without menacing the Tsardom and the essential framework of the State.

Finally, let us be certain of one thing at least, that whatever may be our personal views on the subject of autocracy, that institution still has a long life before it and much work to perform in Russia. It is therefore wiser to face the facts and to recognize that the Tsardom is after all Russia's form of democracy. In other words, it is the kind of government the people understand and reverence, and it is their only protection against the tyranny of an aristocratic clique, whether it be the tyranny of *boyars*, bureaucrats, or *intelligentsia*. One or other of these oligarchies has seemed for a time to triumph, when the hand at the tiller has been weak or the will indecisive; but the strong man has seldom failed the country in extreme need, and when the will of the autocrat is clearly and unmistakably expressed, it has always been found to correspond with the needs of the people.

IV. Russia and Other Nationalities

THE present war, marking as it does the end of an epoch and involving almost the whole of civilization in its sweep, seems to raise for us at once all possible political questions, not to mention an innumerable number of moral and religious ones also. It has certainly done so for Russia. The spectacle of M. Milyoukov, the leader of the cadet party, walking arm in arm in the lobby of the Duma with M. Purishkévich, the notorious leader of the extreme reactionaries, which was described for us by a journalist at the outbreak of war, may be a picturesque fable; but it is at least one of those fables which tell us as much as facts. By a curious concatenation of circumstances the war makes a universal appeal to all parties in Russia. We have seen how attractive the idea of fighting against Germany, and in alliance with France and England,was to all those who wished to break with the bureaucratic tradition and to draw closer to the "constitutionalism" of the West. The appeal to that other and more important Russia is equally forcible. "Holy Russia" is once again united in a crusade, a war in defence of a people of Slavonic blood and Orthodox faith, against the aggression of a foreign and heretic power. And if a last touch were needed to make the crusade an undoubted fact, the entry of Turkey into the lists against the Allies has provided it.

During the past hundred and fifty years Russia has waged no less than seven wars against Turkey; and it is her persistent pressure on the Ottoman Empire, together with her constant interference with the affairs of the Balkan States, which has largely earned her the evil diplomatic reputation to which reference was made at the beginning of this article. Yet this pressure is both natural and inevitable. As the most important member of the Orthodox Church, as the leading Slavonic power, Russia has been compelled to intervene on

behalf of the Christian nationalities subject to the Porte. There is, moreover, the call of Byzantium. "St Sophia in Russian hands; the capital of the Eastern Empire and the Eastern Church restored to her rightful place by the greatest of her sons"; this has long been the dream of Russia. The names of Alexander, Constantine and Nicholas, which since the time of Catherine the Imperial princes have borne, are so many finger-posts pointing to Constantinople.

And yet what has been the rôle of Russia in South-East Europe during the nineteenth century? Except in 1812, when she occupied Bessarabia, she has not increased her territory on the west of the Black Sea by an inch. On the contrary, she has consistently played the part of liberator. Greece, Rumania, Serbia, and Bulgaria all are heavily in her debt, while Montenegro has always received her support. Bismarck, the exponent of *Realpolitik*, sneers of course at all this. "The traditional Russian policy," he writes, in his *Reminiscences*, "which is based partly on community of faith and partly on blood relationship—the thought of freeing from the Turkish yoke and thereby binding to Russia the Rumanians, the Bulgarians, the Greeks, and occasionally also the Roman Catholic Serbians who under various names are to be found on either side of the Austro-Hungarian frontier—has not stood the test. . . . All these races have gladly accepted Russian help for liberation from the Turks; but since they have been free they have shown no tendency to accept the Tsar as successor of the Sultan."* Has the "crafty Russian bear" been tricked so often? Or has Bismarck, together with ourselves, misjudged Russia, because he has attributed to her his own standard of conduct? During the nineteenth century we have occupied Egypt and Cyprus, Italy has occupied Tripoli, Austria has annexed Bosnia. What has Russia gained for herself out of the break-up of the Turkish Empire? What, too, was she likely to gain in a war to protect Serbia against Austrian oppression? As we have tried to show, the picture of Russia

* Vol. II, pp. 291–2.

as a land of domestic tyranny and unhappiness is altogether false; is not its counterpart, the portrait of her as a voracious whale seeking to swallow up all the smaller fish that come her way, not to mention larger fry, equally false? As a matter of history, Russia has never aimed at the domination of other races as Prussia, for example, has done.

The cases of Poland and Finland may seem to contradict this statement. That of Poland, with its many complexities —particularly that of German interest and influence, already alluded to—requires more space than is available here, and will be dealt with in the next issue of THE ROUND TABLE. Finland fell into the hands of Russia in 1809, during the Napoleonic wars. Alexander I refused to treat her as a conquered country, he confirmed her ancient internal liberties, and she was left at peace for ninety years, during which time she was able, under the protection of her mighty partner, to develop her commercial, industrial and intellectual resources to an admirable and surprising degree. Then, unluckily for herself, partly because she was becoming something of a commercial rival, partly because she afforded a home of refuge for revolutionaries, partly because her strategic importance became daily more evident, she attracted the attention of the bureaucracy in 1899, who, only too glad to divert the eyes of Russians from the corruption and incompetence at home, got up a "case" against Finland and proceeded to "Russify" her. The policy of "Russification" in Finland and elsewhere, like the policy of "pogroms," is a by-product of the bureaucratic regime when threatened by revolution. Both Finland and Poland have suffered grievous wrong at the hands of bureaucracy, but it is only fair to admit that the Tsar has frequently stood between them and their real oppressor. And if the Tsar, after the war, can master the government machine, the subject nationalities of the empire are not likely to derive anything but benefit from the change.

In any case, Finland will have to come to terms with her great partner, a necessity which she has up to the present

hardly realized. The tie which bound her to Russia was for ninety years so loose that she was hardly conscious of it, and allowed herself to adopt unwisely enough a somewhat contemptuous and indifferent attitude towards the predominant State. Nor has she ever tried to understand the Russian genius and character, which she, proud of her own intensely western culture, was content to regard as little better than that of a barbarian race. The sense of a common danger and a common destiny in the present time of trouble may do much to quicken in her the realization that her interests are inevitably bound up with those of the rest of the great Eurasian plain. And, on the other side, although there have as yet been no promises to Finland such as those made to Poland in the recent manifesto, there can be no doubt that an attempt will be made to solve the Finnish question, as well as the Polish question, at the conclusion of the war. Russia, in periods of reaction, has made mistakes, has even been guilty of inexcusable acts of oppression towards her subject peoples, but these lapses have been spasmodic, the fruit of bureaucratic stupidity, not of national depravity. There has been no consistent policy of repression towards the non-Russian races in Russia, as there has always been in Germany.

One point more remains to be dealt with. If and when the military predominance of Germany is overthrown, is there not a danger that it will be succeeded by the far more terrible military predominance of Russia? Russia has more than 170 millions to draw upon, and her other resources, if not inexhaustible at present, must in time become so. She has been fighting for centuries; her polity is at bottom founded on a military conception; she has always been, as was pointed out earlier in this article, an army. Will she not continue to fight, and if so, what is to stop her? The answers we find to questions like these depend upon our reading of Russian history and the Russian spirit.

It is true that Russia has always been an army, but that is because her geographical situation has forced her to

become so; it is true that Russia has been engaged for centuries in constant war, but that is because she has had to defend herself (and civilization) against the incursions of Mongolian hordes; it is true that her career has been a career of conquest, but that is because there could be no peace, no security, no Russia, until the illimitable plain had been subdued. And now the Pacific has been reached, and the mighty task is at last accomplished. Russia has found her natural frontiers; after groping blindly forwards from century to century, she has at length touched the walls of her immense habitation. The barbarian invasions are over both for her and for the world at large, and she can now turn to the second great task in the development of nations, the question of internal reform. Order is hers; she has next to seek and to find liberty. The national idea has been attained, the liberal idea already presses upon her.

The Russian people are tired of their interminable warfare and long for peace with a great longing. And here, as elsewhere, the Tsar has expressed the national aspiration in no uncertain fashion. In 1804, when Russia and England were fighting in company to overthrow the military domination of Napoleon, Alexander I submitted to Pitt a scheme for a "Confederation of Europe," which should come into being after the triumph of the Allies. "Why could not one submit to it," he asks, "the positive rights of nations, assure the privileges of neutrality, insert the obligation of never beginning war until all the resources which the mediation of a third party could offer have been exhausted, until the grievances have by this means been brought to light, and an effort to remove them has been made? On principles such as these one could proceed to a general pacification, and give birth to a league of which the stipulations would form, so to speak, a new code of the law of nations, while those who should try to infringe it would risk bringing upon themselves the forces of the new union."* Ninety-four years later we find Alexander's successor, Nicholas II, still enter-

* *Cambridge Modern History*, vol. x, p. 3.

taining the same noble vision, and in the Imperial Rescript of 1898 inviting the Powers to an international conference to arrange for a general disarmament. "The preservation of peace," runs this historic and prophetic document, "has been put forward as the object of international policy. It is in its name that the great States have concluded between themselves powerful alliances; it is the better to guarantee peace that they have developed their military forces in proportions hitherto unprecedented, and still continue to increase them without shrinking from any sacrifice. All these efforts, nevertheless, have not yet been able to bring about the beneficent results of the desired pacification. . . . In proportion as the armaments of each power increase, do they less and less fulfil the objects which the governments have set before themselves. Economic crises, due in part to the system of *armaments à outrance* and the continual danger which lies in this accumulation of war material, are transforming the armed peace of our days into a crushing burden which the peoples have more and more difficulty in bearing. It appears evident, therefore, that if this state of things continue it will inevitably lead to the very cataclysm which it is desired to avert, and the horrors of which make every thinking being shudder in anticipation."* And if these pronouncements be regarded as mere attempts of a cunning autocracy to hoodwink the world into a false sense of security, perhaps the words of one who was possibly the greatest Russian who ever lived, and certainly *the* representative Russian of the nineteenth century, may go for something. I mean Feodor Dostoieffsky, who spoke thus in 1880 at the Pushkin celebrations in Petrograd:

> "The significance of the Russian race is without doubt European and universal. To be a real Russian and to be wholly Russian means only this: to be the brother of all men, to be universally human. To the

* Alison Phillips' *Modern Europe*, p. 527.

true Russian, Europe and the affairs of the great Aryan race, are as dear as the affairs of Russia herself; because our affairs are the affairs of the whole world, and they are not to be obtained by the sword, but by the strength of fraternity and by our brotherly effort towards the universal union of mankind. And in the long run I am convinced that we, that is to say, not we but the future generations of the Russian people, shall every one of us, from the first to the last, understand that to be a real Russian must signify simply this; to strive towards bringing about a solution and an end to European conflicts; to show to Europe a way of escape from its anguish in the Russian soul, which is universal and all-embracing; to instill into her a brotherly love for all men's brothers, and in the end, perhaps, to utter the great and final word of universal harmony, the fraternal and lasting concord of all peoples according to the Gospel of Christ."

These are not the words of an unbalanced sentimentalist; they are the utterance of one of the tenderest and most relentless souls which the world has yet known, the man whom Nietzsche hailed as master, who rivals Shakespeare in his profound knowledge of human nature, and in whose genius all the greatest qualities of the Russian people seem to have combined.

WAR AND FINANCIAL EXHAUSTION

MUCH is said in the public press about the financial aspect of the war and the part which financial exhaustion is to play in bringing it to an end. But beyond the very general expression of beliefs, anticipations and hopes little attempt has been made to investigate how this financial exhaustion is to exert its decisive influence or what is the relative financial strength of the several combatants engaged. This is partly because no exact test or comparison of financial resources is feasible. But it is partly due also to a very dim apprehension as to what the wealth of a nation really consists in and as to the means which a nation possesses, even when it is hard pressed, of continuing a war. While, however, statistical comparisons between different nations may arrive at nothing like actual accuracy and are often even fallacious, and while this article does not pretend to treat the questions discussed from a statistical standpoint, it is at least possible to discuss the general elements of the problem, using such figures as are available mainly as illustrations of the argument. When figures of such magnitude are in question, comparatively large errors in calculation become of small moment. They do not invalidate the conclusions to which the figures point.

It is a matter of great importance that the British people should not sit down under the comforting idea that their opponents are likely to be forced very quickly to make peace by financial exhaustion. All history goes to show that actual want of money or financial distress has seldom brought a war to an end. Nothing could have been more wretched than the financial affairs of France at the beginning of the

Revolutionary period. But they did not stop her from conquering Europe. The Balkan States, small, poor and financially weak, conducted, without difficulty, two violent campaigns lasting over many months, and now Serbia is fighting a third war against a far more powerful opponent. The Boers, even after the whole framework of their States was shattered, continued the struggle for two years. Mexico has supported, during three years of chaos and rebellion, the armies both of her Governments and her revolutionaries. So long as a Government has a printing-press, it can always make "money." If an army can find food, clothing, and munitions of war, it can continue to fight, so long as it wants to. If the people behind it can also produce not only food, clothing and munitions for its army, but food and clothing for itself, and if, in the case of a great modern industrial State, its vital newer centres of industry are not invaded and held by the enemy, it can continue to exist and to carry on the struggle, so long as it wants to. Given fulfilment of these elementary conditions, the problem is mainly a psychological one. If it cannot find the absolute necessities of life and warfare, either by producing them or buying them, a nation must no doubt stop; if it can find them, it can go on, at the cost, no doubt, of much suffering and sacrifice, so long as its population ardently desires and expects victory and the attainment of some great national object or ideal, and regards all its sufferings and sacrifices as the price which must willingly be paid.

A review of the financial position of a nation may show that war will bring dislocation of trade, unemployment, high prices, and great suffering, but it need not be assumed that all this is equivalent to exhaustion, or must drive it to peace. Before you can judge of its effects, you must know the temper of the people. This psychological element is by far the most important of all, and all conclusions deduced from purely financial considerations are subordinate to it. It is often ignored, and it has therefore been insisted upon as a preliminary to any discussion of the financial problem.

War and Financial Exhaustion

I. Cost of the War

THE present cost of the war can only be guessed at. It has been stated—neutral, but mobilized States, being counted as well as actual belligerents—that altogether there are not much less than 20,000,000 men under arms. If every soldier costs about 10s. a day the total cost would mount up to £10,000,000 a day. That is probably not far from the truth. The British Government, with not far short of 2,000,000 men now under arms, is stated officially to be actually disbursing about £1,000,000 a day, and its real expenditure is probably a good deal higher and will continue to grow. The official returns show an increased expenditure for the twelve weeks from August 8 to November 1 this year, as compared with the same period last year, of nearly £78,000,000. It has been stated in Berlin that Germany's daily expenditure is not much over £1,000,000 a day, but in reality it must be much greater, and is probably nearer £2,000,000; Russia is probably spending something like the same amount, France between £1,500,000 and £2,000,000, and Austria about the same. To this we have to add the expenditure of Serbia, Japan, Turkey and Belgium, and of all the neutral, but mobilized, States. If everything is taken into account, the total expenditure cannot well be less than £10,000,000 a day.

If these figures are more or less correct, it may be estimated that the cost of a year's war will be nearer £4,000,000,000 than £3,000,000,000. Whatever the figure, and even if the war does not last so long as a year, the cost will be gigantic. To estimate the significance of this great expenditure, it is necessary to get some idea as to the wealth of the nations which will have to foot the bill, and how that wealth is created.

English and German Wealth Compared

II. English and German Wealth Compared

A NATION'S wealth is not the "money" it has or its gold or its silver stores. Its wealth is the total of the things, useful and therefore valuable to mankind, which its citizens at any one moment possess in their own or other countries as the heritage of the labour and services of past generations, or as the result of the labour—the continuing labour—of the present. In other words, a nation's wealth is of two kinds, first, its capital, or its fixed plant, that is, everything that former generations, as well as this generation in past years, have laboured to produce; cultivated land, houses, roads, railways, factories and so forth: and, second —and a very important part—the annual wealth produced year by year by the labour of its inhabitants. The bulk of that wealth so produced each year is of course consumed in feeding and maintaining the people and in keeping up to standard its fixed plant, its roads, factories, houses, and the like. The balance, if any, represents the surplus wealth produced, which may be utilized to improve the fixed plant of a country, or be lent to or invested in other countries.

It is, of course, a very difficult matter to ascertain accurately what is the wealth of a great nation, and any figures must be more or less approximate. Many calculations have been made, some differing widely from others. Some of the latest, probably accurate enough for Germany, are those given by Dr Helfferich, one of the leading Directors of the Deutsche Bank, who was recently reported to be in Brussels engaged on behalf of the German Government in arranging German finances in Belgium. Dr Helfferich has made a detailed study of the wealth of Germany and in the course of it institutes a comparison between the total capital wealth of

Germany and that of her chief competitors. His figures are as follows:

	Total Wealth.	*Wealth per head of population.*
	Millions £	£ £
Germany	14,200 to 15,600	221 to 240
France	11,400	290
England	11,300 to 12,700	250 to 284
U.S.A.	24,500	270

It will be seen that he estimates that the United States are the richest nation, Germany second, England third, and France fourth. On the other hand, other estimates have put the wealth of Great Britain a good deal higher, e.g., at about £17,000,000,000. These latter may be more correct, but at the same time it would not be very surprising, on a priori grounds, if Dr Helfferich's order were correct. It follows not only the actual size of the different countries, but the numbers of their population. It would not be unlikely that the capital wealth, representing the land, houses, etc., of a country like Germany of 208,780 square miles, with a population of upwards of 68,000,000, should be greater than that of a country like the United Kingdom of 121,391 square miles, with a population of about 45,500,000.

Still more important perhaps than the capital wealth of a country is its annual production. Here again figures exist relating to the two countries with which this article is principally concerned, namely, England and Germany, but they relate to different years. The English figures are those given by the Royal Commission on the Census of Production for the year 1907, published in 1912; the figures for Germany are those given by Dr Helfferich for the year 1913. Their striking similarity is remarkable. The Royal Commission's figures are as follows:

	Millions £.
Goods consumed or exchanged for services by classes engaged in production and distribution	1248 to 1408
Goods consumed or exchanged for services by classes engaged in supplying services (i.e., Government servants, professional classes, etc.)	350 to 400
Additions by all classes to savings and investments	320 to 350
Total Income	1918 to 2158

Dr Helfferich's figures for Germany are as follows:

	Millions £.
Total Income	1,960
For Public Purposes	343
For private use	1,225
Surplus wealth	392 to 417

Fifteen years ago the surplus wealth per annum produced by Germany was only from £220,000,000 to £245,000,000.

It will be seen that, while British savings in 1907 were estimated at about £350,000,000, German savings in 1913 were estimated at over £400,000,000. Since 1907 the wealth of the world has very largely increased and the wealth of England with it. It is probable, therefore, that the annual British savings are still well ahead of the German, notwithstanding the much smaller population.

Much of the savings of a nation are of course invested in the development of its own country in one form or another. One man may decide to spend his new wealth on the creation of a pleasure house; another man on an addition to his works. The surplus not required in the home country is invested abroad. The difference between England and Germany is that, while probably between one-half and one-third England's surplus wealth is annually invested abroad,

a much larger proportion of Germany's goes to develop that country itself.

It is important to note how large a proportion the annual wealth produced by a country bears to its total wealth. England's whole capital wealth is estimated at from £13,000,000,000 up to £17,000,000,000. She produces probably at least £2,300,000,000 now, or from about one-sixth to one-seventh of the whole every year, of which she adds now to her capital wealth probably something between £400,000,000 and £500,000,000. This fact explains the rapid recuperation which a country, able to produce wealth at a great rate, often makes after a war.

The figures given above enable one to see with some clearness what happens during the course of a great war. There is obviously a very great reduction in wealth produced and wealth saved. In the first place, if a country has, say, 4,000,000 men under arms, the productive capacity of these men is entirely lost. If one were to assume that each man produces about £100 worth of wealth a year, there would at once be a loss of £400,000,000 a year. The loss from this particular cause would in reality be much less than that, since not nearly every soldier is an active producer. Moreover, those left behind would work harder than ever and the empty places would be to some extent filled by women. None the less, the loss would be very large. In the second place, there is a great reduction in the output of wealth owing to the dislocation of trade and finance throughout the world. The wheels of the machine revolve more slowly and some of them stop for a time altogether. A great creditor nation like England suffers particularly from all this, since its dividends from abroad fall off, and probably its shipping and banking commissions. The British trade figures for August and September are symptomatic of the trade dislocation. British exports in August fell by nearly £20,000,000 or in comparison with the same month last year by 45·1 per cent, in September by £15,750,000 or 37·1 per cent, and in October by £18,020,000 or 38·6 per cent. British imports

in August fell by £41,200,000 or 24·3 per cent, in September by £45,000,000 or 26·5 per cent, and in October by £20,170,000 or 28·1 per cent. Trade may gradually become more normal, but meanwhile it is greatly embarrassed and wealth production consequently much less.

Thirdly, there is a great creation of non-productive instead of productive wealth, of wealth which is produced only to be destroyed straight away. The energies of industry are devoted to making shells, ammunition, guns, clothing, transport, materials and munitions of war of all kinds, which are not useful for creating more wealth and will in a few months have all disappeared.

Lastly, there is in many countries—in Belgium, France, Galicia, Poland, and East Prussia—the actual destruction of existing wealth, involving many millions of pounds worth of property. England, has, fortunately for herself, not yet experienced this misfortune, except in so far as the "Emden" and the "Karlsruhe" have destroyed her ships and her merchandise.

The total result then is that the annual wealth produced by a country is much smaller and its comsumption greater. The effect of this will more easily be seen if the figures on page 141 are examined again. England's total production of wealth in a normal year instead of being £2,000,000,000 as it was in 1907—it would now be larger—would in a year of war be undoubtedly a good deal less. Not only would it be less in amount, but it would be different in character. An enormously greater proportion would be for consumption by classes engaged in supplying services—in this case soldiers and sailors. This figure instead of being £350,000,000 might be £650,000,000 or more. This would at once very largely diminish and probably wipe out altogether any savings, which the lesser production of wealth would in any case have enormously reduced. Against this must be set a reduction in the figure of £1,250,000,000 representing the ordinary consumption of the people, which would no doubt follow reduction in luxury, reduced expenditure on maintain-

ing the country's plant, retrenchment and savings among all classes. If all the other items of war expenditure, including aid given to friendly countries, claims for compensation for losses, insurance and the like, exceeded, as they no doubt would, the savings, then the country would be trenching on its capital and would have to make this good by additional production of wealth, after the war was over. In practice, of course, even if a country's expenditure in war were only to equal its savings, it could not raise the whole or anything like the whole amount in taxation. To increase taxation in England by £400,000,000 in one year, even if the nation's total savings were that, or even by half would be quite impossible. It is necessary to borrow in circumstances like the present for the larger portion of the expenditure, and for the Government to redeem the debt gradually by taxing in later years the surplus income of the population.

In a war of this magnitude, therefore, every country undoubtedly lives on its capital to some extent, and most countries to a great extent. All expenditure is reduced to a minimum; the country's fixed plant runs down, just as a company, whose resources are taxed, ceases to maintain its depreciation fund. Generally speaking, the wealth of the country diminishes. Nevertheless, a country can live partly on its capital—just as a private person can—for a very long time. In fact, if the inhabitants of a country restrict their requirements to the essentials of life and existence, and if they can produce within their own borders enough food and munitions of war for themselves and their soldiers, and if they continue to believe in the credit of their Government sufficiently to take payment in paper money, there is nothing to prevent them from continuing the struggle indefinitely. It all depends on whether they want to. So long as a Government can issue paper money and persuade its people to take it, it can get along somehow. No doubt such a course may tend to depreciation of the currency, to rising prices, to the general dislocation of foreign trade, to such

evils, in fact, that a civilized European community would and could suffer them for long only under the direst necessity and might be crippled by them for a long time afterwards. But it is as well to recognize that, if the sufferings of the non-combatant population are not intolerable, if, in fact, the will to fight still prevails, and all hope of ultimate victory is not wholly extinguished, a country which is self-supporting can go on almost indefinitely, certainly as long as a European war such as the present is likely for other reasons to last.

If a country is not self-supporting and must buy from outside, the problem is different. The question, then, is whether the country in question can get in the necessary imports and, if it can, whether it can pay for them. If it cannot get them in, it may have to give up the struggle. If it can get them in, it must pay in goods or gold, unless it can obtain temporary credit in some foreign financial centre. It cannot pay with paper-money. A German banknote is no good to an American merchant in New York. He must have dollars. If the country can pay for its imports with exports, its position is secure. If it cannot, it must pay in gold, and, if it loses its gold, the consequences to its financial life and credit may be serious.

III. England's Strength

THE foregoing considerations make manifest the great importance to a country, if it is engaged in a long and exhausting war, of continuing, so far as possible, to produce wealth, and if it is not a self-contained country, of continuing to import and export it. So will it be enabled to keep up its national income and find the resources from which to carry on the struggle without exhaustion and with its credit unimpaired.

It is important to compare from this point of view the strength of the allies on the one hand and their opponents

on the other, and particularly the strength of England and Germany. Notwithstanding the comparative figures of total wealth already given, England is undoubtedly in one sense the richest country in the world. Her wealth is more mobile than any other country's; she earns it more easily, and she has the largest amount of surplus wealth at her free disposal. England has invested enormous supplies of capital all over the world, more even than France. Germany, though a borrowing nation herself, has also invested a great deal, but probably not more than a quarter of what England has. Germany therefore has to produce nearly all her surplus wealth by actually working for it; England, on the other hand, is more in the position of a rich man whose balance at the bank accumulates comfortably by the payment of dividends on his investments. Probably nearly £200,000,000 are received in this way annually. England's great investments abroad are the result of her great trade over many decades. She developed her trade and began to accumulate wealth many years before most other countries, long before Germany in particular. She has been lending abroad for many years. Moreover, she has been able to lend her surplus income to other countries to a greater extent than Germany, because her increase of population every year is only 300,000, while Germany's is 900,000. While it is obviously a great national strength to have so large an increase in population as Germany has, it means that more capital is needed in Germany itself to provide the necessities of civilization and the means of livelihood for those 900,000 than England has to spend on 300,000. France, whose population is practically stationary, is a still greater contrast to Germany in this respect. While France's trade has never been so great as England's, she is a very rich country and accumulates great wealth through the saving qualities of the French people. Since, then, she has been accumulating capital for many years and since she has no increase of population, the amount she has available for employment abroad is proportionately greater than in the

case of the more quickly developing countries. "France," Dr Helfferich says, "is the land of capital; Germany is the land of work." Untrue as this is as an accurate description of the two countries, it truly depicts a tendency. England may be said to combine the qualities both of the capitalist and of the energetic producer of wealth.

England, then, is the great money-lender of the world, and, as a consequence, she has for long been the world's bank and the world's clearing-house. Every great bank and financial institution banks with London and keeps a branch there. In this respect England occupies a unique position. A private person, in selecting his bank, chooses probably a large institution, which he considers safe in all weathers, whose name is a household word, and cheques on which will therefore readily be taken anywhere, from which he can, when he wants it, always obtain gold, and which finally will accommodate him with a loan, if he wishes to have one. Exactly the same reasons have led to London being the world's bank. London has hitherto been considered secure from great political dangers and from invasion; the name of the great London banks and accepting houses have been known throughout the world for generations, and a bill of exchange upon them can always be sold anywhere; London has always been and is now the only really free market for gold in the world; and, finally, London lends more freely than any other nation.

A few figures may be cited to show the importance of London as a financial centre.

It is probable that England has invested abroad altogether between £3,500,000,000 and £4,000,000,000, on which she may get something like an annual return of nearly £200,000,000. The London Stock Exchange is by far the largest international stock market; there can be very few countries and very few kinds of governmental, industrial or commercial undertakings in the world not listed in the Stock Exchange Daily List; the securities there quoted are valued now at about £3,100,000,000. It may be interesting

to note that seven years ago in 1907 their value was then nearly £700,000,000 greater, a good measure of the existing financial depression. But what is still more characteristic than these great permanent investments is the fact that there are in London always large floating supplies of capital, which are lent in all quarters temporarily on short loan, mainly in the way of financing the trade of the world by means of bills of exchange. The amount lent on bills amounts at any one time to over £300,000,000 and probably about £70,000,000 of this is lent as a rule, and lent now because it cannot be got back, to finance Germany's trade. That is the foundation of the statement that this country financed Germany for the first six weeks of the war. It is this enormous supply of floating capital which mainly differentiates London from other financial centres. Then again, England has increased her permanent investments abroad in these last few years by between £150,000,000 and £200,000,000 annually. No other country approaches this amount. France comes next; Germany and the United States come a long way behind. Moreover, unlike England and France, both Germany and the United States borrow from other countries, not only for their own development but to facilitate their activities and to develop their concessions in other countries.

There are some interesting differences in the lending activities of different countries which tend to show that national characteristics express themselves in finance as in other national activities. A Frenchman's love for the pleasant land of France and his disinclination to leave his country are proverbial. It may not be far-fetched to think that this is the reason why, in the main, France lends her money to Governments and is content with a comparatively small, but generally secure, return, and prefers investments which unlike industrial investments do not require much looking after. In the main, France confines herself to European Governments and particularly to Russia and the Balkan States, but she lends also largely to the Gov-

ernments of South America, Brazil, the Argentine and Mexico. But Frenchmen have also, in addition to their liking for safety, a distinct speculative turn. What they do not lend to a Government, they will probably put into gold or other mining enterprises in South Africa, Mexico or elsewhere. England is more catholic. While she lends, it is true, largely to Governments, though hardly ever to European Governments, she has used her money in general to develop every conceivable kind of industrial and other undertakings throughout the world. It is hardly too much to say that the railways of the whole American continent have in the first instance been financed by English capital. Englishmen have left their home-country in order to manage these undertakings all over the world. If a French banking group makes a loan to the Argentine Government, the matter is finished there and then, and all its security is on the good faith of that Government; if an English company puts money into an Argentine railway, it usually sends out Englishmen to look after it. It is noteworthy that though France, next to the United States, has put most money into undertakings in Mexico, there were many Englishmen, Germans and Americans there before the recent trouble, but few Frenchmen.

There are certain disadvantages as well as advantages in being the banker of the world. The great disadvantage—and it was seen clearly on the outbreak of war—is that in a crisis it is unpleasant to be owed very large sums from abroad, if you cannot get the money owing to you when it is due. It may be unpleasant not to pay your debts; it is still more unpleasant not to get them paid. And this is what happened in London. It is probable that every day several millions, say £3,000,000 or £4,000,000, are due from the rest of the world to England to meet bills of exchange maturing, Stock Exchange loans, dividends falling due, commissions, and so forth. Hitherto these great liabilities have always been punctually met, and hitherto the machinery by which one country can remit money to another has never broken down.

But in the last days of July of this year something happened that has never happened before in the history of the world. There was an absolute breakdown in the financial machinery of the Foreign Exchanges, not only in Europe, but in New York and everywhere else throughout the world. However much debtors wanted to live up to their obligations, they could not do so, for it was for the time being quite impossible to remit money from one country to another. Of course Germany and Austro-Hungary did not want to, and would not have paid in any case. But there were other countries like the United States, which owed us very large sums and could send nothing. The New York Exchange rose nominally to such extreme heights that anyone remitting money from New York to London would have lost 40 per cent in doing so.

This complete financial breakdown was the main reason why a moratorium was necessary in this country. Those who could not get their money from abroad would not have been able to pay their debts and a first-class financial crisis would have ensued. Germany was in quite a different position. Being a far greater borrower, at any rate of short loan money, than she is a lender, she had merely not to pay her debts. To that extent the war was temporarily a positive advantage to her.

It may be worth remarking here that the stories of Germany having deliberately created a panic in London at the end of July by withdrawing huge sums are so much nonsense, as every one with a knowledge of the facts must have known. No doubt Germans with balances in London tried to withdraw them, as did Frenchmen and every one else. But on the whole, as the Berlin Foreign Exchange showed, more money was being remitted from Germany to England at that moment than from England to Germany.

But against the disadvantages of being a great creditor nation, there are much greater advantages. The world has to pay England the money it owes her either in goods or gold. Ordinarily, of course, it pays in goods and only the

fractional balance is settled in gold. The official returns show that last year England's imports of merchandise were £659,000,000 and her exports £525,000,000. But the figure for imports represents in part payment by other countries for what are often termed "invisible exports," not appearing in the figure for exports. These payments represent, for instance, interest on loans and investments abroad, perhaps £190,000,000, shipping commissions, perhaps £100,000,000, banking commissions, perhaps £40,000,000. Out of the £659,000,000 worth of goods imported into this country, £330,000,000 may therefore be said to represent payments for interest and commissions. That would leave £329,000,000 of imports against exports of £525,000,000. The balance of about £190,000,000 of exports may be said very roughly to represent the surplus capital we lent abroad last year. Now, it is obvious that if, while ceasing to lend money abroad, as in great measure we no doubt shall, except to our Allies and to the British Dominions and Colonies, we maintained our exports and our imports unchanged, other countries would have to send us extra goods to the amount of £190,000,000, or to send us gold. The problem of course does not in practice work out so simply. When England reduces her foreign investments, even when there is no war, exports invariably diminish also. Again, our dividends and commissions are certain to fall off to some extent. What will undoubtedly happen is that both our exports and imports will suffer a reduction and still more will change in character, especially our imports. It must be remembered, moreover, that the British Government will be bound to lend very large sums to the Dominions and to its allies. It has, in fact, as the Prime Minister has stated, lent already or undertaken to lend £44,000,000. On the whole, however, it is likely that the balance will be in our favour and that, if we wish to, we shall be able to draw gold for our central bank reserve from the world. Certainly the tendency has been that way hitherto. On August 5 the Bank of England's gold reserve was

£26,000,000; on November 4 it was just under £69,000,000, and in addition the Government has already created a reserve of £12,500,000 against its issue of Treasury notes.

It is also the fact of being so great a lender that has enabled London to remain the only really free market for gold in the world. Anyone who can get bank notes or has a credit with the Bank of England can obtain gold. But you cannot exchange a note either of the Imperial Bank of Germany or the Bank of France for gold. Even in New York, though Americans are accustomed to call it a free gold market, it was impossible recently to obtain gold for export in payment of debts due to England owing to a general determination on the part of the New York banks to prevent it. In New York too specie payments are ordinarily suspended in every crisis. Now it is a matter of first-class importance that London should remain a free gold market. To that it will be due very largely that she will be able still to assert her claim to be the financial centre of the world. So long as that is so, all the banks and financial institutions of the world will look to London, since they know that, if they must have gold to pay their debts, they can always go to London and get it. It is also a matter of first-class importance that we should maintain and increase our stock of gold. That will enable us to maintain and increase our superstructure of credit and this will be of great importance for the issue of war loans, and in helping us to finance our friends and allies. Moreover, as the war continues, we may be using more paper money. The issue of the £1 and 10s. Treasury notes amounts now to £30,000,000. It might later increase largely. It is therefore essential that we should keep the balance of trade in our favour and for this we must maintain our exports. The command of the sea is vital to our financial well-being.

Hitherto, it is interesting to note, the British Government has raised money on terms which compare favourably with other countries. The French Government is issuing temporary Bons de la Défense Nationale bearing interest at

5 per cent; the 5 per cent German Government loan was issued at 97½, and the Russian Government is issuing a 5 per cent loan at 94. Before the issue of the War Loan the British Government had borrowed £90,000,000 by means of Treasury Bills at an average rate of interest of £3 11s. 7d. It has now issued a War Loan yielding exactly 4 per cent, and redeemable in ten years' time for the stupendous sum of £350,000,000, far the biggest financial operation in the history of the world. The War Loan is an exceedingly attractive security. The Bank of England has undertaken for a period of three years to lend money without any margin against the War stock, taking the security at its issue price, i.e., 95, charging interest at 1 per cent below Bank Rate. These exceptional facilities render an investment in the War Loan attractive and feasible for all classes of investors, the only possible risk being the chance of further loans being required, and of the security falling temporarily below its issue price. The great success of the loan is, however, in any case a tribute to the enormous financial strength of the country. The credit of the British Government is still unsurpassed. So long as we retain command of the sea, it should remain so. If we lose it, our position, instead of being the best, becomes the worst.

IV. The Position in Germany

GERMANY, as the figures already quoted show, is financially a rich and powerful nation in a stage of rapid development. A hundred years ago Germany had a population of 21,000,000, France of 29,000,000, the United Kingdom of 17,000,000. To-day Germany's population is nearly 70,000,000 or about 50,000,000 more than 100 years ago; France 39,000,000 or 10,000,000 more, and the United Kingdom 45,000,000, or about 28,000,000 more. What will the figures be 100 years hence? Since 1871 Germany's population has increased by 26,000,000 while France's has increased by 3,000,000 only and England's by 14,000,000.

Germany's wealth has been growing by leaps and bounds. It is probably growing as fast as ours and faster than France's. As in all other departments of life, so in finance she is thoroughly organized. She has a very strong and very well-managed banking system, controlled by men of thoroughly expert knowledge. She had taken all steps long beforehand to mobilize her credit and her resources on the outbreak of war.

But she has two weaknesses as compared with England. Though a great creditor nation she is not nearly so great a creditor nation as England, and, while she is almost as big an importing nation, she does not command the sea. Last year Germany imported £526,000,000 of merchandise, of which more than half represents raw materials and about £150,000,000 represents food and animals, against her exports of £495,000,000. She has no doubt considerable investments abroad, but not nearly as large as those of England; they are estimated by Dr Helfferich at £1,000,000,000, as against England's investments of not far short of £4,000,000,000. Moreover, she earns nothing like the same sum in shipping and banking commissions. While England earns from all these sources probably about £330,000,000 Germany earns probably under £100,000,000. If, therefore, her exports are very largely cut off, she cannot pay for nearly so large a proportion of her imports by money due to her from abroad as England can. She must work for her imports, and in the main she must pay for them either in goods or in gold. As the figures above mentioned show, Germany is not much more self-contained than England, and it is therefore as important for her, as it is in the parallel case for England, that her trade should continue to be as normal as possible. But it is a great deal more difficult for her to achieve this end, and our whole efforts should be devoted to preventing her from doing so. What is of the greatest importance is to throttle her imports. Not only would the complete cessation of such imports as petrol, rubber, copper, nickel and so forth be a serious hindrance to her creation of munitions and engines of war, but German

industry in general relies very largely on the import of all sorts of other raw materials. Owing to the great changes in international maritime law made by the Declaration of Paris in 1857 England's power to destroy commerce is far weaker than it was in the Napoleonic era, and there are great and, indeed, insuperable obstacles to any attempt to ruin Germany's oversea trade. We have, too, to be careful to avoid serious trouble with neutral countries and in particular with the United States. Since we cannot touch non-contraband goods in neutral vessels, whether they are being imported to or exported from Germany through a neutral port, it is impossible to prevent an import and export trade being conducted through neutral countries like Holland, Sweden, Norway, Rumania, Italy and Switzerland, and it is certain that Germany is doing a very large trade in this way. There are lines of steamers from Genoa, Amsterdam, and other places which serve the purpose. If we could stop Germany's exports, her position would be very seriously damaged. It has already been pointed out that Germany can in the main pay for her imports only by her exports. If we were to throttle the latter, we should have gone a long way to throttle the former too. It is most unfortunate from this point of view that international obligations were ever assumed, which so completely tie our hands. None the less, German industry must be suffering very seriously. The great development of German industries in the past few years has been based on the energetic extension of their world trade. They cannot exist solely on their home market. They must therefore be very hard hit in more than one way. In the first place Germany ordinarily exports annually to countries, with whom she is now actually at war, £160,000,000 worth of goods. All that is absolutely cut off. Moreover her trade with neutral countries must be restricted, by extra railway charges owing to longer land carriage, by higher commissions, by difficulties in financing and by the great difficulty in many cases of obtaining the

necessary raw materials. If we add to this the fact that she has mobilized so great a proportion of her male population, we need have no doubt that Germany's economic upset is far greater than ours, and that, as the war continues, she will suffer more than we shall from economic exhaustion, unemployment, and dearth of food and of raw materials—provided we always retain command of the sea. She must find more difficulty than we do in importing what she finds necessary, and in exporting enough to pay for those imports. The worst for her would be that she would cease to be able to import one or more commodities quite essential to her; the next worse would be that, while obtaining the imports she wanted, she could not pay for them except by the export of gold. The heavy fall in the German exchange in New York looks as if Germany had already been buying a great deal in America and was finding some difficulty in paying. The level of the exchange shows that Germany is being forced now to pay about 12 per cent more for imports than before the war. This in itself, unless the exchange becomes normal again, is bound to lead to a rise in prices in Germany. But it cannot yet be said that her currency is depreciated.

It is estimated officially in Germany that the last harvest fully covers her requirements so far as rye, oats and potatoes are concerned. With present supplies wheat, which appears to be much dearer in Germany than in England, will last till the beginning of September. Official steps have been taken to economize wheat. In all wheat bread there must be 10 per cent of rye. Flour made from potatoes is to be mixed with all rye bread. Maximum prices, which are well above pre-war prices, are fixed, and it is hoped by these and other measures, and no doubt by importation through neutral countries, to escape any real shortage of food. The supply of fodder for cattle, which is imported largely from Russia, is a greater problem, and it is difficult to see how it will be solved. On the whole, however, it may be said that food questions will not become really serious for a good many months.

The Position in Germany

The outbreak of war found Germany absolutely prepared, in finance just as in everything else, with the measures which she thought necessary to meet the crisis. England on the other hand was equally unprepared. Nothing had been thought out; there were difficulties in the way of a thorough co-operation of all those, whose co-operation was absolutely necessary, and to some extent it was a case of muddling through, luckily with no small measure of success. In some ways there seems to have been a greater financial crisis in Germany than in England. The public was more alarmed, and there were a good many runs on banks; whereas, notwithstanding certain provocations, the public in this country kept its head extraordinarily well. At the beginning of August the Reichsbank suspended specie payments, and issued a large number of fresh notes, which were thus inconvertible. Furthermore there were at once created throughout the country Darlehenskassen, or Government Loan Agencies which number now over 200, and which are authorized to make loans against securities of all kinds up to a total amount of £150,000,000, paying out as currency their own notes, which appear to be legal tender. It is difficult to ascertain exactly how many of these notes have now been issued, but the amount appears to be something under £50,000,000 These Darlehenskassen no doubt perform a useful function in liquidating stocks of goods and commodities of all kinds and relieve the pressure on the Reichsbank. They were also especially intended to facilitate subscriptions to the War Loan. Anyone who had securities but not ready money could raise a loan on his securities and invest it in the War Loan. If pushed to any great length, this obviously becomes a dangerous operation. No doubt if Germany were successful and obtained heavy indemnities and if German Government stocks remained at their present level, no great difficulties need be anticipated. But if the contrary is the case, and German stocks depreciate in value, the unfortunate holders will find that to raise loans from the Darlehenskassen for investment in Government securities is simply

another way of over-speculating and overtrading. The operation becomes still more risky to financial stability if, as seems clear, the notes of the Darlehenskassen, when paid in to the Reichsbank, are treated by them, as available together with gold, silver and treasury notes as the basis for the issue of Reichsbank notes. Necessity knows no law, but it can never be anything but bad finance to issue paper based on paper. In any consideration of these special measures taken to faciliate the War Loan, the difficulties caused by the non-existence of the Stock Exchange and the complete absence of buyers, and the consequent inability of anyone to turn his securities into cash by sale should be borne in mind. Unless a man has actual cash in his bank, or can obtain a loan against his securities, he is powerless in present circumstances to subscribe to any new issues, and this is a difficulty which, but for the special facilities offered by the Bank of England, would be felt here as well as in Germany.

By the issue of a large amount of notes, both of the Reichsbank and the Darlehenskassen, and of silver, by heavy discounting of bills, and by certain judicial measures, Germany was enabled to avoid a moratorium. Judges were given power to extend the time for a debtor unable to meet his liabilities, and Government officials were empowered to supervise the affairs of a business man, who was only temporarily embarrassed, without his having to be declared bankrupt. It appears that the extra amount of notes, metallic money, and Treasury notes issued amounted at the time of the War Loan to about £135,000,000.

Germany, as is well known, recently issued a War Loan by which she raised £220,000,000. That is a large financial operation, and there is no doubt that it was a great success. Even though various special facilities were given by the Reichsbank, by the Darlehenskassen and also by the Savings Banks, it was undoubtedly evidence both of the wealth and the patriotism of the country. The terms of the loan were favourable, the return in interest being over 5 per cent. The number of subscribers was 1,150,000 out of whom 900,000

took £100 only or less, 200,000 taking only from £5 to £10. Special facilities were granted by the Savings Banks, and their depositors subscribed, it appears, for about £45,000,000. Krupps, it is interesting to note, subscribed for £1,500,000. Before many months Germany will have to raise another loan. If the campaign goes against her, or even does not go with her, the next large operation will of course not be nearly so easy. But it is worth while repeating that so long as the Government has a printing press, it can make money and can pay its way with it, so long as the German people trust it, and wish it to continue the struggle. Similarly, difficulties of food supplies, of unemployment, and of high prices, while they will all increase, will probably not—taken by themselves—be sufficiently serious to compel peace. It will be their cumulative effect, which will press hard upon the German people, unless they are counterbalanced by great victories in the field. It is possible that Germany may fail to obtain supplies of one or more absolutely essential imports. But it is not well to rely on this. In the financial and economic spheres the fundamental question is the psychology of the German nation and the measure of the sacrifices it is prepared to endure. There is everything to show that that measure will be a large one. Before her sacrifices become too heavy for her to bear, the campaign will probably be already decided, either by victory in the field for one side or the other or by the appalling slaughter and the physical exhaustion of her own or her opponent's armies.

V. France, Russia and Austria-Hungary

THERE is no space in which to consider at any length the conditions of France, Russia and Austria-Hungary. The same general considerations mentioned at the beginning of this article apply to all of them.

Austria-Hungary is undoubtedly the weakest financially. She is a borrowing nation in the best of times, and Germany

will no doubt have to assist her. But since her industrial life is not so highly organized as Germany's she will feel the shock to it less. She will have to live on paper money, and will suffer the various economic ills, which follow in its train. Her capacity to continue depends on her power of producing, buying or borrowing the food, clothing and munitions of war she requires. She has plenty of food. Her greatest difficulty may be to provide herself with the necessary munitions of war. Imports are probably necessary for these and it is probable that Trieste will be closely blockaded, so that, if she must import them, she must import them through Germany. Her industries will suffer from the same ills as those of Germany.

France is a very strong financial power. The French people are the greatest saving people in the world. They have enormous investments abroad and next, to England France has more capital to spare than any other nation. The French employ their savings very largely in foreign investments, while the Germans use theirs mainly to develop their own country and its industries. The French may make 5 per cent on their money; while the Germans—though they may sometimes lose it all—will more often make 10 per cent and upwards. Thus Germany in all probability is growing richer more quickly than France.

Meanwhile, in this war, France has this great advantage over Germany that, even if her exports were to fall off altogether, the money due to her in the form of interest from abroad, which is estimated to be not much less than that due to England, would pay for a large amount of imports. She has also a great advantage over Germany in that the seas are absolutely open to her. Her exports and imports of merchandise in 1913 were respectively £275,000,000 and £340,000,000. Furthermore, wealth in France is very well distributed and it is a great strength to her that she has so many millions of small investors and capitalists.

Her disadvantages are that an important section of her country is invaded, which, as the Germans well realize, is

most exhausting and distressing to her, and that her financial and economic life is greatly hampered by a very harsh moratorium. It so happened that for some time before the outbreak of war the French banks and banking world—apart, of course, from the Bank of France—had been in a bad way. They had lent too much money, particularly to the Argentine, Mexico and Brazil, all of which countries were themselves embarrassed, and their resources in consequence were not nearly as elastic and liquid as they should have been. As a result the Government, in order to save the banking position, had to decree an extraordinarily harsh moratorium, much worse than anything known in England. The Banks unwisely almost stopped business altogether. No depositor could get more than 250 francs at a time, plus 5 per cent, out of any balance he had, unless he were an employer of labour, when he could draw out enough to pay his wages. Things are a little easier now, but few steps have yet been taken to straighten out the financial difficulties, and the present situation must be very hampering to French trade. Nevertheless France has great internal strength and recuperative powers and should be able to last out financially as long as Germany.

Russia is the most self-contained of all the Great Powers at war. Her only weakness in this respect may be that she may urgently require munitions of war, which she may not be able easily to make herself. That would be a serious drawback to her, since now her only door open to the world is through Vladivostok or Port Arthur and right across Siberia. The Dardenelles are closed, and Archangel is ice-bound. Otherwise she can provide herself with all she can require. Her wealth has been increasing very quickly. She has a strong banking system. The economic effect of the war will be much less on her than on the far more highly-developed industrial system of Germany. Her financial exhaustion is not likely in any case to be so serious as to compel her to discontinue the struggle.

VI. Conclusion

IT is too early yet to discuss what will be the financial and economic results of the war. They must be great, and if it lasts long, they will be terrible. A year's war expenditure will not be far short of £4,000,000,000, and so huge a destruction of wealth, so large a draft on the world's capital cannot but react profoundly on its development during the years following. It is possible that immediately after the war there may be a short period of seeming prosperity, a small boom for a year or two while the absolute necessities of civilization are being replaced, but the lack of capital on the one hand and the greatly reduced purchasing power of the world's population on the other must soon tell, and there must inevitably be then a more or less prolonged period of stagnation and depression, while each country is building up its reserves of capital. The world after the war will be just like an engine, whose fires have been allowed to die down. It will be necessary to build them up and heat the boilers up again, before there will be enough steam to enable the world to move again at the pace it has been doing in the last decade. On the other hand, the figures already given of the annual production of wealth show at what a pace wealth can now be created with the help of modern machinery and modern means of transport. The country which will recover the quickest after the war, will be that one whose population devote themselves with the greatest energy to replacing what has been lost.

But what is more important at this stage is not what will happen after the war, but what will happen during it. If the war is a prolonged one, financial and still more economic considerations will exert greater and greater influence. But for some months to come their influence will not be decisive or even serious. The Allies, it is true, have in the aggregate much greater resources in wealth and

population than have Germany, Austria-Hungary and Turkey. Germany, on the other hand, has the great advantage of concentration and absolute preparedness. Her whole aim is and must be to deal her foes rapid blows so violent and shattering in character that they will be forced to make peace, before any process of economic exhaustion has begun. In this it does not appear that she will succeed But it may well be that the issue of the struggle will be decided in the next three or six months, and, if it is, it will have been decided not by any economic or financial considerations but by the force of arms on sea and land. Therefore, though our task must be to weaken Germany economically and financially in every possible way, it would be folly on our part to look to such influences to decide the war in our favour. Our business is to beat Germany in the field. If economic influences tell on our side, so much the better. But by themselves they will never enable us to impose a satisfactory peace on our enemies. Moreover, they will tell on our side upon one condition and one condition only.

The people of the British Empire have learnt much during the last three months and will learn more still, before the war is over, as to the true source of their strength. Command of sea, now as always, stands between the Empire and destruction. Command of sea is all that separates victory from disaster. So long as the British Navy commands the sea, the British Empire cannot be defeated. If it loses command of the sea, the Empire cannot win. All discussion of financial, economic or other war problems must finally come down to that simple elementary truth, and it would be well, were it burnt into the mind of every subject of the King throughout the world. This country has won her great struggles mainly by defeating her enemies' fleets and partly by the incidental method of destroying their commerce. After more than one hundred years her supremacy at sea is again challenged, and, altered in many respects as the problem is, its grand outlines are still the same. England has, it is true, in times of peace

wisely or unwisely abandoned some weapons of sea power which she formerly wielded with effect. She cannot now, since the Declaration of Paris, touch non-contraband goods consigned to the country of her enemies, when carried in a neutral ship, nor can she do anything to interfere with enemy exports carried in neutral ships. "Moderation in war" as Lord Fisher says, "is an imbecility," and we may deplore now this diminution of our powers, since, so far as trade is concerned, it renders the power of our Navy more defensive than offensive. Yet it does not affect our sea supremacy. Nothing will affect that but the defeat of the fleet itself.

If such defeat were ever to come, then Great Britain and all her Dominions would lose everything: empire, possessions, shipping and commerce. Their Colonies would be taken, their coaling stations seized, their ships sunk and their commerce destroyed: All that would be an easy task for a victorious fleet. Neither conventions nor Declarations, neither Hague Tribunals nor Laws of Nations would prevent our foes from employing every weapon to their hand for our destruction.

Fortunately we have good faith that the British Fleet is more than equal to the task before it, and for this let us be thankful that we did not listen to those misguided doctrinaires, who with their incapacity to look facts in the face, to distinguish the real from the unreal, urged us in season and out of season to weaken our fleet, and fatally to reduce even that small margin of insurance on which not a few paltry millions but our whole life and nationhood depend. Let us also throughout the Empire mark and learn the lessons which this war will teach us. While every part of the Empire is equally and vitally concerned in the command of the sea, yet the very breath of the Empire's fleet is unity. If the Grand Fleet itself is defeated, small, weak, and distant squadrons must either uselessly keep their harbours or be sent to the bottom. The shores and commerce of all the Dominions as well as of the British Islands will then be open

to the attack of the victorious enemy. The whole Empire is therefore equally concerned in the Navy's strength and it is vital to every part that in this and in every war there shall be present on the day of decision and at the decisive point an irresistible and united Fleet.

UNITED KINGDOM

I. The Irish Controversy

THREE months ago we wrote that "though the Irish quarrel has been suspended, it has not been settled." Despite the apparent settlement by the passage of the Act on September 18 these words are almost as true to-day as when they were written. It is important that this fact should not be lost sight of, especially in the Dominions, as it will have important consequences in the future when the war is over.

On the outbreak of war all sides agreed upon the necessity of presenting "a united front" to the enemy and of "closing up the ranks." Accordingly on Thursday, July 30, Mr Asquith proposed a truce to party strife and in particular to the struggle over the Home Rule Bill, which seriously threatened civil war in the following terms: "We shall therefore propose to put off for the present the consideration of the Second reading of the Amending Bill—of course without prejudice to its future—in the hope that by a postponement of the discussion the patriotism of all parties will contribute what lies in our power, if not to avert, at least to circumscribe, the calamities which threaten the world. In the meantime, the business which we shall take will be confined to necessary matters and will not be of a controversial character." Mr Bonar Law in reply said that it was "of the utmost importance" that we should present "a united front" to the world. "I am much obliged,"

he added, "to the Prime Minister for saying that in the meantime party controversial business will not be taken. I am sure it is his intention, as it would be the wish of the whole House, that this postponement will not in any way prejudice the interests of any of the parties to the controversy." And Mr Asquith on August 10, when again moving the postponement of the Amending Bill, pointed out "that the postponement must be without prejudice to the domestic and political position of any party."

The general idea in everybody's mind at the moment was that there ought to be a truce to all controversial legislation during the period of the war, a truce all the more welcome as people hoped that during it passions over the Irish question might die down and a peaceful settlement become possible. Experience however showed that the apparently obvious course of declaring a general moratorium to disputed Bills was if not impossible in practice at any rate accompanied by very grave objections. It had been generally agreed that the root principle of the truce was that while there was to be delay, neither side was to be prejudiced thereby. The Liberals and Nationalists however felt that to hang up the Home Rule Bill and the Welsh Disestablishment Bill till the end of the war would almost certainly prejudice their chances of success very seriously. Even if the technical difficulties connected with the provisions of the Parliament Act could be overcome, there was no saying whether the Liberals would, at the end of the war, be in a position to go on with Home Rule, or be in power at all. Other questions, connected with the war, would certainly arise and preoccupy the electorate and in consequence the labour of three long years and all chance of passing it under the Parliament Act without another three years' campaign might be lost, not because Home Rule was unpopular but because it had temporarily been eclipsed by more urgent problems. They contended, therefore, that as the Home Rule and Welsh Disestablishment Bills had already been passed three times by the House of Commons, and sent up to the House of

Lords, the true way of maintaining the *status quo* was to place them on the Statute Book at once, together with the Amending Bill in the original form proposed by the Government, providing that such Ulster counties as showed a majority against the Bill should be excluded from its operation, if the House of Lords would pass it, but that none of these bills should come into operation until after the war was over. This they declared was giving effect to the actual *status quo* as at the outbreak of war.

To this the Unionists and Ulstermen retorted that whatever the legal power of the Government might have been, the actual *status quo* was quite different, for the Government and every one else knew that if they had done before August 4 what they now proposed to do after it, civil war would certainly have broken out in the North of Ireland, and that it was precisely the knowledge of this fact which had delayed the passage of the Act and had produced the King's conference and other attempts at an agreed settlement. To pass the Bill with or without the original Amending Bill would, they said, simply be taking advantage of the knowledge that the Unionists and Ulstermen would patriotically forgo the means of resistance to the Act which they would otherwise have employed. They therefore claimed that the proper course was to proceed no further with the Home Rule and Welsh Disestablishment Bills, but to leave them till the end of the war, when they could be taken up again at the point at which they stood before war broke out.

There was obviously reason on both sides. Moreover there were other motives prompting an attempt at settlement. To suspend the quarrel in mid-air in this way meant keeping alive the animosities of both sides, and the preparations which had been made by the rival bodies of volunteers, to back them with physical force. It was therefore thought that the policy of unity and compromise engendered by the war should be taken advantage of to effect some kind of settlement acceptable to both sides which would make further warlike preparations or appeals to party passion

purposeless. Moreover, recruits were urgently needed for the new army and neither side in Ireland would volunteer until it knew that its own interests were safeguarded.

Negotiations therefore were initiated between the leaders of the two parties. For reasons which were not explicitly given they failed, the Opposition declaring in the most categorical manner that they had been betrayed by the Government during the negotiations. It will serve no good purpose at this time to probe into the history of the negotiations, or even to quote in detail the speeches in Parliament, which were extremely bitter. It will suffice to record the nature of the temporary settlement arranged.

II. The Passage of the Home Rule Act

WHEN the negotiations were broken off Lord Lansdowne introduced a Bill into the House of Lords giving effect to the Unionist view of what ought to be done. It provided that the further and final stages of the Parliament Act Bills should be postponed during the continuance of the war and be taken up again precisely at the same point in the first session thereafter. This proposal was rejected by the Government, who announced their intention of placing both the Home Rule Bill and the Welsh Disestablishment Bill on the Statute Book at once, together with a Bill providing that no steps should be taken to bring either Bill into operation for a period of twelve months, or, if the war was not ended then, till the end of the war. At the same time Lord Crewe declared in the most categorical way " that there cannot be the smallest question, and no responsible government could ever hold the idea, of imposing a political constitution or a solution of this question upon Ulster by force," and he gave a definite pledge that " we will bring in a Bill to amend the Government of Ireland Bill which will have to be dealt with,

and which we should see is dealt with, before the expiration of the term of twelve months." This Bill he hoped would not have to provide for the exclusion of any part of Ulster, a solution disliked by everybody, but would represent a general agreement made possible by better feelings engendered by the war.

This plan was justified by the Government on the ground that it was consonant with the general understanding that neither side was to suffer by the truce and that its effect would be "either to suspend the operation of the Bills altogether right up to the next general election . . . or quite possibly over and beyond the general election," while pledges by the Government and its admission that the coercion of Ulster was impossible, were "the surest guarantee that an Amending Bill must be passed before the (Home Rule) Bill as a whole can come into operation." Lord Lansdowne in reply said that the action of the Government was not what they had been led to expect during the negotiations, and that its decision to take advantage of the exceptional situation and put the Acts on the Statute Book had struck "a shattering blow" at the confidence which had been growing up between all parties since the war began. The Unionists considered that if an agreed settlement could not be reached the proper and honourable course was for the final stages of the Bills to be postponed till the war was over, and they declared themselves ready to pass an Act extending the duration of Parliament under the Parliament Act from five years to six, so as to render the position of the Government secure.

The debate in the House of Commons followed in general lines the debate in the House of Lords. The Prime Minister reaffirmed the pledge of the Government about the Amending Bill as being "an integral part of the proposals we are now laying before the House." "I give the assurance that in spirit and substance the Home Rule Bill will not and cannot come into operation until Parliament has had the fullest opportunity by an Amending Bill of altering, modify-

ing, or to secure, at any rate, the general consent both of Ireland and of the United Kingdom." He also declared that, "the employment of force, any kind of force, for what you call the coercion of Ulster, is an absolutely unthinkable thing. So far as I am concerned, and so far as my colleagues are concerned, I speak for them for I know their unanimous feeling—that is a thing which we would never countenance or consent to." Mr Bonar Law in answer said that in view of what had happened the Government "had only two courses which were honourably open to them. One was to arrange a settlement, if possible, which would command general assent, and if that failed, the only other possible course was to postpone the controversy." As for the possibility of agreement the Government, during the negotiations, had put before the Opposition two alternative suggestions, one the course afterwards adopted by them which the Unionists had refused to consider, the other "another suggestion" put forward for consideration but not as a definite offer, because the Government was doubtful if it could be "made acceptable to the bulk of their supporters." This the Unionists had accepted, which proved, said Mr Bonar Law, that it was not the Unionists who had been unreasonable in the negotiations. But despite their acceptance of the alternative suggestion, the Government had decided to break off negotiations and pass the Bill into law, with the promise of an Amending Bill before it came into effect. Under these circumstances the Opposition had decided to place the whole responsibility on the Government and to leave the House. Before doing so, however, Mr Bonar Law pledged the support of the Unionist party to Ulster without condition. "We undertake," he said, "we, the Unionist party, without conditions—I made conditions before, but after the betrayal I make none now—without conditions we shall support them to the utmost in any steps they think it necessary to take to maintain their rights."

This is not the time to form any estimate of the rights and wrongs of the question, and we do not yet know the

details of the negotiations which made the Opposition so bitter. But the broad position is clear. The Irish question is not settled. The Home Rule Act includes Ulster within its scope; the Government have declared the forcible application of the Act to Ulster to be impossible, and have promised an Amending Bill before the main Act is brought into force. On the nature of this future Amending Act the prospects of settlement depend.

One other reflection it is possible to make. The acerbity of the Irish quarrel is largely due to the fact that during the last forty years the English, and especially the Conservatives, have neglected to consider the aspirations and desires of the Nationalist majority in Ireland. Confident in the benevolence of their own intentions they have trusted to letting time reconcile the Irish to the constitution rather than laboriously attempting to meet Irish views to the utmost point consistent with the unity of the Kingdom and the supremacy of Parliament. The Liberal party, which recognized in this attitude of mind the root of the modern Irish difficulty and endeavoured by a measure of Home Rule to remedy it, have fallen into the same error towards Ulster. They have regarded the Ulster opposition as the Unionists before them regarded Irish Nationalism. One of the leaders of the Nationalists said to the writer of this paper in the early summer when the controversy was at its height, " The great mistake we Nationalists have made has been that we have never considered Ulster's point of view. Irish unity cannot be won by coercing Ulster. We have yet to win her confidence." It is a great misfortune that this far-sighted and statesmanlike view did not prevail and that the Government had to give way. There can be little doubt that the " other suggestion " made by the Government, and accepted by the Opposition, was for a temporary settlement of the Irish difficulty by passing the Act, but excluding from its operation the greater part of Ulster. This would have been the fairest way of giving effect to the agreement to call a truce without prejudice to the interests

of either side. Nationalist Ireland would have been assured of Home Rule. Ulster would have been assured that it was not going to be brought under the present Home Rule Act without its consent. This would not have been a permanent settlement of the Irish problem any more than the passage of the Act, with the promise of an Amending Bill in the future, is a permanent settlement. But it would have represented the true *status quo* as it existed on August 4—when the Government were in a position to pass Home Rule for Nationalist Ireland, but not to include Ulster within its scope. And what is infinitely more important, by respecting the deepest sentiments of both Ulster and Nationalist Ireland, it would have created a feeling of confidence and good will out of which a lasting peace between North and South might have been forged.

III. The Rupture with Turkey

On November 5 a state of war was proclaimed between Great Britain and Turkey. During the last three months frequent rumours of hostile preparations and provocative acts of various kinds have reached this country, and the strength of German influence at Constantinople, where an active war party headed by Enver Pasha, the Minister of War, was doing its best to force the Turkish Empire into a policy of adventure on the side of Germany, was a matter of common knowledge. The Turks had indeed hesitated so long that in spite of everything many people continued to hope that they would put off the final plunge altogether. Still the news when it came caused little surprise. The real wonder was reserved for a few days later when the British Government published the official correspondence and the world was able to realize the extraordinary patience with which the Entente Powers had for weeks and months put up with every conceivable kind of breach of Turkish

neutrality. At last the bombardment of a Russian town, a naval raid on Odessa Harbour, the sinking of a Russian gunboat, the burning of an English merchant vessel, and the invasion of Egyptian territory by armed Bedouins brought things to a head and war with Turkey could no longer be avoided.

The beginning of the trouble was the arrival at Constantinople on August 16 of the German war vessels " Goeben " and " Breslau." The British Government, a few days before, had, much to the annoyance of the Turks, requisitioned two dreadnoughts which Messrs Armstrong and Whitworth had just built for them, and Turkey now claimed the right to purchase the two German ships so as to have something in place of her commandeered dreadnoughts for the purpose of negotiations with Greece. Great Britain offered no objection provided the German crews were sent away. In spite of all our protests and the Turkish Government's promises, these crews were, however, not repatriated, and, as a result, the control of the Turkish Navy passed to Germany, who already, through the German military mission, practically controlled the Turkish army. The German sailors, and their Government took care to follow up this advantage by reinforcing their numbers, henceforward had it all their own way in the Sea of Marmora and the straits. British ships were held up or perquisitions made on them, and the Dardanelles were so effectively closed by mines that, as our Ambassador remarks on October 3, the Turks themselves apparently did not know where the passage was. German naval men were sent on various missions to different places in the Turkish Empire, notably with mines to Akaba on the Red Sea, to Basra on the Persian Gulf, and to Alexandretta. Admiral Limpus, the British Admiral in the service of the Turkish Government, found his position so impossible that, after being transferred to shore work, he resigned together with his staff.

Lastly, the German crews and the Turkish war party had it in their power to force the rupture with the Allied

Powers that Germany so much desired, by attacking some port or vessel belonging to one of the Entente Powers. Constantinople, moreover, lay at the mercy of the "Goeben's" guns, and the possibility of a *coup d'état* became at once an element in the situation that could not be overlooked. No doubt a large number of Turks would in any case have sympathized with Germany. Still, but for this "bolt from the blue" the party of inaction would probably have prevailed. It was, at all events, our Ambassador's opinion on September 20 that the "Minister of War was the only firebrand and the Committee of Union and Progress (was) exercising a restraining influence." Again, on October 27 just before the final breach, he reports that a majority of the Committee are said to be against war, and showing considerable opposition to Enver Pasha's scheme for an invasion of Egypt. The German game, too, was perfectly understood by the Grand Vizier, in whose sincerity the Ambassador continued to believe, a confidence which was shared by the Russian Ambassador as late as October 8, though he distrusted his ability to give effect to his views.

It is not proposed to take the reader in detail through the provocations of Turkish officials or the activities of German officers in the Near East. These, as well as the various excuses, protests, and demands made at different times by the Turkish Government, are fully set out in the seventy-seven pages of the White Book. Officers, guns, and munitions of all kinds for war by sea and land, and even in the air, kept coming in from Germany, and on October 24 it was computed by our Ambassador that from £2,000,000 to £3,000,000 of German gold had reached Constantinople. As early as August 27, the mobilization of troops "was proceeding feverishly," and military preparations were particularly marked against Egypt. The latter are summarized as follows by Sir Edward Grey on October 24:

> "The Mosul and Damascus Army Corps have, since their mobilization, been constantly sending troops

south preparatory to an invasion of Egypt and the Suez Canal from Akaba and Gaza. A large body of Bedouin Arabs has been called out and armed to assist in this venture. Transport has been collected and roads have been prepared up to the frontier of Egypt. Mines have been dispatched to be laid in the Gulf of Akaba to protect the force from naval attack, and the notorious Sheikh Aziz Shawish, who has been so well known as a firebrand in raising Moslem feeling against Christians, has published and disseminated through Syria, and probably India, an inflammatory document urging Mohammedans to fight against Great Britain. Dr Prüffer, who was so long engaged in intrigues in Cairo against the British occupation, and is now attached to the German Embassy in Constantinople, has been busily occupied in Syria trying to incite the people to take part in this conflict."

Emissaries were, however, not only sent to stir up Mohammedan feeling in Egypt and probably in India. Our Ambassador heard that similar efforts were to be made in the Yemen and among the Senoussi, as also in Afghanistan, Persia, Tunis, Algeria and Morocco. If necessary, indeed, Berlin was determined to stir up a regular "jehad" or holy war, and on October 23, Sir Edward Grey wires to Egypt that he hears that the Turkish Minister to Bulgaria has gone to Germany to arrange for the stirring up of Moslem fanaticism. False news was spread by means of the Turkish Press and violent attacks made on England, not only without any attempt at interference on the part of the Government, but apparently, as all news had to pass the censor, with its approval. In the Aleppo district, indeed, Moslems were reported on October 14 "to have been so inveigled and incited by German and Turkish deliberate official misrepresentations and falsehoods of every kind that masses seem to believe the German Emperor has embraced Islamic faith, and that Germans are fighting for Islam against Russia." German merchantmen were fitted out with arms in the Port of Constantinople itself and one of them, the

"Corcovado," made free use of wireless telegraphy almost in front of the British Ambassador's residence. On September 9 the capitulations were arbitrarily abolished, and later foreign post offices in Turkey were done away with as from October 1. On September 25, it was proposed to seal up the wireless apparatus of a British man-o'-war in the Shat-el-Arab.

Great Britain and her allies on the other hand during the three months in question made every effort to avoid giving an excuse for a rupture to the Turkish war party. The taking over of the Turkish contract with Armstrongs for the two new Turkish dreadnoughts was explained as a necessity of war; but an assurance was at once given that "the financial and other loss to Turkey will receive all due consideration and is a subject of sincere regret to His Majesty's Government."

The Turkish Government having complained on August 18 that they should either at once have been paid for the ships or a promise made that they would be returned after the war, King George, on August 25, sent a personal expression of regret to the Sultan and a promise to restore the two vessels after the war "in the event of the maintenance of a strict neutrality by Turkey without favour to the King's enemies, as at present shown by the Ottoman Government."

On August 7, an assurance was given that if Turkey remained neutral and Egypt quiet, and should no unforeseen circumstance arise, Great Britain did not propose to alter the status of Egypt and there was no idea of annexing that country or of injuring Turkey.

On August 18, a declaration was made to the Turkish Government that if Turkey would observe scrupulous neutrality during the war the Entente Powers would "uphold her independence and integrity against any enemies that may wish to utilize the general European complication in order to attack her."

On August 22, Sir Edward Grey gave permission to the

British Ambassador, as soon as the French and Russian Ambassadors received similar instructions, to inform the Turkish Government that, subject to the immediate repatriation of the German crews, to a written assurance being given that all facilities would be given for the peaceful and uninterrupted passage of merchant vessels, and to neutrality being strictly observed, the Entente Powers would in return agree, with regard to the capitulations, to withdraw their extra-territorial jurisdiction as soon as "a scheme of judicial administration, which will satisfy modern conditions, is set up": and that the Entente Powers further would give a joint guarantee in writing to respect the independence and integrity of Turkey, both during the war and in the terms of peace.

In spite of the long-suffering attitude of the Entente Powers, the rupture so long feared was, however, brought about by the action of the Turko-German fleet on October 29, and Turkey in consequence finds herself finally committed to war on the side of Germany, one of whose motives in compassing this end was not improbably, as our Ambassador suggests, the hope of diverting Russian aims, especially in the event of a check to their arms, from the West to the long-coveted prize of the Golden Horn.

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CANADA

I. The Dominion and the War

SINCE the war began there has been a truce between the political parties in Canada. This, however, is less true of the newspapers than of the political leaders. It was perhaps inevitable that Conservative journals should recall the obstruction to which the Government's naval proposals were subjected, the destructive action of the Senate, the denial of any " emergency " or " German menace " by the Liberal leaders, and their general and continuous profession of confidence in the pacific intentions of Germany. It was just as inevitable, perhaps, that the Liberal newspapers should argue that even if the Opposition had agreed to a contribution of Dreadnoughts the vessels would still be under construction, while if the Liberal naval programme had not been discarded Canada would have had cruisers to guard the Atlantic and Pacific and to convoy the first Canadian Expeditionary Army across the ocean.

But this controversy has been confined to the newspapers and has been furtive and intermittent. Between the leaders political peace has prevailed. Just before war was declared the Prime Minister and Sir Wilfrid Laurier had announced a series of meetings in the Western Provinces. These were cancelled. Manifestly Sir Robert Borden could not leave Ottawa, and the Liberal leader recognized that the time was unfavourable for partisan controversy. So the issue and distribution of literature from the headquarters of the parties was suspended. For a time there was apprehension of a

general election, but this also has been dispelled. Among Conservatives there was strong objection to a dissolution of Parliament, and from Liberals there was unanimous and energetic protest. It is certain, however, that the Government does not feel secure while the Senate is controlled by a Liberal majority. There is, perhaps, also a natural, human desire to have public judgment upon the Liberal attitude towards Germany and the defeat of the naval proposals. But nothing could be more undesirable than to exploit Imperial feeling for partisan advantage, and it was certain that even if sound reasons for dissolution could be advanced the contest would degenerate into a quarrel over the attitude of the parties towards the Mother Country.

There was the further consideration that at the emergency session of Parliament the Liberal party, alike in the Commons and the Senate, unanimously supported the war measures of the Government. Even before the House met Sir Wilfrid Laurier told the country that the Opposition would co-operate in all necessary measures to authorize, equip and dispatch contingents, and would favourably consider any legislation to improve the public revenues and maintain the public credit. This pledge was loyally observed by the Liberal leader and his associates during the few days that Parliament was in session. There was not a discordant utterance. There was no flamboyant oratory. There was no suggestion of rivalry, no disposition to compete for popular favour. Throughout there was solemn gravity and profound consciousness of the magnitude of the contest in which the Empire is involved. Never has the Canadian Parliament exhibited such dignity and self control or so finely expressed the temper of the Canadian people.

Naturally the chief speeches were delivered by the Prime Minister and Sir Wilfrid Laurier, but there stand out also an address of simple and moving eloquence by Sir George Foster and a plain, strong, rugged declaration of devotion to the Mother Country by Mr George P. Graham, who was Minister of Railways in the Laurier Cabinet and ranks

as the chief Liberal spokesman for Ontario. In the speech of Sir Robert Borden there was not much of rhetoric or of emotional appeal. But what he said was singularly impressive and convincing. He stated with adequate detail the position of Great Britain, traced step by step the measures taken by Sir Edward Grey to maintain peace, emphasized the common obligation of Great Britain, France and Germany to respect the neutrality of Belgium, established the responsibility of Germany for the great conflict, and solemnly pledged the resources of Canada in the desperate struggle which the Mother Country without humiliation and dishonour could not evade. Here is an extract from the Prime Minister's address:

> "The leader of the Opposition has alluded to the uncertainty of human events, and particularly events such as are before us in the great war which now confronts the Empire. True, the future is shrouded in uncertainty, but I believe that the people of Canada look forth upon it with steadfast eyes. But let me say that while we are now upborne by the exaltation and enthusiasm which come in the first days of a national crisis, so great that it moves the hearts of all men, we must not forget that days may come when our patience, our endurance and our fortitude will be tried to the utmost. In those days let us see to it that no heart grow faint and that no courage be found wanting."

This was his peroration:

> "In the awful dawn of the greatest war the world has ever known, in the hour when peril confronts us such as this Empire has not faced for a hundred years, every vain or unnecessary word seems a discord. As to our duty, all are agreed; we stand shoulder to shoulder with Britain and the other British Dominions in this quarrel. And that duty we shall not fail to fulfil as the honour of Canada demands. Not for love of battle, not for lust of conquest, not for greed of possessions, but for the cause of honour, to maintain solemn pledges,

to uphold principles of liberty, to withstand forces that would convert the world into an armed camp; yea, in the very name of the peace that we sought at any cost save that of dishonour, we have entered into this war; and while gravely conscious of the tremendous issues involved and of all the sacrifices that they may entail, we do not shrink from them, but with firm hearts we abide the event."

In the speech of Sir Wilfrid Laurier there was no exhaustive examination of the evidence and less of argumentative detail. He asserted as firmly as the Prime Minister that Great Britain had no alternative but to declare war unless treaties were to be ruthlessly violated and faith between nations to have no moral sanction. There were many noble passages in the speech and throughout high felicity and dignity. His references to Belgium were sympathetic, passionate and powerful. In these he expressed the heart of Canada. With every day that passes the tide of feeling for Belgium rises until regard and reverence for the heroic Belgian people have become a universal expression.

"We cannot forget" (he said) "that the issue of battle is always uncertain, as has been proved already in the present contest. In invading Belgium, some two weeks ago, the German Emperor invoked the memory of his ancestors and called upon the blessing of God. The German Emperor might have remembered that there is a treaty guaranteeing the independence, the integrity, the neutrality of Belgium, and that this treaty was signed in the last century by the most illustrious of his ancestors, Emperor William I of Germany. He might have remembered also that there is this precept in the Divine Book, 'Remove not the ancient landmarks which thy fathers have set up.' But the German Emperor threw his legions against this landmark in the fullness of his lust for power, with the full expectation that the very weight of his army would crush every opposition and would secure their passage through Belgium. He did not expect, he could not

believe, that the Belgians, few in numbers and peaceful in disposition and in occupation, would rise in his way and bar his progress; or if he harboured such a thought for one moment, his next thought was that if he met such opposition he could brush it aside by a wave of his imperial hand. He should have remembered that in the sixteenth century the ancestors of the Belgians rose against the despotism of Philip II of Spain, and, through years of blood and fire and miseries and sufferings indescribable, they maintained an unequal contest against Spain—Spain as powerful in Europe at that time as the German Empire is to-day. If there are men who forget the teachings of their fathers, the Belgians are not of that class; they have proved equal to the teachings of their fathers; they have never surrendered; the blood of the fathers still runs in the veins of the sons; and again to-day, through blood and fire and miseries and sufferings indescribable, they hold at bay the armies of the proud Kaiser."

With absolute unreserve the Liberal leader sanctioned the organization of Canadian contingents and pledged the Opposition to complete co-operation in all such measures as the Government should consider necessary to recruit, equip and transport a Canadian army and meet the heavy expenditures for which the Treasury Department would have to provide. He said:

"It is our duty, more pressing upon us than all other duties, at once, on this first day of this extraordinary session of the Canadian Parliament, to let Great Britain know, and to let the friends and foes of Great Britain know, that there is in Canada but one mind and one heart, and that all Canadians stand behind the Mother Country, conscious and proud that she has engaged in this war, not from any selfish motive, for any purposes of aggrandizement, but to maintain untarnished the honour of her name, to fulfil her obligations to her allies, to maintain her treaty obligations, and save civilization from the unbridled lust of conquest and power."

He added:

> "It is not only in Ireland that you find this union of hearts. In the two other United Kingdoms the voice of faction has been silenced. Even those who on principle do not believe in war admit that this was a just war and that it had to be fought. That union of hearts which exists in the United Kingdom exists also in Canada, in Australia, in New Zealand. Yea, even in South Africa—South Africa, rent by war less than twenty years ago, but now united under the blessing of British institutions, with all, British and Dutch together, standing ready to shed their blood for the common cause. There is in this the inspiration and the hope that from this painful war the British Empire will emerge with a new bond of union, the pride of all its citizens, and a living light to all other nations."

Mr Graham in the course of his speech said:

> "I have a personal regret that circumstances are such—and they are very serious circumstances to me—that I shall not have a personal representative in this contingent, as I otherwise would have had. Had Providence dealt with me otherwise I would have had a son in this contingent. I believe I speak for all Canadians when I say that we are not doing this solely as a matter of duty. It is a privilege that we have as British subjects to show that we are not only loyal and devoted to British institutions, but that we are ready to defend them when attacked. We feel it a privilege to be able to stand shoulder to shoulder with those of the Motherland who, we believe, in this case, are fighting for a wider extension of that freedom which we enjoy."

As a final quotation this passage is taken from Sir George Foster:

> "The one solemn thing for us to remember to-day is that there is more to war than the first march out of the troops, the first blare of the trumpet and the first

flaunting of the flag. What there is more to war has been demonstrated by Belgium in these last thirteen or fourteen days, when their homes have gone up in flames, when their wives and their children have given up their lives, and when their own bodies, as strong and valiant as ours, have been shattered by the grim weapons of war. We have not had that experience. But it may yet be ours, and my word to this House and to this country to-day is to put on the full armour of courage and confidence, not to be daunted by a temporary reverse or by a series of reverses, but to feel sure that justice will burn forth bright and strong in proportion to our readiness to make the necessary sacrifice and as the fires of this sacrifice burn away what is selfish and base in our country, our people and ourselves. Some of our companions and our colleagues march out to-day and will go forward to the front. Let us remember with our best wishes and follow with our deepest prayers those of our comrades who are able to take the sword in defence of liberty and the right. I cannot say more, and I would have been sorry to have said less. The time of trial is upon this country and the Empire. It will do us good in the end, and God and the right will finally triumph."

Apart from the authorization of contingents, it was necessary to find additional sources of revenue and to strengthen the public credit. Here again Parliament acted with complete unanimity. Bank notes were made legal tender. Emergency issues of paper were sanctioned. The Government was empowered to advance Dominion notes upon approved securities. By these devices the bank deposits were secured, and money became available for Provincial Governments and railway corporations whose securities could not be sold in London. The Minister of Finance also effected an arrangement with the Bank of England under which gold was deposited in the Canadian Treasury for the adjustment of international trade balances, and beyond this secured an advance of $50,000,000 in gold, which both strengthened

the gold reserve and will permit a further issue of Canadian currency. Other financial measures appropriated $50,000,000 for the organization and dispatch of the first Canadian Expeditionary Army and laid higher taxes on sugar, coffee, cocoa, cigars, tobacco and liquors.

It cannot be doubted that Mr White has shown high capacity, sound judgment and adequate courage in all his dealing with a difficult situation. While he has had the zealous co-operation of the banks, he has been the master rather than the servant of the financial institutions. At the declaration of war he guarded against any danger of panic by making bank notes legal tender. He required that the banks, as freely as their resources would allow, should continue credits and facilitate commercial and industrial operations. He inspired the country with the conviction that he had all necessary steadiness and resource, while the banks knew that he would not enter upon rash experiments and would regard their sympathetic co-operation as essential to maintain public confidence and make his own measures effective. If it is fortunate that at this crisis Mr White holds the office of Minister of Finance; it is also true that he has had the staunch support of the leaders in banking and finance ever since the war began. There are complaints that the banks have been close-handed, but in democratic communities Governments and banks are the natural objects of suspicion and attack.

Within six weeks from the declaration of war an army of over 32,000 men was dispatched from Quebec. They were borne across the sea by thirty transports under a convoy of British warships. Surely in all history there has been no such striking demonstration of the unity of a far-spreading Empire. But for the time the veil of censorship rests heavily upon the romance and majesty of the mighty instinctive movement of the King's subjects over land and sea to protect their common freedom and cement in blood a common devotion to common ideals. Thus in death and sacrifice the British Empire will be re-enthroned for centuries. A second

contingent of ten thousand is now recruiting. This will sail in December and will be followed by subsequent contingents of ten thousand as need may require and for so long as the War Office will accept troops from Canada. It has been said that only twenty or twenty-five per cent of the first contingent were native-born Canadians, but in the fact there is no invidious significance. If recruits had been accepted only from the organized volunteer forces, sixty or seventy per cent would have been native-born sons of the Dominion. But an open call was issued and the response from British-born residents of the country was immediate and determined. As they offered they were accepted. In the second and future contingents the Canadian element will greatly predominate. Indeed, the first contingent would have been as quickly recruited if only Canadians had been enlisted. It can be said with simple truth that the competition for places in the contingents is eager and inspiring. Many of those who are volunteering constitute the very best element of the population. They must abandon activities and responsibilities of signal consequence to the communities in which they live. All that has been done is to the honour and not to the reproach of Canada. If the war is prolonged and the exertion be required, at least 250,000 troops could be sent out from the Dominion.

In the west the Imperial spirit is as active and as vigorous as in older Canada. Indeed the western communities strongly protest that they were not fairly represented in the first contingent. There could be no better illustration of the western temper than the appeal of the organized Grain Growers to have each member for next season set aside an acre of land from which the crop would be devoted to the Patriotic Fund. It is estimated that the total would be 50,000 acres and that at 12 bushels an acre the yield would be 600,000 bushels and the probable value over $500,000. All over the Dominion, in cities, towns, villages and townships, the contributions to Patriotic and Relief Funds have been spontaneous and generous. Apart

from gifts of food by the Dominion and Provinces to the Mother Country and the British armies, the counties are organizing to send wheat, oats, potatoes, cheese and other food products to feed the unemployed in Canadian industrial centres, for relief of the Belgian refugees and to supplement the contributions to Great Britain from the Federal and Provincial Governments. If anyone doubted that with Great Britain at war Canada would be at war, the facts of this tremendous time give an answer which cannot be misread or misunderstood.

II. Finance

FOR a hundred years Canada has had no war at her own doors, and for a hundred years there has been no situation in Europe in the least resembling the present war. The series of wars that occurred between 1853 and 1878 were local and unimportant by comparison with the existing struggle. For twenty-one years, from 1878 to 1899, no serious war took place, and for thirty-one years, from the conclusion of the South African War, the British Empire has been at peace. The effect of distant wars on a comparatively primitive community is unimportant, and neither the Crimean War nor the Indian Mutiny awakened fear in Canadian hearts. Great Britain was adequate, and more than adequate, to fight the Empire's battles and keep inviolate the Empire's coasts. To Canada the Franco-German and the Russo-Turkish wars were just distant echoes, and then came twenty years of peace only remotely disturbed by the Russo-Japanese war. Canada during the war period from 1853 to 1878 was still mainly an agricultural community with comparatively simple relations with the rest of the world. Hence the economic effect of distant war upon her was very slight.

The years since 1880, however, have seen a great change both in the economic organization of the world and in the

position of Canada. The all-important machinery of international credit has been invented and developed, and, as in the case of other forms of machinery, the development of international credit has moved steadily in the direction of greater centralization. The result has been to bring all countries having any considerable trade into a single credit system, with London as its centre.

The economic history of Canada from 1880 onwards is a part of the complex results arising from the mobilization of the old world's accumulations of capital and their direction to the problem of feeding the new industrial Europe. Not many years before 1880 John Stuart Mill was able to assert in his chapter on the Stationary Stage that a time was coming when the interest on money would be so low that only the very rich would be able to live on the interest of their investment. As late as 1888 Goschen, then Chancellor of the Exchequer, provided in his Budget for the lowering, over a period of years, of the interest on Consols from 3 per cent to 2½ per cent. It is the demand for great sums of money required for the construction of railways over vast food-producing areas outside Europe that has been chiefly responsible for the rise in the rent of capital. The main agricultural or, at least, wheat growing areas of Canada are far from the Atlantic seaboard, far even from the western end of the Great Lakes. It was, therefore, inevitable that railway building should be transcontinental. The Canadian Pacific Railway had a political justification, to unite the Provinces of Canada, but in the main it was based on the idea of agrarian settlement. Competition of still unoccupied lands in the United States deferred the full tide of immigration till about 1900, but the C.P.R. flourished and was the forerunner of a period of development that may be said to have culminated in 1912. Although the main justification of Canada's great railway systems has been agrarian settlement and the transportation of food-stuffs and raw materials, they have brought with them the spirit of industrial enterprise and speculation, and from a relatively primitive agricultural community

Canada has become a country full of diverse industrial activities. Her exterior trade has grown to large proportions and variety, and her relations with the outside world have, almost suddenly, become important. This process of rapid development has been made possible by the use of foreign capital. Some very interesting particulars of this borrowing were given by Sir George Paish in an address delivered in Toronto in December of last year. At that time he estimated the total exterior debt of Canada as about £600,000,000, of which £500,000,000 had been borrowed from Great Britain. Probably half of this total exterior debt was contracted in the years between 1904 and 1912 or 1913. Thus between 1880 and 1914 Canada had changed from a more or less simple and mainly agricultural community, economically not very dependent on the outside world, to a highly developed though scattered industrial organization, maintaining very intimate relations with foreign markets. Such are the conditions under which, in common with the other Dominions of the British Empire, Canada is called upon to face a condition of almost universal war.

The machinery of international credit, while immensely efficient, is also extremely complex and delicate. International credit has borne, with little more than local disturbance, the wars of the last fifty years, but the effect of the present struggle was that for the time being international credit almost ceased to exist. Each country has had to adopt new and drastic devices for carrying on its business under these conditions, which almost reduced them, at least for several weeks, to the position of communities without organized relations with other countries. Each country has its own special difficulties to meet, the character of which necessarily depends on its general relation to the markets of the rest of the world. It is possible to divide these relations into three kinds, that of creditor nations, such as England and France, of debtor nations, such as Canada and Australia, and a third comprised of those which, like the United States, partake of the character of both debtor and creditor, and are

neither the one nor the other exclusively. Two phenomena were present in all the cases—virtually all the Stock Exchanges of the world were closed by the first of August, and the machinery of international exchange, by which all the infinitely complex transfers of indebtedness are conducted, was thrown into almost inextricable confusion. It was a quite possible and reasonable course for the creditor nations such as England and France to relieve the situation by enacting at once general moratoria. They were able to take this step without any special disturbance of their credit, because of the fact that the balance of indebtedness was largely and continuously in their favour. This course was not, however, open to the debtor nations and has not been adopted by the Dominion Government, although certain of the Provinces have extended partial moratoria to mortgage debtors.

Before the special difficulties that have to be met by Canada in this crisis are considered, one more classification must be made defining still further Canada's position in the commercial and financial world. From a financial point of view there are three kinds of market. Of these three it may be said that the first is represented by only one market, London. London is the ultimate market towards which all great transactions converge. Secondly there are what may be called central markets, markets upon which the financial business of a country or a group of countries depends; these are represented by Paris, Berlin, New York. The rest of the considerable markets of the world are subsidiary. As far as North America is concerned New York is the central market, and on this continent Montreal and Toronto, as much as Chicago, are subsidiary to New York. The central market of a country or a group of countries is the market of last resort. It is the market where transactions of various kinds can always be carried out at a price. The disposition of the subsidiary market is to absorb, as far as it can, the transactions that are offered, and the balance tends to be absorbed by the central market. This last fact is especially significant

in regard to some of the most important transactions necessary to Canadian business. For something like 150 years it has happened that the Canadian exporter has found it necessary, in order to obtain the proceeds of his shipment, to sell a certain proportion of his bills of exchange in New York. Canada, in fact, stands at one corner of a triangle, the other two angles being New York and London. The form and variety of the operations carried on in this triangle have necessarily changed, but, roughly speaking, the process has remained very much the same. To be precise, Canadian exporters obtain the money for their goods by drawing drafts on the people to whom they sell. These drafts they sell to the Canadian banks, and, as their main markets are European, the banks become possessed of large credits, chiefly in London. In order to re-transfer these funds to Canada the banks in their turn must sell drafts on London. They cannot sell all these drafts, or even a very large proportion of them, in Canada, and the balance they sell in New York. This proceeding produces large credits in New York, which are available for the purchase of United States goods and investment in temporary loans, or which can be re-transferred to Canada if necessary in gold at a small expense. About August 1 the banks found that they could not liquidate the temporary loans made in the United States, that they could not obtain gold in New York for the purpose of withdrawing their balances there, and that a large proportion of the credits resulting from these three-cornered operations had thus become immobile.

For the year 1913 the foreign trade of Canada showed a surplus of imports of something like $250,000,000. Adding to that sum interest on foreign loans of somewhere about $125,000,000, we arrive at a total of $375,000,000 to be provided for. As against this our borrowings abroad for that year were in the neighbourhood of $300,000,000. Of our surplus of imports nearly the whole arose in our trade with the United States. That is to say, we borrowed in London, and made our purchases from the United States, and it was

in that way that the credits established in New York were mainly absorbed. It has happened that the announcement of this war coincided, roughly speaking, with the period during which we export the bulk of our wheat. This, together with an abrupt diminution in our imports, has accounted for the present position of indebtedness of the United States to Canada.

The mobilization of financial power in Canada in the hands of a few banks is fortunately very complete. It makes swift and effective action in a crisis like the present comparatively easy. In the United States the government has to deal with literally thousands of independent banks, each of which tends to be influenced mainly by local considerations. In Canada each of the twenty-four banks has widely scattered branches, and a direct interest in the general financial problem of the whole country. The crisis arose on July 29 when the Stock Exchange closed. Monday August 3 was a holiday, and by the close of that day a proclamation was issued by Government authorizing the Banks "to make payments in bank notes instead of gold or Dominion notes. This action will tend to preserve the Canadian gold supply against demands from foreign sources." It also, of course, prevented runs on the banks by rendering them futile.

The use of bank notes as legal tender is amply justified by the conditions under which they are issued. Besides being limited to less than the paid-up capital and reserves of the banks, they are a first lien on all their assets, including the double liability of the share-holders. In addition 5 per cent of the average issue of each bank is deposited with the Government as a guarantee. Since the bank note became a first lien on all accounts, no holder has lost money on that account. The proportion of security involved is shewn by the fact that in August the notes in circulation amounted to about 114 million and the assets to 1,556 million dollars. A further useful provision was made, that the Finance Minister might issue Dominion notes against approved securities. This enables the banks to liquidate such proportion as they see

fit of the $34,000,000 of Government and municipal securities held by them, for which there could, under existing circumstances, be no market. Up to the present the privilege of this power has been used only to a very small extent. The public has been singularly calm, and has shown confidence in the Banks. As was inevitable the deposits for August 31 showed a decline from July 31, but on the other hand they were $20,000,000 larger than those of the same month in 1913.

The credit system of the country being sound and in good hands, the other problems to be faced become less difficult. Various industrial companies must suffer, but on the other hand some will even gain temporarily during the war; among these are woollen, leather and food-stuff companies. Two outstanding points in the situation deserve special attention. The first is the financial position created by the surplus of imports and the certainty that the supplies of capital from Great Britain must be limited in amount for the present. This may not be very important. In the first place, with the strict limiting of construction that must occur, imports will automatically decline, and in the second place it is not unreasonable to expect that the United States, as a large beneficiary of Canada's trade, may more generally accept payment in securities. The second point is one that could not fail to exist at any given time in a rapidly developing country; it is the existence of various undertakings upon which money has already been expended, and which require more money before they can become productive. For many of these it is impossible to foresee anything but delay and consequent loss, but there are certain undertakings that must be completed. Gaps in railway systems necessary to the economic life of districts settled on the promise of railway facilities are of that class. The situation is, of course, full of difficulties, but the answer is in readjustment and not in ruin. There will be displacement in labour, and for a time unemployment and distress, but the distress will be alleviated and the displaced labour will find occupation in other

directions. A large proportion of Canadian labour is of a kind that would really adapt itself to agriculture, and the transition will occur less painfully than in older countries where urban habits of life have stiffened into incapacity for farm work.

III. Western Legislatures and the War

THE war sessions of the western provincial legislatures established records for expedition. The newly elected Government in Manitoba called Parliament for a few days in early September, passed an Act of moratorium to apply for one year; voted a gift of five hundred thousand bags of flour to the Motherland; arranged for a loan with which to carry on special public works; and closed the House to be reassembled at any time before the next regular session, in the case of emergency. Saskatchewan followed Manitoba in the latter part of September, and the Alberta session was held in the middle two weeks of October. The Saskatchewan legislature during its short session passed twenty bills; the legislature of Alberta managed to consider and pass fifty-eight different statutory measures. All of these, it may be said, were designed either directly to further the cause of the Empire in its present great struggle, or to provide means of solving the economic problems which have arisen as a result of the war.

Saskatchewan, besides approving a gift of horses to the British Government, made provision for the expenditure of $750,000, to assist the Imperial arms, and to meet any expenditures deemed necessary by reason of the existence of a state of war. Another money bill was passed involving the expenditure of $750,000 in public works in the southwestern part of Saskatchewan, where the crops were a complete failure, and it has been necessary to give special employment to the settlers during the autumn and winter.

A bill was also passed, providing for the hypothecation of the securities of the province, and thus empowering the Government to raise loans during the continuance of war. An extension of time for the construction of guaranteed lines of railway of the Canadian Northern Railway system, and of lines and terminals of the Grand Trunk Pacific system, was approved. Saskatchewan cities were also given powers to omit the compilation of a tax enforcement return, for a period of one year. Various measures were passed, giving landholders every opportunity to retain or redeem their holdings during a period of two years.

No Acts of moratorium were passed by the Alberta legislature. Instead of diminishing obligations, Alberta resorted to an extension of the provincial system of taxation as a means of increasing revenues. The feature of Alberta's short and busy session was the passing of the Bill providing for a tax on wild lands. This new war-time tax is directed against absentee landlordism in the rural districts of Alberta. It proposes to levy a tax of ten mills on the dollar against all lands which are being held in an unimproved state by speculators and investors. Unless one-fourth of the area of an unoccupied piece of land is cultivated or improved in some way, the owner becomes subject to the Wild Lands Tax. It is estimated that fifteen million acres of Alberta land will be affected by this new tax. Financial provision against emergencies and for unforeseen contingencies, arising out of the war, was made by the province of Alberta, in the passing of a Bill to raise $3,000,000 on the credit of the province for any term not exceeding fifty years. One million dollars of that amount was to provide for what the treasurer called "unforeseen contingencies." Bills were passed guaranteeing securities for the Edmonton, Dunvegan and British Columbia, and Canada Central Railways. As in the other two prairie provinces, the Alberta legislature commended and ratified the action of the Government of the province for its gift of oats to the British Government, and also pledged its support to any

subsequent contributions from the resources of the province for the purposes of the war.

IV. Sir James Whitney's Career

BY the death of Sir James Whitney, Prime Minister of Ontario since 1905, the Conservative party loses one of the most vigorous, aggressive and honoured of its leaders. He was the first Conservative Premier of Ontario since Confederation. The Government organized at Confederation was a coalition of Conservatives and Liberals under the leadership of John Sandfield Macdonald. He was opposed, however, by a strictly Liberal Opposition in the legislature. John Sandfield Macdonald had held office as Prime Minister during the union of Upper and Lower Canada, but while he had the support of the bulk of the Liberal party there was no hearty co-operation between himself and George Brown, and the aggressive element which was always under Brown's command. The disposition of Sandfield Macdonald was to co-operate with Quebec, while Brown was a resolute opponent of "French domination." Moreover, while Brown united with Sir John Macdonald to accomplish Confederation, Sandfield Macdonald opposed the union movement and maintained throughout the negotiations and the debates in Parliament a cold and even contemptuous attitude towards the provisions of the Federal Constitution. But with the remarkable genius for dividing opponents which distinguished him, Sir John Macdonald persuaded John Sandfield Macdonald to accept office as Premier of Ontario when Confederation was established, probably in the expectation that in greater or lesser degree he would unite Liberals and Conservatives, advocates and opponents of Confederation, in support of the new system. But the Coalition Cabinet survived for only one Parliament. In 1871 the late Edward Blake secured a majority in the

legislature and under successive leaders the Liberal party governed Ontario until 1905. For such a long and unbroken period of ascendancy by one party there is probably no parallel in British parliamentary history. Sir James Whitney was a law student in the office of John Sandfield Macdonald at Cornwall. For his chief the student developed a great regard. Many of the political opinions of John Sandfield Macdonald he adopted and observed throughout his public career. Partly as a result of this association and partly from his early intimacy with the French people of Eastern Ontario he always maintained a generous attitude towards Quebec and the Roman Catholic minority of his own province.

Although he ranked as a Conservative, the administration of Sir James Whitney was singularly progressive and even Radical in its character and outlook. He had no fear of "the interests," as corporations and financial institutions are described on this continent. From many of the capitalists of the Conservative party he received a grudging support, if any support at all. He was always ready to go as far as hard justice would permit in legislation to regulate and restrain capitalistic combinations. He could be just as resolute to prevent confiscation and protect legitimate investments. The measure to provide for the distribution of electrical energy generated at Niagara to the municipalities throughout the province was strongly opposed, and undoubtedly certain private interests were affected unfavourably. But he held that while the province was not free to generate power at Niagara in competition with the private companies, the right to purchase from one of the existing companies and distribute was clear. The system of distribution thus established now serves a chain of municipalities from Toronto to Windsor. It covers such industrial centres as Hamilton, Brantford, London, Stratford, Galt, Woodstock, Guelph, Berlin and Waterloo. Rates for power and lighting have been reduced and the whole enterprise is self-supporting. Many farmers begin to take advantage of the system. There is better street lighting in many munici-

palities. The industrial benefits are very substantial. In Eastern and Northern Ontario the Provincial Hydro-Electric Commission is also active in acquiring water powers and organizing local systems of distribution. This undoubtedly was the supreme achievement of Sir James Whitney's Government, and this best illustrates the character of his administration. But the Government also rescued the University of Toronto from chronic poverty, greatly increased the appropriations for secondary and elementary education, provided liberally for the teaching of scientific agriculture and appointed graduates of the Agricultural College as instructors in many counties, softened methods and improved administration in the asylums, effected signal reforms in the treatment of prisoners, and enforced the regulations for control of the liquor traffic without regard to party considerations or undue leniency towards the liquor interests. Probably in no Canadian Province or American State have there been written better chapters in legislation and administration than those which tell the story of the Whitney Government in Ontario. But while in various fields Sir James Whitney was progressive and radical, he was not sympathetic towards woman's suffrage, he resisted the agitation to impose taxation upon land alone, and he would not consider absolute prohibition of the liquor traffic.

In his attitude towards the Mother Country Sir James Whitney was aggressively faithful to the tradition of Sir John Macdonald. He was an earnest advocate of fiscal preferences within the Empire. He was resolutely opposed to all projects of commercial co-operation with Washington. He was a staunch protectionist for Canada. He was eager to have the Dominion assume some adequate portion of the burden of naval defence, and was humiliated by the failure of Sir Robert Borden's naval programme through the action of the Senate. Few men in Canada had made a more profound study of the British constitutional system, or had a more intimate and comprehensive knowledge of British

history and British parliamentary practice. He was as familiar with the details of British politics as with those of Canada. He had always an absorbing interest in the careers of British political leaders, and on few British questions did he keep a neutral attitude. By his death Sir Robert Borden loses a prudent and sagacious adviser. Within the Conservative party he was second in authority only to the Dominion Prime Minister, and he had knowledge and experience which were invaluable to the Federal Cabinet. It was fitting that Sir James Witney's last message issued on August 5, a few weeks before his death, should be an appeal for the Empire and an assertion of the duty of Canada to the Mother Country.

> "The momentous crisis we now face," he said, "makes plain what Canada's course must be. That course is to exert her whole strength and power at once in behalf of our Empire. We are part of the Empire in the fullest sense, and we share in its obligations as well as its privileges. We have enjoyed under British rule the blessings of peace, liberty, and protection, and now that we have an opportunity of repaying in some measure the heavy debt we owe the Mother Country we will do so with cheerfulness and courage."

Mr W. H. Hearst succeeds to the office of Prime Minister. Like Sir James Whitney, he is a lawyer who resigned a large practice at Sault Ste Marie to enter the Government three years ago. He speaks well, is an able departmental administrator, and is exceptionally influential in the northern section of the province. There is no reason to doubt that he will prove fully equal to the leadership of the Conservative party in the legislature and in the country.

Canada. October, 1914.

AUSTRALIA

FOR the first time in the history of the Commonwealth the House of Representatives and the Senate have been simultaneously dissolved under the constitutional provisions relating to deadlocks. The general election was held on September 5, and the Labour party gained a decisive victory, ousting the Cook Ministry which had come into power after the election of May, 1913. Before the election the state of parties was:

	Liberal	*Labour*
House of Representatives	38	37
Senate	7	29

The slender majority of one in the lower House had enabled the Government to carry on, under highly unsatisfactory conditions and with correspondingly insignificant achievements, until June of the current year, when the request for a double dissolution was granted by the Governor-General, Sir Ronald Munro-Ferguson. The result of the elections destroyed the hopes of the Ministry, the composition of the new Parliament being as follows:

	Liberal	*Labour*
House of Representatives	32	42
Senate	5	31

One Independent was also returned to the House of Representatives. From a practical point of view his vote may be added to that of the Labour majority. While these results do

not by any means correspond with the relative strength of the parties in the electorates, and in the case of the Senate do but add to the illustrations afforded in 1910 and 1913 of the vagaries of an extravagantly absurd electoral system, the Labour party is undoubtedly entitled to claim a clear victory, which cannot be explained away by the usual theory of Liberal "apathy" and abstention. A Labour Ministry is now in office; with a sound majority in the House of Representatives, and an overwhelming majority in the Senate.

I. The Rival Policies

WHEN Mr Cook made his policy speech he placed electoral reform in the front of his programme: proportional representation for the Senate, preferential voting for the House of Representatives, and the restoration of postal voting. There is much to be said both for and against postal voting. Mr Fisher was not long ago one of its leading advocates, on the ground that the sick and disabled should not be deprived of the franchise. But though no proof has been forthcoming that the privilege was extensively abused, as the Labour party now alleges, there is no doubt that if votes are allowed to be recorded otherwise than under official control at a polling booth, stringent precautions must be observed to prevent possible abuses. Preferential voting for the House of Representatives has not become a very prominent question. There is now no third party, and party discipline is so strict that no seats have recently been won on split votes. The Labour party uses a preferential system in all its pre-election ballots and in electing its officers. But considerations of party policy have hitherto restrained the party from advocating its principles in the federal arena. The necessity, from a democratic point of view of changing the method of electing the Senate is not open to serious dispute. But the ultra-democratic Labour party

has preserved a resolute silence upon this question. Possibly the supreme test of political integrity is to be found in the attitude of party leaders to questions affecting methods of election and distribution of seats. On both these questions the Labour party has failed to answer the test. It now suits the Liberal party to advocate these reforms, but that party must at least confess that, in the days of its power, it did not clearly realize the propriety of the changes which it now regards as so urgent. Australian political parties are just as human as all other parties.

The next plank in Mr Cook's platform was summed up in the following, rather rhetorical, language:

> Australia, white, free, federal, fair and just. White not alone in colour, but also in ethical standards; federal in spirit and purpose: fair and free and just in all social, industrial, and human relationships.
>
> (*a*) Fair and unfettered opportunity to toil and enjoy under the law the fruits of that toil, with corresponding abolition of all unfair industrial discrimination and preference in the employment of the State.
>
> (*b*) The encouragement of co-operation instead of strife, profit-sharing instead of profit limitation and destruction.
>
> (*c*) Social reform without the accompaniment of social hate, and the solidarity of the nation, rather than the solidarity of a class.

Mr Cook did well in abandoning an attitude of stolid resistance to all proposals for amending the federal constitution. He advocated a modification of the powers over trade and commerce, in order to give adequate control over combinations and monopolies; an amendment giving power to pass a uniform Companies Act; and an amendment which would make it possible to create Inter-State wages boards, with a judicial tribunal of appeal to give harmony and cohesion to the whole system of regulation. The present system of industrial arbitration, administered by judges of the High Court, is complex and cumbrous. Its procedure is an adaptation of litigious methods, and every employer against whom an award is sought must be served with the plaint issued by the claimant union. The result is

that hundreds of defendants are joined in the proceedings. There follows a protracted hearing before an overworked judge, who generally begins with a profound ignorance of those details of industrial conditions which must be appreciated before a just or even workable award can be made. It says much for the industry and patience of the judges that the results have been even as good as they have been. After an award is made, there may be prohibition proceedings in the High Court. The Labour party has already striven ineffectually to get rid of the last incident, and one of its twice submitted proposals for the amendment of the constitution would at once get rid of the problem of jurisdiction, and leave Parliament free to experiment in variations and modifications of arbitration or to abandon that method of dealing with industrial difficulties in favour of other modes of regulation. Mr Cook's proposals involve less sweeping constitutional changes and are limited to making provision for acknowledged defects.

The Commonwealth Bank is now under the sole control of its governor. Mr Cook proposed the appointment of a directorate to assist him, and also urged that the control of the note issue and gold reserves should be vested in the Bank. Among other financial proposals were the consolidation and transfer to the Commonwealth of the State debts, and the creation of trust funds under the control of commissioners for public works in the Federal Territory and the Northern Territory. He was at one with the Labour party in promising an early amendment of the tariff and an immediate adjustment of such tariff anomalies as were already ascertained; but while Labour expressed readiness to increase the protective stringency at once, Mr Cook preferred to await the report of the Inter-State Commission before committing himself to any important changes. There had been an attempt in a section of the press to retrench the rapidly growing defence expenditure, but neither Mr Cook nor Mr Fisher gave any support to these proposals. Both leaders insisted upon the paramount necessity of

efficient provision for defence. A distinctive feature of the Liberal programme was the emphasis laid upon the importance of encouraging suitable immigration. Mr Cook said:

> If our defences are to be effective, the staying power of the nation must be increased as the strain becomes heavier. . . . The real remedy (for the burden of defence expenditure) is not to lessen the bulk and weight of the burden but to increase the power to carry it by the multiplication of burden-bearers.

Mr Fisher, in his policy speech, said nothing at all about immigration. He stated the party policy in reference to defence expenditure in the following terms—" The Labour policy as regards defence finance is that all expenditure in time of peace shall be provided out of revenue, leaving in reserve all other resources, to be drawn upon to ward off attacks from enemies." (Admiral Henderson's estimate of the cost of permanent naval works is about £20,000,000 to be spread over eighteen years). In fact (in February, 1913) the Fisher ministry had purchased the Fitzroy Dock and State Shipbuilding Yard from New South Wales for £875,000; this sum is still owing to New South Wales, and is carrying interest at 3½ per cent per annum. But perhaps there is a distinction between leaving money owing and borrowing money. There is no doubt that the genuine enthusiasm of the people in defence matters (even before the present war was thought of) led them very generally to approve of the proposal that they should shoulder the burden themselves, instead of passing it on to posterity. Australia has been very prosperous since 1902, and, with the rapidly developing national self-consciousness, platform eulogies of a non-borrowing policy can be relied upon to elicit applause. It is interesting to remember that the New South Wales Labour party got into power upon similar promises; but, quickly realizing what politicians commonly call " the necessity for a policy of progress and the pre-eminent need of developing the resources of the State,"

the Holman Ministry proceeded to borrow as much and as often as possible.

Mr Cook outlined a striking programme of developmental works on the Murray River, and in the Northern Territory. At last it is realized that the latter country has not reached the agricultural stage, and that its immediate future lies in stock raising or mineral developments. The two leaders agreed upon the necessity of repressing harmful trusts and combines and of establishing a uniform railway gauge. In each case guarded promises were made of a civil service superannuation scheme and of an increase in the old age pension, "if circumstances permitted." The civil service vote looms large. The old age pensioners are numerous. The Liberal party also promised a system of national insurance against sickness (including maternity), accident and unemployment. This proposal has never been fully placed before the public, but apparently it was intended to follow the general lines of the British National Insurance Act.

The Labour attacks paid special attention to the granting of the double dissolution, finance, the cost of living, the alleged unwillingness of the Liberals to attack trusts and combines, and Sir William Irvine, the Liberal Attorney-General who is the platform *bête noire* of the Labour party. It would be wearisome to recite points in the financial controversy. Briefly, Labour alleged that it left a surplus on going out of office and that the Liberals, in one year of administration, turned the surplus into a deficit. This was true, but the Liberals' answer was that the deficit was the result of expenditure which the Labour party when in office had already incurred, and for which their successors had to find the means. Owing principally to a greatly increased customs revenue, and to the land tax receipts, the revenue increased from £15,500,000 in 1909-10 (Liberals in office) to £21,900,000 in 1912-13 (Labour in office). The Commonwealth expenditure (apart from payments to the States) also increased enormously—from £8,160,000 in 1909-10 to nearly £15,400,000 in 1912-13.

Had it not been for the remarkable increase in revenue, due, apart from the land tax (about £1,400,000 per annum) to causes not connected with party politics, the Labour party could not possibly have spent money as it did without the aid of loans or very heavy additional taxation. Connected with the subject of finance is that of the increase in the cost of living. Every party is praised or blamed for what happens while it is in office. Once upon a time a monarch was blamed for a comet; nowadays a political party claims the credit for a good harvest, and blames its opponents for a bad one. Mr Fisher stated in his policy speech that "the cost of living had increased all over the world," but he preserved his customary serious demeanour when he said, "They (the Liberals) are strangling the industrious workers of this community by permitting the unprecedented increase in the cost of living." If the monarch did not cause the comet, he at least "permitted it."

Turning now to the Labour programme, Mr Fisher promised to re-submit to the people the proposals for the amendment of the Constitution.* For the primary producer, he would provide:

> State agencies which will carry the produce of farm, of station, of mine, and of orchard to the markets of the Commonwealth and to the markets of the world, with the least possible delay and expense, and with absolute security of full revenue to the producers for their products. Concurrently with that must go the establishment of agencies in the markets of the world, and the employment of the State credit to advance to the producers a substantial percentage of the value of the products at the lowest rate of interest, and full settlement with them of the prices realized immediately after the sale.

This simple and modest proposal reads like a prospectus of a very dubious kind. Side by side with this prospectus was set another alluring scheme:

> We propose to establish a line of steamers between the mainland and Tasmania and overseas. The latter should be of increased speed, with resultant advantages to the passengers, shippers and the general public alike.

* See Round Table, No. xi, pp. 537 *et seq.*; No. xii, pp. 729–731.

These proposals were very popular with audiences during the campaign and probably they won many votes.

Mr Fisher gave a somewhat ambiguous support to the initiative referendum. *The Melbourne Age* sought, with not very conspicuous success, to make the adoption of this American device the main issue of the election. It will be interesting to see whether the Labour party will make any serious attempt to introduce it in a practicable form. It would not be at all difficult to introduce it in an impracticable form.

Mr Fisher's most attractive item at his last successful election was the maternity allowance, irreverently but universally described as "The Baby Bonus." At this election it was not babies and mothers, but widows and orphans. He gave no details of his scheme for their relief. He did not indicate how the provision already made by the State and by various private agencies was inadequate or unsuitable. He spoke with great pathos of their sad lot in life. He pointed out that orphans generally are " innocent of their condition " and that " they will always be with us." He did not say how he proposed to deal with this newly discovered problem, nor did he show that the Commonwealth had power to deal with it under the Constitution. Nothing had previously been heard of the pressing urgency of this social question, but, as soon as Mr Fisher had spoken, " pensions for widows and orphans " became the prominent item at Labour meetings, and drew warm-hearted rounds of applause whenever mentioned. Sir William Irvine spoke of " bribing the electors " and " soup kitchen finance." Other Liberals asked for a reason why the Commonwealth should, unasked, assume a new burden of indefinite weight. But the critics were accused of having hearts of ice, and Labour, as the " party of humanity," rolled triumphantly towards the polls.

II. The Election and the War

UPON these party squabbles there suddenly fell, first the shadow, and soon the reality of the great war. Questions of politics were forgotten. Political meetings almost lapsed. The page and more of election news in the daily papers shrank to a few lines. But the party leaders had truly declared the mind of Australia. Mr Cook said on July 31:

> Remember that, whatever happens, Australia is a part of the Empire, and is in that Empire to the full. Remember too that when the Empire is at war, Australia is at war. . . . All I want to say is that our efforts in Australia are for the Empire and for the security of the Empire.

Mr Fisher said:

> Should the worst happen after everything has been done that honour will permit, we Australians will help and defend the mother country to our last man and our last shilling.

Every public man spoke in the same spirit. The rapid development of events left no time for doubt or hesitation, and only some of the Socialist papers struck any discordant note. The outbreak of war and Sir Edward Grey's statement united the people in emphatic support of the position already taken up by the leaders of the political parties, in approval of the measures of co-operation announced by the Government and in readiness to make the sacrifices that would be called for. If at first there was some failure to realize the magnitude of the struggle in which we were engaged, the knowledge which the last seven weeks has brought us finds the Australian people to-day facing the ordeal of the great war in a grave spirit of determination.

When Great Britain declared war, the Ministers were already busy in their departments. They acted in consultation with their political opponents, Messrs Fisher, Hughes

and Pearce. They made arrangements for dealing with financial disturbance and, as far as possible, with any attempts to inflate prices unduly. The Stock Exchanges closed, but except for a short time in Sydney, there was not a run upon a bank in Australia. The Ministry abandoned politics, and for a fortnight no Minister delivered a political address. But they prepared for the dispatch of an expeditionary force of 20,000 men, complete in all branches that Australia can provide: infantry, light horse, field artillery, engineers, signallers, medical and army service.

The difficulties of the Executive under the English system in meeting an emergency without the support of Parliament, the example offered by all parties in England of sinking internal differences, and the belief that the public mind was too much engaged with the war to entertain any other matter of politics, led to a feeling amongst people of all parties that the general election should be "called off." Amongst those who pressed this course, Mr Hughes was the most prominent and most insistent. Without abating any of his ardour in the conflict, and while indeed directing especial attention to the foresight and capacity of the Labour defence policy and administration as compared with that of their opponents, he made several suggestions for avoiding the election and providing for an immediate summoning of Parliament. The first of these was, that before nomination day, both parties should withdraw all opposition to sitting members. In fact, the Opposition candidate in Mr Cook's electorate was withdrawn, but the leaders of neither party could have answered for all their candidates, and there were some independent candidates owing allegiance to no party. Further, the Government only had a majority of one in the old Parliament, and one of their members—the Postmaster-General—was not seeking re-election. Secondly, Mr Hughes suggested that the proclamation dissolving Parliament should be revoked and the old Parliament re-established without any election. Of course, such a scheme is constitutionally

impossible. Thirdly, he suggested that the Imperial Parliament should be asked to pass a short Act re-establishing the old Parliament.

Mr Hughes's gift of tongue does not include a conciliatory manner towards his opponents, and his suggestions were not hailed as generous advances by Ministers. The Government refused absolutely to take any step for the revival of the old Parliament. It had become absolutely unworkable under a Ministry of either party, and on August 2 Mr Fisher had observed very frankly that "a great deal had been said about 'party' and 'non-party,' but that was only a pretence, as nothing could be done in Parliament unless one side or the other was returned with a workable majority."

A formal coalition was not suggested. An important factor in the situation from the Ministry's point of view, of course, was that any of the schemes would involve the total abandonment of the dissolution of the Senate, so that when in the ordinary course the House of Representatives should come to be dissolved, a victory at the polls would bring the Liberal party nothing more than a second term of humiliation at the hands of the Senate. It was this factor which made it impossible to dissociate any of the possible courses from a consideration of their effects on the situation of parties.

The Labour party followed Mr Hughes, not Mr Fisher, and adopted the line that the offer of a truce had been refused, and that the Liberals were entitled to no mercy. Mr Cook made an appeal to the people "to exercise soberly and dispassionately their capacity for self-government." On August 24, the Labour party issued a manifesto "making only passing reference to all other issues than those directly arising out of the war." The manifesto blamed the Liberal party for "forcing on an election" at so critical a time. Its author proceeded to state that "in this hour of peril there are no parties so far as defence of the Empire is concerned," but went on to claim that "to

the Labour party alone" was it due that Australia could defend herself, that she could dispatch 20,000 men to fight to aid the common cause, and that she had a "fleet in being." The manifesto proceeded to set out the deeds of the Labour party and the misdeeds of the Liberal party in matters of defence. The Liberal party naturally retorted, and the election campaign degenerated into a series of claims and counterclaims to the merit of having established the defence system.

The facts are clear enough in outline. Originally no party was particularly enthusiastic about defence, and the Labour party, with the notable exception of Mr Hughes and a few others, was "anti-militarist." The change in the international situation in 1908-9 affected the views of members of both parties. The Liberal party passed the legislation bringing in compulsory defence and establishing an Australian Navy, and Mr Cook actually ordered the ships of the Australian Navy in December, 1909. The Liberal party arranged for visits and reports from Lord Kitchener and Admiral Henderson. The Liberal party was defeated in the Elections in April, 1910. The Labour party received the reports, and acted upon them, making certain amendments in the Liberal legislation which by general consent embodied improvements. Thus both parties are entitled to claim credit, but neither party is entitled to claim all the credit.

III. The Result

THERE was a very large poll at the election, 71·2 per cent of the voters on the rolls recording their votes. In the House of Representatives the sitting candidates were returned in every state except Victoria, where the Liberals lost four country seats (one to an Independent candidate) and New South Wales, where the Liberals lost two country seats. In Victoria current opinion assigns some share in the Liberal loss to resentment at the hostility of

the Legislative Council. In the Senate, the Liberals obtained two seats in New South Wales, two in Tasmania, one in South Australia, and none in the other States. In South Australia the success of a single Liberal candidate was due to the fact that the South Australian Labour leader, Mr Gregor McGregor, a member of the last Labour Ministry, died after the close of nominations. Thus only five Labour candidates were left for six seats, and as six candidates must be voted for to make the ballot paper valid, the party concentrated its votes upon a single Liberal candidate, who was returned by an enormous majority at the head of the poll. But for the regrettable death of Mr McGregor, the Labour party would undoubtedly have thirty-two senators out of thirty-six. For practical purposes it might have been a good thing if the party had won all the Senate seats. It would have been a still more palpable *reductio ad absurdum.*

Comparing the votes cast in the constituencies for the two parties respectively with their representation in Parliament it is found that the 52⅔ per cent of the electors who voted for Labour returned 56 per cent of the members of the House of Representatives, while in the case of the Senate they returned no less than 86 per cent.

Shortly after the elections the Labour party met in caucus and elected the following Ministry:

Prime Minister and Treasurer ..	Mr Andrew Fisher (Q.).
Attorney-General	Mr W. M. Hughes (N.S.W.).
Minister for External Affairs ..	Mr. J. A. Arthur (V.).
Minister for Defence	Senator Pearce (W.A.).
Minister for Trade and Customs ..	Mr Frank Tudor (V.).
Minister for Home Affairs ..	Mr W. O. Archibald (S.A.).
Postmaster-General	Mr W. G. Spence (N.S.W.).
Vice-President of the Executive Council	Senator Gardiner (N.S.W.).

Assistant Ministers .. .. Mr H. Mahon (W.A.).
Mr J. Jensen (T.).
Senator Russell (V.).

This Ministry is probably as strong and able a combination, with one exception, as could have been selected. Mr Fisher, Mr Hughes and Mr Pearce are universally regarded as men of high political capacity. Mr Tudor and Mr Mahon have held office in other ministries, and have proved themselves to be efficient administrators. Mr Arthur is a Victorian barrister of marked ability, who has only been in Parliament for one year, but who has undoubtedly proved his fitness for high office. Mr Archibald has the reputation of being a sound and solid man, and he has earned the respect of his political opponents. Mr Spence is the head of the Australian Workers' Union, the strongest union in the Commonwealth. He has great organizing ability, and will find full scope for his powers in the Post Office. Mr Jensen and Mr Russell are not so well known as some of their colleagues, but they too have earned their positions by useful and capable work for the party. Three members of the last Fisher Ministry were rejected by the caucus—Mr King O'Malley, Mr Josiah Thomas and Mr E. Findley. It is the general opinion that the present Ministry is more capable than its Labour predecessors of 1910-1913.

Mr Fisher will have unanimous support in all action necessary for the dispatch of the first expeditionary force and the other contingents which are already being prepared. Mr Cook and Sir William Irvine have already promised to stand behind the Ministry in everything connected with the war. The Parliament as a whole is pledged to legislate for more effective protection, and, in normal circumstances, there would have been little difficulty in imposing higher duties on a number of imported articles. But the Commonwealth revenue is mainly dependent upon the customs receipts, and, if to the effect of war there be added a diminution of imports caused by higher duties, the financial position may become very serious. Further, our wool is

being stored instead of being sold in the ordinary course. According to present prospects the season is one of the worst which Australia has ever experienced. The wheat harvest is a failure, and the drought is killing many of the sheep and cattle of the continent. The dispatch and maintenance for one year of the first expeditionary force will, it is estimated, cost about £5,000,000. Other contingents are to follow, the navy must be maintained, and local defence must be provided for, whatever the cost may be. The occupation of German New Guinea and the Bismarck Archipelago, and, we hope, of other Pacific islands, will mean still further expense. Mr Fisher has declared, since the election, that he will carry out his election promises, notwithstanding the changed conditions, and will also provide such relief works as may be required. If, in addition to the abnormal burdens already mentioned, the Commonwealth is to embark upon a gigantic carrying system on sea and land, with agents in all parts of the world, and is to establish pensions for widows and orphans, it is clear that the Treasurer will need all his skill if he is to weather through. However, it is a good thing to have a workable Parliament once more, and the general recognition of the difficulties of the situation, combined with the universal and enthusiastic ambition to help the Empire, in the interests alike of the Empire and ourselves, will strengthen Mr Fisher's hands and will bring him much good will and assistance even from his most strenuous opponents. Certainly no one will venture to suggest that the verdict of the electors signifies any disapproval of the late Ministry's active co-operation with the Imperial Government. The country has decided to "change the guard," with full confidence that those who are called to the post will be as strenuous and as devoted to the common cause as their predecessors.

IV. The Government and the War

IN the preceding survey something has been said of the measures taken on the outbreak of war. Of these the most important were the immediate transfer of the Australian navy to the orders of the Admiralty, and the offer of an expeditionary force for service abroad. The departure of the fleet on service was followed a month later by the occupation of German New Guinea by the naval expeditionary force. The expeditionary force of 20,000 was soon recruited and went into training, and arrangements were made for transport. Meantime, the schemes of action outlined by the War Office and the Admiralty to be put in force on the outbreak of war were carried out and a part of the Citizen Forces was called out for training. In Australia as in England measures for ensuring financial stability and continuing the operations of commerce and industry, with as little interference as was possible, had to be considered and arranged.

The Ministry met the representatives of financial, industrial and commercial organizations, and subsequently a conference of Federal and State Ministers was held, at which Mr Fisher, then still leader of the Opposition, was present.

The main purpose of the conference was to consider means for minimizing the amount of unemployment due to the existence of war, in view of the temporary shutting off of supplies of capital from investors abroad and the dislocation of industry through the disturbance of markets for Australian commodities. The States had large undertakings for public and developmental works; commercial and industrial operations were dependent on financial support. On the other hand, ten years of prosperity had led to large accumulations of wealth in the country which put it in a position of unprecedented strength for standing the strain. The

decision of the Conference announced by the Prime Minister was a determination to place the credit of the Commonwealth and the States behind the banks, if and when necessary. According to an unauthorized statement which appeared in the press, the Conference decided first, that if necessary the Commonwealth should make available to the States money for the carrying on of State activities and for general purposes out of the Commonwealth note issue funds, the States availing themselves of this opportunity for borrowing to be required to deposit in gold an amount equal to 25 per cent of the amount borrowed, and to pay interest at 4 per cent; secondly, that if necessary the Commonwealth should make available to the banks such money as might be needed for the carrying on of their arrangements, on the banks depositing with the Federal Treasury an amount equal to 33⅓ per cent of the amount borrowed, interest to be charged at the current bank rate.

All the Governments agreed to take in hand the task of preventing the exploitation of the public by the holding up of the necessaries of life, and in most of the States legislation was passed enabling the Government on the advice of a Board to fix maximum prices and to punish persons refusing to sell at those prices. The powers, when granted, were promptly exercised in the case of wheat and flour, and on an attempt being made to escape the operation of the regulation by declaring wheat for export, the New South Wales Government seized the stocks of seven of the largest dealers. The situation arising out of this has become the more complex, because in Victoria a higher price has been fixed than in New South Wales. Much of the wheat seized is alleged to have been held for sale on behalf of the farmers, and again, much is said to be the subject of contracts of sale already made. The price fixed being below that at which some purchases at any rate have been made, the purchasers naturally complain, and it is roundly alleged that the persons most likely to benefit are the speculators who had "sold short." More important probably is

the fact that in a disastrous season, which tends to discourage the farmer from putting lands under crop, he is brought face to face with a new element of uncertainty at a time when it is of the first importance that the greatest possible area should be cultivated.

On the recommendation of a Commission presided over by Mr Deakin, the Commonwealth Government prohibited the export of meat, except to places within the British Dominions, and of wheat and flour except to the United Kingdom, and this was followed by an absolute prohibition of all export of these commodities, except under the written authority of the Minister.

New South Wales and Western Australia had other problems to face. In both, heavy public expenditure had been undertaken, and the shrinkage of means both from the closing of the Money Market and the drought promises a serious amount of unemployment. In New South Wales, half time was declared upon public works, and a substantial retrenchment of the salaries of public servants determined on; both measures were generally acquiesced in by those immediately concerned. In Western Australia, the proposals of the Government, in addition to the fixing of prices and the prohibition of export, included restriction of dismissals by employers and a graduated income tax reaching 15 per cent on all incomes over £1,500 a year. These last were rejected by the Legislative Council.

It is evident that whatever governments are in power will be driven to social and economic experiments which are in their effects as incalculable as the issue of the war itself.

Australia. September, 1914.

SOUTH AFRICA

I. Political Aspect of the War

WHEN Parliament was prorogued on July 7 last, no one who was making any plans or forecasts for the immediate future would have given a thought to the possibility of Europe being in the throes of war before a month was over. As far as South Africa was concerned the bolt came from a cloudless sky. When people had time to realize what had happened they found themselves without notice plunged into a situation in which all their familiar landmarks had gone, and everything was doubt and uncertainty. News from oversea was slow in coming, and scarce, and of what did come no one knew how much to believe. Business men found themselves faced with unprecedented conditions—a moratorium declared in London, the Exchanges closed, shipping disorganized. Would South Africa be able to import the supplies on which she depends for subsistence? Would she be able to export the gold with which she buys these supplies? Gradually, however, as it became clear that the Navy could keep the sea open, a solution was found for most of the problems and business quietly adjusted to the new conditions. But these and such like matters were not the only preoccupation of the early days of the war. Men waited with feverish eagerness for news of the first clash of arms, especially of the first naval conflict, and rumour was not slow to supply us with news both of what we hoped and what we feared. Gradually the general plan of the campaign

became more clearly understood, and then the one question was—what was our part going to be?

In the larger towns there was an immediate and marked demonstration of loyalty to the Empire. The air was full of proposals for raising contingents for service in Europe, and for opening subscription lists for various purposes, more or less clearly defined. In South Africa, however, there is not one public opinion but two. The country districts, especially those which are vaguely but descriptively known as the back veldt, are quite out of the main current of the world's happenings. Books and newspapers are scarce and little used. News travels by word of mouth, and is believed or doubted, not according to its inherent probability but according to the personal influence of the teller and the wishes and predispositions of the hearer. The news of the outbreak of war travelled rapidly through the country, well in advance of any authentic information as to what had really happened. In certain districts it revived ideas which had for long been sown in South African soil from German sources, official or unofficial, to the effect that when the day came for the downfall of the British Empire at the hand of Germany, it was the plan of the victors, not to annex the Transvaal and Orange Free State, but to constitute a new South African Republic under German protection. These ideas were specially prevalent in the Western Transvaal, and, when the outbreak of war became known, rumours spread through this district, coloured by the visions of a local soothsayer, that the Germans were invading the Union and that the burghers were being called out on commando. A number of them actually assembled at one centre in the Western Transvaal, but on being addressed by General de la Rey they dispersed quietly to their homes. In general, however, the attitude of the people seemed to be one of waiting to see what turn events would take in a crisis which had come on them too suddenly to be fully understood.

Everything depended on what action the Government was going to take, and of that there was no indication. From

the fact that it would not countenance the raising of a force for oversea service, it was generally inferred that active operations were in contemplation against German South-West Africa. On the other hand, there were many who remembered with some apprehension the view expressed some years ago by the principal Government newspaper in the Transvaal—that in a European war South Africa would have, and should exercise, an option whether to be neutral or not. True, the Prime Minister had strongly disavowed any such idea, but it was known to be held by many, and in particular by that section of the Government party which, under the leadership, or rather under the name, of General Hertzog, had gradually become more widely and more bitterly opposed to General Botha's policy. The cause of the division between them was, and still is, a difference of opinion as to the relation of South Africa to the Empire. It was because of his views on this question that General Hertzog had to leave the Cabinet, and round him has grown a party, brought together no doubt in the first instance largely by personal animosities to the leaders of the Government party, but having as a common policy the principle that South Africa, while nominally a member of the Empire, is in no respect bound to have regard to any Imperial interest, when it involves, or would appear to involve, any sacrifice of her own. Their object is South African independence, veiled for the present, and so long as mutual interest makes it desirable to both parties, under the name of partnership. In its more moderate form this attitude is well expressed by a prominent citizen of Bloemfontein in a letter to the *Friend*, the leading paper in the Free State, which, it should be added, strongly disapproves of the writer's views:

> " I do not propose to-day to declare war against the Empire. It might be necessary some day if statesmen become less wise, but in my scheme of things, the Great Partnership will in course of time, if we are true to ourselves, be either indefinitely renewed or permanently

dissolved by nothing more violent than consent. We remain good friends and continue to do good business, which, if it is not the only reason why the partnership exists, is certainly the only way the partnership can exist, and the Empire thrive."

Other exponents lay less emphasis on the "good friends and good business" aspect, and more on the alleged subordination of the national interests of South Africa to a remote and cosmopolitan Imperialism.

When Parliament met, the policy announced by the Government was such as to throw the glove down at once to the champions of neutrality. There was no question in the mind of the Government of standing aside. They had offered their help to the Imperial Government in whatever form it might be most acceptable, and they had been asked by the Imperial Government, and had agreed, to undertake an expedition against German South-West Africa. Even to those who could only judge of the feelings of the people of the country districts from a distance it was clear that this was not a project which at first blush would be acceptable to them. The war had come so suddenly that they had barely had time to realize what it meant, still less to understand why they should attack a neighbouring territory from which South Africa had received no open menace. We have it from the speeches of ministers made since that the majority of the Government supporters came to the special session of Parliament opposed to any aggressive policy in South Africa, though after having the position explained to them they came round to the Government view.

At the opening of Parliament, His Majesty's message was presented and an address in reply was moved by the Prime Minister, seconded by the Leader of the Opposition, as follows:

"This House fully recognizing the obligations of the Union as portion of the British Empire respectfully requests His Excellency the Governor-General to

convey a humble address to His Majesty the King assuring him of its loyal support in bringing to a successful issue the momentous conflict which has been forced upon him in defence of the principles of liberty and of international honour and of its whole-hearted determination to take all measures necessary for defending the interests of the Union and for co-operating with His Majesty's Imperial Government to maintain the security and integrity of the Empire and further humbly requesting His Majesty to convey to His Majesty the King of the Belgians its admiration for and its sincere sympathy with the Belgian people in their heroic stand for the protection of their country against the unprincipled invasion of its rights."

To this an amendment was moved by the Labour party by way of an addition in favour of a general reduction of armaments after the termination of the war and other somewhat academic principles. It was, however, afterwards withdrawn. A further amendment was made by General Hertzog to the following effect:

> "This House being fully prepared to support all measures of defence which may be necessary to resist any attack on Union territory is of opinion that any act in the nature of an attack or which may lead to an attack on German territory in South Africa would be in conflict with the interests of the Union and of the Empire."

The speeches in support of the amendment by no means confined themselves to an attack on the policy of the Government in regard to operations against German territory, but also either cast doubt upon or openly impugned the justice of the British cause in the war. Bitter personal attacks on the Prime Minister, and references to the South African war which could only have the effect of reviving racial hatred, shewed what influences were being brought to bear on the public opinion of the country. In Parliament, however, the Government had a decisive victory. The

Hertzogite section were in a minority of twelve against a majority of ninety-two composed of the Government party, the Unionists and the Labour party. Of the seventeen members from the Free State, which has been the stronghold of the Hertzog section, only nine, including General Hertzog himself, voted for the amendment. One of them, moreover, has since publicly recanted and gone round to the Government. Seven voted with the Government. In the Senate a minority opposed the address on similar lines. General de la Rey spoke against the policy of attacking German South-West Africa, but his loyalty to the Government and to General Botha would not allow him to vote against it.

It was soon evident, however, that the opponents of the Government policy were prepared to go further than a debate in Parliament. Parliament rose on Monday, September 14, and on the following day General Beyers, the Commandant-General of the Defence Force, handed his resignation to the Defence Department in Pretoria. The Minister of Defence with the other members of the Government was then in Cape Town. General Beyers, without waiting till the long letter containing his resignation and the reasons for it could reach the hands of the minister to whom it was addressed, gave a copy to the *Volkstem* on the previous day, with instructions that it was to be published on the day following—i.e. on the 15th, the day on which it was dated. It was therefore intended to be published before it could reach the minister. The Government, by means of the Press censorship, prevented its publication till the following Monday, when it was published together with the minister's reply. Both the letter and the reply are remarkable documents. General Beyers in his letter gives as the reason for his resignation a profound dissent from the policy of the Government in proposing to send an expedition to German South-West Africa. He then proceeds to make some very bitter comments on the British case as against Germany which shew clearly where his sympathies are in the struggle. Britain, he says, poses as the protector of small nations, but

what about her action against the Orange Free State and the South African Republic? How did she respect the Sand River Convention? War is being waged, it is said, against German barbarity, but what of the barbarities perpetrated during the South African war when, with few exceptions, all the farms, not to mention many towns, were Louvains? The letter indeed is not merely a resignation of his office and rank but a declaration of war against the Empire. Beyers, the politician, whose speeches at the time of the grant of responsible government to the Transvaal caused no small anxiety to those who were striving to obliterate the bitter memories of the past, reappears from behind the mask of responsibility which, as Speaker of the Transvaal Legislative Assembly and afterwards as Commandant-General of the Defence Force, he has borne and borne well. The reply of General Smuts began by stating that while he (the minister) knew that General Beyers objected to the undertaking of war operations in German South-West Africa, he had no idea that General Beyers contemplated resignation. On the contrary all the Government information had been communicated to him, all plans were discussed with him, the principal officers were appointed on his recommendation and with his concurrence, and the plan of operations being followed was largely one which had been recommended by him at a conference of officers. The minister goes on to say that his last instruction to General Beyers before leaving for Cape Town had been that he should visit certain regiments on the German border, it being well understood that, as soon as the war operations were somewhat further advanced, he (General Beyers) would take the chief command. After some severe criticisms of General Beyers's hostile references to Great Britain, the minister concludes as follows:

> "You speak of duty and honour. My conviction is that the people of South Africa will in these dark days, when the Government as well as the people of South

Africa are put to the supreme test, have a clearer conception of duty and honour than is to be deduced from your letter and action. For the Dutch-speaking section in particular I cannot conceive anything more fatal and humiliating than a policy of lip loyalty in fair weather and a policy of neutrality and pro-German sentiment in days of storm and stress. It may be that our peculiar internal circumstances and our backward condition after the great war will place a limit on what we can do, but nevertheless I am convinced that the people will support the Government in carrying out the mandate of Parliament in this manner which is the only legitimate one to fulfil their duty to South Africa and to the Empire and maintain their dearly won honour unblemished for the future."

The two letters are in effect manifestoes addressed to the people of the Union, and more particularly to the Dutch section of the people, and they shew clearly the line of cleavage between the two parties which divide that section. In the meantime General Beyers's manifesto, which had been intended to appear on the 15th, had been kept back, but his resignation had been announced and rumour supplied the reasons. Reference has already been made to the somewhat disturbed state of feeling in the Western Transvaal. In that district General de la Rey lived and wielded an almost patriarchal influence. On his return from Cape Town he met General Beyers, and it was arranged between them, at General de la Rey's request (according to evidence given by General Beyers at the judicial inquiry which followed the events of that fateful night), that they should travel to Potchefstroom by motor car that night (the 15th), and thence to General de la Rey's home at Lichtenburg.

At Potchefstroom General Beyers intended to visit a regiment of the Defence Force which was in camp there, consisting mostly of men from the country districts of the Western Transvaal. He intended (as he stated in evidence) to address them as their ex-Commandant-General and as a leader of the people. He and General de la Rey were then to

address the people at Lichtenburg in opposition to the Government policy. What he meant to say and what he meant to do afterwards, and what part General de la Rey was intended to play, we cannot say, for suddenly, as if by an unseen hand, the current of events was turned aside by a terrible tragedy. The two generals left Pretoria by motor car about 7 p.m. by the road which took them through Johannesburg. Now on that evening in Johannesburg the police were making a desperate effort to capture a gang of bandits who had been committing a series of burglaries and shooting at sight anyone who interfered with them. On that afternoon they had been traced to a house in the suburbs by some detectives, who tried to arrest them, with the result that one of the detectives was shot dead and the bandits escaped in a motor car. Armed patrols were thereupon ordered out on all the main roads leading out of Johannesburg, with instructions to stop and examine all motor cars, particularly any resembling that in which the bandits had escaped. Approaching Johannesburg from the north-east, the two generals were challenged at the eastern end of the town, and again once or twice as they were passing out through the western end, but in each case they took no notice of the police but drove through them at a high speed. Finally, near the western boundary of the town, they were challenged again, and again drove through the patrol without response. One of the police fired at the wheel of the car with the intention of disabling it, but the bullet struck the road and, ricochetting, hit General de la Rey and killed him instantly. Shortly before, by a strange coincidence, an almost similar tragedy had been enacted on the main reef road east of the Johannesburg boundary, the victim being Dr Grace, a well-known doctor on the East Rand.

General de la Rey was respected by every one and beloved by those who knew him, and the news of his death sent a shock through the whole country. A vast concourse of people assembled at his funeral, and were addressed by General Botha and also by General Beyers, who took occasion

to dissociate himself from any intention of causing or advising rebellion. On the following day General de Wet and General Beyers and others took advantage of the presence in Lichtenburg of a large number of the country people to hold a meeting at which they condemned in strong terms the policy of the Government. Their object was, moreover, not merely to pass resolutions, but to induce their countrymen serving in the Defence Force to refuse to go on active service if called out under the provisions of the Defence Act, and to attempt a sort of mutiny by passive resistance. To this the Government had an effective counterstroke. On the day after General de la Rey's funeral, General Botha announced that to obtain the additional men required for the expedition, the Government would call for volunteers, and that he himself would take the command. General Botha has a gift—almost a genius—for grasping difficult situations and doing the thing which carries people with him. In this case the effect of his decision was to turn the whole position of his opponents. In the towns, of course, the people had been with the Government from the beginning, and the announcement of General Botha's decision to take command filled them with enthusiasm. In the country opinion moves more slowly, but the influence of members of Parliament returning to their constituents, and the personal loyalty to General Botha, which is still a great force, especially among men who were his commandants in the war, have already had a noticeable effect. All visible indications go to shew that General Botha will certainly carry the country with him, including the great majority of the Dutch people, on the issue which has been raised. There will still be a minority, whose attitude towards the Empire will vary from unwilling acquiescence to active disloyalty. How far they will go in overt opposition to the Government will depend on the good sense of their leaders and the manner in which their propaganda is received by the people and dealt with by the Government.

The existence of German South-West Africa on the flank of the trade route to South Africa and via the Cape to the east, with its harbours and its powerful wireless installation, is already a serious menace to us, and one which in time would have made itself much more acutely felt than it has as yet been able to do. The annexation of that territory, however, should that result from our expedition, will not be the most important result of the step which has been taken. For South Africa the war has come as a definite call, and has brought to the test those theories of neutrality and partnership-at-will which attracted many simply because they allowed the obligations which attach to our membership of the Empire to be so conveniently put aside. The war has made a call which must be answered one way or another. Even a partnership of the "good friends and good business" sort referred to above would hardly survive if, when the senior partner was engaged in a life-and-death struggle, the junior stood by with folded arms. The Government has answered the call in unmistakable terms, and General Botha, by his personal lead, has done more to unite the country and abolish racial suspicion than years of political controversy would have achieved. There is a dissatisfied minority, no doubt, but they have lost much of their power by having to declare themselves, and having definitely come out against the Government they no longer exercise an influence inside the councils of the party.

The political effect of the war may be summed up by saying that it has banished politics. People of all shades of opinion, with the exception of the Hertzogite section described above, and a few anti-war Socialists, are solidly behind the Government and prepared to see it through the present crisis. A general election takes place next year, but, even if the war is over by then, it may be doubted if an election will find the political hosts ranged where they were before. The old party cries may sound, but, with the new issues raised by the war, men's ideas

may have changed as to whether these are the most important things before them.

This change of outlook, a new sense of the privileges and responsibilities which membership of the Empire entails, the stronger unity which comes through trials and sacrifices freely undertaken in a common cause, may well be more to the Empire of the future than many square miles of added territory.

II. Industrial and Financial Issues

IN order to appreciate clearly the effect of the war on the commerce and industries of South Africa, it is necessary to bear in mind various facts which are characteristic of our present industrial condition. In the first place manufactures are not yet highly developed here. Our external trade consists largely of the export of primary products such as minerals, precious stones, pastoral and agricultural produce, and the import of foodstuffs (in which we are not yet self-supporting) and manufactured articles. Then some of the products which bulk largely in our returns are of the nature of luxuries, for which the demand is immediately affected by changes in taste and fashion, or by financial stringency. Chief among these are diamonds and ostrich feathers. On the other hand, by far the largest item in our export list is gold, the demand for which was not reduced by the war, though its production was made at first more difficult by the fact that many of the requisites, such as zinc and cyanide, were in normal circumstances imported in large quantities from Germany and the Continent. The risks which attended its transit by sea might also have affected its production by preventing its being realized in such a way as to enable the mining companies to pay for their stores and labour.

The following figures show in round numbers the relative importance of our principal exports in the year 1913:

Total value of South African produce exported	£65,000,000
Gold	£37,500,000
Diamonds	12,000,000
Wool	5,700,000
Ostrich feathers	2,900,000
Hides and skins	2,000,000

The items most seriously affected by the outbreak of war were, of course, the diamonds and ostrich feathers. Some time before the war the ostrich feather market had been suffering from a bad depression. A period of great prosperity had led to over confidence. Enormous prices were paid for land suitable for ostrich farming and for birds bred from the best stock. It was easy to forget on what an uncertain foundation the whole fabric was built, and that ostrich feathers do not supply one of the permanent needs of mankind. The decrees of fashion changed, the inevitable slump came, and then, as a last crushing blow, the war, which prevented even the slow liquidation which would have enabled farmers, dealers, and banks to recover something out of the ruin. In time, no doubt, recovery will come. The lucerne lands, which produced such fabulous profits in the form of ostrich feathers, will still be valuable, and more permanently valuable, for dairying or cattle feeding. But, in the interval, while the gear is being changed, there will be much distress in certain parts of the country.

The diamond market before the war had also been feeling the effects of over-production. Before the discovery of the Premier Mine, the De Beers Company could practically control the supply of diamonds, and it was their settled policy to adjust the supply as far as possible to the demand. The theory is that the demand for diamonds is essentially a limited one, and is easily killed by over-supply—or, in other words, that when every one can get diamonds no one will want them. Since the discovery of the Premier Mine, and of other smaller sources of supply, and of the diamond fields of German South-West Africa, the control of the output has become much more difficult. A conference of the principal pro-

ducers, including a representative of the German Government, on behalf of the mines of German South-West Africa, had been sitting in London shortly before the outbreak of the war and had arrived at an understanding on this vital point. Then came the war and immediately every diamond mine stopped production. The effect of this on the community may be judged from the fact that the value of the diamond export is almost one-fifth of our total exports (£12,000,000 out of £65,000,000) and that the diamond mines in the Union employ over 5,000 Europeans and over 40,000 natives.

Of our other products, leaving aside gold, the most important are wool and hides and skins. The wool of South Africa has hitherto been largely taken by continental buyers, being for the most part of a shorter staple than that used by the English manufacturers. In 1913 of the total export, valued at £5,700,000, no less than £2,700,000 worth went direct to the Continent of Europe, and of this £1,900,000 worth went to Germany. Much of the handling and financing of the wool trade has been in the hands of German firms, or of firms having large dealings with German houses, and across all these connections the war has come like a knife, to say nothing of the disorganization caused by the raising of freights and the closing of the Exchanges in England.

Immediately after the outbreak of war the Government called together the leading merchants and the general managers of the banks, and an arrangement was made for helping the producers and exporters over the block caused by the sudden stoppage of the ordinary channels of business. No attempt was made to deal with diamonds and ostrich feathers, as the position in regard to these was too unsettled, and involved many speculative elements, quite apart from the effects of the war. Maize, of which there is a certain quantity available for export, in spite of the serious drought of the past two years, was also left out, because the market remains open and the only serious difficulty is that of ship-

ment. For the other products—wool, hides, mohair, etc.—advances will be made by the banks on consignments warehoused under Government certificate up to one-half of the pre-war values, pending shipment and realization.

In the case of the gold, of course, quite different considerations apply. As has been pointed out, the only obstacle which the outbreak of war put in the way of the production of gold were a threatened shortage of some of the accessories, such as cyanide and zinc, which have hitherto come largely from German and other continental sources, and the risks of sea transit. The first has not proved to be a serious difficulty, and the second has been overcome by an arrangement which obviates the necessity of regular shipments of gold. The Bank of England has agreed to pay out in London up to 97 per cent of the value of gold deposited with the Union Government, and the mining companies are thereby enabled without difficulty to finance themselves. The gold mining industry, therefore, which is the main support of our commerce and public finance, goes on, so far as the actual output of gold is concerned, without interruption.

The special session of Parliament, during the five days for which it sat, passed certain measures to enable the Government to deal with the exceptional situation in regard to commerce and industries, but more by way of precaution against possible unforeseen emergencies than because of any actual necessity which had so far arisen. So far, indeed, though there will undoubtedly be distress and unemployment, it does not appear that any dangerous strain will be thrown upon the ordinary commercial and financial system of the country. One of the Government measures gave the Government power, if required, to regulate the price of food stuffs and other necessaries, or to take over the supply of such articles, to regulate the supply of intoxicating liquors, and the publication of news, and to prohibit exports. It also enacted a moratorium in respect of obligations (with certain exceptions) contracted before the outbreak of war, by empowering the courts, in proceedings

for the enforcement of such obligations, or on application by the debtor, to extend the time for payment or allow payment by instalments. The extent of the indulgence to be given is left entirely to the discretion of the court, and it is only to apply in cases where the debtor satisfies the court that he is solvent, and is unable to fulfil his obligations as a result, direct or indirect, of the state of war. Interest at six per cent per annum may be claimed by the creditor in respect of any period during which payment of his debt is so postponed.

Another Act empowers the Government to declare by proclamation that all bank notes issued in the Union by the banks specified in the schedule (the schedule contains the principal banks now carrying on business here) and being in circulation at the date of the proclamation, shall be legal tender, except at the head office of the bank of issue, and be guaranteed by the Government. While any such proclamation is in force the banks concerned may not increase the amount of their note circulation except by authority of the Government, and on deposit of security to the satisfaction of the Treasury. The object of this legislation is to help the banks to replace the gold coin now in circulation by notes. At present notes are not very popular in South Africa. This may be due to the fact that the lowest denomination is £5, and also to unpleasant recollections of the Government notes issued by the South African Republic, before and during the late war, which were repudiated by the British Government on annexation. The banks are now preparing to put in circulation notes of smaller denomination, and these can, if necessary, be made legal tender by proclamation under this Act. They will, however, always be convertible into gold at the head office of the bank of issue. The Act is only an enabling one and may never be used. The Government also proposes, if necessary, to reopen the mint which was established in Pretoria by the South African Republic for the coinage of gold. It is unlikely, however, even if this is done, that any large amount will be coined there. In ordi-

nary times the amount of specie imported into the Union is very small, except that which, having been taken away by native labourers recruited in Portuguese East Africa, is returned from Lourenço Marques. Indeed, in view of the large numbers of native labourers on the Rand, most of whom are periodical labourers and come from remote parts of the Union or from beyond its borders, and in view of the fact that they are always paid in coin, the wastage in the gold currency is surprisingly small. Unless, therefore, the hoarding of gold is resorted to on a large scale, which is not very likely, we need not expect to have to face any serious currency problem in South Africa. Under present conditions, however, with the nations of Europe at war, it is well to be prepared for any emergency.

III. Armed Rebellion

SINCE the above was written South Africa has received a startling illustration of the power for mischief of some of the doctrines which have been propagated among its people. Colonel Maritz, an officer in the Defence Force, was in command of a burgher force which was supposed to be operating on the eastern border of German South-West Africa. The scene of his operations is a thinly populated, almost desert country, remote from communications, but information seems to have reached the Government which cast some doubt as to his loyalty at or even before the time of General Beyers's resignation. Colonel Brits was sent to relieve him of his command and this brought matters to a head. In an impudent ultimatum, which he returned to the Government, he demanded permission to meet the leaders of the dissentient party, failing which he would invade the Union. This it is believed he is now doing with the assistance of men and guns from the Germans, after having sent as prisoners to German territory those of his force who would

not go with him. The Government has proclaimed martial law throughout the Union, but the action of Maritz so far has evoked nothing but reprobation from every quarter, and does not seem likely, from present indications, to interfere seriously with the Government plans.

South Africa. October, 1914.

NEW ZEALAND

I. Sir Ian Hamilton's Visit

THE interest of the country in its military system had been much stimulated, just before the war, by the visit of the quondam Inspector-General of the Oversea Forces, and the official inspection by him of the Territorials, members of Rifle Clubs and Cadets. A brief review of that event is, perhaps, the most fitting preface to an account of what has since been done.

The conclusions reached by Sir Ian Hamilton may be quoted in his own words:

> "Of the Cadet system, it is hard to speak in terms which may not appear exaggerated. For the moment I am concerned only with the moral and physical effect of Cadet training upon the boyhood of the nation. Its military aspect as a substitute for recruit training I deal with again later in my report.
>
> "I have spared no pains to ascertain the views of those best entitled to form a judgment on this most vital subject. I have discussed it at length with politicians of both parties in the State—with employers of labour, with schoolmasters, with the clergy of every denomination, and last, but not least, with dozens of Cadets themselves—and whenever and wherever I could get them—with their mothers. I have not heard one single adverse opinion from the mouth of a live New-Zealander, though, from the number of disapproving letters I have received, there must be a minority which makes up for its want of dimension by a radium-like activity. No, amongst all the people I have met

there seemed to be a consensus of opinion that the system is wholly beneficial, not to the boys alone, but also in its wider national aspect. If the working men and women of Scotland could have participated in my Cadet inspection through Otago Province (verily a smaller Scotland), if the fathers and mothers of the poorer children of London, Birmingham, Manchester and Liverpool, could only have been present at my Cadet parades in Canterbury Province and in the North Island, could they have done this, and have shared with me the joy of seeing so many keen, happy faces, so many bodies in the pink of physical condition, I know they would not permit their rulers to deny to their own sons one day longer, the same privileges as the boys of Australia, New Zealand and South Africa are now enjoying."

In The Round Table of May, 1911, a full résumé was given of the movement in favour of Compulsory Training. The Defence Act came into force nominally on December 24, 1909. No action, however, was taken pending Lord Kitchener's visit to New Zealand in February, 1910. As a result of this visit, the "Defence Amendment Act" was passed in 1910, and towards the end of that year General Godley arrived in the Dominion as General Officer Commanding the New Zealand Forces. It was therefore practically 1911 before a start could be made in the matter of training, so that the scheme had been a little over three years in existence at the time of Sir Ian Hamilton's arrival.

During the course of his tour, which lasted from April 20 to June 4, 1914, he inspected every unit of the Territorial Forces, and also members of every company of Cadets in the Dominion. According to actual parade returns, the Territorials inspected by him, together with the permanent troops, numbered 18,807. He also saw 17,868 Cadets on parade—a total of 36,675, or 70 per cent of the Defence Forces. He also visited the works and fortifications at the principal harbours, and at three of the four defended ports he was present during practice with the heavy guns.

It was no small triumph of organization to bring such large numbers of Territorials and Cadets together in the various districts; for owing to the limited time available, it was necessary to collect large bodies of Cadets from wide areas at the same time that the whole of the Citizen forces were actually under arms in camp. The possibility of making the same permanent instructional staff march across the inspectional stage with the Cadets one day, and with the troops the next, was impossible, indeed, as Sir Ian remarks:

> "The military machine in New Zealand has been subjected to a severer trial than that of any portion of the Empire ever inspected by me. The elements themselves seemed to have leagued themselves with me in adding some of the genuine discomforts of war to my mimic campaigns. The icy rain at times penetrated everything and every one—the mud waxed deeper and ever more adhesive—actual mobilization would in fact have made no greater demands either on the energies of the military authorities, or on the pluck and good temper of the rank and file."

The report practically covers all matters relating to the Citizen Army. It discusses the Headquarters organization, the District and Area organization, the training of a citizen army, the state of that army at the present day, financial arrangements, and other details. From a business point of view alone, it is an excellent one, and steps have already been taken at Headquarters to put into effect a great many of its suggestions.

It is interesting to compare the numbers trained in 1905 under the old voluntary system, and in 1914—also the respective cost of Land Defence in those years:

	Strength of Permanent Forces.	*Strength of Volunteer or Territorial Force.*	*Cost.*
1905.	395	13,492	£237,357
1914.	578	25,902	£591,294

It must be stated, however, that in the latter amount is included payment for equipment in the way of new field guns, rifles, uniforms, etc., all of which has had to be made out of the total Defence vote during the last few years. This, Sir Ian attributes in a large measure to a strict observance of the militia principle throughout in the constitution of the Force. Not a single professional officer or non-commissioned officer appears to be employed whose services, with due regard to efficiency, could possibly be dispensed with.

In summing up his report, Sir Ian says:

> "The Army of to-day puts its best into its work. It is well equipped and well armed—the human material is second to none in the world, and it suffers as a fighting machine only from want of field work and want of an ingrained habit of discipline. The first of these can never, under the conditions of a Citizen Army, be quite made good, except by dint of war or by a period of embodiment made under stress of imminent peril—the second can, and will, be made good, as well-trained recruits come on, especially when captains are made entirely responsible for the instructions of their own trained men."

The report was well received by the Press throughout the Dominion, and the whole compulsory Training Scheme appears to be regarded with complete satisfaction by the general public. It is significant that although the Elections will take place before the end of this current year, there is no suggestion by either party that there should be any repeal or serious curtailment of the present Act.

II. New Zealand and the War

LITTLE did the people of New Zealand, whose minds had, by General Sir Ian Hamilton's visit, been turned to things military, and whose pride in their Citizen Army, yet in its early infancy, had found some justification in his

favourable report, think that they would within three months from his departure have an Expeditionary Force under canvas awaiting orders to leave for Europe to assist Britain in a first class European conflict. That the compulsory military training scheme has now been in force for over three years, is matter for some satisfaction; that it has not been so for much longer, is now our chief regret. The thunderbolt that shook the world at the end of July made the Dominions realize, as they never did before, that the existence of the British Empire is not a thing above and beyond challenge; and that they, as its citizens, have a duty, which they were but slowly beginning to recognize, to keep themselves in such a state of military preparedness as will make them factors to be taken seriously into account by any possible aggressor. The excitement during the few days before Britain declared war against Germany was intense, springing as it did from a full sense of the tremendous nature of the crisis, and the feeling that our nation was about to face a danger that was quite incalculable. That it could face it, was never doubted; that it ought to face it, was as clear as was the fact that the cost, though certain to be immeasurably great, could not in the circumstances be weighed. The cabled extracts from the speeches of Mr Asquith and Sir Edward Grey on the declaration of war, putting the justice of the quarrel, as they did, beyond all question, met with universal approval and inspired a confidence which the assurances that the Navy and the Army were ready, and, in particular, the news that Lord Kitchener had been appointed to the Supreme Command of the Army Administration made strong and sure.

On July 31 the Prime Minister announced in the House that, if need should arise, the Government would ask Parliament and the people of New Zealand to do their duty by offering an Expeditionary Force to the Imperial Government. An understanding, he added, had already been arrived at with regard to the numbers and constitution of a force which would fit in with Imperial requirements. At the close

of this announcement, the whole house rose and sang the National Anthem. Sir Joseph Ward assured the Government that it would have the hearty co-operation of the Opposition in whatever action it might find it necessary to take in this connection.

On August 4 the Prime Minister announced that precautionary measures were, under the recommendation of the Imperial authorities, being taken in the Dominion. A Censorship had been set up, particularly with reference to cablegrams passing into and out of New Zealand; and a service established to examine all vessels trading into the four chief ports of the Dominion. H.M.S. "Philomel," which had just been handed over to the Dominion a day or two before to be used as a naval training-ship, had been handed back to the Imperial Authorities, and so passed under the control of the Senior Naval Officer in New Zealand waters. The exportation of coal from the Dominion, except for Admiralty purposes, had been forbidden by Gazette Extraordinary. The Garrison Artillery had been called out and the forts fully manned, as they would continue to be day and night. Preliminary arrangements had already been made for calling for volunteers for the proposed Expeditionary Force, and the Government were only waiting for a cablegram from the Imperial Authorities to say that it would be required, before they actually called for men. The Prime Minister read messages from the Colonial Secretary expressing His Majesty's appreciation of the fresh manifestation of the Dominion's loyalty, and the Imperial Government's gratitude at the offer of a New Zealand Expeditionary Force. Mr Massey concluded his statement by saying that these Imperial considerations were above and beyond party, and that he was confident that this Country would do its duty calmly and quietly, but firmly and determinedly. The Leader of the Opposition followed with the assurance that his party would co-operate in every way with the Government in all steps it might see fit to take to assist in preserving the integrity of the Empire.

On the same day the Minister of Finance made a Statement. The country, he said, was sound; its banking institutions were in a better position than they had ever been; and he hinted that a step had been taken in London which greatly strengthened the position of the Bank of New Zealand there. As the Banks had not at that time issued notes up to the full amount allowed to them by law, there was no need yet to empower the Minister to extend the issue of notes by Proclamation.

These statements made it clear that there was no occasion for panic, and that, though the people might yet be called on to make sacrifices, they were not likely to be of a very serious character.

On the afternoon of August 5, His Excellency the Governor, from the steps of Parliament House, Wellington, published the news of the declaration of war against Germany. Later on in the day the Legislative Council passed a resolution approving of the necessary steps being taken by the Government to have in readiness an Expeditionary Force, and thus enabled the force to be mobilized at once and volunteers called for. In the House of Representatives the Prime Minister announced the Government's intention to mobilize some seven or eight thousand of the Territorials, and to ask them to volunteer for service in New Zealand or abroad.

The Leader of the Opposition vehemently protested against the introduction of the Financial Statement on August 6. He regretted the attempt to introduce such a controversial matter at such a time; and assured the Government that his party was prepared to put through the whole of the ways and means required to carry on the affairs of the Country, without any discussion. If the Statement was gone on with, he would absent himself from the House. The Prime Minister retorted that the people were naturally anxious to hear the Financial Statement at the moment, and that alarm would be created if it were withheld at such a time. When the Government persisted in going

on with the Statement, the Opposition and the Labour Members walked out of the Chamber in silence, and left Dr Allen to read his Budget to a lop-sided House. The Statement showed a surplus, despite the smallpox epidemic, which cost the country £30,000, and the Maritime Strike, which cost it £93,000, of £426,905. The Revenue was quoted at £12,214,339 and the Expenditure at £11,825,864; but these estimates, it was explained, might, owing to the outbreak of the war, require amending. By way of postscript to his Budget Speech, Mr Allen reiterated his assurance that the Banks were in an exceptionally strong position; and announced that, to make them still more secure and to allay any possible feeling of unrest, bank notes had the day before been made legal tender by Proclamation.

The genuineness of the desire on the part of the political parties to sink their differences and show a united front in the face of the national danger, was clearly indicated by the instructions the Government gave its party organizers to cease organizing, by the cancellation by Opposition Members of their engagements to speak in different parts of the country, and by their decision to withhold the Opposition party Journal for the time being. And this feeling of the necessity for union at such a time was not confined to political parties; it permeated the whole community. Just before matters came to a head in Europe New Zealand was divided into two hostile camps on the question of the introduction of religious instruction into the State Schools, which have heretofore been entirely secular institutions. Feeling on this occasion was running so high in the Dominion that it was bidding fair to rival in intensity that shown over the religious question in English education. Roughly speaking, Anglicanism and Presbyterianism were ranged, in a strange alliance, in favour of the use of the Bible in schools against Roman Catholicism and smaller denominations, which were, in a yet stranger alliance, opposed to the proposed change in the existing system. The Government had introduced a Referendum Bill to test the feeling of the country on the

matter; but this was bitterly opposed by the supporters of the existing system, who felt that it was unfair, inasmuch as, in their opinion, it confused the issues and did not give a large body of the electors the opportunity of expressing their opinion that passages of Scripture should be read under the supervision of the teacher without the right of entry into the Schools being granted to the clergy of the different religious sects. When, however, the news came that Great Britain had declared war against Germany, the organizing Secretary of the Bible in State Schools League at once sent a letter to the Minister of Defence, who had charge of the Referendum Bill, requesting that for the present the Bill should be withdrawn, owing to the possibility of its creating disunion and distracting the Government's attention. This was followed the next day by a second letter, in which the League undertook, through its powerful organization, to provide £1,000 towards the Field Ambulance to accompany the Expeditionary Force.

So also when the Arbitration Court resumed its sittings on August 6, statements were made by representatives of the New Zealand Employers' Federation and of the Workers' Organizations to the effect that both parties were of opinion that the Court should suspend operations during the crisis. All disputes were accordingly adjourned for the time being. We will give just one more practical example of this feeling that all differences should for the present be allowed to fall into abeyance. About the end of July the Second Division of Railway Employees had begun a movement for an all-round increase in their wages. The Executive Council of the Amalgamated Society of Railway Servants was sitting in Wellington when the war with Germany was announced; and the governing body of the Society at once carried a resolution that the President and Secretary should wait on the Minister of Railways and inform him that in view of the present Imperial crisis they did not at that time intend pressing any of their claims on him. The only party which did not fall into line in this

respect was the more fanatical section of the Prohibitionists.

On August 7, the Prime Minister made an appeal for horses for the Expeditionary Force; and at once gifts of horses and money began to pour in. Private citizens, firms and houses of business of all kinds—both employers and employees—clubs, the staffs of educational and other institutions, municipal bodies, civil servants, churches and schools, all began to send in their contributions to the Patriotic Fund, which by August 22 had reached a total of close on £80,000. Shipping Companies offered to regulate their sailings, and firms to put all other business aside, to meet the Government's requirements. Racing clubs put their courses at the Government's disposal for camp purposes; and merchants vied with one another in offers to supply the Expeditionary Force with this and that luxury or necessity. Men were enabled to enlist with the knowledge that their positions would be kept open for them in the event of their return, and in many cases were allowed half their ordinary salaries while away. From one end of the country to the other women, at the suggestion of Her Excellency, Lady Liverpool, began to form sewing groups, and have now for five weeks been working long hours gladly to provide clothing and other comforts for the men who are to go to the front. Where so much handsome generosity has been shown on every hand it may seem rather invidious to select one gift for special mention; but we cannot refrain from putting on record the splendid offer of the members of the Staff of the Department of Labour in Wellington, who resolved to make a present to the Government of 10 per cent from their salaries during the whole course of the war, the amount to be deducted from month to month and devoted to Imperial purposes.

III. Commerce and Finance in War

THE Government early began to consider the need for legislation to meet the situation created by the war, and before August 16 five new Acts were passed, two to relieve possible hardship, one to protect mortgagors, and the other to empower the Government to regulate the price of food-stuffs, if any tendency to jump prices unnecessarily should be shown. "The Mortgages Extension Act, 1914," passed on August 14, makes it illegal for mortgagees during the continuance of a state of war and for a prescribed period (not exceeding six months) thereafter, to use their more drastic remedies against mortgagors. They may not, without the leave of the Supreme Court—which will not be granted so long as the interest on the principal sum at the ordinary rate is paid within times appointed by it, and not at all where the ground upon which the Court's leave is sought is the breach of some other covenant or condition than that for the payment of interest, unless the Court is of opinion that the security of the mortgagee is seriously endangered—(a) call up or demand payment of the principal sum; (b) exercise the power of sale; (c) commence proceedings for breaches of covenants or conditions other than those for the payment of interest. On September 10, an Amending Act was passed to enable borrowers and lenders to contract themselves out of the provisions of the Act if they so desire.

Under "The Regulation of Trade and Commerce Act, 1914," also passed on August 14, the Governor may, when His Majesty is at War, by Order in Council Gazetted, fix the maximum price of any class of goods—a term which is very comprehensively defined in the Act—and from time to time revoke or vary any maximum price so fixed. Every such Order in Council is automatically revoked within one

month after peace is declared. Provision is made to allow the maximum prices of the same classes of goods to be differently fixed in different localities, and under different conditions of trade, commerce, sale or supply. Selling goods at a price in excess of the maximum so fixed, or afterwards demanding such an excessive price, is made an offence; and offenders are severally liable to a penalty of £500; contracts of sale in breach of the Act are wholly void as against the buyer, and the seller has no rights under them, while the property in the goods so sold passes to the buyer, who may also recover any moneys he has paid to the seller under such a contract. The Act is an empowering one only, and one division of it provides for the appointment by the Governor of a Commission of Inquiry to inquire and report on the state of the prices; the quantity, situation, demand for and supply of goods; the means or sufficiency of the supply or transport of goods; and the advisability or otherwise of the exercise by the Governor of the Powers conferred by the Act.

The three remaining Acts may be dismissed shortly. Most important is "The Public Revenues Amendment Act, 1914," also passed on August 14. This Act gives the Minister of Finance authority to borrow £2,000,000 during the current financial year on the security of Treasury Bills. The moneys so raised are to be paid into the Public Account to the credit of The Public Works Fund, and of a special account, called "The War Expenses Account," in such proportions as the Minister of Finance determines. Moneys paid into the last named account are, without further appropriation, to be expended for such purposes as the Minister of Defence may think fit. On August 7 the Wanganui County Council unanimously passed the following resolution: "That this Council, having due regard to the seriousness of the situation and the importance of assisting Great Britain to the utmost of our power, ask the Government to pass a validating Bill enabling this Council to devote a twentieth share of their revenue to the pur-

chase in New Zealand of food supplies to be shipped and placed at the disposal of the Imperial Government, and that this circular be sent to all local bodies in New Zealand, asking their co-operation." In answer to this and many similar requests "The War Contributions Validation Act, 1914," enabling contributions in aid of the war to be made by Corporations and other bodies with only limited or statutory powers, was passed on August 15. Finally a short Act amending "The Trustee Act, 1908" was passed to authorize trustees to deposit trust moneys at interest with any institution approved for the purpose by the Governor by Order in Council Gazetted.

This legislation met with practically no opposition in Parliament, and was on the whole favourably received by the general public. There was a feeling, however, that there was an element of panic about some of it; and that it would have been sufficient, in the case of "The Mortgages Extension Act," if its provisions had been prepared only, and left to be brought into force by Proclamation if occasion should arise. Its presence on the Statute Book makes money tight by disposing lenders to refuse to accommodate borrowers with good security to offer, and so creates avoidable unemployment, a very serious matter at a time like the present. With regard to the probable effect of the Regulation of Trade and Commerce Act some fears were expressed in the Legislative Council. Traders, it was pointed out, could not negotiate bills on terms to warrant them in continuing shipping when, in addition to all the other risks, they were by the Bill to be placed under a Commission with power to determine their selling prices. The effect, it was said, would be to put a stop to importation; and the Government was by its action going to embarrass still further a very serious situation. But it does not seem probable that the mere possibility of a Commission advising the exercise of the powers conferred by the Act—a step which would be taken only as a last resort—is likely to have any such effect. It must, however, be admitted that the Act would have been

less disturbing if the term "goods" had embraced only necessaries which were likely to be cornered; and this would have been sufficient to meet the case. The Government should have at its command such a check as the Act provides, and there have already been indications that the threat contained in such a measure was needed. Some millers were quick to find the position so serious that they did not feel inclined to quote further. By August 5, flour had already been raised from £10 to £11 in some parts, and now (September 12) stands at £13; oatmeal has gone up £1 and sugar 25s. per ton. With a sure market at a steady figure here, the high freights ruling, and war risks to be paid if these necessaries are shipped abroad, these rises in price are quite unwarranted. The fact that some large holders of wheat were on September 12 loath to sell at 6s. per bushel, shows clearly that this piece of legislation was not superfluous.

Before considering the more obvious effects of the war in New Zealand, it will be well to look for a moment at the country's trade with Germany. New Zealand does more trade with Germany than with any other non-English-speaking country. Our total trade with Germany has grown steadily from £405,816 in 1909 to £907,933 in 1912. It increased by £256,823 in 1912 and was likely to go on increasing rapidly. Just before the war broke out the Norddeutscher Lloyd Company had just completed arrangements for running its liners to New Zealand ports in future, and this would probably have led to much greater annual increases. The total figures for 1912 are made up of £653,230 worth of imports from Germany, and £254,703 worth of exports to that country. As the trade returns of New Zealand do not disclose the countries of origin, but credit the goods in every case to the countries of shipment, and as only 92·55 per cent of the goods exported to New Zealand from the United Kingdom are British produced and the balance are re-shipments, our imports from Germany are certainly considerably larger than the figures would indicate. The

principal articles of import from Germany (i.e., shipped from German ports) with the figures for 1912 are:

Motor Materials	£31,575
Drugs and Chemicals	24,243
Fancy Goods and Toys	51,541
Glassware and Bottles	40,069
Hardware and Ironmongery	24,316
Musical Instruments	68,822
Machinery	48,138
Manures	31,889
Grass and Clover Seeds	47,737
Stationary	16,844
Boots and Shoes, Textiles and Drapery and Clothing	38,587

The shipments from German ports to New Zealand have, despite the preference, more than trebled in value since 1902. But as all of these goods, with the exception of some of the glassware, in which Germany has a monopoly, are procurable at a slightly higher price, but of a better quality, from Britain, the loss of German imports is not a matter of great moment.

As stated above, our exports to Germany in 1912 totalled £254,703 showing an increase of £84,210 in that year. In 1902 the exports to Germany totalled only £9,389. The principal articles exported to Germany in 1912 were:

Kauri Gum	£32,964
Scheelite Ore	8,893
Wool	206,359

Far the biggest market for Kauri gum is the United States, and Great Britain comes next; so the effect in this direction is not really serious. Continental firms are the chief buyers of fine wool from New Zealand, and the prices for this class of wool will probably be low next year; but on the other hand the demand for coarse cross-bred wool should, owing to the

abnormal supply of blankets and woollen garments for the armies at war, be much greater than in recent years. It is significant that Germany began, last wool season, to buy large quantities of the coarse wool which is not usually in great demand on the Continent.

During the first fortnight of the war there was something of a rush on the Savings Banks. This was met by the exercise by the Government of its power, under Section 71 of the Post Office and Telegraph Act, to require seven days' notice of a depositor's intention to withdraw money from the Post Office Savings Bank, and to allow withdrawals of only £2 per week without notice. Confidence returned on the news of the lowering of the Bank Rate in Britain, and at the end of the first week in September matters in connection with the Savings Banks were nearly back to the normal state; the restriction on removals is likely soon to be withdrawn.

During the same period there was a rush on flour and groceries. Flour, sugar and oatmeal, and other staple articles were ordered in large quantities by most housekeepers, who thus invited merchants and millers to raise the prices, which they accordingly did in the case of flour, oatmeal and sugar, as already mentioned. By the end of August the business in groceries was again normal.

The chief effect of the outbreak of war was the immediate disorganization of shipping. The presence of three or four German cruisers in the Pacific, and a few others in the Atlantic, caused vessels at sea to take shelter where they could, and those safe in port to remain where they were. The delay in the cable service caused by the censorship made it difficult for export firms here to get replies from London; they could not arrange by cable for war risks at first, and export trade was for both reasons brought to a standstill. Things improved on the receipt of the news, on August 10, that the British Government extended its guarantee to New Zealand shipping; but it was not certain during August whether this applied to vessels outward bound to New Zealand; and there was not, during the first

half of August, any provision at this end for the Imperial Government to undertake the risk. The New Zealand Government cabled asking the Imperial Government to allow it to act as its agent in the matter, but this, for some reason not disclosed, could not be arranged. It is understood now that the Imperial Government is prepared to insure vessels, homeward or outward bound, to the extent of 80 per cent, and the Insurance Companies are covering the remaining 20 per cent. A further difficulty arose when the Local Government took over many of the ordinary liners that carry frozen meat to Europe, for troop-ships; but this has been partly got over by giving export meat firms the opportunity of shipping some of their frozen meat by these steamers. But, as this happens to be the slack season for wool exporters here, the taking of these transports has not been so serious a matter for New Zealand as it is likely to be for Australia, where the wool season falls earlier and where these vessels usually load up at this time of the year. Despite these causes for anxiety our normal trade has, thanks to the predominance of the British Fleet, been as little disturbed as possible; and there is every prospect that the trade routes will soon be perfectly safe. The Union Steamship Company has already resumed its service to Vancouver and San Francisco, making the service six weekly instead of the usual monthly one.

On August 19, the Dunedin Chamber of Commerce made a statement on the Commercial situation in which it pointed out that, with the trade routes comparatively safe and with the improved facilities which the English Banking Houses had been able to grant, the most harrassing restrictions on trade were already gone. These two facts indicated that business might soon approach normal conditions so far as our trade with Great Britain, the United States, the various Oversea Dominions, and the East were concerned. Our chief danger lay in the possibility of the spending power of the people being so reduced—either by necessity or undue caution—as to cause serious stagnation in local trade. To avoid this as far as possible the Chamber urged upon all

employers of labour the supreme desirability of maintaining as many workers at work as possible. This would not only assist the wage earner, who would scarcely be in a position to save at that time; but, by keeping money in circulation, would assist in maintaining the volume of trade. The Chamber supported the request of the Prime Minister to all farmers to sow as large an area in crop as possible, and thus help to relieve the distress which is bound to occur in Europe. This is being widely done, and, altogether apart from the humanitarian side of the matter, should prove most remunerative to those farmers who have suitable land for cereals. The Chamber of Commerce's Statement concluded with the words: "The present is not a time for business men to think of making money; they should rather remember that, while others are upholding the honour of the Empire in the field, it falls to them to maintain the Empire's trade, and to protect all from the misery and suffering which must follow any lengthy period of unemployment."

To prevent unemployment becoming serious local bodies are carrying out the works they have in hand, and the Government is prepared to help them even in the case of new works, if these are essential. This question will become more acute after the departure of the Expeditionary Force which is at present providing a great deal of work, both at the camp centres and at the ports where the transport ships are being fitted out. For the last week in August the Wellington Co-operative Waterside Labour Employment Association, which controls labour on the wharves, paid out £4,909 to 1,300 men, making an average weekly wage of just under £4. The unfortunate thing is that, when once the troopships are completely ready, the demand for wharf labour is likely to fall below normal, and the vacancies caused by the departure of the troops are not, in the majority of cases, such as could be filled by labourers. On the whole the position of New Zealand is an enviable one. It is true that the dislocation of the export trade of Great Britain and her Allies, and the inevitable limitation on borrowing both

during and after the war, will hamper business on the import side and depress certain industries; but this will be more than compensated for by the greatly increased demand, which is bound to follow, for the exports of a country which produces mainly foodstuffs and clothing material. The problem for New Zealand is, as has been pointed out, to devise means of concentrating more of her labour and capital on her pastoral and agricultural industries.

IV. The Expeditionary Force.

THE Advance Guard of the New Zealand Expeditionary Force left Wellington quietly and suddenly as early as August 15 "on an enterprise of great and urgent Imperial necessity." Its destination was shrouded in mystery, owing to the secrecy which was necessary for success. The troops numbered about 1,300 men, and comprised specially selected men who are expert railway, road, and telegraph engineers. Nothing more was heard of this Expedition until the end of the month when the Governor received cabled information that Aspia (Samoa) had surrendered to the Royal Navy on Saturday, August 29, and that the New Zealand Expedition had landed unopposed in the afternoon. Colonel Logan, who was in command of the Expedition, took over control from the German authorities and sent the German Governor with other prisoners to Suva. A Proclamation was read, the Union Jack hoisted in the presence of the naval and military officers, the residents and the natives, and H.M.S. "Psyche" fired a salute of twenty-one guns. With the occupation of Samoa one cause of anxiety to the Dominions in the South Pacific has disappeared, and a valued colony been taken from the Germans. The Expedition will in the meantime continue to garrison Samoa.

The main body of the Expeditionary Force has been mobilized in four camps at Auckland, Palmerston North,

Christchurch and Dunedin. Ten troopships have been fitted up and equipped for the transport of the Force. All is now ready, and the Government is only waiting for orders from Home and a suitable convoy before dispatching this main force of over 8,000 men and 4,000 horses. The mobilization has been based on the existing regimental organization: each existing regiment of mounted rifles has furnished a complete squadron, and each regiment in infantry a complete company; three batteries of artillery of four guns each have also been congregated with the Wellington regiments at Palmerston North. The Force will include every unit of an Army Division. Many doctors and medical students have offered their services, and will accompany the Field Ambulance. General Sir Alexander Godley, who is to command the Force, has visited the four camps and inspected and addressed the men at each centre. He is satisfied that they will give a good account of themselves, and is well pleased with the type of man that has volunteered. The mounted infantry, drawn mainly from the country districts, contains a splendid stamp of soldier; and the artillery men were declared by their General to be as fine a body of men as he had seen anywhere. In some cases as many as three or four sons from a single family have enlisted.

It was expected that the Force would leave towards the end of August, and the men are now chafing somewhat at the delay. The time is, however, being well employed in drill and manœuvres, and the efficiency of the different camps is daily improving. This extra time would not have been spent much more profitably at Aldershot, where it is expected that the Force will later be in training for some time. But the transport of such a number of men and horses—if we include the Australian Force which will go under the same convoy—over such a distance, and under such conditions, is a thing quite without precedent; and it would be worse than folly to let the Australasian Forces sail, before every precaution has been taken to ensure a safe voyage. To make the Contingent a real gift to Britain the New

Zealand Government will be responsible for the whole cost of its Expeditionary Force, and for its maintenance while away; it will also keep it up to standard, and intends to send as reinforcements up to twenty per cent of the original strength to Europe at an early date.

Since the outbreak of war the local National Reserve has increased enormously, and men are drilling regularly with a view to fitting themselves for service here or abroad in case of need. The Maoris, who were keenly disappointed at not being allowed to join the main force in a body, are drilling to form a detachment for local defence, and hoping that the Imperial regulations will yet be relaxed to allow of their taking their stand for Britain abroad.

The movements of the British Army in Europe are everywhere being followed with the keenest interest and anxiety; and the victims it has had to yield to overwhelming numbers are mourned here with a grief that has in it a deep personal touch; the wonderful march in retirement towards Paris has evoked the greatest admiration, and made people feel with pride that Tommy Atkins is still the best soldier in the world. Although the response to the Empire's call has been a splendid one in every way, and must have astonished our enemies, yet one cannot but feel that much of the delay and misunderstanding—or rather of the want of a common understanding in some important matters—which have occurred, would have been avoided, and much greater general efficiency secured, under a better organized Imperial system.

New Zealand. September, 1914.

OFFICIAL PUBLICATIONS OF FOREIGN GOVERNMENTS RESPECTING THE EUROPEAN CRISIS

A SUMMARY of the British White Book appeared in the last number of THE ROUND TABLE. Below will be found summaries of the Russian Orange Book, the Belgian Grey Book, the full text of the German case, and also a summary of the exhibits attached to it.

The Russian and Belgian Governments have followed the example of Great Britain, and simply published the official papers without any words of comment, though among the Russian documents there is included a short account of the events leading up to the outbreak of war.

No attempt has been made to summarize the German statement. For one thing, it seems fairer to set out the enemy's case in full, and, secondly, it is in no sense a full collection of official papers, but merely a statement of Germany's reasons for her war with Russia, with a selection of documents appended.

I. THE RUSSIAN ORANGE BOOK

July 23, 1914 (Thursday).

THE Austro-Hungarian note* is presented to the Serbian Government at 6 p.m.

Unless its conditions are accepted in full within forty-eight hours, the Austro-Hungarian Minister is to leave Belgrade. The Prime Minister of

* N.B.—A summary of the Note, the reply and the comments of Vienna on the reply, will be found appended to the statement of the German case.

July 23, 1914 (Thursday).

Serbia and all his colleagues except the Finance Minister have to be recalled from an electioneering tour in the country, and are not expected back till 10 a.m. the next day. The Finance Minister shows the ultimatum to the Russian Chargé d'Affaires, says that no Serbian Government could accept the Austro-Hungarian demands, and asks Russia's help.

July 24 (Friday).

The contents of the note are wired from Belgrade to St Petersburg. A copy is also personally handed by the Austro-Hungarian Ambassador to the Russian Foreign Minister, who wires to Vienna that the time limit left no time for any steps to smooth away difficulties, and presses for an extension "in order to prevent the consequences, incalculable and equally fatal to all the Powers, which may result." . . .

The Prince Regent of Serbia appeals to the Tsar for assistance, expressing Serbia's readiness, in spite of the character of the note, to accept those conditions which were compatible with the position of an independent State, as well as any that the Tsar might advise him to accept, and undertaking to punish severely any people whose participation in the murder of the Austro-Hungarian heir-apparent should be proved. Some of the demands involved changes in Serbian laws, and so required time.

The Berlin morning papers, even the few which recognized the impossible conditions of the note, warmly welcome the strong line taken by Austria-Hungary. The official *Lokal Anzeiger* is particularly violent. It dubs as fruitless any possible appeal to St Petersburg, Paris, Athens and Bucharest, and says "the German people will breathe freely when they learn that the situation in the Balkan peninsula is to be cleared up at last."

The French Government is officially presented with a copy of the note, and later in the day the German Ambassador reads to the French Minister a note reproducing the Austro-Hungarian arguments and indicating that, in the event of a refusal by Serbia, Austria-Hungary would have to resort to pressure, and, in case of need, to military measures. In Germany's view the question ought to be settled between Austria-Hungary and Serbia direct, and it was in the interests of the Powers to localize it. On being asked if hostilities were inevitable if Serbia did not submit to everything, the German Ambassador pleaded absence of instructions.

The Prime Minister of Serbia returns to Belgrade. He means to give a reply within the forty-eight hours showing which points can be accepted and which not. The Powers would be begged to defend Serbia's independence. "Then," he added to the Russian Chargé d'Affaires, "if war is inevitable, we will make war."

July 25 (Saturday).

An announcement issued by the Russian Government shows its extreme anxiety about the Austro-Serbian question. Its development could not leave Russia indifferent.

The Russian Chargé d'Affaires wires to the Austro-Hungarian Foreign Minister (who is away at Ischl) a request for the extension of the

July 25 (Saturday).

time limit. The Under-Secretary in Vienna is sure that the request will be refused. The refusal comes immediately after.

The Serbian reply is given to the Austro-Hungarian Minister at Belgrade, and a copy wired to the Russian Government by its representative.

(N.B.—Though sent on July 25, this wire did not reach St Petersburg till July 27.)

The German Foreign Minister promises to send on to Vienna the Russian request for an extension of the time limit, and says he has done the same with a similar request from England. He fears, however, that it will be fruitless, the Austro-Hungarian Foreign Minister being away at Ischl, and time lacking. He also doubts the wisdom of Austria-Hungary giving way at the last minute, as it might increase Serbia's assurance. He could only give negative replies, though warned of " the possibility of terrible consequences " unless action was taken by Germany at Vienna.

The Russian Minister asks England to side at once definitely with Russia and France if fresh complications lead to joint action by the Great Powers, in order to maintain the balance of power, which would certainly be compromised if Austria-Hungary should triumph.

The Russian Foreign Minister is assured that the news spread by certain newspapers that Germany had instigated the Austro-Hungarian démarche was absolutely false. The German Government had no knowledge of the text of the note before its despatch, and had brought no influence to bear on its contents. A threatening attitude was wrongly attributed to Germany. As the ally of Austria-Hungary, she naturally supported the demands against Serbia which in her opinion were justified. Above all, she wished the conflict localized.

The German Ambassador explains to the French Government that his declarations of the day before were not as one of the papers suggested " in the nature of threats." He was much upset, and stated " that Austria had presented her note to Serbia without any definite understanding with Berlin; that Germany nevertheless approved of the Austrian point of view, and that undoubtedly ' the bolt once fired ' " (these were his own words) " Germany could only be guided by her duties as an ally."

Sir E. Grey was also told " that the German Government were not informed of the text of the Austrian note, but that they entirely supported Austria's action. The German Ambassador at the same time asked if Great Britain could bring conciliatory pressure to bear at St Petersburg. Grey replied that this was quite impossible. He added that, as long as complications existed between Austria and Servia alone, British interests were only indirectly affected; but he had to look ahead to the fact that Austrian mobilization would lead to Russian mobilization, and that from that moment a situation would exist in which the interests of all the Powers would be involved. In that event Great Britain reserved to herself full liberty of action."

The Austro-Hungarian Minister, on receiving the Serbian reply, in spite of its conciliatory nature, leaves Belgrade, giving as his reason that the reply was not satisfactory.

The Serbian Government and the diplomatic corps this same morning leave for Nish, and the Serbian Parliament is convoked to meet there on July 27.

July 25 (Saturday).

Sir E. Grey warned the German Ambassador that Austria-Hungary's mobilization must lead to Russian mobilization, and that grave danger of a general war would then arise. He only saw one means of reaching a peaceful solution. In view of the Austro-Hungarian and Russian mobilizations, Germany, France, Italy and England should abstain from immediate mobilization, and at once offer their good offices. The first essential was the consent of Germany and her promise not to mobilize. Consequently he had as a first step sounded Berlin on this point.

July 26 (Sunday).

The Russian Foreign Minister wires to Rome that Italy might play a part of first importance for peace by influencing Austria-Hungary and by showing her disapproval of the dispute " on the ground that it could not be localized." It was impossible for Russia to avoid assisting Serbia.

The Acting Russian Consul at Prague (in Austria-Hungary) wires to St Petersburg that mobilization has been ordered.

The Russian Foreign Minister has a long and friendly conversation with the Austro-Hungarian Ambassador. Some of the ten demands in the note were, he said, quite impracticable—e.g. 1 and 2 involved legislative enactments and the consent of the Serbian Parliament, 4 and 5 might lead to most dangerous consequences, and even acts of terrorism against the Royal Family and Prime Minister. As to the other points, it did not seem hard to find a basis of agreement if the accusations were proved. To end the existing tension, he proposed a private exchange of views with the Ambassador in order to redraft part of the note and to find a formula which Serbia could accept and which would satisfy Austria-Hungary's chief demands.

An account of this conversation is wired to the Russian Ambassadors in Berlin, Paris, London and Rome, and its substance conveyed to the Austro-Hungarian Foreign Minister in a judicious and friendly manner.

The contents of the wire are also communicated to the German Foreign Minister, and the hope expressed that he will advise Vienna to meet Russia's proposal in a friendly spirit.

The Austro-Hungarian Ambassador in Paris is surprised that the Serbian reply did not give satisfaction. The Director of the French Political Department thinks that Serbia's conciliatory attitude should produce the best impression in Europe.

The German Ambassador makes the following declaration to the French Acting Foreign Minister

" Austria has declared to Russia that she does not desire territorial acquisitions, and that she harbours no designs against the integrity of Serbia. Her sole object is to secure her own peace and quiet, and consequently it rests with Russia to prevent war. Germany is at one with France in her ardent desire to preserve peace, and she sincerely hopes that France will exercise a moderating influence at St Petersburg."

The French Minister suggests similar action by Germany at Vienna, especially in view of Serbia's conciliatory spirit. The German Ambassador said it had been decided not to intervene in the Austro-Serbian dispute, and

July 26 (Sunday).

being asked whether Great Britain, Germany, Italy and France could not make representations at St Petersburg, the matter amounting in effect to a dispute between Austria-Hungary and Russia, he replied that he had no instructions. The French Minister refused to agree to the German proposal that France should use her influence at St Petersburg as suggested.

The Director of the French Political Department considers that Germany's representations at Paris aim at intimidating France and securing her intervention.

Noisy demonstrations take place at Berlin when the news comes of the Austro-Hungarain mobilization against Serbia. The crowd included an Austro-Hungarian element. Later in the evening there is some anti-Russian shouting.

July 27 (Monday).

The Russian Foreign Minister is asked from London whether his direct discussions with the Vienna Cabinet harmonize with Sir E. Grey's scheme for mediation by the four Governments. Sir E. Grey, having heard that he would accept such a combination, had communicated it the day before to Berlin, Paris and Rome as an official proposal.

The Russian Foreign Minister, when asked whether Great Britain should take the initiative in summoning a conference of the four Powers in London, replied that he had begun conversations with the Austro-Hungarian Ambassador "under conditions which" (he hoped) "might be favourable." If direct explanations proved impossible he would fall in with the British proposal or any other likely to lead to a favourable settlement.

The Russian Foreign Minister wires to Paris, London, Berlin, Rome and Vienna that the Serbian reply to Austria-Hungary "exceeds all our expectations in its moderation," and its desire to give the "fullest satisfaction." He does not see what further demands could be made by Austria-Hungary unless Vienna wants a pretext for war with Serbia.

The German Ambassador emphasizes to the French Government the utter impossibility of any mediation or conference.

The German Ambassador in Paris confirms in writing to the French Government his declaration of the day before

(1) "That Austria has declared to Russia that she seeks no territorial acquisitions and that she harbours no designs against the integrity of Serbia. Her sole object is to secure her own peace and quiet."

(2) "That consequently it rests with Russia to avoid war."

(3) "That Germany and France, entirely at one in their ardent desire to preserve peace, should exercise their moderating influence upon Russia."

The Ambassador lays emphasis "on the expression of solidarity of Germany and France." The French Minister of Justice believes that Germany is trying to alienate Russia and France, to induce France by making representations at St Petersburg to compromise herself in the eyes of Russia, and, lastly, in the event of war, to throw the responsibility on Russia and France.

The Russian Ambassador in Paris is convinced that instructions wired by the French Foreign Minister at 11 a.m. to his representative to support the

July 27 (Monday).

Russian representations at Vienna and which only arrived at 6 p.m., were intentionally delayed by the Austro-Hungarian telegraph office. He also says that the telegram from Belgrade informing him of the reply of the Serbian Government took twenty hours to reach him. He gathers from the Russian Foreign Minister's telegram of the day before that he was not then aware of the reply of the Serbian Government.

The Austro-Hungarian Ambassador informs the French Acting Foreign Minister that Serbia's answer is not considered satisfactory in Vienna, and that the next day Austria-Hungary will take " energetic action " in order to force Serbia to give the necessary guarantees. He had, however, no exact information as to what form action would take. It might consist either in crossing the Serbian frontier, or in an ultimatum, or even in a declaration of war.

The German Foreign Minister is begged by the Russian Chargé d'Affaires in Vienna to support their proposal that the Austro-Hungarian Ambassador should redraft the note to Serbia in conjunction with the Russian Foreign Minister. The reply was that as the Austro-Hungarian Ambassador had begun the conversation, he might as well go on with it, and the Foreign Minister would telegraph in this sense to Vienna. But, when asked to press Vienna with greater insistence, the German Minister said " that he could not advise Austria to give way."

The French Ambassador presses the German Foreign Minister to accept the British proposal for mediation, action to be taken simultaneously at St Petersburg and Vienna by Great Britain, Germany, Italy and France. The Ambassador suggests advice to Vienna " to abstain from all action which might aggravate the existing situation." Under this vague formula no mention need be made of the necessity of refraining from invading Serbia. The opposition between the Alliance and the Entente (of which the German Foreign Minister had often complained) would have been avoided by the mixed grouping of the Powers. The German Foreign Minister " refused point-blank to accept this suggestion in spite of the entreaties of the Ambassador."

The Tsar wires to Prince Alexander of Serbia his cordial sympathy with the Serbian people. His Government is trying to smooth the way over present difficulties, and he has no doubt that the Serbian Government will neglect no step which may lead to a settlement. So long as there is the slightest hope, all their efforts must be directed towards avoiding bloodshed, but if they are not successful " Russia will in no case disinterest herself in the fate of Serbia."

The Russian Ambassador draws the attention of the Austro-Hungarian Under-Secretary (the Foreign Minister was still away) to the unfavourable impression produced in Russia by the demands on Serbia. No independent State, however small, could accept them. The method of procedure had aroused profound surprise and general condemnation. It might lead to " most undesirable complications." He suggests to St Petersburg that Austria-Hungary, " influenced by the assurances given by the German Representative at Vienna, who has egged her on throughout this crisis, has counted on the probable localization of the dispute with Serbia, and on the possibility of inflicting with impunity a serious blow upon that country." The

July 27 (Monday).

declaration of the Russian Government that Russia could not possibly remain indifferent in the face of such conduct " has caused a great sensation " in Vienna.

Sir E. Grey told the German Ambassador, who asked him to take action at St Petersburg, that it ought rather to be taken at Vienna, and the Berlin Cabinet were the best qualified to take it. The excessive moderation and conciliatory spirit of the Serbian reply made him believe that Russia had advised it. It could form the basis of a peaceful and acceptable solution of the question. If Austria-Hungary began hostilities, it would prove her intention of crushing Serbia. It might lead to a war in which all the Powers would be involved. " The British Government were sincerely anxious to act with the German Government as long as the preservation of peace was in question; but, in the contrary event, Great Britain reserved to herself full liberty of action."

July 28 (Tuesday).

The Russian Foreign Minister's interview with the German Ambassador confirms his impression that Germany is, if anything, in favour of the uncompromising attitude of Austria-Hungary, and that she could have prevented the whole crisis developing, but was exerting no influence on her ally. The German Ambassador thought the Serbian reply insufficient, and the Russian Minister considered the German attitude most alarming. Great Britain was, he considered, in a better position than any other Power to make another attempt to induce the German Government to take the necessary step. " There is no doubt," he says, " that the key of the situation is to be found at Berlin."

A state of siege is proclaimed in the Austro-Hungarian districts of Slavonia, Croatia and Fiume, and reservists of all classes are called up.

The Russian Ambassador at Vienna points out how desirable it is to find a solution which, while consolidating the good relations between Austria-Hungary and Russia, would give the former genuine guarantees for her future relations with Serbia. The Austro-Hungarian Foreign Minister, however, replies that it is impossible for them to draw back; public opinion would not allow it, and he pointed to Serbia's reply as proof of her insincerity.

The Wolff Bureau fails to publish the text of the Serbian reply, though it was communicated to them, nor does it appear in full in any of the local papers at Berlin. The Russian Chargé d'Affaires remarks that they knew well the calming effect which it would have had on German readers.

The order for general mobilization is signed at Vienna.

The Russian Foreign Minister wires the necessity of Great Britain taking instant mediatory action, and of the military measures undertaken by Austria-Hungary against Serbia being immediately suspended. Otherwise, mediation would only serve as an excuse to make the question drag on, and, in the meantime, make it possible for Austria-Hungary to crush Serbia and acquire a dominant position in the Balkans.

A copy of this telegram is sent to Paris, Berlin, Vienna and Rome.

July 29 (Wednesday).

The German Ambassador at St Petersburg states in the name of the Chancellor " that Germany has not ceased to exercise a moderating influence at Vienna," and that she would continue to use moderating influence at Vienna even after the declaration of war (against Serbia). The Russian Foreign Minister told the German Ambassador that Russia's measures were not taken against Germany, but because the greater part of the Austro-Hungarian army had been mobilized. They were not aggressive measures against Austria-Hungary either. He was still willing to carry on direct explanations, the course favoured by Germany, if Austria-Hungary was willing. Alternatively he was quite ready for a conference of the four Powers. He favoured parallel discussions by such a conference and by a direct interchange of views between Austria-Hungary and Russia as well. It should be easy to settle the outstanding points after the concessions already made by Serbia.

When this interview took place, the telegram had not been received from Vienna which showed Austria-Hungary's unwillingness to enter into the proposed discussion. The Russian Foreign Minister on receiving this telegram wired to London that nothing remained " but to rely entirely on the British Government to take the initiative in any steps which they may consider advisable."

The German Secretary of State says that no reply about the proposed private discussion at St Petersburg has been received from Vienna. It was difficult for him to produce any effect there, especially openly. If pressure were brought to bear too obviously, "Austria would hasten to face Germany with a *fait accompli*." He had heard that the Russian Foreign Minister seemed more inclined than before to find a compromise acceptable to all parties. The Russian Chargé d'Affaires replied that the Russian Minister had presumably always favoured a compromise " provided always that it were acceptable, not only to Austria, but equally to Russia." The German Secretary of State said that the fact that Russia had begun to mobilize on the Austro-Hungarian frontier would make an understanding with Austria-Hungary more difficult, all the more so as Austria-Hungary was mobilizing against Serbia alone, and was making no preparations on the Russian frontier. The Russian Chargé d'Affaires replied that he had information that Austria-Hungary was mobilizing on the Russian frontier also, and consequently Russia had to take similar steps. No such measures, he added, were directed against Germany.

The Bulgarian Minister announces to the Serbian Prime Minister the intention of Bulgaria to remain neutral.

The French Foreign Minister prepares a short summary of the existing political situation for the President of the French Republic who was just returning to Paris. It ran as follows:

Austria-Hungary, fearing internal disintegration, took the murder of her Archduke as an excuse " for an attempt to obtain guarantees, which may assume the form of an occupation of Serbian military lines or even Serbian territory." Germany was supporting Austria-Hungary. The preservation of peace, Germany contended, depended upon Russia alone for the question at issue must be " localized " between Austria-Hungary and Serbia. That question was the punishment of Serbia for her previous policy and the obtaining of guarantees for the future. To the German sophism that a moderating

July 29 (Wednesday).
influence should be exerted at St Petersburg the answer given, both in Paris and in London, was " that any action taken should be at Vienna, as it was Austria's inordinate demands, her refusal to discuss Serbia's few reservations, and her declaration of war, that threatened to provoke a general war." Russia had so far shown the greatest moderation, more particularly in her advice to Serbia. Apparently Germany had now given up the idea of pressure on Russia only, and was inclined for mediatory action both at St Petersburg and Vienna, but, at the same time, both Germany and Austria-Hungary were endeavouring to cause the question to drag on. Germany was opposing the conference without suggesting any other practical course of action. Austria-Hungary was continuing discussions at St Petersburg, " which are manifestly of a procrastinating nature." " At the same time she is taking active steps, and if these steps are tolerated, her claims will increase proportionately." It was highly desirable that Russia should support Sir E. Grey's proposal for mediation. Otherwise, Austria-Hungary, on the plea of guarantees, would be able to alter the territorial status of eastern Europe.

Sir E. Grey informs the German Ambassador of the failure of direct discussions between Russia and Austria-Hungary, and of the reports that Russia is mobilizing against Austria-Hungary in consequence of the latter's mobilization. In principle the German Government had declared themselves in favour of mediation, but he was experiencing difficulties with regard to the form. He urged them to indicate themselves the best form for mediation by the four Powers; " France, Italy and Great Britain having consented, mediation could only come into play if Germany consented to range herself on the side of peace."

The French Foreign Minister confirms his Government's firm determination to act in concert with Russia, a determination upheld by all classes and political parties. He had urged the London Cabinet again to put forward its proposals for mediation by the four Powers, under one form or another. The German Ambassador had again assured him of the peaceful intentions of Germany, but, when urged that Germany should support the British proposals, replied that the words " conference " or " arbitration " alarmed Austria-Hungary. The French Foreign Minister retorted " that it was not a question of words, and that it would be easy to find some other form for mediation." The Ambassador then said that it would be necessary to know what Austria-Hungary intended to demand from Serbia. The French Minister thereupon replied that Berlin could easily make this inquiry, and that meanwhile the Serbian reply might form the basis of discussion. He added that France sincerely desired peace, but that she was determined at the same time to act in complete harmony with her allies and friends.

Prince Alexander of Serbia thanks the Tsar for his telegram of the previous day.

The German Ambassador informs the Russian Foreign Minister that his Government has decided to mobilize if Russia does not stop her military preparations. The Russian Foreign Minister wires to Paris that these preparations were only begun " in consequence of the mobilization already undertaken by Austria, and owing to her evident unwillingness to accept any means of arriving at a peaceful settlement of her dispute with Serbia." " As we cannot," he continues, " comply with the wishes of Germany, we have no

July 29 (Wednesday).

alternative but to hasten on our own military preparations and to assume that war is probably inevitable." He thanks the French Government for their declaration of solidarity with Russia.

This telegram was also sent to the Russian Ambassadors in Great Britain, Austria-Hungary, Italy and Germany.

The bombardment of Belgrade commences on this date, and is announced on the 30th by the Press. According to the newspapers certain acts of hostility, such as the seizing of merchantmen and skirmishing, took place as early as the 28th, or even the 27th, July.

July 30 (Thursday).

A manifesto is issued by the Serbian Government calling upon Serbians to defend their homes and Serbia with all their might.

The speech from the Throne at the opening of the Serbian Parliament calls attention to Serbian efforts to avoid war, and the armed aggression of her powerful neighbours. Montenegro is siding with Serbia. The speech also refers to the promise of Russian protection.

The German Ambassador asks the Russian Foreign Minister "whether Russia would not be satisfied with the promise which Austria might give—that she would not violate the integrity of the Kingdom of Serbia—" and under what conditions Russia would agree to suspend her military preparations.

The Russian Minister thereupon dictates to him the following declaration to be sent to Berlin for immediate action:

"If Austria, recognizing that the Austro-Serbian question has become a question of European interest, declares herself ready to eliminate from her ultimatum such points as violate the sovereign rights of Serbia, Russia undertakes to stop her military preparations."

The Russian Foreign Minister asks his Ambassador to wire the attitude adopted by the German Government, "for we cannot allow such discussions to continue solely in order that Germany and Austria may gain time for their military preparations."

The Russian Ambassador at Berlin wires that the order for the mobilization of the German army and navy has just been issued. He, however, corrects this information in a subsequent wire, as he was assured on the telephone by the German Minister that "the news is false; that the news sheets had been printed in advance so as to be ready for all eventualities." They were put on sale in the afternoon by mistake.

The German Foreign Minister considers it impossible for Austria-Hungary to accept the proposal "for mediation by means of a conference of the four less interested Powers."

Sir E. Grey looks upon the position as most serious, but still wishes to continue the discussion. The Russian Ambassador points out to him that the situation has apparently been modified by the German Ambassador's declaration at St Petersburg regarding German mobilization, which has compromised Russian relations with Germany. This took place after the agreement of the Russian Foreign Minister with Sir E. Grey to accept whatever proposal he might make to preserve peace, provided that Austria-Hungary did not profit by any ensuing delays to crush Serbia. The new situation brought

July 30 (Thursday).

" about by the fault of Germany in consequence of the German Ambassador's action " (in threatening to mobilize unless Russia stopped her military preparations against Austria-Hungary) must be taken into consideration. Sir E. Grey said he fully understood.

On being asked by the German Ambassador why Great Britain was taking military measures on land and sea, Sir E. Grey replies " that these measures had no aggressive character, but that the situation was such that each Power must be ready."

July 31 (Friday).

In spite of the general mobilization the Russian Ambassador at Vienna continues the exchange of views with the Austro-Hungarian Government, who disclaimed any hostile intentions against Russia or any design of conquest at the expense of Serbia. They insisted, however, upon the necessity of carrying the thing through and of giving Serbia a serious lesson which would be a sure guarantee for the future.

At the request of the British Government, the Russian Foreign Minister alters his formula to read as follows:

" If Austria will agree to check the advance of her troops on Serbian territory; if, recognizing that the dispute between Austria and Serbia has become a question of European interest, she will allow the Great Powers to look into the matter and decide what satisfaction Serbia could afford to the Austro-Hungarian Government without impairing her rights as a sovereign State or her independence, Russia will undertake to maintain her waiting attitude."

The German Foreign Minister says that the discussions, already difficult enough on account of the mobilization against Austria-Hungary, are becoming even more so " in view of the serious military measures that we (the Russian Government) were taking against Germany," which would necessitate similar measures on her part. The Russian Ambassador replied that he had sure information that " Germany also was very actively engaged in taking military measures against Russia." In spite of this the German Foreign Minister asserted " that the only step taken in Germany has been the recall of officers from leave and of the troops from manœuvres."

The Russian Government thanks Sir E. Grey for the friendly and firm tone taken by him in the discussions, " thanks to which the hope of finding a peaceful issue . . . need not yet be abandoned."

The Russian Foreign Minister's view was that only in London had the discussions still some faint chance of success.

The Austro-Hungarian Ambassador declares to the French Foreign Minister that Austria-Hungary, " far from harbouring any designs against the integrity of Serbia, was in fact ready to discuss the grounds of her grievances against Serbia with the other Powers."

The French Government is much exercised at Germany's extraordinary activity on the French frontier. They are convinced that under the guise of " Kreigszustand," mobilization is in reality being carried out.

At midnight the German Ambassador announces to the Russian Foreign Minister on the instruction of his Government " that if within twelve hours, that is by midnight on Saturday, we " (the Russians) " had not begun to

July 31 (Friday).

demobilize, not only against Germany, but also against Austria, the German Government would be compelled to give the order for mobilization." When asked whether this meant war, the Ambassador replied in the negative, but added that they were very near it.

August 1 (Saturday).

Sir E. Grey wires to Berlin that he considers the last formula accepted by the Russian Government offers the best prospect as a basis of negotiations, and hopes that no Power will open hostilities before its consideration.

Sir E. Grey inquires whether the French and German Governments will respect the neutrality of Belgium. France answers in the affirmative, but the German Government gives no definite answer.

On learning from St Petersburg of Germany's decision to order a general mobilization that day, the President of the French Republic signs the French mobilization order, and lists of the reservists recalled to the colours are posted up in the streets.

The German Ambassador can tell the French Prime Minister nothing fresh. He cannot decipher his telegrams. The Minister tells him of the French order for mobilization "issued in reply to that of Germany," and expresses wonder that "Germany should have taken such a step at a moment when a friendly exchange of views was still in progress between Russia, Austria, and the Powers." He adds that mobilization does not necessarily mean war, and the German Ambassador may stay in Paris as the Russian Ambassador has remained in Vienna and the Austro-Hungarian Ambassador at St Petersburg.

The Russian Ambassador, hearing from the French President that during the last few days the Austro-Hungarian Ambassador "emphatically assured both the President of the Council of Ministers and him that Austria had declared to Russia that she was ready to respect both the territorial integrity of Serbia and also her sovereign rights, but that Russia had intentionally received this declaration in silence," flatly contradicts this statement.

A note containing the German declaration of war against Russia is presented to the Russian Government. It states that the German Government have used every effort since the beginning of the crisis to bring about a peaceful settlement; that the German Emperor had undertaken in concert with Great Britain the part of mediator between Vienna and St Petersburg; that Russia, without waiting for any result, proceeded to a general mobilization on land and sea, a step not justified by any military proceedings on the part of Germany; that Germany was therefore obliged to insist upon a cessation of these military acts, and when Russia refused to comply, and had so shown her action to be aimed at Germany, the German Emperor accepted the challenge.

August 2 (Sunday).

An announcement is issued by the Russian Foreign Minister regarding the crisis.

After referring to the garbled version of events which had appeared in the Foreign Press, the facts are stated to be as follows:

August 2 (Sunday).

On July 23 the Austro-Hungarian note was presented to Serbia. It accused her Government of having fostered a pan-Serb movement which led to the assassination of the Austro-Hungarian heir-apparent, and Austria-Hungary then demanded not only the condemnation in the most formal manner of this propaganda but also a series of measures under Austro-Hungarian supervision, for the discovery of the plot, the punishment of any Serbians implicated, and for the prevention of any future attempts at assassination. A time limit of forty-eight hours was given to Serbia within which to reply. The text of the note was only communicated to the Russian Government by the Austro-Hungarian Ambassador seventeen hours after its presentation at Belgrade. Some of the demands were impossible; the form of others was inconsistent with the dignity of an independent State. The Russian Government considered the humiliation of Serbia, and the evident intention of Austria-Hungary to secure her own hegemony in the Balkans, inadmissible. It therefore, in a most friendly manner, suggested the re-examination of the points contained in the note. The Austro-Hungarian Government, however, declined to discuss the note; the moderating influence of the four Powers at Vienna was equally unsuccessful. Serbia reprobated the crime and was ready to give satisfaction to an extent beyond the expectations of Russia and the other Powers. Notwithstanding this, the Austro-Hungarian Minister at Belgrade considered the reply insufficient and left the town. Russia had already declared that she could not remain indifferent, though she did her best to find a peaceful issue acceptable to Austria-Hungary. She made it clear, however, that she could accept a peaceful settlement only so far as it involved no humiliation to Serbia as an independent State. Her efforts were fruitless. The Austro-Hungarian Government, shunning any conciliatory intervention by the Powers, mobilized and declared war officially against Serbia, and the next day Belgrade was bombarded. The manifesto accompanying the Austro-Hungarian declaration of war openly accused Serbia of having prepared and carried out the crime at Serajevo. The Russian Government consequently had to order mobilization in the military districts of Kieff, Odessa, Moscow and Kazan. Though five days had elapsed since the first steps taken by Russia, the Vienna Cabinet had not taken one step to meet her in her efforts towards peace. On the contrary, the mobilization of half the Austro-Hungarian army had been ordered. The German Government was kept informed of the steps taken by Russia. It was explained that these steps were in no way aimed at Germany and were only the result of the Austro-Hungarian preparations. Simultaneously the Russian Government declared its willingness to continue discussions either in the form of direct negotiations with Vienna or, as suggested by Great Britain, in the form of a conference of the four Great Powers not directly interested, viz., Great Britain, France, Germany and Italy. Austria-Hungary, however, declined both these methods. Even then Russia did not abandon her efforts for peace. Her Foreign Minister declared to the German Ambassador that she would still agree to suspend her preparations upon Austria-Hungary's recognition that the Austro-Serbian question had assumed a European character, and a declaration by her that she agreed not to insist upon such of her demands as were incompatible with the sovereign rights of Serbia. Germany, however, considered this proposal unacceptable to Austria-Hungary, and at that very

August 2 (Sunday).

moment the news of the proclamation of general mobilization by Austria-Hungary reached St Petersburg. All this time hostilities were continuing on Serbian territory, and Belgrade was bombarded afresh. The failure of Russia's proposal for peace compelled her to extend the scope of her precautionary measures. The Government, when questioned by Berlin, replied that they were compelled to begin preparations so as to be ready for every emergency. But while taking this precautionary step, Russia still tried for a solution and announced her readiness to accept any proposed settlement, provided it complied with the conditions laid down by her. In spite of this, the German Government on July 31 demanded a suspension of Russia's military measures by midnight on August 1, and threatened, should she fail to comply, to proceed to a general mobilization. The next day the German Ambassador, on behalf of his Government, forwarded his declaration of war to the Russian Minister for Foreign Affairs.

The Russian Foreign Minister wires this same day to his representatives abroad that Germany is trying to foist upon Russia the responsibility for the rupture. To quote his words: " We were forced to mobilize by the immense responsibility which would have fallen upon our shoulders if we had not taken all possible precautionary measures at a time when Austria, while confining herself to discussions of a dilatory nature, was bombarding Belgrade and was undertaking general mobilization." The Tsar had promised the Kaiser to take no aggressive action as long as the discussions with Austria-Hungary continued. Germany could not doubt the Russian declared desire for any peaceful settlement compatible with dignity and independence of Serbia. Any other solution would upset the European balance of power by securing the hegemony of Germany. "The European—nay world wide character of this dispute is infinitely more important than the pretext from which it springs. By her decision to declare war upon us, at a moment when negotiations were in progress between the Powers, Germany has assumed a heavy responsibility."

August 6 (Thursday).

The correspondence ends with the note presented to the Russian Foreign Minister by the Austro-Hungarian Ambassador, declaring that in view of the threatening attitude adopted by Russia in the conflict between Austria-Hungary and Serbia, and of her open hostilities against Germany, Austria-Hungary considers herself at war with Russia.

II. GERMANY'S REASONS FOR WAR WITH RUSSIA

Foreign Office,
Berlin, August, 1914.

On June 28 the Austro-Hungarian successor to the throne, Arch-Duke Franz Ferdinand, and his wife, the Duchess of Hohenberg, were assassinated by a member of a band of Serbian conspirators. The investigation of the crime through the Austro-Hungarian authorities has yielded the fact that

the conspiracy against the life of the Arch-Duke and successor to the throne was prepared and abetted in Belgrade with the co-operation of Serbian officials, and executed with arms from the Serbian State arsenal. This crime must have opened the eyes of the entire civilized world, not only in regard to the aims of the Serbian policies directed against the conservation and integrity of the Austro-Hungarian monarchy, but also concerning the criminal means which the pan-Serb propaganda in Serbia had no hesitation in employing for the achievement of these aims.

The goal of these policies was the gradual revolutionizing and final separation of the south-easterly districts from the Austro-Hungarian monarchy and their union with Serbia. This direction of Serbia's policy has not been altered in the least in spite of the repeated and solemn declarations of Serbia in which it vouchsafed a change in these policies toward Austria-Hungary as well as the cultivation of good and neighbourly relations.

In this manner for the third time in the course of the last six years Serbia has led Europe to the brink of a world-war.

It could only do this because it believed itself supported in its intentions by Russia.

Russia, soon after the events brought about by the Turkish revolution of 1908, endeavoured to found a union of the Balkan States under Russian patronage and directed against the existence of Turkey. This union, which succeeded in 1911 in driving out Turkey from a greater part of her European possessions, collapsed over the question of the distribution of spoils. The Russian policies were not dismayed over this failure. According to the idea of the Russian statesmen a new Balkan union under Russian patronage should be called into existence, headed no longer against Turkey, now dislodged from the Balkan, but against the existence of the Austro-Hungarian monarchy. It was the idea that Serbia should cede to Bulgaria those parts of Macedonia which it had received during the last Balkan war, in exchange for Bosnia and the Herzegovina which were to be taken from Austria. To oblige Bulgaria to fall in with this plan it was to be isolated, Roumania attached to Russia with the aid of French propaganda, and Serbia promised Bosnia and the Herzegovina.

Under these circumstances it was clear to Austria that it was not compatible with the dignity and the spirit of self-preservation of the monarchy to view idly any longer this agitation across the border. The Imperial and Royal Government apprised Germany of this conception and asked for our opinion. With all our heart we were able to agree with our ally's estimate of the situation, and assure him that any action considered necessary to end the movement in Serbia directed against the conservation of the monarchy would meet with our approval.

We were perfectly aware that a possible warlike attitude of Austria-Hungary against Serbia might bring Russia upon the field, and that it might therefore involve us in a war, in accordance with our duty as allies. We could not, however, in these vital interests of Austria-Hungary, which were at stake, advise our ally to take a yielding attitude not compatible with his dignity, nor deny him our assistance in these trying days. We could do this all the less as our own interests were menaced through the continued Serb agitation. If the Serbs continued with the aid of Russia and France to menace the existence of Austria-Hungary, the gradual collapse of Austria and the

subjection of all the Slavs under one Russian sceptre would be the consequence, thus making untenable the position of the Teutonic race in Central Europe. A morally weakened Austria under the pressure of Russian pan-Slavism would be no longer an ally on whom we could count and in whom we could have confidence, as we must be able to have, in view of the ever more menacing attitude of our easterly and westerly neighbours. We, therefore, permitted Austria a completely free hand in her action towards Serbia but have not participated in her preparations.

Austria chose the method of presenting to the Serbian Government a note, in which the direct connection between the murder at Sarajevo and the pan-Serb movement, as not only countenanced but actively supported by the Serbian Government, was explained, and in which a complete cessation of this agitation, as well as a punishment of the guilty, was requested. At the same time Austria-Hungary demanded as necessary guarantee for the accomplishment of her desire the participation of some Austrian officials in the preliminary examination on Serbian territory and the final dissolution of the pan-Serb societies agitating against Austria-Hungary. The Imperial and Royal Government gave a period of forty-eight hours for the unconditional acceptance of its demands.

The Serbian Government started the mobilization of its army one day after the transmission of the Austro-Hungarian note.

As after the stipulated date the Serbian Government rendered a reply which, though complying in some points with the conditions of Austria-Hungary, yet showed in all essentials the endeavour through procrastination and new negotiations to escape from the just demands of the monarchy, the latter discontinued her diplomatic relations with Serbia without indulging in further negotiations or accepting further Serbian assurances, whose value, to its loss, she had sufficiently experienced.

From this moment Austria was in fact in a state of war with Serbia, which it proclaimed officially on July 28 by declaring war.

From the beginning of the conflict we assumed the position that there were here concerned the affairs of Austria alone, which it would have to settle with Serbia. We therefore directed our efforts toward the localizing of the war, and toward convincing the other powers that Austria-Hungary had to appeal to arms in justifiable self-defence, forced upon her by the conditions. We emphatically took the position that no civilized country possessed the right to stay the arm of Austria in this struggle with barbarism and political crime, and to shield the Serbians against their just punishment. In this sense we instructed our representatives with the foreign powers.

Simultaneously the Austro-Hungarian Government communicated to the Russian Government that the step undertaken against Serbia implied merely a defensive measure against the Serb agitation, but that Austria-Hungary must of necessity demand guarantees for a continued friendly behaviour of Serbia towards the monarchy. Austria-Hungary had no intention whatsoever to shift the balance of power in the Balkan.

In answer to our declaration that the German Government desired, and aimed at, a localization of the conflict, both the French and the English Governments promised an action in the same direction. But these endeavours did not succeed in preventing the interposition of Russia in the Austro-Serbian disagreement.

The Russian Government submitted an official communiqué on July 24, according to which Russia could not possibly remain indifferent in the Serbio-Austrian conflict. The same was declared by the Russian Secretary of Foreign Affairs, M. Sasonow, to the German Ambassador, Count Pourtalés, in the afternoon of July 26. The German Government declared again, through its Ambassador at St Petersburg, that Austria-Hungary had no desire for conquest and only wished peace at her frontiers. After the official explanation by Austria-Hungary to Russia that it did not claim territorial gain in Serbia, the decision concerning the peace of the world rested exclusively with St Petersburg.

The same day the first news of Russian mobilization reached Berlin in the evening.

The German Ambassadors at London, Paris, and St Petersburg were instructed to energetically point out the danger of this Russian mobilization. The Imperial Ambassador at St Petersburg was also directed to make the following declaration to the Russian Government:

> "Preparatory military measures by Russia will force us to counter-measures which must consist in mobilizing the army.
>
> "But mobilization means war.
>
> "As we know the obligations of France towards Russia, this mobilization would be directed against both Russia and France. We cannot assume that Russia desires to unchain such a European war. Since Austria-Hungary will not touch the existence of the Serbian kingdom, we are of the opinion that Russia can afford to assume an attitude of waiting. We can all the more support the desire of Russia to protect the integrity of Serbia as Austria-Hungary does not intend to question the latter. It will be easy in the further development of the affair to find a basis for an understanding."

On July 27 the Russian Secretary of War, M. Ssuchomlinow, gave the German military attaché his word of honour that no order to mobilize had been issued, merely preparations were being made, but not a horse mustered, nor reserves called in. If Austria-Hungary crossed the Serbian frontier, the military districts directed towards Austria, i.e. Kiev, Odessa, Moscow, Kazan, would be mobilized, under no circumstances those situated on the German frontier, i.e. St Petersburg, Vilna and Warsaw. Upon inquiry into the object of the mobilization against Austria-Hungary, the Russian Minister of War replied by shrugging his shoulders and referring to the diplomats. The military attaché then pointed to these mobilization measures against Austria-Hungary as extremely menacing also for Germany.

In the succeeding days news concerning Russian mobilization came at a rapid rate. Among it was also news about preparations on the German-Russian frontier, as for instance the announcement of the state of war in Kovno, the departure of the Warsaw garrison, and the strengthening of the Alexandrovo garrison.

On July 27 the first information was received concerning preparatory measures taken by France: the 14th Corps discontinued the manœuvres and returned to its garrison.

In the meantime we had endeavoured to localize the conflict by most emphatic steps.

On July 26 Sir Edward Grey had made the proposal to submit the differences between Austria-Hungary and Serbia to a conference of the Ambassadors of Germany, France, and Italy under his chairmanship. We declared in regard to this proposal that we could not, however much we approved the idea, participate in such a conference, as we could not call Austria in her dispute with Serbia before a European tribunal.

France consented to the proposal of Sir Edward Grey, but it foundered upon Austria's declining it, as was to be expected.

Faithful to our principle that mediation should not extend to the Austro-Serbian conflict, which is to be considered as a purely Austro-Hungarian affair, but merely to the relations between Austria-Hungary and Russia, we continued our endeavours to bring about an understanding between these two powers.

We further declared ourselves ready, after failure of the conference idea, to transmit a second proposal of Sir Edward Grey's to Vienna in which he suggested Austria-Hungary should decide that either the Serbian reply was sufficient, or that it be used as a basis for further negotiations. The Austro-Hungarian Government remarked with full appreciation of our action that it had come too late, the hostilities having already been opened.

In spite of this we continued our attempts to the utmost, and we advised Vienna to show every possible advance compatible with the dignity of the monarchy.

Unfortunately, all these proposals were overtaken by the military preparations of Russia and France.

On July 29 the Russian Government made the official notification in Berlin that four army districts had been mobilized. At the same time further news was received concerning rapidly progressing military preparations of France, both on water and on land.

On the same day the Imperial Ambassador in St Petersburg had an interview with the Russian Foreign Secretary, in regard to which he reported by telegraph, as follows:

> " The Secretary tried to persuade me that I should urge my Government to participate in a quadruple conference to find means to induce Austria-Hungary to give up those demands which touch upon the sovereignty of Serbia. I could merely promise to report the conversation and took the position that, after Russia had decided upon the baneful step of mobilization, every exchange of ideas appeared now extremely difficult, if not impossible. Besides, Russia now was demanding from us in regard to Austria-Hungary the same which Austria-Hungary was being blamed for with regard to Serbia, i.e. an infraction of sovereignty. Austria-Hungary having promised to consider the Russian interests by disclaiming any territorial aspiration—a great concession on the part of a state engaged in war—should therefore be permitted to attend to its affair with Serbia alone. There would be time at the peace conference to return to the matter of forbearance towards the sovereignty of Serbia.
>
> " I added very solemnly that at this moment the entire Austro-Serbian

affair was eclipsed by the danger of a general European conflagration, and I endeavoured to present to the Secretary the magnitude of this danger.

"It was impossible to dissuade Sasonow from the idea that Serbia could not now be deserted by Russia."

On July 29 the German Military Attaché at St Petersburg wired the following report on a conversation with the Chief of the General Staff of the Russian army:

"The Chief of the General Staff has asked me to call on him, and he has told me that he has just come from His Majesty. He has been requested by the Secretary of War to reiterate once more that everything had remained as the Secretary had informed me two days ago. He offered confirmation in writing and gave me his word of honour in the most solemn manner that nowhere there had been a mobilization, viz. calling in of a single man or horse up to the present time, i.e. 3 o'clock in the afternoon. He could not assume a guaranty for the future, but he could emphasize that in the fronts directed towards our frontiers His Majesty desired no mobilization.

"As, however, I had received here many pieces of news concerning the calling in of the reserves in different parts of the country also in Warsaw and in Vilna, I told the general that his statements placed me before a riddle. On his officer's word of honour he replied that such news was wrong, but that possibly here and there a false alarm might have been given.

"I must consider this conversation as an attempt to mislead us as to the extent of the measures hitherto taken in view of the abundant and positive information about the calling in of reserves."

In reply to various inquiries concerning reasons for its threatening attitude, the Russian Government repeatedly pointed out that Austria-Hungary had commenced no conversation in St Petersburg. The Austro-Hungarian Ambassador in St Petersburg was therefore instructed on July 29, at our suggestion, to enter into such conversation with Sasonow. Count Szapary was empowered to explain to the Russian minister the note to Serbia though it had been overtaken by the state of war, and to accept any suggestion on the part of Russia as well as to discuss with Sasonow all questions touching directly upon the Austro-Russian relations.

Shoulder to shoulder with England we laboured incessantly and supported every proposal in Vienna from which we hoped to gain the possibility of a peaceable solution of the conflict. We even as late as July 30 forwarded the English proposal to Vienna, as basis for negotiations, that Austria-Hungary should dictate her conditions in Serbia, i.e. after her march into Serbia. We thought that Russia would accept this basis.

During the interval from July 29 to July 31 there appeared renewed and cumulative news concerning Russian measures of mobilization. Accumulation of troops on the East Prussian frontier and the declaration of the state of war over all important parts of the Russian west frontier allowed no further doubt that the Russian mobilization was in full swing against us, while

simultaneously all such measures were denied to our representative in St Petersburg on word of honour.

Nay, even before the reply from Vienna regarding the Anglo-German mediation whose tendencies and basis must have been known in St Petersburg, could possibly have been received in Berlin, Russia ordered a general mobilization.

During the same days, there took place between His Majesty the Kaiser and Tsar Nicholas an exchange of telegrams in which His Majesty called the attention of the Tsar to the menacing character of the Russian mobilization during the continuance of his own mediating activities.

On July 31 the Tsar directed the following telegram to His Majesty the Kaiser:

> " I thank You cordially for Your mediation which permits the hope that everything may yet end peaceably. It is technically impossible to discontinue our military preparations which have been made necessary by the Austrian mobilization. It is far from us to want war. As long as the negotiations between Austria and Serbia continue, my troops will undertake no provocative action. I give You my solemn word thereon. I confide with all my faith in the grace of God, and I hope for the success of Your mediation in Vienna for the welfare of our countries and the peace of Europe.
>
> " Your cordially devoted
>
> " Nicolas."

This telegram of the Tsar crossed with the following, sent by H.M. the Kaiser, also on July 31, at 2 p.m.:

> " Upon Your appeal to my friendship and Your request for my aid I have engaged in mediation between Your Government and the Government of Austria-Hungary. While this action was taking place, Your troops were being mobilized against my ally Austria-Hungary, whereby, as I have already communicated to You, my mediation has become almost illusory. In spite of this, I have continued it, and now I receive reliable news that serious preparations for war are going on on my eastern frontier. The responsibility for the security of my country forces me to measures of defence. I have gone to the extreme limit of the possible in my efforts for the preservation of the peace of the world. It is not I who bear the responsibility for the misfortune which now threatens the entire civilized world. It rests in Your hand to avert it. No one threatens the honour and peace of Russia which might well have awaited the success of my mediation. The friendship for You and Your country, bequeathed to me by my grand-father on his deathbed, has always been sacred to me, and I have stood faithfully by Russia while it was in serious affliction, especially during its last war. The peace of Europe can still be preserved by You if Russia decides to discontinue those military preparations which menace Germany and Austria-Hungary."

Before this telegram reached its destination, the mobilization of all the Russian forces, obviously directed against us and already ordered during the afternoon of July 31, was in full swing. Notwithstanding, the telegram of the Tsar was sent at 2 o'clock that same afternoon.

After the Russian general mobilization became known in Berlin, the Imperial Ambassador at St Petersburg was instructed on the afternoon of July 31 to explain to the Russian Government that Germany declared the state of war as counter-measure against the general mobilization of the Russian army and navy which must be followed by mobilization if Russia did not cease its military measures against Germany and Austria-Hungary within twelve hours, and notified Germany thereof.

At the same time the Imperial Ambassador in Paris was instructed to demand from the French Government a declaration within eighteen hours, whether it would remain neutral in a Russo-German war.

The Russian Government destroyed through its mobilization, menacing the security of our country, the laborious action at mediation of the European Cabinets. The Russian mobilization in regard to the seriousness of which the Russian Government was never allowed by us to entertain a doubt, in connection with its continued denial, shows clearly that Russia wanted war.

The Imperial Ambassador at St Petersburg delivered his note to M. Sasonow on July 31 at 12 o'clock midnight.

The reply of the Russian Government has never reached us.

Two hours after the expiration of the time limit the Tsar telegraphed to H.M. the Kaiser, as follows:

> "I have received Your telegram, I comprehend that You are forced to mobilize, but I should like to have from You the same guaranty which I have given You, viz. that these measures do not mean war, and that we shall continue to negotiate for the welfare of our two countries and the universal peace which is so dear to our hearts. With the aid of God it must be possible to our long tried friendship to prevent the shedding of blood. I expect with full confidence Your urgent reply."

To this H.M. the Kaiser replied:

> "I thank You for Your telegram. I have shown yesterday to Your Government the way through which alone war may yet be averted. Although I asked for a reply by to-day noon, no telegram from my Ambassador has reached me with the reply of Your Government. I therefore have been forced to mobilize my army. An immediate, clear and unmistakable reply of Your Government is the sole way to avoid endless misery. Until I receive this reply I am unable, to my great grief, to enter upon the subject of Your telegram. I must ask most earnestly that you, without delay, order Your troops to commit, under no circumstances, the slightest violation of our frontiers."

As the time limit given to Russia had expired without the receipt of a reply to our inquiry, H.M. the Kaiser ordered the mobilization of the entire German Army and Navy on August 1 at 5 p.m.

The German Ambassador at St Petersburg was instructed that, in the event of the Russian Government not giving a satisfactory reply within the stipulated time, he should declare that we considered ourselves in a state of

war after the refusal of our demands. However, before a confirmation of the execution of this order had been received, that is to say, already in the afternoon of August 1, i.e., the same afternoon on which the telegram of the Tsar, cited above, was sent, Russian troops crossed our frontier and marched into German territory.

Thus Russia began the war against us.

Meanwhile the Imperial Ambassador in Paris put our question to the French Cabinet on July 31 at 7 p.m.

The French Prime Minister gave an equivocal and unsatisfactory reply on August 1 at 1 p.m. which gave no clear idea of the position of France, as he limited himself to the explanation that France would do that which her interests demanded. A few hours later, at 5 p.m., the mobilization of the entire French army and navy was ordered.

On the morning of the next day France opened hostilities.

DOCUMENTS APPENDED TO STATEMENT OF GERMAN CASE

Austro-Hungarian Note.	*Serbian Reply.*	*Austro-Hungarian Comments on Reply.*
1914. July 23. On March 31, 1909, the Serbian Minister made the following statement at Vienna: Serbia declares she is not affected by the situation established in Bosnia, She will therefore adapt herself to the decisions about to be come to by the Powers in reference to Art. 25 of the Berlin Treaty. She will cease protest or resistance relative to the annexation, will change the direction of her present policies toward Austria-Hungary, and in the future will live with the latter in friendly and neighbourly relations. Events, especially the	1914. July 25. The Serbian Government are sure the misunderstanding will be removed by this reply. The former protests against "the great neighbourly Monarchy" as well as any attempts by corporations or officials to alter the status in Bosnia and Herzegovina, stopped with the Serbian declaration of March 31, 1909. The only protest made by the Austro-Hungarian Government was against a text book about which a satisfactory explanation was given. During the Balkan crisis Serbia was mode-	The Serbian Government or its officials are not accused of having undertaken anything official to alter the position of Bosnia and Herzegovina. The charge is that Serbia has omitted to suppress the movement against the territorial integrity of the Austro-Hungarian Monarchy. She ought to have done more than simply abstain from interfering with the possession of Bosnia and should have changed "her attitude and the entire direction of her policies." The Serbian reply deliberately shifts the foundation of the note

Austro-Hungarian Note.	*Serbian Reply.*	*Austro-Hungarian Comments on Reply.*
Sarajevo murder on June 28, reveal a subversive movement in Serbia "developed" under the eyes of the Serbian Government to separate certain territories from Austria-Hungary. This movement found expression subsequently outside Serbia in acts of terrorism and a series of assassinations and murders.	rate and pacific, and it was owing to her sacrifices that the peace of Europe was maintained.	by limiting its reply as though official attempts were in question.
(1) The Serbian Government has done nothing to suppress this movement. (2) It suffered the criminal doings of various associations directed against Austria-Hungary, the unbridled language of the press, the glorification of originators of assassinations, and the participation of officers and officials in subversive intrigues. (3) It suffered unwholesome propaganda in public education. (4) It permitted all manifestations which would mislead Serbian people into hatred and contempt for Austria-Hungary and her institutions.	The Serbian Government cannot be made responsible for "expressions of a private character," e.g. press articles and peaceable work of societies, expressions common in other countries. The Government has shown great courtesy in the solution of a whole series of Austro-Serbian questions.	This assertion is in strong contrast to the institutions of modern states and even the most liberal of press and society laws, which nearly everywhere impose a certain State control. Serbian institutions also provide for this control. The charge is that Serbia "has totally omitted to supervise its press and its societies, in so far as it knew their direction to be hostile to the monarchy."
(5) It is plain from evidence and confessions that the Sarajevo	The Serbian Government is painfully surprised by the assertions	This assertion is incorrect. "The Serbian Government was accu-

Austro-Hungarian Note.	*Serbian Reply.*	*Austro-Hungarian Comments on Reply.*
murder was conceived at Belgrade. Serbian officers and officials belonging to the Narodna Odbrana gave the murderers arms and bombs and arranged for their transportation into Bosnia. An attitude of waiting is no longer possible for Austria-Hungary. The permanent menace of these intrigues must be terminated.	that its citizens participated in the preparations for the Sarajevo outrage. It expected to be invited to cooperate in the investigation of the crime, was ready to prove its complete correctness, and to proceed against all persons about whom it received information. The Serbian Government will surrender to the Court, without regard to position or rank, every citizen proved to it to have participated in the crime.	rately informed about the suspicion resting upon quite definite personalities." They were also obliged by their own laws to start investigations spontaneously. They have done nothing.
In order to give these obligations a solemn character, the Serbian Government was required to publish on the first page of its official organ of July 26, 1914 the following declaration: " The Royal Serbian Government condemns the propaganda directed against Austria-Hungary, i.e., the entirety of those machinations whose aim it is to separate from the Austro-Hungarian monarchy territories belonging thereto, and she regrets sincerely the ghastly consequences of those criminal actions."	It binds itself to publish on the first page of the Official Gazette of July 26 the following enunciation: " The Royal Serbian Government condemns every propaganda which should be directed against Austria-Hungary —i.e. the entirety of such activities as aim towards the separation of certain territories from the Austro-Hungarian monarchy, and it regrets sincerely the lamentable consequences of these criminal machinations."	The Austro-Hungarian demand reads: " The Royal Serbian Government condemns the propaganda against Austria-Hungary." . . . The alteration in the declaration implies that no such propaganda exist. " This formula is insincere," and a subterfuge intended for use later.

Austro-Hungarian Note.	*Serbian Reply.*	*Austro-Hungarian Comments on Reply.*
"The Royal Serbian Government regrets that Serbian officers and officials have participated in the propaganda, cited above, and have thus threatened the friendly and neighbourly relations which the Royal Government was solemnly bound to cultivate by its declaration of March 31, 1909. "The Royal Government, which disapproves and rejects every thought or every attempt at influencing the destinations of the inhabitants of any part of Austria - Hungary, considers it its duty to call most emphatically to the attention of its officers and officials, and of the entire population of the kingdom, that it will henceforward proceed with the utmost severity against any persons guilty of similar actions, to prevent and suppress which it will make every effort."	The Serbian Government regrets that "according to a communication of the Imperial and Royal Government certain Serbian officers and functionaries have participated in the propaganda." . . . The Government . . . (then follow words identical with those demanded in the Austro-Hungarian note).	The formula demanded by Austria-Hungary did not contain the words "according to a communication of the I. and R. Government." Objection is taken to the insertion and also to the other points in which the text of the reply differs from the Austro-Hungarian note, for reasons given in the case of the last paragraph.
The Royal Serbian Government binds itself, in addition, as follows: (1) To suppress any publication which fosters hatred of, and contempt for, the Austro-Hungarian monar-	The Serbian Government binds itself further: (1) During the next regular meeting of the Skuptschina to embody in the press laws a clause, to wit, that the incitement to hatred of,	Austria-Hungary objects to this reply as evasive. It wished to oblige the Serbian Government to take care that no such press attacks are in future made. The offer of legisla-

Austro-Hungarian Note.	*Serbian Reply.*	*Austro-Hungarian Comments on Reply.*
chy, and whose general tendency is directed against the latter's territorial integrity.	and contempt for, the monarchy is to be most severely punished, as well as every publication whose general tendency is directed against the territorial integrity of Austria-Hungary. It binds itself in view of the coming revision of the constitution to embody an amendment into Art. 22 of the constitutional law which permits the confiscation of such publications as is at present impossible according to the clear definition of Art. 22 of the constitution.	tion as a means to this end is insufficient for the following reasons: (1) A law under which expressions hostile to the monarchy can be individually punished is of no use. . . . Individual prosecutions are rarely possible, and, with a lax enforcement, the few cases would not be punished. (2) The mere amendment of the Constitution to permit of confiscation is not enough without a Government undertaking to enforce it. (3) No time is mentioned within which the laws would be passed. If the parliament failed to pass them, everything would remain as it was, except that possibly the Government would resign.
(2) To proceed at once with the dissolution of the society Narodna Odbrana, to confiscate their entire means of propaganda, and to proceed in the same manner against the other societies and associations in Serbia which occupy themselves with the propaganda against Austria-Hungary. The Royal Government will take	(2) The Government possesses no proofs and the note of the I. and R. Government does not submit them that the society Narodna Odbrana and other similar societies have committed, up to the present, any criminal actions of this manner through any one of their members. Notwithstanding this, the Royal Government will	To this Austria-Hungary objects that "the propaganda of the Narodna Odbrana fills the entire public life of Serbia." An assertion that the Government knows nothing about it is therefore "an entirely inacceptable reserve"; nor does the Government undertake to confiscate the means of propaganda so as to prevent the reformation

Austro-Hungarian Note.	*Serbian Reply.*	*Austro-Hungarian Comments on Reply.*
the necessary measures, so that the dissolved societies may not continue their activities under another name or in another form.	accept the demand of the I. and R. Government and dissolve the society Narodna Odbrana, as well as every society which should act against Austria-Hungary.	of the dissolved societies under another name and form. No guarantee is therefore offered that this kind of agitation will be terminated.
(3) Without delay to eliminate from the public instruction in Serbia, so far as the corps of instructors, as well as the means of instruction, are concerned, that which serves, or may serve, to foster the propaganda against Austria-Hungary.	(3) The Royal Serbian Government binds itself without delay to eliminate from the public instruction in Serbia anything which might further the propaganda directed against Austria-Hungary provided the I. and R. Government furnishes actual proofs.	Objection is made to the demand for proof. The Serbian Government must, it is said, know: (1) That the school textbooks contain objectionable matter. (2) That a large number of the teachers "are in the camp of the Narodna Odbrana and affiliated societies." Also Austria-Hungary objects to the omission of the words, "as far as the body of instructors is concerned, as well as the means of instruction," which show clearly where the propaganda hostile to the monarchy is to be found in the Serbian schools.
(4) To remove from military service and the administration in general all officers and officials who are guilty of propaganda against Austria-Hungary, and whose names, with a communication of the material which the Imperial and Royal	(4) The Royal Government is also ready to dismiss those officers and officials from the military and civil services in regard to whom it has been proved by judicial investigation that they have been guilty of actions against the territorial integrity	Austria-Hungary objects to Serbia limiting dismissal to cases in which the persons referred to had been charged with a crime according to the statutory code. Propaganda hostile to the monarchy is generally not so punishable in Serbia.

Austro-Hungarian Note.	*Serbian Reply.*	*Austro-Hungarian Comments on Reply.*
Government possesses against them, the Imperial and Royal Government reserves the right to communicate to the Royal Government.	of the monarchy; it expects that the I. and R. Government communicate to it for the purpose of starting the investigation the names of these officers and officials, and the facts with which they have been charged.	
(5) To consent that in Serbia officials of the Imperial and Royal Government co-operate in the suppression of a movement directed against the territorial integrity of the monarchy.	(5) The Royal Government confesses that it is not clear about the sense and the scope of that demand of the I. and R. Government which concerns the obligation on the part of the Royal Serbian Government to permit the co-operation of officials of the I. and R. Government on Serbian territory, but it declares that it is willing to accept every co - operation which does not run counter to international law and criminal law, as well as to the friendly and neighbourly relations.	It is objected that neither international nor criminal law have anything to do with the question. " It is purely a matter of the nature of state police " to be solved by a special agreement. The reserved attitude of Serbia is incomprehensible and its vague form would lead to unbridgeable difficulties.
(6) To commence a judicial investigation against the participants of the conspiracy of June 28, who are on Serbian territory. Officials, delegated by the Imperial and Royal Government, will participate in the examinations.	(6) The Royal Government considers it its duty as a matter of course to begin an investigation against all those persons who have participated in the outrage of June 28 and who are in its territory. As far as the co-operation in this investiga-	Austria - Hungary's demand was clear: (1) Criminal procedure against participants. (2) Participation of her own officials in the examinations. Participation of Austro-Hungarian officials was only required on

Austro-Hungarian Note.	*Serbian Reply.*	*Austro-Hungarian Comments on Reply.*
	tion of specially delegated officials of the I. and R. Government is concerned, this cannot be accepted, as this is a violation of the constitution and of criminal procedure. Yet in some cases the result of the investigation might be communicated to the Austro-Hungarian officials.	"récherche" and not in "enquête judiciaire," viz., in the simple police researches which have to furnish and fix the material for the investigation. The misunderstanding if it exists is, they say, deliberate, and the Serbian Government is trying to avoid control of investigation, which might yield undesirable results for it if correctly carried out.
(7) To proceed at once with all severity to arrest Major Voja Tankosic and a certain Milan Ciganowic, Serbian State officials, who have been compromised through the result of the investigation.	(7) The Royal Government has ordered on the evening of the day on which the note was received the arrest of Major Voislar Tankosic. However, as far as Milan Ciganowic is concerned, who is a citizen of the Austro-Hungarian Monarchy and who has been employed till June 28 with the Railroad Department, it has as yet been impossible to locate him, wherefor a warrant has been issued against him. The I. and R. Government is asked to make known, as soon as possible, for the purpose of conducting the investigation, the existing grounds for suspicion and the proofs of guilt, obtained in the investigation at Sarajevo.	This reply is called disingenuous. (1) Ciganowic, they say, by order of the prefect of police, left Belgrade three days after the outrage for Ribari, when his participation was known. He did not leave the Serbian service on June 28. (2) The prefect of police, who knew where he was, declared that no such man existed in Belgrade.

Austro-Hungarian Note.	*Serbian Reply.*	*Austro-Hungarian Comments on Reply.*
(8) To prevent through effective measures the participation of the Serbian authorities in the smuggling of arms and explosives across the frontier and to dismiss those officials of Shabatz and Loznica, who assisted the originators of the crime of Sarajevo in crossing the frontier.	(8) The Serbian Government will amplify and render more severe the existing measures against the suppression of smuggling of arms and explosives. "It is a matter of course that it will proceed at once against, and punish severely, those officials of the frontier service on the line Shabatz—Loznica who violated their duty and who have permitted the perpetrators of the crime to cross the frontier.	
(9) To give to the Imperial and Royal Government explanations in regard to the unjustifiable remarks of high Serbian functionaries in Serbia and abroad who have not hesitated, in spite of their official position, to express themselves in interviews in a hostile manner against Austria-Hungary after the outrage of June 28.	(9) The Royal Government is ready to give explanations about the expressions which its officials in Serbia and abroad have made in interviews after the outrage and which, according to the assertion of the I. and R. Government, were hostile to the Monarchy. As soon as the I. and R. Government points out in detail where those expressions were made and succeeds in proving that those expressions have actually been made by the functionaries concerned, the Royal Government itself will take care that the necessary evidences and proofs are collected therefor.	The Serbian Government must be aware of these interviews. If it asks for "all kinds of detail" and "if it reserves for itself the right of a formal investigation," it shows that it has no intention of fulfilling the demand.

Austro-Hungarian Note.	*Serbian Reply.*	*Austro-Hungarian Comments on Reply.*
(10) The Imperial and Royal Government expects a reply from the Royal Government at the latest until Saturday, 25th inst., at 6 p.m. A memoir concerning the results of the investigations at Sarajevo, so far as they concern points 7 and 8, is enclosed with this note.	(10) The Royal Government will notify the I. and R. Government, so far as this has not been already done by the present note, of the execution of the measures in question as soon as one of those measures has been ordered and put into execution. The Royal Serbian Government believes it to be to the common interest not to rush the solution of this affair, and it is therefore, in case the I. and R. Government should not consider itself satisfied with this answer, ready, as ever, to accept a peaceable solution, be it by referring the decision of this question to the International Court at the Hague or by leaving it to the decision of the Great Powers who have participated in the working out of the declaration given by the Serbian Government on March 31, 1909.	The Serbian Note, therefore, is entirely a play for time.

ENCLOSURE ATTACHED TO AUSTRO-HUNGARIAN NOTE.

The investigation at Sarajevo against Gabrielo Princip and his accomplices has so far yielded the following results:

(1) The murder plot was conceived in Belgrade by Princip, Nedeljki,

Gabrinowic, and a certain Milan Ciganowic and Tripko Grataz with the aid of Major Voja Tankosic.

(2) The six bombs and four pistols used were presented by Milan Ciganowic and Major Tankosic to Princip and Gabrinowic in Belgrade.

(3) The bombs were hand grenades from the Serbian military arsenal.

(4) Milan Ciganowic taught Princip Gabrinowic to use the grenades and the pistols in a forest outside Belgrade near the target practice field.

(5) A secret system of transportation to smuggle the assassins and their weapons over the frontier was organized by Ciganowic.

The frontier captains of Shabatz and Loznica, the Customs official Radioz Gebic of Loznica, and several others helped.

EXHIBITS APPENDED TO GERMAN OFFICIAL CASE.

Exhibit I

German Chancellor to German Ambassadors at Paris, London and St Petersburg, July 23, 1914.

The publications of the Austro-Hungarian Government relating to the Sarajevo murders show:

(1) The aims of the Pan-Serb propaganda.

(2) The means utilized.

(3) The centre of action for the efforts for the separation of the South Slavic provinces from Austria-Hungary to be in Belgrade.

(4) The connivance of Serbian officials and officers.

Serb intrigues may be traced through a series of years:

(1) Pan-Serb Chauvinism was marked in Bosnian crisis. A conflict was only then avoided by Austro-Hungarian moderation and the intercession of the Powers.

(2) Serbia's assurance has not been kept.

(3) Under the very eyes, at least with the tacit sufferance of official Serbia, the propaganda has spread.

(4) At its doors lie the Sarajevo murders of which the threads lead to Belgrade.

The safety and integrity of Austria-Hungary was permanently threatened. Her dignity demanded active steps, and her demands are justified.

A provocative attitude by Serbia seems likely. Not to press its demands, if need be by military measures, would be for Austria-Hungary to renounce her position as a great Power. The means must be left to her.

These views are to be put before the Governments of the Entente Powers and the necessity of leaving the question to be settled between Austria-Hungary and Serbia emphasized. Localization is anxiously desired. Every intercession of another Power on account of the various treaty alliances, would lead to incalculable consequences.

Exhibit II

The German Chancellor to the Governments of Germany (Confidential), July 28, 1914.

The views with regard to Pan-Slav machinations and the responsibility for the Sarajevo murders already set out in Exhibit I are again put

forward in much the same language. " Some Russian personalities," says the Chancellor, deem it their right and Russia's task to take part in the conflict. The *Nowoje Wremja* (a St Petersburg newspaper) would make Germany responsible for the European conflagration which would result from a similar step by Russia, in so far as she fails to make Austria-Hungary yield. Though Austria-Hungary has called forth the conflict with Serbia, Serbia is the real aggressor.

Russia has a right to champion Servia if she believes she must. This, however, means making the activities of Serbia her own to undermine Austria-Hungary and the sole responsibility if a European war arises is hers. All the other great Powers desire to localize the conflict. The Austro-Hungarian Foreign Minister " has officially declared to Russia that Austria-Hungary has no intention to acquire Serbian territory or to touch the existence of the Serbian Kingdom, but only desires peace against the Serbian intrigues threatening its existence." The attitude of the German Government is clear. The goal of Pan-Slav agitation is the destruction of Austria-Hungary, the weakening of the Triple Alliance, and the isolation of Germany. " Our own interest therefore calls us to the side of Austria-Hungary." To guard Europe against an universal war, we must " support " endeavours to localize the conflict. If the fire spreads we must do our duty as Allies and our consciences will be free of guilt for the outbreak.

Exhibit III

German Ambassador at Vienna to Chancellor, July 24, 1914.

The Austro-Hungarian Foreign Minister to-day explained " thoroughly and cordially Austria-Hungary's point of view towards Serbia " to the Russian Chargé d'Affaires. There was " no thought of conquest." This step was merely meant as a definite means of checking the Serb intrigues. Austria-Hungary must have a guarantee for continued amicable relations with Serbia. There was no intention to change the balance of power in the Balkans.

Exhibit IV

German Ambassador at St Petersburg to Chancellor, July 24, 1914.

The Russian Foreign Minister indulged in " unmeasured accusations toward Austria-Hungary." He was much agitated. " He declared most positively that Russia could not permit under any circumstances that the Serbo-Austrian difficulty be settled alone between the parties concerned."

Exhibit V

German Ambassador at St Petersburg to Chancellor, July 26, 1914.

The Austro-Hungarian Ambassador and the Russian Foreign Minister both have " a satisfactory impression " after an interview. The latter was " greatly pacified " by the assurance that there was no idea of conquest only of peace at last on the frontiers.

Exhibit VI

German Honorary A.D.C. to Tsar to the Kaiser, July 25, 1914.

Manœuvres at Krasnoe were suddenly interrupted, and troops returned to garrisons. Manœuvres cancelled. Military pupils to-day were raised to

rank of officers instead of next autumn. Great excitement over Austro-Hungarian procedure. A.D.C. has impression that complete preparations for mobilization against Austria-Hungary are being made.

Exhibit VII

German Military Attache at St Petersburg to General Staff, July 26, 1914.

Deems it certain mobilization ordered for Kieff and Odessa; doubtful at Warsaw and Moscow, and improbable elsewhere.

Exhibit VIII

German Consul at Kovno (Russia) to Chancellor, July 27, 1914.

Kovno declared to be in a state of war (Kriegszustand).

Exhibit IX

German Minister at Berne to Chancellor, July 27, 1914.

Has learned reliably that French XIVth Corps has discontinued manœuvres.

Exhibit X

German Chancellor to German Ambassador at London, July 26, 1914.

Austria-Hungary has declared officially in St Petersburg she has no desire for territorial gain and will not touch existence of kingdom. She only desires to establish peaceful conditions. According to "news here," call for several classes of reserves (Russian) expected immediately, which is equivalent to mobilization (also against us). If news correct, counter measures, much against our wishes, will be necessary. Localization of conflict and peace of Europe still our wish. We suggest action at St Petersburg in this sense "with all possible emphasis."

Exhibit X (a)

German Chancellor to German Ambassador at Paris, July 26, 1914.

After Austro-Hungarian declaration to Russia (see last Exhibit) Russia will be responsible for decision whether there is to be a European war. Germany relies on France, with whom we are at one in desire for peace, to influence St Petersburg in that direction.

Exhibit X (b)

German Chancellor to German Ambassador at St Petersburg, July 26, 1914.

After solemn declaration by Austria-Hungary of its territorial disinterestedness, all responsibility rests on Russia.

Exhibit XI

Conversation of German Military Attaché with Russian Secretary for War, July 27, 1914.

At the Russian Foreign Minister's request, the Secretary for War saw the attaché. He gave his word of honour that no order to mobilize was yet issued.

General preparations being made, but no reserves called and no horses mustered. If Serbian frontier is crossed, " such military districts as are directed toward Austria, viz., Kiev, Odessa, Moscow, Kazan, are to be mobilized." Under no circumstances, those on German frontier, viz., Warsaw, Vilna, St Petersburg. Peace with Germany much desired. On being asked object of mobilization against Austria-Hungary, the Secretary of War referred the attaché " to the diplomats." The attaché said he appreciated the friendly intentions, " but considered mobilization even against Austria-Hungary as very menacing."

Exhibit XII

German Chancellor to German Ambassador at London, July 27, 1914.

Knows nothing as yet of Grey's suggestion for a quadruple conference in London. Cannot place ally in his dispute with Serbia before a European tribunal. German mediation " must be limited to the danger of an Austro-Russian conflict."

Exhibit XIV

German Chancellor to German Ambassador at St Petersburg, July 28, 1914.

We continue to try to get Vienna to elucidate in St Petersburg the object and scope of Austro-Hungarian action in Serbia in a manner " both convincing and satisfactory to Russia." The declaration of war (against Serbia) alters nothing.

Exhibit XV

German Chancellor to German Ambassador at London, July 27, 1914.

We have at once started mediation in Vienna in the sense desired by Sir E. Grey. We have also communicated the Russian Foreign Minister's desire " for a direct parley with Vienna."

Exhibit XVI

German Ambassador at Vienna to German Chancellor, July 28, 1914.

The Austro-Hungarian Foreign Minister states that after the opening of hostilities by Serbia and the subsequent declaration of war, the English mediation proposal appears belated.

Exhibit XVII

German Chancellor to German Ambassador at Paris, July 29, 1914.

Says that news about French war preparations " multiplies from hour to hour." Counter measures will be necessitated. We should have to proclaim " threatening state of war." This would mean more tension, though not a call for reserves or mobilization. We still hope for peace.

Exhibit XVIII

German Military Attaché at St Petersburg to Kaiser, July 30, 1914.

Kaiser's telegram made deep impression on Tsar, but mobilization against Austria-Hungary was already ordered and the Tsar could not retreat. Attaché told him that the guilt for the measureless consequences lay at the door of premature mobilization against Austria-Hungary " which after all

was involved merely in a local war with Serbia." Germany's answer was clear and the responsibility rested on Russia after Austria-Hungary's assurance that there was no intention of territorial gain in Serbia. Austria-Hungary had mobilized only against Serbia. Germany could not understand Russian attitude after horrible murder at Sarajevo. The Tsar need not wonder if Germany's army were to be mobilized.

Exhibit XIX.

German Chancellor to German Ambassador at Rome, July 31, 1914.

We have continued to negotiate between Russia and Austria-Hungary through telegrams between Kaiser and Tsar and also in conjunction with Grey. Efforts handicapped, if not made impossible, by mobilization of Russia. Such far-reaching measures are being taken by Russia against us in spite of pacifying assurances that situation becomes ever more menacing.

Exhibit XX

The Kaiser to the Tsar, July 28, 1914.

Is anxious about impression caused by Austro-Hungarian action against Serbia. Sarajevo murder was result of unscrupulous agitation for years in Serbia. Spirit which caused murder of King Alexander and Queen Draga still dominates her. All Sovereigns have common interest in punishing those responsible for Sarajevo crime. Kaiser sees difficulty before Tsar of stemming public opinion and promises to try and induce Austria-Hungary " to obtain a frank and satisfactory understanding with Russia." He asks for Tsar's support.

Exhibit XXI

Tsar to the Kaiser, July 29, 1914.

Is glad Kaiser is back in Germany and asks for his help. He fully shares the tremendous Russian indignation at declaration of " an ignominious war . . . against a weak country." Fears he soon cannot resist pressure for measures which will lead to war. He appeals to the Kaiser's friendship to restrain his ally.

Exhibit XXII

Kaiser to the Tsar, July 29, 1914.

He shares desire for peace, but does not consider war against Serbia ignominious. Serbian promises unreliable. Austria-Hungary's action is, in his view, to obtain a guarantee for fulfilment. Already explained, no territorial gain sought by her. Perfectly possible for Russia " to remain a spectator," and not draw Europe into most terrible war ever seen. He believes a direct understanding with Vienna, which his Government does all it can to aid, is still possible. Russia's military measures, " which might be construed as a menace by Austria-Hungary," naturally would hasten a calamity and spoil his efforts to mediate. He willingly accepts Tsar's appeal to his friendship.

Exhibit XXIII

Kaiser to the Tsar, July 30, 1914.

Attention of Russian Government has been drawn to danger of mobilization. Austro-Hungarian mobilization is only against Serbia " and only a part

of her army." If Russia mobilizes against Austria-Hungary, his mediation, undertaken at Tsar's express desire, is threatened if not made impossible. The responsibility for war or peace rests with the Tsar.

Exhibit XXIII (a)

Tsar to the Kaiser, July 30, 1914.

Thanks Kaiser for quick reply. Is sending Russian honorary aide to the Kaiser that night with instructions. Military measures now taking form were decided upon five days ago for defence against Austro-Hungarian preparations. Earnestly hopes they will not influence Kaiser's mediation which is so highly appraised. Tsar needs Kaiser's strong pressure upon Austria-Hungary if an understanding is to be reached.

Exhibit XXIV

German Chancellor to German Ambassador at St Petersburg, July 31, 1914.

In spite of negotiations and of absence of German preparations for mobilization, entire Russian army and navy are being mobilized, "hence also against us." We are forced, therefore, to proclaim "the threatening state of war." Mobilization is bound to follow unless every Russian measure of war against us "and against Austria-Hungary" is stopped within twelve hours. Hour of communication to be wired.

Exhibit XXV

German Chancellor to German Ambassador at Paris, July 31, 1914.

He sends the same news in similar words to those used in the last Exhibit and tells of his ultimatum to Russia. "Mobilization," he says, "inevitably implies war." France must say within eighteen hours if she means to remain neutral in a Russo-German war. Utmost speed necessary.

Exhibit XXVI

German Chancellor to German Ambassador at St Petersburg, August 1, 1914.

Sends a declaration of war which is to be transmitted to Russian Government at 5 p.m. if no satisfactory reply comes. The declaration states that the German Government has tried for a peaceful solution from the outset. The Kaiser at the desire of the Tsar had undertaken mediation, when Russia without waiting proceeded to mobilize all her forces, though no military preparations by Germany gave her a reason for this step. The latter had therefore to insist on Russia ceasing her military acts, and, as Russia had refused and so shown her action to be aimed at Germany, the Kaiser accepts the challenge and considers himself in a state of war with Russia.

Exhibit XXVII

German Ambassador at Paris to German Chancellor, August 1, 1914.

The French Prime Minister, when asked if France would remain neutral, declared that she would do that which her interests dictated.

III. THE BELGIAN GREY BOOK

July 24, 1914.

The text of the Austro-Hungarian note to Serbia reaches Brussels.

An undated circular note containing an assurance to the guaranteeing powers of Belgium's determination in the event of war to fulfil her international treaty obligations is sent to the Belgian Ministers at the capitals of those powers and also to those at Rome, The Hague, and Luxembourg. The note, which is summarized below, was not to be delivered until further instruction from Brussels, as immediate delivery would be premature.

July 25.

The Belgian Minister at Belgrade sends the text of the Serbian reply to Austria-Hungary to Brussels.

July 26.

The Belgian Foreign Minister is informed by the Austro-Hungarian Legation that the reply was considered unsatisfactory and that diplomatic relations had been broken off. Serbian mobilization had, they said, already been ordered before 3 o'clock.

July 27.

The Belgian Foreign Minister hears from Berlin of the British suggestion for mediation by Germany, France, Italy and Great Britain, and that Germany alone had not replied.

July 28.

War is declared by Austria-Hungary against Serbia.

July 29.

The Belgian Government decides to place its army upon a strengthened peace footing. It explains to foreign governments that this step must in no way be confused with mobilization. All Belgium consists, in some degree, of a frontier zone. On the ordinary peace footing her army consists of only one class of armed militia. On the strengthened peace footing, the units are brought to "the same strength as those of the corps permanently maintained in the frontier zones of the neighbouring Powers."

July 31.

The French Minister shows the Belgian Foreign Minister a telegram from the Agence Havas reporting a state of war in Germany and gives him an assurance that no incursion of French troops into Belgium will take place, even if considerable forces are massed upon the Belgian frontiers. The Belgian

July 31.

Minister says that he has every reason to believe that the attitude of the German Government will be the same.

The Belgian Missions abroad are informed that mobilization has been ordered for August 1.

Sir E. Grey, who had asked the French and German Governments if they would respect Belgian neutrality, presumes that Belgium will do her utmost to maintain it and that she wishes it respected. The Belgian Foreign Minister gives the assurance asked for, and is convinced that the other Powers will respect and maintain Belgian neutrality. He states that the Belgian forces, in consequence of their recent re-organization, are sufficient for an energetic defence; that the Netherlands decided to mobilize before Belgium; and that the recent date of the new Belgian military system and the temporary nature of the measures on which the Government had then to decide, compelled immediate and thorough precautions. These precautions showed their strong desire to uphold their neutrality themselves.

The Secretary-General of the Belgian Foreign Office explains to the German Minister the scope and purpose of the Belgian military preparations, and that they imply no distrust of their neighbours. He reminds him of past assurances given by Germany. Thus, at the time the Dutch were fortifying Flushing in 1911, when certain newspapers predicted the violation of Belgian neutrality by Germany, the German Chancellor, being asked for an assurance, declared that Germany had no intention of violating it, and only declined to make a public declaration lest the military position with regard to France should be weakened. The Belgian Secretary-General also reminded the German Minister of the reassuring declarations of the German Secretary of State to the Budget Commission of the Reichstag in 1913. The German Minister assured the Secretary-General that the sentiments then expressed by Germany had not changed.

A letter received on May 2, 1913, from the Belgian Minister at Berlin, sets out the German Secretary of State's actual words in answer to a member of the Social Democratic party. " Belgian neutrality," he said, " is provided for by International Conventions, and Germany is determined to respect those Conventions." Again, replying to a further question, he stated " that he had nothing to add to the clear statement he had made respecting the relations between Germany and Belgium." The German Minister of War also declared, that " Belgium plays no part in the causes which justify the proposed reorganization of the German military system. That proposal is based on the situation in the east. Germany will not lose sight of the fact that the neutrality of Belgium is guaranteed by international treaty." Lastly, reference being made once more to Belgium, the German Secretary of State repeated " that this declaration in regard to Belgium was sufficiently clear."

August 1.

The Belgian Foreign Minister hears from London that France has undertaken to respect Belgian neutrality, but that Germany's reply is still awaited. He further hears from Berlin that the German Foreign Minister is unable to answer Sir E. Grey's question.

The French Minister gives Brussels a formal assurance on behalf of his

August 1.

Government. In the event of Belgian neutrality not being respected by another Power, the French Government might find it necessary to modify its attitude to secure its own defence. The Belgian Foreign Minister states that Belgium has taken all measures necessary to ensure respect for her independence and her frontiers.

He then instructs his Ministers abroad to deliver to the various Governments the circular note forwarded to them on July 24. Belgium, as the note points out, has most scrupulously observed the duties of a neutral State imposed upon her by treaty and will strive unflinchingly to fulfil them. She confidently expects her boundaries to be respected. In any case, all necessary steps to ensure such respect have been taken. Her army is mobilized and the forts of Antwerp and on the Meuse in a state of defence. These steps are solely to enable Belgium to fulfil her international obligations. There is no intention of taking part in an armed struggle between the Powers or any feeling of distrust of any of them.

August 2.

Brussels hears of the violation of Luxemburg, and of its protest against Germany's action.

The Belgian Foreign Minister warns the German Minister that the formal promise of the French Minister to respect Belgian neutrality will be made public. The German Minister had no instructions to make an official communication on the subject, but added "that we (the Belgians) knew his personal opinion as to the feelings of security which we had the right to entertain towards our eastern neighbours." The Foreign Minister had no doubt of Germany's perfect correctness, but said he attached "the greatest importance to the possession of a formal declaration." . . .

No such declaration came, but on the same day a note is handed to the Belgian Government in which the German Government says it has information that the French intend to march through Belgian territory against Germany. It fears that Belgium, in spite of the utmost good-will, can not without assistance repel such an invasion with sufficient prospect of guaranteeing Germany against danger. Germany, in self-defence, has to anticipate any such hostile attack. In order to remove the possibility of Belgium regarding the entry of Belgian territory by German troops as an act of hostility the following declaration is made:

"1. Germany has in view no act of hostility against Belgium. In the event of Belgium being prepared in the coming war to maintain an attitude of friendly neutrality towards Germany, the German Government bind themselves, at the conclusion of peace, to guarantee the possessions and independence of the Belgian Kingdom in full.

"2. Germany undertakes, under the above-mentioned condition, to evacuate Belgian territory on the conclusion of peace.

"3. If Belgium adopts a friendly attitude, Germany is prepared, in co-operation with the Belgian authorities, to purchase all necessaries for her troops against a cash payment, and to pay an indemnity for any damage that may have been caused by German troops.

"4. Should Belgium oppose the German troops, and in particular should

August 2.

she throw difficulties in the way of their march by a resistance of the fortresses on the Meuse, or by destroying railways, roads, tunnels, or other similar works, Germany will, to her regret, be compelled to consider Belgium as an enemy."

If Belgium resists the eventual adjustment of relations between the two States must be left to the decision of arms.

Twelve hours are given the Belgian Government within which to reply.

August 3.

The German Minister informs the Belgian Foreign Office at 1.30 a.m. that French dirigibles have thrown bombs, and that a French cavalry patrol has crossed the frontier in violation of international law. On being told that the incidents happened in Germany, the Secretary-General said he failed to understand the object of the communication. The reply was that as these acts were contrary to international law it was reasonable to suppose that other such acts would be committed by France.

The Belgian Foreign Minister replies at 7.0 a.m. to the German Note of August 2, which had made a " deep and painful impression upon his Government":

(1) The intentions attributed to France by Germany are a contradiction of the formal declaration made by France to Belgium on August 1.

(2) If France does violate Belgian neutrality, Belgium will offer a vigorous resistance.

(3) " The treaties of 1839, confirmed by the treaties of 1870, vouch for the ndependence and neutrality of Belgium under the guarantee of the Powers, and notably of the Government of His Majesty the King of Prussia."

(4) Belgium has always been faithful to her international obligations. She has " carried out her duties in a spirit of loyal impartiality, and she has left nothing undone to maintain and enforce respect for her neutrality."

(5) The threatened German attack upon her independence constitutes a flagrant violation of international law, which no strategic interest could justify.

(6) To accept the German proposals would be to sacrifice the honour of the Belgian nation and betray their duty towards Europe.

(7) The Government refuses to believe that Belgian independence can only be preserved at the price of the violation of her neutrality.

(8) They are firmly resolved " to repel, by all the means in their power, every attack upon their rights."

The twelve hours given for their reply had expired at 7 o'clock this same morning. As, however, no act of war had occurred, the Belgian Foreign Minister writes at noon that there is no need at the moment to appeal to the guaranteeing Powers. The French Minister undertook that his Government would at once respond to any appeal by Belgium, but in the absence of such an appeal " unless of course exceptional measures were rendered necessary in self-defence " it would not intervene until Belgium had taken some effective measures of resistance. The Foreign Minister replies that they are making no appeal at present to the guarantee of the Powers, and that they will decide later what ought to be done.

The Belgian Grey Book

August 3.

The King of the Belgians appeals for the diplomatic intervention of the King of Great Britain " to safeguard the neutrality of Belgium."

The Belgian Minister in London is informed by Sir E. Grey that if Belgian neutrality is violated " it means war with Germany."

August 4.

The German Government replies that in consequence of the refusal of the Belgian Government, they " find themselves compelled to take—if necessary by force of arms—those measures of defence already foreshadowed as indispensable, in view of the menace of France."

The British Government expect Belgium to resist any German pressure with all the means at her disposal. They are prepared to join Russia and France in assisting her, and in guaranteeing her future independence and integrity.

News arrives of the violation of Belgian territory by Germany.

The German Minister at Brussels is handed his passports, and the German Legation placed under the care of the American Minister.

The Belgian Minister at Berlin is instructed to return, and the Spanish Government asked to take charge of Belgian interests in Germany.

The German Chancellor, speaking in the Reichstag, recognizes without the slightest disguise that Germany is violating international law and committing a wrong against Belgium. His actual words were as follows:

" We are in a state of legitimate defence and necessity knows no law.

" Our troops have occupied Luxemburg and have perhaps already entered Belgium. This is contrary to the dictates of international law. France has, it is true, declared at Brussels that she was prepared to respect the neutrality of Belgium so long as it was respected by her adversary. But we knew that France was ready to invade Belgium. France could wait; we could not. A French attack upon our flank in the region of the Lower Rhine might have been fatal. We were, therefore, compelled to ride roughshod over the legitimate protests of the Governments of Luxemburg and Belgium. For the wrong which we are thus doing, we will make reparation as soon as our military object is attained.

" Anyone in such grave danger as ourselves, and who is struggling for his supreme welfare can only be concerned with the means of extricating himself; we stand side by side with Austria."

Mr Asquith states in the House of Commons that the German Government, which had sought to excuse its action, has again been requested by the British Government to give assurances about Belgian neutrality, and given till midnight to reply.

Great Britain expects Norway, Holland and Belgium to resist German pressure and observe neutrality. She promises her support and will join France and Russia in offering an alliance to these Governments (if they desire it) to resist Germany, and in guaranteeing their future independence and integrity.

The Belgian Foreign Minister sends a résumé of events leading up to the crisis to the Belgian Ministers at Paris, London and St Petersburg. He states that the failure of Berlin to reply to Sir E. Grey's request for any

August 4.

assurance about Belgian neutrality did not disturb him as the German Secretary of State had reaffirmed at the meeting of the Committee of the Reichstag on April 29, 1913, " that the neutrality of Belgium is established by treaty which Germany intends to respect."

The Belgian Foreign Minister is informed by telegram that the British proposal (viz., that to Norway, Holland and Belgium) was for the time being cancelled, in consequence of the British ultimatum to Germany. The Belgian Government had for the moment been perplexed at this cancellation, but this telegram shows the change of attitude to be due to the ultimatum which gave Germany a time limit of ten hours within which to evacuate Belgian territory.

The Belgian Government, their territory having been invaded by Germany, appeal to Great Britain, France and Russia to co-operate in their defence as guaranteeing Powers. They ask for concerted and joint action and undertake the defence of their own fortified places.

August 5.

After the rejection of her proposals Great Britain informs Germany " that a state of war existed between the two countries as from 11 o'clock " (the previous night).

Belgium protests to all countries against the violation of her neutrality which Germany had by treaty undertaken to observe. In the words of the treaty, " Belgium shall form a State independent and perpetually neutral." Under the Hague Convention of 1907, force used by a neutral Power in repelling an attack could not be considered a hostile act.

Notification of a state of war between France and Germany is communicated to Brussels. The French Government will " on condition of reciprocity act, during hostilities, in conformity with the provisions of the international conventions signed by France on the subject of the rights of war on land and on sea."

Great Britain considers joint action with the Belgian Government justified by the Treaty of 1839. The British fleet will ensure the free passage of the Scheldt for the provisioning of Antwerp.

The French and Russian Governments agree to co-operate with Great Britain " in the defence of Belgian territory."

August 6.

The Netherlands declare their neutrality.

Measures are arranged between the Belgian and Dutch Governments for the war buoying and regulation of the navigation of the Scheldt.

August 7.

Belgium trusts that the war will not be extended to Central Africa. She has instructed the Belgian Congo authorities " to maintain a strictly defensive attitude," and asks whether the French and British Governments intend to proclaim the neutrality of their respective possessions in the conventional basin of the Congo* " in accordance with Article 11 of the

* N.B.—The conventional basin of the Congo includes a very large part of Central Africa extending far beyond the actual basin of that river.

August 7.

General Act of Berlin." Hostilities between the French and Germans in the Ubangi were anticipated.

The French Government were at first in favour of proclaiming the neutrality of the African countries referred to, and even asked Spain to make the suggestion at Berlin; but, later, on August 16 and 17, France and Great Britain reply that in view of the existing situation Germany should be attacked wherever possible. France also wished to get back the part of the Congo which she had been compelled to give up after Agadir and hostilities had already commenced, Germany having attacked British Central Africa, Great Britain Dar-es-Salaam.

August 9.

The German Government sends a second message to the Belgian Government through Holland (the United States Minister having declined to act as intermediary). After reporting the fall of Liége, they " most deeply regret that bloody encounters should have resulted from the attitude of the Belgian Government towards Germany." They deny that they have entered Belgium as an enemy and say French military measures forced them to do so. They beg the Government, now that the honour of their arms has been upheld, to spare Belgium the further horrors of war. Germany is ready for any compact that can be reconciled with her conflict with France and has no intention of appropriating Belgian territory.

Certain words in the German proposals were not clear in the original dispatch, but were explained in the above sense at the request of the Belgian Government.

August 10.

The Luxemburg Government is obliged by Germany to dismiss the Belgian Minister.

August 12.

On receiving this explanation the Belgian Government, which had already obtained the approval of Great Britain and France to the form of their reply, telegraph their refusal.

August 13.

The Russian approval arrived the next day.

August 17.

A telegram from Berlin to London, dated July 31 and published in the British White Book, contained the following passage: " It appears from what he (his Excellency the Secretary of State) said, that the German Government consider that certain hostile acts have already been committed by Belgium. As an instance of this, he alleged that a consignment of corn for Germany had been placed under an embargo already."

This German allegation is categorically refuted by the Belgian Foreign Minister. A Belgian decree of July 30 had provisionally prohibited, as a

August 17.

simple precaution within the rights of any State under such exceptional circumstances, the export from Belgium of certain products, especially cereals. The German Minister at Brussels therefore pointed out in a letter dated July 31 that certain grain cargoes at Antwerp in transit to Germany were being detained by the Customs Officers. Authority for the export of this grain, which being in transit did not fall under the decree, was at once given on August 1.

August 26.

The Germans continue their skirmishes on Tanganyika and attack Lukuga.

August 28.

Austria-Hungary declares herself at war with Belgium. She complains not only of Belgian assistance to France and Great Britain, but also of the treatment of her nationals.

August 29.

The Belgian Government deny any ill-treatment of Austro-Hungarians. They point out the aggressive nature of Germany's act and how they waited not only until the German ultimatum had expired but even until their territory was violated before appealing to France and Great Britain. For a neutral Power to repel invaders was not an hostile act under Article 10 of the Hague Convention and Germany had herself recognized her violation of international law.

THE POLITICS OF WAR

I. After Seven Months

THE British Empire has now been at war for seven months. During that time it has succeeded in asserting an almost complete command of the sea; it has pushed forward great preparations for a land campaign in Europe; it has held meanwhile a section amounting to rather less than a tenth of the French line in the west; and it has achieved some local successes of minor importance in different parts of the world.

There is no cause for dissatisfaction with this record, so far as it goes. The military resources of the Empire have proved far larger and more quickly available than our peace system seemed to allow. Voluntary recruiting for the new armies in Great Britain, for the expeditionary forces from the Dominions, and for all other purposes has shown a patriotic impulse running strongly and steadily through all the peoples of the British Commonwealth. That the Empire should have not less than two and a half millions of men (excluding those from India and the Dependencies) already under arms, shows a wonderful response to the stimulus of a great cause, and a very rapid expansion of military organization. It is certainly a greater achievement than most people would have thought possible seven months ago. We have, moreover, the satisfaction of knowing that our seamanship, our naval armaments, and our general naval efficiency have so far proved superior to

those of our enemies in any approximately equal test. Apart, also, from the minor actions fought, the work of the Navy upon the high seas has come up fully to the country's great hopes and traditions.

So much stands to the good. But the fact still confronts us that we are only at the beginning of our task. At sea, we have not yet defeated the main fleets of the enemy, though we have reduced them to immobility. Till they are defeated, our command of the sea will not be complete or secure. On land, we have done no more in the main European theatre than help our allies to arrest the right wing of the German advance. The German offensive has, up to the present, been stopped; and there is a general confidence that it will gain no further ground. But while we have to that extent prevented Germany from imposing her will on us, we are no nearer our main positive object, which is to impose our will on her. If hostilities were now to cease, on the terms that each side held what it possessed, she would be holding almost everything in Europe for which she has fought. History would record a signal German victory, and a decisive British defeat. For Germany is still in almost complete possession of Belgium. She is planted firmly in a formidable line of entrenchments from the Channel, through Flanders and Champagne, to the Swiss frontier in Alsace. With the help of her own ally she has, for the present, stemmed the advance of our ally in the east. In spite of the joint efforts of the British Empire, Russia and France, largely forwarded by command of the sea, to train and equip their great reserves of men, she still outnumbers, with Austria-Hungary, the forces opposed to her on both the eastern and western fronts; and all expert opinion agrees that she still has a reserve of not less than two million men to throw into the field.

There is, therefore, one question, and only one, before the Empire at the present time—how best to concentrate every available atom of its strength upon the task of defeating the Central Powers. No criterion is of any weight or value at

the moment but that of efficient organization for the main purpose of the war. The worth of every measure, the key to every problem, the test of every action, whether in public or private life, lies in one consideration only—will it, or will it not, help the Empire to mass greater force at the decisive point at the earliest possible date? The question is therefore military only in the broadest sense of that term. It includes, not only the manufacture of armies and of all that armies require, but the best possible distribution of the strain which this involves, so as most effectively to carry on, in spite of it, the commercial and industrial activities essential both to military efficiency and to national staying-power, until victory is won. It also includes the concentration of the mind of the whole people upon the national task. Political and personal considerations must all yield to the central military purpose to which we are bound. Force at the decisive point must be our only thought and aim.

II. War Conditions and Peace Arguments

THERE is no question whatever that the spirit of the people is equal to this task and will shrink from no sacrifice which it may demand. Throughout Great Britain, and throughout the Empire, the vast majority of men and women are banded together by a firm resolve to carry the war through to victory. The thought of failure has not entered their minds. If ever it did so, a wave of new decision and energy would sweep through the Empire from end to end.

When, however, discussion passes from this affirmation of principle to the obligations and sacrifices it may entail, a certain difference of view begins at once to make itself manifest. The dividing line is hard to trace, because the ordinary mechanism by which opinion is expressed has been largely suspended by the necessities of war. The Govern-

ment can only speak vaguely about the task which lies before it; the Opposition within certain limits inquires and suggests, but does not criticize. The measures needed to win the war can be estimated only by Ministers and their expert advisers. For the rest of the nation there is no means of judging how far the preparations already made are likely to be adequate, and how much still remains to be done. The difference of view which can be traced in public and private comment is, therefore, not so much a matter of practical opinion this way or that; it is rather a difference in the attitude of mind. And this difference arises out of the habits and traditions of peace-time, which have become ingrained in the national psychology. Consequently, though party has been effaced and our present differences of standpoint by no means coincide with party lines, these differences throw a trail of old political argument across the temporary but inexorable logic of war.

It is natural, therefore, that our attitude should constitute something of a problem for allied and neutral Powers, none of whom is as yet perhaps quite satisfied that we have put our shoulders to the wheel with all the energy and concentration required. The continuance of football matches, and other signs of the same kind, no doubt contribute to that idea; but the main reason probably lies deeper. It is a question of our mental attitude, which is not really illustrated by episodes like the football controversy so much as by the tone and spirit of a great deal of published comment on the character and exigencies of the war. This is the symptom which many of the best disposed of foreign observers find it hardest to understand.

Discussion as to what further measures we may be called upon to take is sometimes met, for instance, with a satisfied statement that we have already done all, and more than all, which we undertook in our peace relations with France, Russia and Belgium. Those who use this argument can point with great effect to certain indubitable facts—the fact that we are already preparing to put ten men in the

European field where we originally promised one; that we are nevertheless conducting military operations on a large scale in Egypt, Mesopotamia and elsewhere; that our economic and industrial strength is one of the most weighty elements in the massed resources of the Empire and its allies; and that this, as well as other no less important factors, is due to the strength and efficiency of the British Fleet. All these assertions are true; but are they relevant as arguments against a further, and, indeed, the greatest possible, development of military power? Manifestly not, unless the development of further military power would weaken us unduly in other forms of power equally essential to success. Of that condition the Government alone can judge, for no persons beside the Government and its expert advisers have the necessary information. But, apart from that condition, which the public cannot assess, the fact that we are already doing at least as much as our contract enjoined is no argument against doing more, if it be required. The object of our preparations is, not merely to satisfy our consciences, but to win the war. It will be little consolation to have done as much as we bargained for, if that object be not attained. There is only one possible standard of conduct between nations allied in a struggle like this—that each should do its utmost always till the war is won.*

Some of our public and private reasoning evinces a similar failure of understanding in regard to the factor of time. It is

* These words had already been written when a private letter on the situation was received from France, of which the following is an extract:

> "L'opinion publique en France demande à l'Angleterre de donner 'toute' sa force à la lutte. Le public francais sent mieux—je n'ose écrire: connait mieux—la situation internationale qu'on ne le croit, que je ne le croyais moi-même. Il se rend compte, ce qui à mon avis est très exact, que l'Angleterre joue son avenir, son existence presque, entre l'Yser et la Suisse, tout comme nous. Il s'attend donc à la voir marcher aussi à fond que nous, et avec *toute* sa puissance.—Ceci, pour répondre à certains articles anglais que j'ai vus, où l'on dit que l'Angleterre a déja fait plus que ce qu'elle avait promis. Ce point de vue là ne sera jamais admis en France. Il ne sera jamais question de ce qu'elle a promis, mais de ce qu'elle peut faire, et dans une alliance vraiment intime, c'est la seule formule saine."

suggested that before we prepare to exert in France or Flanders the utmost military pressure of which our resources are capable, we should wait to see whether the growing menace of invasion from the east will not weaken the western German armies to breaking-point and prove that our present armies are enough. The same argument appears very often when economic factors are discussed. It is held to be wise that we should wait and see whether the exhaustion of German finances, the inadequacy of the German food-supply, or the strangling economic effect of the commercial blockade, will not save us from the need of further military preparation. And these pretexts for delay present themselves, again, when compulsory enlistment is put forward as a possible necessity. Apart from such questions as to whether the present supply of recruits is still adequate, or whether the provision of equipment will not soon overtake the provision of men—which questions the Government alone can answer—we are told that, even if the voluntary system is now falling short of our needs, it should be given another trial in this form or that, as though, other things being equal, a delay of three or four months for experiments were a matter of indifference in war. Those who hold such opinions seem to make the assumption that, while time is strictly limited on the German side, it is unlimited on ours, and that for the sake of further experiments we are justified in facing an incalculably greater toll of loss and suffering, and in asking the same sacrifice, not only from our allies, whose hearts are in the war, but from neutrals, whose hearts are set upon the return of peace. The argument also overlooks the risk of unexpected turns of chance, in which war abounds, and makes nothing of jeopardizing by inadequate support the morale and efficiency of our armies already in the field.

Allies or neutrals who took these failures of judgment or of vision in our discussion of the war as serious indications of a weakening in our national resolve would be giving them much more importance than they deserve. Whatever

measures the Government thinks necessary for victory, those measures the country will approve and accept; there is absolutely no question of that. But since such arguments produce some real confusion at home, and prejudice our case abroad, it is worth while to trace their origin and examine their strength.

One and all, they proceed from the same cause—an inability to realize that war and peace are different worlds, with standards and values which cannot possibly be transposed. The fact that we are a free people fighting for freedom does not absolve us from the hard conditions of military success. There is no way of winning the war except by driving the German armies back into Germany and defeating them there. To that purpose every consideration must be subordinated except the recognized dictates of humanity. Our task is simply to throw as much force as possible as soon as possible against the German lines. Every available man not enlisted, every minute wasted in delay, is so much taken from our prospect of victory, and so much added to the suffering of the world. There is only one standard of effort in a life-and-death struggle like this—the utmost of which time and our resources permit.

The reason that our whole people does not see these realities plain is, however, not far to seek. In European countries, even where popular government is as much a reality as in ours, compulsory military training has brought war and its necessities home to all parts of the community. When mobilization is ordered, the military supersedes the civil mind, not merely in the government, but in the people itself; and till peace returns, the whole nation becomes a conscious and determined machine with one sole object, the defeat of the enemy. We have never had the realities so brought home. Our manhood is not trained; our actual territory is not menaced; our minds, like our meadows, are entrenched behind a strip of sea. While, therefore, our men will volunteer in thousands to serve the country's need, the menace to our security is in a sense as abstract as the nature

of our cause, and there is nothing to bring home the actual terms of the struggle in which the nation is engaged. The rapine wrought on the soil of Belgium and France has stirred English feeling to its depths, but sympathy with ravaged neighbours, whose wrongs are heard of but not seen, is not the same as a national understanding of the conditions on which wars like this are won. For great numbers of our people it is hard to recognize that the present war is different, not merely in degree, but in kind, from those in which for a hundred years we have been engaged, and that its necessities are too great and pressing to be weighed in the same political scales as those of peace. War is unfamiliar, and there is nothing to help the average man or woman in realizing what it means.

In peace time all our decisions are governed by political principle or political expediency. We are accustomed to believe that arguments will determine the course of opinion, and opinion the course of events. Time is not usually an important factor; and there is no need to trouble about new expedients until old ones have demonstrably failed. Every measure is, moreover, viewed in the light of precedent, and grave consideration is given to the precedent which a new measure will itself create. The sense of continuity is strong, and every party tests the proposals of the day by their probable effect in weakening or strengthening that party's future influence. As a nation, we are by long training self-governing political beings. Many battalions in the new armies have probably felt, for instance, that various regimental questions should be settled by vote. We could not, if we would, entirely exorcize the political habit of mind. Every section amongst us has its political canons, reverently set up as lights for the future or as lessons from the past. To those canons, as political beings, we instinctively appeal, assuming—again as political beings—that every question can be settled, and should be settled, by force of argument. Our political methods and standards are second nature to us, and since the struggle with Napoleonic

France a century ago they have been developed in great numbers of our people without a thought to war.

The controversy regarding conscription, which has figured to some extent in the Press and which frequently comes up in private discussions, illustrates very well the danger in war time of this political habit of mind. Those who recommend conscription, for instance, are very largely believers in compulsory military training in time of peace. They assure us that we should have been a better people had we adopted it before the war, and they indicate not obscurely that this is the Heaven-sent opportunity of securing its benefits to the English people for all time. Those who oppose it use similar arguments, but converse in effect. They declare that the refusal of the British people to accept compulsory military training in the past has been an essential element in the liberty for which they are fighting now. It is only so, they say, that Great Britain has escaped the cult of "militarism" which has besotted Germany. To accept conscription would be to lose for ever the light of English freedom and to sink to the level of the pit from which we hope to raise even our foes.

Either of these schools may be right in their views, so ar as peace time is concerned; but they are equally wrong in supposing that such arguments are entitled to weight in war. Our military policy in the future will clearly depend entirely on the issue of the present struggle, and no consideration is of any weight for the time being except to secure an issue favourable to ourselves. To prejudice discussion of our present requirements by recriminations about past policy, before the war was on us, or anxieties about future policy, when the war is over, is entirely to misunderstand the terms upon which alone victory can be secured. If a measure is necessary to victory, we must adopt it, whether it suits our private politics or not. If it is unnecessary, we must forswear it, however convenient the moment may seem for carrying it through. There is one criterion, and one only, by which all measures must be

judged—will they, or will they not, help to win the war?

A reference to the experience of the great sister-democracy in the United States in its struggle for existence half a century ago may help to bring the imperative necessity of this single criterion home.

III. Abraham Lincoln and the Civil War.

THE Civil War in the United States began with the bombardment of Fort Sumter at dawn on April 12, 1861. The garrison capitulated on April 14, and Lincoln issued his first call for volunteers on April 15. On April 20 Robert E. Lee, who had been invited unofficially to take command of the Union armies in the field, resigned his commission. The first serious action was fought at Bull Run on July 21.

Conscription was not adopted by either side during the first year; but in April, 1862, it was found necessary, in spite of their early victories, by the Confederate commanders, who had from the outset to make head against greatly superior numbers. The Act of April, 1862, called out all white men between the ages of eighteen and thirty-five. Power was taken in September of the same year to call out those from thirty-five to forty-five, but was not used till the following July. In February, 1864, as the struggle reached the last stage, all between the ages of seventeen and fifty were conscribed. It is asserted in Confederate histories, apparently with good reason, that by the end the Confederacy had enlisted all men between sixteen and sixty.* No autocratic government has imposed upon its subjects a greater sacrifice than this, imposed upon themselves of their own will by the people of the South.

The task of the Northern leaders, though less exacting

* For a good discussion of the subject by a Northern writer see *Studies Military and Diplomatic*, by Charles Francis Adams, pp. 282-7.

in a military sense, was politically more difficult. With their opponents the cause of principle in which the war originated became ever more closely identified with a literal struggle for hearth and home. As their need increased, their spirit was quickened by the simplest and most intimate of human loyalties, which will always be stronger in their appeal than any political idea. In the North, on the contrary, it was political principle, and that alone, which was at stake. Northern society was not menaced from top to base; very few Northern districts felt the actual touch of war. Imagination was needed to grasp the meaning of Lincoln's struggle for human freedom and the unity of the commonwealth. It is little wonder, therefore, that the unanimity of the Northern people was never so great as that of the South, and that their enthusiasm tended to grow weak as that of their opponents showed strong. To win the cause of unity and freedom they had to drive their arms into the heart of a brother-people, which believed itself to be fighting for all that is most sacred in life. A Lincoln could see the issue plain; but lesser men had shorter vision, and as the war proceeded, they dropped away or flagged.

The principle of compulsion was in consequence strongly contested in many of the Northern States. In the early stages of the war the President had appealed for a quota of volunteers in proportion to its population from each State. In many cases the response was splendid, but it was unequal; and by the beginning of 1863, when the Congressional election had shown a considerable falling off in the President's following and a series of striking successes had been won by the Confederate troops, it was plain that other measures would be needed to bring the war to a successful conclusion.

Lincoln's political creed centred on that article in the Declaration of Independence which proclaims that "all men are created equal, with an inalienable right to liberty." "I have never had a feeling, politically, that did not spring from the sentiments embodied in the Declaration of Inde-

pendence. . . . It was that which gave promise that in due time the weights would be lifted from the shoulders of all men, and that all men should have an equal chance." Such were the words used by him in an impromptu speech in Independence Hall, Philadelphia, on his way to Washington immediately after his election as President.* He was, moreover, of Quaker ancestry, and detested the appeal to force. "Your people," he wrote to the Society of Friends, "have had and are having very great trials on principles and faith. Opposed to both war and oppression, they can only practically oppose oppression by war." It was his own predicament, the more severe that he could also win the battle of freedom only by demanding a temporary sacrifice of their own personal freedom from those who had taken up arms in its name. Add to this the fact that his training and experience, up to the time when he became President, had kept him in that region of political discussion where ordinary men most easily confuse the respective force of phrases and of facts, where compromise of principle is constantly hidden in the mists of rhetoric, and every ordinary method of thought is worlds away from the positive and rapid decisions required for successful war—add these conditions of the atmosphere in which he had had his being to the natural bent of his own mind, and Lincoln's difficulties seem too vast even for a character like his.

So far as the political problem was concerned, the impossibility of compromise between "yes" and "no" was soon fixed in his mind; it is manifest in the clear and firm accents of the First Inaugural Address. But politicians have often accepted the necessity of war without being able, in that ordeal itself, to face what it required; and Lincoln was no exception to the general rule in the first two years of his trial. Political compromises, political objects, political fears were for many months the dominant factor in the military counsels of the North; and the consequence was seen in a series of half-measures which failed entirely to cope with

* *Complete Works of Abraham Lincoln*, Nicolay and Hay, Vol. VI, p. 157.

the decisive military leadership of the South. At the end of two years' campaigning, during which the Northern bulletins had constantly assumed the imminent collapse of the Confederate arms, no serious progress of any kind had been made with the task of imposing the will of the Union upon the insurgent States.

By the winter of 1862–3, however, nearly two years after the outbreak of war, Lincoln faced the military problem with the same quiet firmness which from the beginning had characterized his political thinking. The system of draft quotas from States had broken down. Volunteers had not ceased to enlist (they continued to do so even when conscription was passed), but the supply was unequally distributed, inadequate and irregular. Compulsion had already been tried indirectly through the medium of the State governments, but seems to have been largely illusory. Consequently, after long discussion, Congress, on March 3, 1863, passed a Conscription Act which was to be enforced directly by the Federal Government. "The country was divided into enrolment districts, corresponding in general to the congressional districts of the different States, each of which was in charge of a provost-marshal. At the head of these officers was a provost-marshal-general, whose office at Washington formed a separate bureau of the War Department."* The Act required that all able-bodied citizens of the United States, and all foreigners intending to become citizens, between the ages of twenty and forty-five should be enrolled. A system of exemptions was provided, and drafts were to be made proportionately from the rolls of each State as need arose. John Sherman, who claimed paternity for the main features of the law, no doubt expressed the mind of the President in a letter written to a friend on March 20. "The law," he said, "is vital to our success, and although it was adopted with fear and trembling and only after all other expedients had failed, yet I am confident it will be enforced with the general acquiescence

* Rhodes's *History of the United States*, 1850-77, Vol. IV, p. 237.

of the people, and that through it we see the road to peace. After all, Congress cannot help us out of our difficulties. It may by its acts and omissions prolong the war, but there is no solution to it except through the military forces." Not only this, but other measures, showed that the political habit of mind which Lincoln had first brought to bear upon the conduct of war was being transformed in the hard school of experience. It was fortunate for the Union that the ultimate responsibility for its policy in the months of crisis between the autumn of 1862 and the summer of 1863 lay upon a mind and character like his.

Sherman's prediction that the people of the Union would acquiesce in the policy of compulsion was not seriously belied by the event, though there was some violent opposition. Enrolment began in March, and the first drafts were called for in July. The system adopted carried with it some of the worst hardships of conscription, for the selection of men for service from the rolls of men liable was made entirely by lot. Nevertheless no opposition was shown in Rhode Island or Massachusetts, where the drawing began. Four days later, however, riots were threatened in two strongly democratic districts of New York city, where the foreign population was large, and developed ultimately into a widespread insurrection which gave the city over to arson and street fighting for four days. In this the Irish immigrant figured prominently, and many negroes were lynched, as representatives of the race which had caused the war. The Government, however, took strong measures against the mob, and the riots were ultimately put down with an estimated loss in killed and wounded of 1,000. There were also riots in Boston and in Troy, but these were rapidly suppressed. Lincoln had throughout refused to yield anything to mob clamour or to violence.*

After the riots strong pressure was put upon him to abandon compulsion, and doubts were cast upon the

* This account is taken from Rhodes, Vol. IV, pp. 320-30, where the origina documents are quoted.

constitutional justification of the Conscription Act; but he remained proof against all political opposition. His position is set out in a paper entitled "Opinion on the Draft,"* which was never made public—presumably because the opposition was not sufficiently serious.

The memorandum is addressed to those members of the public who, while "sincerely devoted to republican institutions and the territorial integrity" of the Union, are yet "opposed to what is called the draft, or conscription." It is written throughout in the style of quiet but convincing analysis, which Lincoln made his own:

> At the beginning of the war, and ever since, a variety of motives, pressing some in one direction and some in the other, would be presented to the mind of each man physically fit for a soldier, upon the combined effect of which motives he would, or would not, voluntarily enter the service. Among these motives would be patriotism, political bias, ambition, personal courage, love of adventure, want of employment and convenience; or the opposites of some of these. We already have, and have had in the service, as appears, substantially all that can be obtained upon this voluntary weighing of motives. And yet we must somehow obtain more, or relinquish the original object of the contest, together with all the blood and treasure already expended in the effort to secure it. To meet this necessity the law for the draft has been enacted. You who do not wish to be soldiers do not like this law. This is natural; nor does it imply want of patriotism. Nothing can be so just and necessary as to make us like it if it is disagreeable to us. We are prone, too, to find false arguments with which to excuse ourselves for opposing such disagreeable things.†

In some detail the President then analyses the objections urged against the law. The first of these condemned it as unconstitutional. His reply is firm:

> The case simply is, the Constitution provides that the Congress shall have power to raise and support armies; and by this Act the Congress has exercised the power to raise and support armies. . . . The power is given fully, completely, unconditionally. It is not a

* *Complete Works*, Vol. IX, pp. 74-83.
† *Ibid.*, Vol. IX, pp. 74-5.

power to raise armies if State authorities consent; nor if the men to compose the armies are entirely willing; but it is a power to raise and support armies given to Congress by the Constitution, without an "if."

He then deals with other objections—such as that the law, though constitutional, was unnecessary and improper.

Such [he writes] would be a law to raise armies when no armies are needed. But this is not such. The republican institutions and territorial integrity of our country cannot be maintained without the further raising and supporting of armies. There can be no army without men. Men can be had only voluntarily, or involuntarily. We have ceased to obtain them voluntarily, and to obtain them involuntarily is the draft—the conscription. If you dispute the fact, and declare that men can still be had voluntarily in sufficient numbers, prove the assertion by yourselves volunteering in such numbers, and I shall gladly give up the draft. Or, if not sufficient numbers, but anyone of you will volunteer, he for his single self will escape all the horrors of the draft, and will thereby do only what each one of at least a million of his manly brethren have already done. Their toil and blood have been given as much for you as for themselves. Shall it be lost rather than that you, too, will bear your part? I do not say that all who would avoid serving in the war are unpatriotic; but I do think every patriot should willingly take his chance under a law made with great care, in order to secure entire fairness.*

The memorandum goes on to discuss other objections in detail, and then returns to the principle:

The principle of the draft, which simply is involuntary or enforced service, is not new. It has been practised in all ages of the world. It was well-known to the framers of our Constitution as one of the modes of raising armies, at the time they placed in that instrument the provision that "the Congress shall have power to raise and support armies." It had been used just before in establishing our independence, and it was also used under the Constitution in 1812. Wherein is the peculiar hardship now? Shall we shrink from the necessary means to maintain our free Government, which our grandfathers employed to establish it and our own fathers have already employed once to maintain it? Are we degenerate? Has the manhood of the race run out?†

* *Complete Works*, Vol. IX, pp. 76-7.
† *Ibid.*, Vol. IX, pp. 80-1.

"With these views, and on these principles," Lincoln concludes, "I feel bound to tell you it is my purpose to see the draft law faithfully executed." So, on a note of characteristic resolution, the memorandum ends.

The President, though he never published this declaration, was fully equal to his word. Not only did he maintain the principle, but, realizing that time is a decisive factor in war, with which no liberties can be taken in the face of a determined foe, he also resisted all the more insidious arguments which were urged merely in favour of delay. "I do not object to abide a decision of the United States Supreme Court," he wrote to Governor Seymour of New York, "... but I cannot consent to lose the time while it is being obtained."

> We are contending with an enemy who, as I understand, drives every able-bodied man he can reach into his ranks, very much as a butcher drives sheep into a slaughter-pen. No time is wasted, no argument is used. This produces an army which will soon turn upon our now victorious soldiers, already in the field, if they shall not be sustained by recruits, as they should be. It produces an army with a rapidity not to be matched on our side, if we first waste time to re-experiment with the voluntary system ... and then more time to obtain a Court decision as to whether a law is constitutional which requires a part of those not now in the service to go to the aid of those who are already in it.*

Telegraphing a week later to the same authority, who had renewed his argument for delay, Lincoln said: "Looking to time, as heretofore, I am unwilling to give up a drafted man now even for the certainty, much less for the mere chance, of getting a volunteer hereafter."†

This decisive grasp of the governing principle of military success—to raise the maximum of force in the minimum of time—shows a striking change of mind from the delays, indecisions and half-measures of the first two years of war; and little doubt is now possible that it turned the scale in favour

* *Complete Works*, Vol. IX, pp. 60-1.
† *Ibid.*, Vol. IX, p. 83

of the North. The fortunes of the campaign depended in the last analysis upon the willingness of neutrals to go on suffering the loss and inconvenience occasioned by the Federal blockade of the Southern ports. France had long been hostile to it; Russia was inclined to support the French Government; and Great Britain, apart from the widespread distress produced by the stoppage of cotton imports to Lancashire, might easily have reverted to the idea, abandoned in the previous autumn, of shortening the war and all the suffering involved in it by recognizing the Confederate Government. The turn of victory in favour of the North depended therefore very largely upon the world's estimate of the Northern morale; and Lincoln's firmness established that morale amid the political weakness of his own associates and followers, refuting thereby the doubts of the Northern spirit which were almost universal among neutral Powers.

IV. The Price of Liberty

THE American Civil War presents, of course, a very incomplete analogy to the vast international struggle which is raging to-day, but the conditions with which Lincoln was called upon to deal in the Northern States are in many ways similar to our own. He had to govern a democracy averse by habit and tradition to any interference with its established liberties. The case for restricting liberty for the moment, in order that the cause of liberty might thereby triumph, depended upon a proper appreciation of the unfamiliar conditions of war, at which it was hard for the people of the North to arrive. In the South those conditions were brought home rapidly by bitter experience, as in France and Belgium to-day. But in the North the struggle necessarily seemed more abstract and remote, as the present war still seems to large numbers in the British Commonwealth. Their homes were not menaced in any

serious degree, their daily life was not very greatly changed; and as the war proceeded, industry and commerce showed great activity, and much of the energy of all classes was absorbed in everyday routine.

Nor did Lincoln's difficulties end there. He, like Lord Kitchener, had to create a great army out of nothing—nothing, that is, in the way of organization, equipment, trained intelligence and cadres. The mind of the country had absolutely no understanding of military necessities. The struggles of the War of Independence, and of 1812, had, indeed, shown how difficult it was for such a people to address itself to war, and how necessary it was, if war was to be made, to enforce a new idea of discipline and public spirit, and to tighten government control. But those examples had been forgotten by the intervening generations which had thriven in peace, and most Americans believed—as many of us believe to-day of our struggle with Napoleon a hundred years ago—that victory was won by the sheer impulse of the people towards national liberty. Popular histories expatiate on the great declarations or treaties, and the victories or defeats, which consummate events; but they do not say so much of the continuous struggle of soldiers like Washington and Wellington, or of statesmen like Pitt and Lincoln, for adequate support from the peoples whom they saved.

Lincoln's great conflict is near enough both in time and character to our own to throw some light upon the task in which we have to succeed. It illustrates the immense responsibility resting on free governments in war, and proves how little their measures can be guided by the ordinary canons of peace. If Lincoln, the man of the people, the child of the Declaration of Independence, the tried and faithful servant of the Constitution, who strove, in his own great words, that "government of the people, for the people, by the people might not perish from the earth" —if such a man, in such a cause, resorted to temporary measures so greatly prejudicial to personal liberty as the

suspension of Habeas Corpus and conscription by lot, the lesson should teach us, too, that we cannot with reason judge the necessities of our own struggle in the same scales as of wont, or use peace arguments against the sacrifices which victory may entail.

In this respect, Lincoln's adoption of conscription is a typical example of the new standards to which he was driven, and which involved a complete, though temporary, revision of his own democratic ideas—a revision of which all history will endorse the rightness, so long as popular government endures. It does not prove that conscription is necessary in our own case. Of that the Government alone can judge. But it does prove that the ordinary arguments for and against conscription in time of peace have nothing to do with its wisdom or unwisdom in the course of a great war. In the United States it was abandoned as soon as the war was won, and the standing army of the Republic is now scarcely more than a hundred thousand strong.

The speech delivered by the Under-Secretary for War in the House of Commons on February 8, reticent though it was, makes the issue very plain; for it shows both how great the exigencies of the struggle are, and how imperfectly they are still appreciated by many sections of the country, though these are no less patriotic than the rest. Speaking of recruiting, Mr Tennant said:

> I can only assure the House that recruiting has been very satisfactory. (Cheers.) Of course, it varies from week to week, and possibly at the present moment if a little more energy were to be put into recruiting it would not be out of place. But on the whole there has been no cause for discontent; still less for disquiet. But we want more men. Every man will be needed in this great life-and-death struggle in which we are engaged. The time approaches when we may have to make inroads—in fact, inroads have already been made—into important industries upon which large bodies of the population depend. Important issues must be involved in the denudation of the labour market of large numbers of men of military age and of military physique. If I might address myself to my hon. friends below the gangway, I would appeal to them to help us, the Government, to

organize the forces of labour. I would ask them to help us that where one man goes to join the colours his place may be taken by another man not of military age or physique. I would ask them to assist the Government also in granting—only for the period of the war; I lay stress upon that—some relaxation of their rules and regulations, especially in the armament works.

The difficulty of adjusting our system of government to the special needs of war can be read between the lines of this mixture of assurance and appeal. Necessity, in the face of an enemy, compels the Government to be oracular—Mr Tennant, indeed, insisted on the need of reticence earlier in his speech—and yet only plain speech by the Government can bring its requirements home. In such conditions, Mr Tennant's assurance that "there has been no cause for discontent" is satisfactory, and may be taken to mean that men have hitherto been coming forward as rapidly as they could be trained and equipped. But it is also clear from his words that more men, and still more, will soon be required; and his appeal well illustrates how difficult it may be, not only to regulate effectively between the needs of the new armies and those of the supplying industries which they deplete, but also to bring home to many classes of the community what a war like this involves. If, as he declares, "every man will be needed in this great life-and-death struggle in which we are engaged," those who allow peace prejudices and rules and ideas to hinder the progress of work essential to the national cause have clearly not realized either what victory may demand or what is their individual responsibility as citizens for the threatened common weal.

Our liberties are on trial in the greatest of all ordeals, and on the issue of that trial their future depends. So grave is the emergency that our whole political life has been transformed from top to base; and we have put upon our Government a responsibility which is different in kind from its responsibility in peace, for it cannot be checked or criticized. It lies, therefore, with Ministers in a special degree to throw off the politics of peace and frame their

conduct squarely by the decalogue of war. But our responsibility as citizens is not less, because theirs, as our representatives, is more. It is for every individual to seek to understand so far as he can the new conditions which war has imposed, to put aside the narrower rules or objects which legitimately governed his conduct in time of peace, and to keep one purpose only in his mind—how best to throw his weight, small though it be, into that great effort of endurance and resolve which alone will make our cause prevail.

THE DOMINIONS AND THE SETTLEMENT

A PLEA FOR CONFERENCE

I

THE whole British Empire, including five self-governing Dominions, found itself suddenly at war on the morning of August 5, 1914. The decision had been taken by the British Government, which first consulted the Parliament of the United Kingdom, but could not in the circumstances consult the Dominion Governments. The latter, though autonomous national Governments in their own and in our esteem, had no more voice in the decision than the Borough Council of West Ham.

In the present constitutional conditions of the Empire this anomaly was inevitable. The diplomatic crisis preceding the war moved so rapidly that consultation was simply impracticable. And fortunately the action of Germany which brought us into the war was so flagrantly opposed to treaty faith, and so clearly menacing to British security, that public opinion supported the British Government instantly and unanimously throughout the Empire.

But the process cannot be repeated in the settlement of peace, if the unity which the war has so finely brought out is not thereafter to be jeopardized. The Dominions are spending their blood and treasure in the conflict, and they are as vitally concerned as ourselves in the result. They will be bound like ourselves by the engagements which must necessarily be formed in concluding a reasonable peace; and if Imperial co-operation is not to collapse altogether their naval and military preparations will, for many years

to come, be governed like ours by the nature of the settlement, which will go far to define the future responsibilities of the Empire in the way of treaty guarantees to neutral States and in the matter of its own defence. They are, moreover, conquering territory by their own efforts, and will rightly demand a voice in the disposal of it at the end of the war.

It is obvious, therefore, that peace should not be concluded without some previous consultation with the Dominion Governments regarding the terms on which it should be made; and the British Government is, in fact, pledged to such consultation by the resolution unanimously passed at the Imperial Conference of 1911. In this it is expressly declared, with the full approval of Mr Asquith and his colleagues, that the Dominions shall be afforded "an opportunity of consultation" regarding British policy at the next Hague Conference, and that "a similar procedure, where time and opportunity and the subject-matter permit, shall as far as possible be used when preparing instructions for the negotiation of other International Agreements affecting the Dominions." Patently, this undertaking covers such negotiations as must take place at the end of the war.

Personal consultation, round a table, is the only effective form of consultation for the purpose in view. It differs not only in degree, but in kind, from consultation by correspondence. General Botha and Mr Fisher both laid particular stress upon it in 1911; and it is plainly necessitated by the very diverse character of the business which the peace settlement will involve. No one in his senses would suggest that, when peace comes in sight, the belligerent Governments should endeavour to agree on terms without meeting in conference; and it is hardly more reasonable to suppose that an exchange of dispatches between the Governments of the British Empire would sufficiently meet their different needs and expectations. No business firm in the world would attempt so important an exchange of views by cable or through the post; and it is only an utter lack of imagination

that makes it possible for such cable-and-post procedure to be advocated in a crisis of the affairs of a great commonwealth.

Since, however, the argument for consultation of Ministers round a table before the peace negotiations begin does not appear to be self-evident, it may be as well to show that it is supported by a long series of events and controversies, in consequence of which the need of consultation has been more and more clearly expressed by every Dominion Government. Mr Deakin, for instance, laid great emphasis upon it at the Conference of 1907, on account of Australian dissatisfaction with the Anglo-French Agreement in regard to the New Hebrides; and it has been urged again and again in relation to every important foreign negotiation with which the Dominions have been directly concerned for many years past.

A long and painful history would, indeed, be necessary in order to bring home its full importance, as well as the unfortunate consequences which have always followed upon neglect of it. That harrowing narrative is, however, hardly necessary here. It will suffice to quote the views expressed, and the pledges given, at the last Imperial Conference in 1911, since they epitomize the teaching of about two centuries of Imperial experience.

II

THE importance of the subject was brought out at the Conference of 1911 in three separate discussions. It figured in a general way in the debate on Sir Joseph Ward's resolution in favour of an Imperial Council, which was much criticized by all the other Prime Ministers, and ultimately withdrawn. A sentence from General Botha's speech may be taken as fairly representing the general opinion of the Conference throughout its debates.

No one can feel more than I do [he said] that, as often as the British Government has to deal with matters which may affect a

particular part of the Empire, it is essential that the particular Dominion concerned should have an opportunity of being heard and of expressing its views.*

This declaration gives the keynote of all subsequent references to the position of the Dominions with regard to foreign or general Imperial policy. Shortly after the discussion on Sir Joseph Ward's resolution, the Conference held a joint meeting with the Committee of Defence, at which Sir Edward Grey made a statement upon the general position of international affairs. Referring to this occasion on the last day of the Conference, Mr Asquith said:

You will all, I am sure, remember our meeting in the Committee of Defence, when Sir Edward Grey presented his survey of the foreign policy of the Empire. That is a thing which will be stamped upon all our recollections, and I do not suppose there is one of us—I speak for myself, as I am sure you will speak for yourselves—who did not feel when that exposition of our foreign relations had been concluded that we realized in a much more intimate and comprehensive sense than we had ever done before the international position and its bearings upon the problems of government in the different parts of the Empire itself.†

This tribute was cordially endorsed afterwards in public statements by General Botha and Mr Fisher, the Prime Minister of Australia. General Botha said:

I look upon the work of the Conference with the utmost satisfaction. . . . The most important and far-reaching principle which has been established is that the Governments of the Dominions should be taken into the confidence of the Imperial Government with regard to foreign policy. I do not think that the public fully realize the great importance of that step and how much it will bind us still more closely together. Next in significance is the resolution accepting the principle that the particular Dominion interested should be consulted by the Imperial Government before the latter binds itself by any foreign treaty on a matter affecting that particular part of the Empire. This principle affects South Africa more than any of the other Dominions where our territory is contiguous to that of several European Powers. Many other resolutions of great import to us all were passed, but it is not in the number of these

* *Minutes of Proceedings of the Imperial Conference*, 1911, Cd. 5745, p. 69.
† Cd. 5745, p. 440.

that I measure the good work that has been done. It is the knowledge that we have discussed so many problems in the friendliest manner, and in a greater spirit of solidarity than was ever displayed at previous Conferences, that will enable us to return to our homes with the conviction that we have one common ideal—to be achieved on different lines, it may be—but still all in the direction of stronger Imperial unity.*

The other testimonies to the value of the precedent set by Sir Edward Grey were equally warm.

The Conference proceeded at a later stage to discuss the Declaration of London, the negotiation of which without consultation had produced a resolution expressing disapprobation from the Australian Government. The debate on details is of no consequence now, but the general trend of opinion on the principle of consultation is all-important. Mr Batchelor, the Australian Minister of External Affairs—whose death not long after the Conference has been a grave loss to the Commonwealth and the Empire—expressed it very fairly in his opening speech. He said:

We are to-day approaching the consideration of this Declaration of London at too late a stage to alter the course of negotiations in any way, or at too late a stage to do anything. Ought the self-governing Dominions to be in that position? The only opportunity we have of considering it is when it is too late to modify in any sense, or to suggest modification. We can, of course, urge on you that it should not be ratified, but that is taking a very extreme course, a course which nothing but the feeling that the safety of the Empire is in some way endangered by the provisions would justify us in taking. But ought we not to have had some opportunity of urging a modification possibly in some direction?†

Mr Fisher, the Prime Minister, supported his colleague very strongly in this argument.

I only wish [he said] to convey to this Conference and to the Government that we desire, as far as it is practicable to do so, not only to be consulted after things are done, but to be consulted while you have ideas in your minds and before you begin to carry them out and commit us to them.‡

* Interview with Reuter's representative, printed in *The Times* of June 22, 1911.

† Cd. 5745, p. 99. ‡ *Ibid.*, p. 114.

Precisely the same point was emphasized by General Botha before dealing with the details of the Declaration.

> The question [he said] is how far, when the Imperial Government negotiates with foreign countries treaties or agreements which may affect particular parts of the Empire, it should consult the self-governing Dominions concerned before committing itself. I intended to discuss this question at greater length, but . . . I will content myself by stating my profound conviction that it is in the highest interest of the Empire that the Imperial Government should not definitely bind itself by any promise or agreement with a foreign country, which may affect a particular Dominion, without consulting the Dominion concerned. The debate in the House of Lords which took place on the subject of the Declaration of London was very instructive in connection with this principle. I closely followed the, if I may be allowed to say so, very excellent debate in the House of Lords on this important matter, and I believe that I am correct when I say that, with the exception of one noble lord, not a single member looked upon the question at issue from the point of view of the Dominions, and the noble lord who did refer to it from this standpoint only did so more or less casually.*

The point of view of the Dominions was thus very clearly and reasonably stated. Sir Edward Grey acknowledged the fact cordially, and went on to give their representations a general assent. He was careful, indeed, to point out the necessary limits to consultation, of which the outbreak of war has given so striking an example; and both he and Mr Asquith naturally emphasized, in the course of the Conference, the impossibility of sharing the ultimate responsibility between different Governments. Neither of these reservations has lost any of its importance in the present situation, and they obviously must govern any measures that can now be taken to provide for consultation upon the settlement. But, subject to them, a very definite pledge was given that consultation would be provided for to the fullest degree possible. "I agree," said Sir Edward Grey, "and the Government agrees entirely, that the Dominions ought to be consulted, and that they ought to be consulted before the next Hague Conference takes place, about the whole

* Cd. 5745, p. 125.

programme of that Conference." Sir Edward Grey stated, moreover—in reply to an enquiry from Mr Fisher—that he intended this pledge to apply, not merely to the Hague Conference, but to all foreign negotiations which affected the Dominions. The following resolution was accordingly passed unanimously by the Conference:

> That this Conference, after hearing the Secretary of State for Foreign Affairs, cordially welcomes the proposals of the Imperial Government, viz.: (*a*) that the Dominions shall be afforded an opportunity of consultation when framing the instructions to be given to the British delegates at future meetings of the Hague Conference, and that Conventions affecting the Dominions provisionally assented to at that Conference shall be circulated among the Dominion Governments for their consideration before any such Convention is signed; (*b*) that a similar procedure where time and opportunity and the subject-matter permit shall, as far as possible, be used when preparing instructions for the negotiation of other International Agreements affecting the Dominions.*

The scope of this resolution was clearly broad enough to cover any negotiation affecting the general interests and responsibilities of the Empire, and the Conference in adopting it showed some anxiety lest it should handicap British diplomacy. The point was raised finally just before the resolution was passed:

> *General Botha:* Do I understand you think this will not handicap in any way the British Government?
>
> *Mr Asquith:* In order to prevent the possibility of that—and Mr Fisher very fairly acknowledged yesterday that we must be careful in these matters, and Sir Wilfrid Laurier pointed out many important considerations—in the second branch here the words used are rather carefully chosen: "a similar procedure where time and opportunity and the subject-matter permit."
>
> *General Botha:* I want it clear. I do not want to handicap the British Government. I want them to undertake the full responsibility.
>
> *Mr Asquith:* The British Government do not want to shovel it on to the Dominions.
>
> *Mr Fisher:* I do not want to handicap you, either. We want to be associated as far as possible.

* Cd. 5745, p. 15 and pp. 130–2.

Mr Asquith: I really think that this gives effect to both views in the resolution. Speaking on behalf of the Government, I think it does.*

Finally, on the last day of the Conference, Mr Asquith, in his recapitulation of its work, drew attention to "the important resolution, unanimously affirmed, that the Dominions should be afforded an opportunity of consultation, as far as possible, when instructions are being prepared for the negotiation of international agreements which affect them." This decision, was, he said, "a very important matter in what I call the international sphere."

It is, then, beyond question that by the resolution of the last Imperial Conference and by the undertaking then given by the British Government the Dominions are entitled to consultation upon the issues raised by the war "so far as time and opportunity and the subject-matter permit." The necessary reservation contained in that qualifying parenthesis entirely covers the failure of the British Government to consult them before the declaration of war. But the settlement after the war is different. With regard to that "time and opportunity" do, with some obvious limitations, unquestionably permit; and "the subject-matter" not only permits, but necessitates. Australia and New Zealand, for instance, have captured some German possessions in the Pacific; Japan has captured others. It is obvious that in the final negotiations British policy must show a proper regard for the views both of Australia and New Zealand, and of Japan, its valued Ally. The Union of South Africa, on the other hand, is closely interested in any international negotiations affecting foreign possessions in the East and West of the African Continent; and it is now proceeding, like Australia and New Zealand, to the conquest of German territory. Nor must it be supposed that the conduct of the war itself has failed to bring to light many questions on which consultation between this country and the Dominions would be very valuable. The British

* Cd. 5745, pp. 131-2.

Government has had to take many steps relating to trading with the enemy and restricting his supplies, which have very closely and deeply affected the Dominions and the Dependencies. The export of many articles of commerce, for instance, has had to be either restricted or prohibited. And there are many other questions—such as those relating to finance, new issues of capital, shipping, questions of prize law, of contraband and so forth—on which consultation could not fail to be valuable.

These are definite special interests, on which a full exchange of views is eminently desirable. But there is also the general effect of the settlement upon the Empire: the extent of security which it may furnish, the new responsibilities which it may impose, the fresh treaty engagements which it may entail. In regard to all these things the Dominion Governments are entitled to know, well in advance, the mind of the British Government. The next Hague Conference, on which Sir Edward Grey laid stress in 1911, pales by comparison with the international negotiations which will have to be undertaken when the war has run its course; and by these negotiations the liabilities and responsibilities of the Dominions, no less than of the United Kingdom, will be measured for many years to come. If the general review of British foreign policy, given in confidence by Sir Edward Grey to the Conference of 1911, did much to consolidate opinion and deepen mutual confidence, as all the members of that Conference testified, how much more valuable would be a similar review in the far more searching conditions of 1915?

III

THE practical question remains—how, within the limits of the present system, to make consultation upon the settlement as full and effective as possible.

One condition imposes itself at the outset. In present circumstances the final authority and responsibility of the

British Government in making the British terms of peace cannot be alienated to any other representative body created for the purpose of the settlement. Mr Asquith dealt plainly with this aspect of our present constitutional relations in his speech on Sir Joseph Ward's resolution in favour of an Imperial Council at the Conference of 1911. Of Sir Joseph Ward's proposal he then said:

> I might describe the effect of it without going into details in a couple of sentences. It would impair if not altogether destroy the authority of the Government of the United Kingdom in such grave matters as the conduct of foreign policy, the conclusion of treaties, the declaration and maintenance of peace, or the declaration of war, and indeed all those relations with foreign Powers, necessarily of the most delicate character, which are now in the hands of the Imperial Government, subject to its responsibility to the Imperial Parliament. That authority cannot be shared, and the coexistence side by side with the Cabinet of the United Kingdom of this proposed body—it does not matter by what name you call it for the moment—clothed with the functions and the jurisdiction which Sir Joseph Ward proposed to invest it with, would, in our judgment, be absolutely fatal to our present system of responsible government.*

This declaration has been widely misinterpreted, for it has been understood to convey an intimation that the control of Imperial and foreign policy can never be shared by the people of the Dominions. In fact, it suggests nothing of the kind; for it is solely concerned with the patent constitutional truth that control and responsibility in these matters cannot be separated without destroying constitutional government. Foreign policy cannot be conducted jointly by several governments, as the circumstances of last August have clearly demonstrated. If, then, it is to be subject to democratic control throughout the self-governing Empire, a new government must be created to deal with it, constitutionally representative of all the democracies under the Crown. Till that is done, some one of the existing local governments of the Empire must wield the necessary authority alone; and none can do it but the Government of the United Kingdom, which is still, in fact as well as theory,

* Cd. 5745, p. 71.

the supreme Imperial Government, though responsible only to the democracy of the British Isles. Mr Asquith's declaration that the supreme authority "cannot be shared" was therefore no veto upon the democratic development of Imperial relations. It was merely a plain and practical statement of the constitutional position which now exists.

If control by a single government was shown to be necessary by the diplomatic crisis before the war, it will be no less necessary in the diplomatic process of negotiating a settlement. While the circumstances of the settlement may be better anticipated than those of the outbreak of war, they will inevitably demand rapid adjustment and decision in important particulars. The actual conduct of negotiations in any international convention always produces a great variety of questions and situations which cannot be accurately foreseen. Plenipotentiaries require a large discretion if they are not to be fatally handicapped, since the favourable moment for settlement may often come suddenly and be as suddenly gone. It is, moreover, the habit of diplomats to profit by any confusion or division of counsel in the ranks of their rivals, and to sow it in the process of negotiation if it is not already there. It has long been held in Germany that the British Empire, with its vast range, its apparently loose cohesion and very diverse interests, presents a favourable field for diplomacy on these lines. The activity of German Consuls in seeking diplomatic *status* in Dominion capitals is a good example of efforts already made to use the democratic instinct of self-government against the unity and welfare of the British democracies.

The moral—so far as concerns the coming settlement—is twofold.

In the first place, the Dominions can no more be separately represented in a European Conference than their own different provinces and states can be separately represented in an Imperial Conference. If the British Empire is to remain a single State, it cannot speak in an international

assembly with the voice of several different governments. The result may best be imagined if the German and Austrian Empires were likewise to be represented by separate delegates from Prussia, Bavaria, Austria, Hungary, Saxony, Bohemia, and so on through the list of their chief kingdoms and principalities. The German Empire will commit no such follies. If the British Empire were to show any signs of committing them, it would suffer incalculably both in the settlement and afterwards.

It is equally plain, in the second place, that the British plenipotentiaries cannot be responsible to several different governments. They may be aided by advisers from the Dominions; it is probably essential that they should. But their supreme instructions must come from the British Government, whose servants they will be, if the common cause is not to suffer as much as it would from the appointment of separate representatives.

The practical means of bringing the settlement into accord with the feeling of all the British democracies resolve themselves accordingly into two expedients—adequate consultation beforehand, and a proper provision of advisers from the Dominions to help the British plenipotentiaries when negotiation begins. Of these expedients the former is the more important; for, if the advisers are to be broadly in accord, the Governments instructing them must have a common understanding at least on matters of principle. Consultation beforehand must therefore be provided for, and it cannot well be carried on through the medium of correspondence, which is not only slow but largely ineffectual. What is needed, to begin with, is just such a review of the British position as was given to the Conference of 1911, when Sir Edward Grey is understood to have covered broadly the whole range of essential British interests. After such a review, there would naturally follow an exchange of opinions on many points of detail. Australia and New Zealand would, for instance, be able to state their views upon the disposal of the captured German possessions

in the Pacific; South Africa would state hers upon the African aspect of the settlement. But opinions on detail could not be profitably exchanged until all the Governments were in possession of the general information which the Secretary of State for Foreign Affairs would make it his business to provide.

This process of conference would, in point of fact, resemble very closely the method suggested by Sir Edward Grey in 1911 for giving the Dominion Governments a voice in British policy at the next Hague Conference. He pointed out then that the usual method of the British Government had been to hold an inter-departmental conference to consider what instructions should be given to the British delegates "as to the line they should take on the different points"; and he suggested accordingly that the Dominions should appoint representatives to the inter-departmental conference. The Dominions, he went on to say, would thus be parties to the British instructions; but—and this warning is worth recalling—they would have to leave great latitude to the delegates at the Hague Conference itself.

Sir Edward Grey (continuing): No doubt from time to time while the Conference is proceeding points will arise, which have to be answered by telegraph sometimes, and I think then it would be impossible to have consultation on every point that arises, because there is no time, owing to the necessities of the case. As a matter of fact, during the last Hague Conference, theoretically the whole Cabinet ought to have been consulted here on points as they arose, but there was no time. Parliament is not always sitting, the Cabinet is separated, and some individual Minister here, unfortunately the Secretary of State for Foreign Affairs generally, has to take the responsibility of dealing with points which arise from moment to moment.

Mr Fisher: And then blame the Prime Minister.

Mr Asquith: As a matter of fact, the Prime Minister can generally be communicated with, but you cannot assemble the Cabinet.

Sir Edward Grey: Just in the same way as one individual Minister sometimes has to act and take responsibility without consulting the Cabinet, and the Prime Minister has to act without consulting the Cabinet on some things from the nature of the case when there is not time, so the Home Government when the Conference is going

on would have to deal with the points without being able to consult the Dominions, simply because it is not physically possible to do so.*

The procedure proposed for the next Hague Conference may be taken, *a fortiori*, to be applicable to the settlement after the war, which will have a much more important bearing than any past meeting at The Hague on the future of international politics; and Sir Edward Grey's observations about it illustrate very well the conditions of diplomacy by showing that, while consultation may be very valuable both before and during the negotiations, supreme responsibility must remain in the hands, not merely of one Government, but of the Secretary of State for Foreign Affairs in that Government, or at any rate of the Secretary of State and the Prime Minister. For if the British Cabinet itself cannot always be consulted, much less can five other Cabinets be consulted, which are thousands of miles apart from each other and from the Cabinet here.

These things being so, it is clear that consultation must have taken place well before the time for actual negotiation arrives, if it is to be more than a mere form. Nor can any method of consultation be really effectual except the meeting in London of representatives of the Dominions adequately qualified to speak for their respective peoples and Governments.

IV

THE Imperial Conference comes due again in May or June this year according to its regular quadrennial term. Its meetings were made quadrennial by the following resolution, passed by the Conference of 1907:

That it will be to the advantage of the Empire if a Conference, to be called the Imperial Conference, is held every four years, at which questions of common interest may be discussed and considered as

* Cd. 5745, pp. 114-15.

between His Majesty's Government and his Governments of the self-governing Dominions Beyond the Seas. The Prime Minister of the United Kingdom will be *ex officio* President, and the Prime Ministers of the self-governing Dominions *ex officio* members of the Conference. The Secretary of State for the Colonies will be an *ex officio* member of the Conference and will take the chair in the absence of the President. He will arrange for such Imperial Conferences after communicating with the Prime Ministers of the respective Dominions.*

It will be observed that this Resolution takes the form of an instruction to the Colonial Secretary as a member of the Conference. Having been carried unanimously on April 20, 1907, it was duly acted upon four years later, and the Imperial Conference assembled for the first time under that title on May 23, 1911. The Colonial Secretary is therefore called upon in the ordinary course of his duty to the Conference to arrange for its reassembling this year or to obtain the consent of a majority of the constituent Governments to its postponement.

From Mr Harcourt's reply to a question in the House of Commons on February 5, it is clear that the latter course has been pursued.

In consultation with all the Dominions [Mr Harcourt said] it has been decided that it is undesirable to hold the normal meeting of the Imperial Conference this year.

This decision was natural and indeed inevitable. The "normal" business of the Imperial Conference is to discuss a hundred and one resolutions on matters of domestic concern. Some of these are important, some are not; but they practically all belong to the ordinary routine of administration, and all alike sink into temporary insignificance in the presence of the urgent business imposed upon the Governments of the Empire by the war. It would be absurd to suppose that Ministers should leave their present imperative duties upon one side for a period of days or

* *Proceedings of the Colonial Conference*, 1907 (Cd. 3523), p. v. The Resolution goes on to deal with other points connected with the Conference.

weeks in order to confer upon uniformity in patents, double income tax, cable rates, and the various other questions which occupy the Imperial Conference for the greater part of its sittings in time of peace.

It would be equally absurd to suggest that in this time of abnormal strain the Imperial Conference should meet to discuss any of the larger problems of Imperial partnership, such as naval co-operation or the control of foreign affairs, or a change in constitutional relations or machinery. It is quite true that the circumstances of the war have thrown new light upon the Imperial system as it stands; and probably the consciousness of this fact is responsible for the idea, put forward here and there, that the Imperial Conference should make haste to take the experience of the war to heart. Well meant as the suggestion may be, it is clearly a most mistaken one. Whether our machinery be perfect or not, it is at present set at racing speed. It will be time enough to overhaul it when the strain is relaxed and peace is attained.

But the Imperial Conference is the natural medium for direct consultation between Governments upon the larger questions raised by the war and the settlement; and this duty of consultation is as imperative as any of those imposed upon Ministers by the greatly increased business of administration in present circumstances. It is not to be expected, indeed, that the normal ceremonies connected with the Conference should be persevered in any more than the normal programme of business; but Dominion Ministers have found the combination of work and ceremony almost too exacting in the past, and they would assuredly not complain if the hospitalities of the occasion were much abbreviated. The Conference would naturally discard all ceremony, postpone all but urgent business, and confine itself to the single matter of the war and the coming settlement. It would thus make possible, with the maximum of effect and in the minimum of time, just such an exchange of views as took place between the Foreign Secretary and Dominion

Ministers in 1911, at a moment when a close understanding between the Governments of the Empire is more important than ever before. Dominion Ministers, who testified so warmly to the value of the new departure four years ago, have even stronger reason now for desiring to share the mind of the British Government and for enabling it to share their own. Less than ever before can the British Government afford to be without the fullest possible understanding of Dominion views. Nothing else will ensure the unity of the British world, not merely in the struggle—there is no fear in regard to that—but in the far more critical period when diplomacy at last begins to supersede the clash of arms. It is then that our future responsibilities for an unknown period of years will be suddenly defined; it is then that our position in the world, individually and collectively, will be made clear; it is then that our future relations with each other will be marred or confirmed.

The public can easily understand that Ministers, both here and in the Dominions, may be too busy to attend the Conference in the ordinary course in May or June. But the preoccupations of the moment will not exonerate them for having failed to meet in consultation, when the public is confronted with the problem of settlement and is anxious as to results. The oceanic cables may then be strained to their utmost capacity, and the tables of those responsible may sink beneath the weight of dispatches sent and received; but a true understanding is not secured by such means, and the public which judges will hold with reason that, however exacting may have been the actual problems of the war, the problems of the settlement should also have been foreseen.

What is essential, therefore, is that direct personal consultation should be provided for some time this year, before peace negotiations are entered upon. If this be done, it matters little in what particular month Ministers meet, or whether their meeting be regarded as a formal meeting of the Imperial Conference. The Imperial Conference

is now the established method of inter-Imperial deliberation, and it is usually better to use the established routine than to depart from it; but the principle of direct consultation is the vital thing, and the name is of no consequence provided that it stands for a personal exchange of views before peace is negotiated. The Dominions must understand the difficulties of the British Government if they are to judge fairly of the results; the British Government must understand the standpoint of the Dominions if it is to show due regard to their interests and desires. Only direct conference, round a table, will secure this. Misunderstanding will follow inevitably, if a conference is not provided for in time.

It is, moreover, our desire that the instrument in which the coming peace is signed shall regulate the course of international affairs for many years to come. We hope to find in it an opportunity equalling or excelling that which European statesmen so grievously misused at Vienna a century ago, and we trust to make it a new departure in history, from which the world will derive a better understanding both of national right and of international law. The five self-governing nations of the Empire are fighting with absolute unanimity for that end; and when the British signatures are given to the peace, they will pledge the faith of all five nations as though they were one. The conditions of peace will therefore not only define our purpose and responsibility as an Empire towards other Powers; they will also very largely regulate the terms of our own partnership as nations beneath one Crown. Whenever in future we discuss our joint defence, our common liabilities, our policy as an Empire amid the changing currents of international affairs, these conditions of peace will be the hinge on which all discussion will turn. How can our partnership endure if they are not accepted and endorsed as fully as possible by all?

Every treaty of peace yet devised by human wisdom has held within it the seed of some future war. We are fighting to-

day upon the strength of arrangements made or mismade by the Congress of Vienna in 1815, by the treaty guaranteeing Belgian neutrality in 1839, by the Treaty of Paris of 1871 and the Berlin Treaty of 1878; and we cannot assume that the undertakings which our honour and interest will demand of us at the end of this war will never be prejudiced or challenged by some new configuration of European power. The future of Belgium alone presents incalculable possibilities. Her independence is a vital British interest, and neutrality is clearly no sufficient guarantee. If honour and interest alike have sent us to her rescue to-day, they will equally compel us to guarantee hereafter, as fully as we can, the independence which we mean to restore. In some form or other that guarantee will make part of the coming settlement.

Thirty years ago a great Englishman, whose public life has only just closed, expressed a frank opinion on the attitude of the Dominions towards such responsibilities "at the other end of the globe." His opinion dealt, not merely with the time at which he spoke, but with a future so remote that he conceived in it, for purposes of analysis, the existence of a common representative body to discuss Imperial affairs.

> Supposing [he wrote] for the sake of argument that Australia were represented in the body that decided on war . . . nobody believes that the presence of Australian representatives in the Imperial assembly that voted the funds would reconcile their constituents at the other end of the globe to paying money for a war, say, for the defence of Afghanistan, or for the defence of Belgian neutrality. *

It is worth while comparing this hardy confession of unfaith with the article from Australia on a later page, which describes the feeling of Australia, and the sacrifices she is making, to-day. Australia is doing now, of her own

* Lord Morley in a review of Seeley's *Expansion of England*, reprinted in *Miscellanies*, vol. iii, p. 315.

free will, what Lord Morley predicted she would never do. She is spending men and money in a war over the neutrality of Belgium; and spending it, as the article shows, with a growing comprehension of the great issues involved.

Those who think that Pacific islands and other minor Colonial acquisitions will constitute the sole interest of the Dominions in the coming settlement are making Lord Morley's mistake of thirty years ago—with much less excuse. Canada has no acquisitions in view, but she has entered the struggle as wholeheartedly as ourselves, and will be as deeply concerned in the result. If Belgian independence—to repeat that single illustration—is of vital moment to the Empire now, it will continue to be of vital moment so long as the Empire is united and rests upon sea-power. The blood and treasure which the Dominions are spending for it to-day, they may be called upon to spend again; and it must always be a main consideration of British policy both in diplomacy and in defence.

The same considerations apply to every important feature in the settlement. The principles which we hope to see applied in it will commit the Dominions as completely as Great Britain, and commit them for all time, unless our partnership breaks down. What we fight for as a united people, we must remain a united people to defend. Whenever an Imperial Conference meets in future to discuss our joint responsibilities in defence or diplomacy, the terms of the coming settlement will lie before it as the basis of debate. Is it possible, then, to maintain that the future of our partnership, and of that unity which the last seven months have so splendidly brought home, will not sooner or later be prejudiced or even jeopardized, if the obligations which we contract in the settlement after the war are not fully understood and agreed to in advance by the representives of all?

THE SCHISM OF EUROPE

I. Germany at the Cross Roads

MANY thousands of books and pamphlets have been written about the great war, describing its origins and the ideals which underlie it. But few of them have arrived at the fundamental truth. This war is the result of the rejection of democracy by Germany and Austria in the years 1848-70, and its bitterness is due to the fact that two irreconcilable principles, autocracy and democracy, are struggling for supremacy in Europe to-day. It is the purpose of this article to show how autocracy triumphed in those years, how it has steadily corrupted the political sense of the German nation ever since, and how under its baneful influence the rulers and people of Germany have been driven to attempt to establish its predominance over a free Europe by force of arms.

It is not possible to trace in detail the history of those tragic years from 1848 to 1870, when reaction triumphed and democracy failed. It will suffice to recall that in 1848 a national assembly of Germany, elected by popular vote, with one member elected for each 500,000 of the population, drew up a Grundrecht for a German union. This fundamental law was conceived on noble lines. Germany was to become a true federation. The thirty-six separate States were to retain local self-government, but there was to be a federal government, superior to them all, to which every German citizen was to owe primary allegiance. The individual citizen was to be guaranteed those rights which the British citizen had won long before in the struggles

over Magna Charta, the Habeas Corpus Act, and during the Great Rebellion, and which were eventually embodied in the Bill of Rights of 1688. These elementary constitutional rights no German then possessed or now possesses. The Grundrecht went on to provide, that though the citizen was bound to serve his country in arms, he was also to have freedom of speech, freedom of public meeting, freedom of the Press, and his person was to be secure from arrest except under legal warrant. Finally it declared that every State was to be governed according to the principles of popular representation, and that ministers were to be responsible to Parliament and not to the King. Germany was to become a true democratic federation of the German peoples.

This plan, nobly conceived, was rejected by the "princes and statesmen with golden stars upon their callous breasts." Twelve years later, Germany was united in another way. Trampling the Prussian Constitution of 1847 underfoot, Bismarck for four years governed Prussia in the teeth of violent popular opposition, until he had forged an army of strength sufficient for his purpose. Then in three wars he seized Schleswig-Holstein, cast Austria out of Germany, conquered France and was able to impose union on Germany on his own terms. Bismarck's constitution was very different from the liberal and democratic Grundrecht of 1848. It was based on the two chief articles of Bismarck's faith, the prerogative of the monarch and the ascendency of Prussia. The constitution was drafted by no elected assembly. It contained no references to liberty of speech or person. It was promulgated on the authority of the Emperor, after consultation with his fellow monarchs, and was granted not as a right but as an act of grace. Power in united Germany was vested in the hereditary rulers by the grace of God, and not in Parliaments representing the will of the people. The true executive authority under the constitution was the Bundesrath, a secret council of Empire composed of the nominated ministers of the German Princes and Kings, and possessing

legislative and executive functions. The Chancellor and his subordinates were responsible not to the Reichstag but to the Emperor, and when they appeared in the Reichstag, they came there simply as spokesmen of the Bundesrath, incapable of changing the policy of the Government on their own authority. The Reichstag itself could only criticize, amend or veto bills, and refuse its assent to new taxes. It was, however, to be elected by universal suffrage of all males over twenty-five. This concession to democratic principles and to non-Prussian Germany Bismarck justified as follows:

> "Direct election and universal suffrage I consider to be greater guarantees of conservative action than any artificial electoral law. . . . Universal suffrage, doing away as it does with the influence of the Liberal bourgeoisie, leads to monarchical elections."

The real power in the new Empire resided in Prussia. The King of Prussia was the German Emperor and had control of the army. In his capacity as Emperor, he nominated the Chancellor, who was also Prussia's chief representative on the Bundesrath; and the Chancellor was the executive officer of the Empire. Prussia and its King had thus entire control of the federal machinery of government, the princes and the people of the rest of Germany having little opportunity for more than criticism and influence. Moreover, the constitution was so contrived that it was almost unassailable. Only by a complete revision of the whole fabric of the German Empire, from top to bottom, including the relations of the States to one another and the system of government in Prussia itself, could the Government be made responsible to the people instead of to the King.

In this manner was the problem of German unity solved. But in failing to unite themselves the German people paid the inevitable price. They did not obtain self-government and to this day they have remained subject to an autocratic

government which they can influence, but not control. And they were all brought—South Germans and North Germans alike—within the influence of the Prussian system of government with its belief in force as the mainspring both of internal and external policy, and its doctrine that the duty of the citizens is to obey and not to control the government. From the triumph of the Prussian autocracy all subsequent trouble has come. It is well, therefore, before going on to trace the course of German policy since 1870, to examine briefly what the Prussian system was.

Prussia was the typical monarchical military State—at the opposite pole from the modern democratic State. All power centred in the Government, and the Government was the king and the nobles backed by the army. The people were regarded, not as ends in themselves but as beings to be drilled, disciplined and manœuvred into obedience to the will of the governing class. They were taught to obey the laws, not because they had a share in framing them, and because the laws then represented the general will, but because the laws were the commands of a power divinely authorized, and because disobedience would meet with condign and instant punishment inflicted by irresistible power. The virtues of the citizen of the democratic State were anathema in Prussia. Independence, self-reliance, private judgment in politics, a sense of responsibility for the national policy, and criticism of the authorities, which are the very life's breath of popular government, were frowned on and repressed. The Prussian virtues were obedience, loyalty and self-sacrifice to the command of the king and the higher powers, without question or hesitation, and these virtues it was the studied purpose of the State to instil into the people from their earliest years. It was Frederick the Great who inaugurated the system of universal compulsory military service and of universal compulsory attendance at school, largely with this end in view. It has always been a leading feature of military and school discipline in Prussia to cultivate the instinctive habit of unquestioning obedience to

authority in children and recruits. This system, while it produced great virtues, a simple loyalty to the Crown, and a wonderful courage and self-sacrifice in war, inevitably tended also to undermine initiative and self-reliance in the people.

Bismarck derived his political ideas from Prussia. Hence the system of government he imposed on Germany was marred by two inseparable evils. It gave almost absolute power—under the specious form of a democratic constitution—to a small aristocratic group, and in order to ensure the ascendency of that group it deliberately discouraged political independence and self-reliance in the people, so that they should neither reject the policy of their rulers, nor take the control of the national affairs into their own hands. And this system is still in force to-day. The constitution is unchanged. Despite all the debates in the Reichstag the same classes hold power in Germany now as held it in 1871. And the docility of the people on which their ascendency depends is maintained still by the four great engines which Bismarck contrived. Firstly, by the educational system, which is state controlled from top to bottom. It is lavishly fostered by the Government, but always on condition that it steadily inculcates the duties of political obedience and patriotism. Appointments are subject to government control, and criticism of the Government or open sympathy with democratic aims involves dismissal or the loss of all chance of promotion or preferment. "No one can make a successful career in the public service, and education is a public service, unless he is considered politically orthodox (*gesinnungstuchtig*), and orthodoxy does not simply mean abstention from damaging criticism or dangerous opinions; it means in practice deference to the opinions of those who 'know better,' that is, to the clique of Prussian generals and bureaucrats, who, together with the Kaiser, control the policy of the country."* Secondly, it has been maintained by the army, which drills the majority of the male population into habits of

* *War and Democracy*, p. 94.

discipline and of implicit and instinctive obedience to authority. Thirdly, there is the Press Bureau—a highly organized and powerful department, for moulding public opinion in the direction required. It has a large clientele of newspapers, which know that they will not get their share of official information if they carry criticism of the Government too far. One of its members once said: "It is as scientifically equipped and as highly organized a machine as the army itself, and it has over the army the advantage of being able to operate in time of peace." Finally, by means of the tariff, subsidies to shipping companies, preferential railway rates, and the vast system of insurance against sickness and unemployment, large sections of the community are made directly dependent upon the favour of the great bureaucratic machine. It cannot be too clearly realized that the Prussian system of government because it is autocratic in character, and based on the ascendency of a particular class, distrusts the people and depends for its permanence on cajoling and coercing them. German policy since 1871 has aimed primarily at producing, not only the conscript soldier compelled to obey orders, but the conscript mind predisposed to acquiesce in the existing order, and taught to accept the authority of the Government as final and to regard criticism of it as unpatriotic.

II. The Idea of Ascendency

IN consequence, modern Germany is something different from both the older Germany of the Rhine and the South, which men still remember affectionately—the Germany of strenuous thought and great music, with its spectacled professors and pigtailed maidens, its mediaeval courts and castles—and the hard, unimaginative, puritanical Prussia, with its disciplined and orderly government and its simple unquestioning faith in the divine authority of the monarchical State. Modern Germany does not emerge for twenty years after the creation of the Empire. By that time

Germany's rich heritage of thought, literature and music, and the political principles of the Prussian State had been fused into a complete national philosophy taught assiduously in every university and school, and ardently believed in by the mass of the German people.

The most conspicuous aspect of the new school of thought was a blind and uncritical belief in the superiority of the German race, and in the destiny of the autocratic Germanic State eventually to dominate the world by force of arms. The State, according to Treitschke and the dominant Prussian School, is an end in itself. "States," he says, "do not arise out of the peoples' sovereignty, but they are created against the will of the people." The State is something beyond the people. It "protects and embraces the life of the people, regulating it externally in all directions . . . It demands obedience." Hence the State stands superior to the laws of morality. "It will always," says Treitschke, "redound to the glory of Machiavelli that he has placed the State on a solid foundation, and that he has freed the State and its morality from the moral precepts taught by the Church, but especially because he has been the first to teach that the State is power." Thus to modern official Germany the State is a non-moral predatory organism, whose primary function is the acquisition of power in order that it may prevail in the struggle for existence with other States. The law of its being is not the law of truth, justice and honour, but the law that might is right. Hence the noblest duty of the subject is dedication and sacrifice to the will of the State, without criticism and without question, and the noblest function of the State is to express its power by domination, repression, conquest and war. This doctrine, so subversive of political morality and the true welfare of the community, is the inevitable outcome of the autocratic system. It is certain to arise where the government is a body of men distant from the people and always in power, for they invariably come to regard their own power as the essence of the State and

they attempt by every possible means to preserve their own privileged position and to persuade their subjects that it is unpatriotic, disloyal, and even impious to dispute their will.

The doctrine of winning ascendency by force was also the traditional policy of Prussia. From its inception the Prussian State has been based on force. It was Christianized, not by the slower and more stable method of voluntary conversion, but by force. It was given unity by the forcible overthrow of the semi-independent knights and cities. It was by force that its boundaries were steadily and deliberately extended; by force that the German ascendency over the Slavs was preserved; by force that internal order and unity were maintained—force applied through the army or the police at the sole discretion of the king. And war, the final triumph of the policy of force, had always been a familiar idea with Prussia. As Mirabeau said, "War is Prussia's national industry."

It is this doctrine of national ascendency—a doctrine naturally attractive to the autocratic rulers of Germany and gradually accepted by a people politically demoralized by having no responsibility for public policy—which is the primary cause of the war. It permeates every act of official policy. It blinds Germany to the claims of justice and liberty when the rights and independence of other races or nations are involved. And it has driven her headlong into a policy which was bound to bring her into collision with those of her neighbours who valued their freedom and were strong enough to resist her will.

In domestic policy it became a government axiom that everything non-German was dangerous to the German State and had to be overcome, not by conciliation and compromise, but by force. This was the traditional policy of Prussia, and how far Prussian doctrines have corrupted the liberal Germany of the South is seen in the following lines about Poland, by a friendly biographer of Bismarck:

> "Nothing shows the change which he [Bismarck] has been able to bring about in German thought better

than the attitude of the nation towards Poland. In the old days the Germans recolle ted only that the partition of Poland had been a great crime, and it was their hope and determination that they might be able to make amends for it. In those days the Poles were to be found in every country in Europe, foremost in fighting on the barricades; they helped the Germans to fight for liberty, and the Germans were to help them to recover independence. In 1848 Mieroslawski had been carried like a triumphant hero through the streets of Berlin . . . At a time when poets still were political leaders, and the memory and influence of Byron had not been effaced, there was scarcely a German poet—Platen, Uhland, Heine, who had not stirred up enthusiasm for Poland. It was against this attitude of mind that Bismarck had to struggle, and he has done so successfully. He has taught that it is the duty of Germany to use all the power of the State for crushing and destroying the Polish language and nationality."*

It is now the policy of official Germany not only to destroy the Polish language and nationality, but to drive the Poles from their country. In 1906 the children in the schools of Poland went on strike because compelled to have their religious instruction in German. Many of them were kept back at school and flogged. Parents were fined and imprisoned for withdrawing children during the hours of religious instruction. Children were also sent to reformatories on the ground that their parents in resisting the decrees of the State had shown themselves incapable of taking proper care of them. In 1908 an Act was passed by the Prussian Diet, "as imperatively necessary in the highest interest of the State," providing for the compulsory expropriation of Polish landlords, since the system of the voluntary colonization of Prussian Poland by State-assisted German settlers had failed. The Poles were forbidden to build houses on expropriated land and when they lived on it in gipsy carts they were heavily fined. The Reichstag protested against

* Headlam, *Life of Bismarck*, p. 175.

this procedure in 1909, but was unable to affect the policy of the Government, whose final justification of its policy was the plea that "in political matters might goes before right." Bonuses were then given to postal officials who refused to deliver letters addressed in Polish, and Government officials who showed any sympathy for Polish grievances were dismissed. The Reichstag again protested, and again but two years ago, proved that it had no power, for the Government pursued its policy of forcible Germanization unmoved.

The same policy was pursued in Alsace and Lorraine, where more conciliatory methods might have been expected. For though these provinces had been taken from France by force, the people were mostly of German descent and had for long been part of the Holy Roman Empire. Instead, the only method which Prussia understands, that of Germanizing by force, was immediately inaugurated. The French language was proscribed, children could only be registered under German names, the public performance of the classical French drama was forbidden, and even the use of French words such as "coiffeur" and "nouveauté," universal in trade and in common use in the rest of Germany, were forbidden in parts of Alsace-Lorraine under pain of police-court penalties. Finally the Government attempted to take the heart out of the people by the constant parade of overwhelming military strength, thereby demonstrating the folly of resisting the German will and the wisdom of meekly submitting to superior force and becoming docile servants of the German State. The Zabern incident shows how the Prussian doctrine of forcible ascendency has grown and not diminished in the last forty years. It is the same in the Danish parts of Schleswig-Holstein. In 1913 the Norwegian explorer, Ronald Amundsen, was prohibited from giving a lecture on his voyages in his own language, on the ground that Norwegian was so like Danish as to be dangerous. This prohibition was subsequently withdrawn by Berlin, but it shows the attitude of the administration towards its Danish subjects.

In foreign affairs the same doctrine of ascendency

gradually made itself felt. It was not that Germany coveted any particular possession of her neighbours. She had a bigger soul than that. It was that she wanted the first place She was determined that sooner or later her word was to be the final word in all great questions of international policy, which none could gainsay because none could resist the German sword. Being no free State herself, she was, in fact bent on destroying the freedom of her neighbours and making them also subordinate to the tyrannical will of her own rulers. For this ideal—the allurement of supreme power—the German people, taught and disciplined by their rulers, have been induced to make any sacrifices, and no demand for men, money or ships has ever been refused. It is this megalomania, originating in the belief in force and the will to power, encouraged by the political enslavement of the people and the absence of self-criticism which that involves, and fostered in every way by the Chauvinist military and bureaucratic classes, which has been the main force behind German foreign policy for the last twenty years.

III. German Foreign Policy, 1870-1899

By 1871 Bismarck had won for the German Empire an undisputed position of predominance in the councils of Europe. Skilfully isolating his enemies one by one, and then falling upon them at his own chosen moment, he had succeeded in uniting the Empire, and after 1871 he maintained his ascendency by the same means. Throughout his chancellorship France was kept at the mercy of the German sword. In 1872 he formed the Drei-Kaiser-bund for the mutual protection of the three autocratic monarchies of Russia, Austria and Germany. Seven years later—when as the outcome of the Russo-Turkish war and the Berlin Conference of 1878, Austria-Hungary obtained the right of administering Bosnia-Herzegovina and Russia went back empty handed—he was able to reunite Austria-Hungary to Germany in the Dual Alliance. Three years later,

again, by urging France in 1881 to occupy Tunis, which Italy had regarded as her own preserve, he succeeded in inducing Italy to join it too. Not content with the Triple Alliance, which was the only diplomatic combination in Europe at that time and immensely strong, Bismarck in 1884 entered into the famous secret reinsurance treaty with Russia, whereby the two powers guaranteed to remain neutral in the event of an attack by any other power.

Germany was thus absolutely predominant in Europe. But Bismarck, towards the end of his life, was a confirmed believer in peace and was able to convince his neighbours that Germany, strong though she was, had no overweening ambitions. She had therefore no enemies save France. Moreover, during the 'eighties, when, after the appalling revelations of the slave trade by Livingstone and Stanley, the process of partitioning Africa among the Great Powers was being carried through, Germany, though late in the field, obtained considerable dominions. She acquired German East Africa, German South-West Africa, Togoland and Cameroon. This provoked no opposition in England. Gladstone said:

> "If Germany is to become a colonizing power, all I can say is, 'God speed her.' She becomes our ally and partner in the execution of the great purposes of Providence for the advantage of mankind. I hail her in entering upon that course, and glad will I be to find her associating with us in carrying the light of civilization and the blessings that depend upon it to the more backward and less significant regions of the world."

In 1884 a conference was held in Berlin which regularized the partition of Africa among the Great Powers, defined boundaries, promulgated rules about effective occupation and originated phrases like "spheres of influence," with a view to obviating the possibility of conflict or misunderstanding.

With the accession of William II, however, a complete change came over the scene. Bismarck had, perhaps, grown

too old to respond to the leaping pulse of new Germany William II was determined to head a new movement whereby Germany should acquire the same position in world-politics, which Bismarck had won for her in Europe. His action was decisive and dramatic. He came to the throne unexpectedly in 1888, a young man of 30, untried and almost unknown. He seized at once on the fundamental principles of the constitution and determined to profit by them. His first proclamation was to his army—the support of the royal power, and the foundation of autocratic Germany. He did not address his people till three days later. In the following year, despite the opposition of Bismarck, he went on his famous visit to the Sultan Abdul Hamid, which was the beginning of that connection between the ruling classes in Berlin and Constantinople which has borne fruit in the Bagdad Railway, and in the Austrian policy of establishing her ascendency in the Balkan Peninsula. No sooner did he return to Germany than William II made up his mind to get rid of Bismarck. Bismarck in his old age was the almost undisputed autocrat of Germany. The Kaiser was no less bent on being the autocrat of Germany himself. The breach came on the question of power. Bismarck contended that he was the responsible Chancellor of the German Empire, and that so long as he retained the confidence of the Emperor, the views of other Ministers of State could only be conveyed to the monarch through the Chancellor himself. The Kaiser replied that he was German Emperor and as such could invite any of his subjects for advice. Neither side would give way and Bismarck finally tendered his resignation, which was instantly accepted. In the same month of March, 1890, the Kaiser declared "One only is master within the Empire and I will tolerate no other." "Those who are willing to help me in my endeavours are cordially welcome. Those who oppose me I will smash."

Ever since then the Kaiser has been the real ruler of Germany, making and discarding his ministers, as their

policy diverged from his or became too unpopular, but ever remaining in office himself. At every crisis it is his will which decides. And that he believes himself to be the ruler of Germany and that the duty of his subjects is to obey he is at no pains to disguise. "The King," he said, "is King by God's grace, therefore he is responsible only to the Lord." "I call to mind the moment when my grandfather, as King by the grace of God, took the crown in one hand and the Imperial sword in the other and gave honour to God alone and from Him took the crown." (Frankfurt, 1896.) This was no youthful outburst of dynastic enthusiasm, for less than five years ago, in 1910, he declared in a speech which raised much discussion in Germany, that his grandfather had

> "placed by his own right the crown of the Kings of Prussia upon his head, once again laying stress upon the fact that it was conferred upon him by the grace of God alone, and not by Parliaments, meetings of the people, or popular decisions, and that he considered himself the chosen instrument of Heaven, and as such performed his duties as regent and as ruler."

The duty of obedience he insisted on, especially in his speeches to his army. Thus to recruits he said:

> "Your duty is not easy: it demands of you self-control and self-denial—the two highest qualities of the Christian, also unlimited obedience, and submission to the will of your superiors. As I, Emperor and ruler, devote the whole of my action and ambitions to the Fatherland, so you must devote your whole life to me."

On another occasion he said to them: "There is but one law and that is my will."

The new Emperor at once announced that he was going to abandon the Bismarckian tradition and inaugurate a world policy instead of a European policy. "My course," he said, "is the right one and I shall follow it."

He declared that Providence intended Germany to lead the world, and that Germany must assert her power and influence in every part. "We are the salt of the earth," and "I lead you to glorious times." The character of the new German policy was described by a German writer in the *Neue Rundschau* in 1913 as follows:

> "We have tried to carry out a world-policy, we have hustled about in every direction, we have dreamed dreams of boundless colonial expansion, and cherished deep in our hearts the belief that rivalry with England is the divinely ordained objective of our world political and commercial ambitions. Our foreign policy began to think in continents. . . . Our sea power grew fabulously and with it the claim—trumpeted thrice a day to all the winds—that henceforth no decision, whatever or whensoever it might be, should be taken without Germany's directing and determining voice."

These last words represent exactly the underlying principle of German foreign policy since 1890. It was expressed by the Emperor himself as follows: "Nothing must henceforth be settled in the world without the intervention of Germany and the German Emperor." This attitude, the traditional attitude of Prussia, is the exact opposite of the attitude of modern democracies. It sees the world not as a great family of peoples struggling blindly yet with good will towards a better mutual understanding and ever engaged in perfecting the instruments for maintaining international peace. It views it as a terrible arena in which war is a "biological necessity" and in which the strongest power will eventually by superior force compel the rest to acknowledge that they are no longer free, but must, in the last resort, subordinate their wills to its will.

It did not take very long for the Emperor to realize that for foreign policy on Prussian lines to be successful in "welt politik" it needed the same instrument of force behind it which had made it so successful in European politics. Moreover, that force had in the nature of things to be naval

and not military. At that time Germany had practically no navy, and therefore the Emperor and the apostles of the "new course" set to work to work up public opinion to support the idea. At first criticism was rife. Prussia—master of the land—distrusted the sea. The rest of Germany had as yet little enthusiasm for expansion. But the great engines for moulding public opinion were set in motion, and the political docility induced by the Bismarckian system made the rest easy. Small beginnings were made, but in 1897 came the famous avowal which paved the way for the great Navy Bill of 1898. "I shall not," he said, "rest until I have brought my fleet to the same standard as my army." "The trident ought to be in our fist."

The decision to commence building a fleet, to number twenty battleships, twelve large and twenty-eight small cruisers within six years, was caused by certain occurrences in the Far East and South Africa. In 1894-5 war had broken out between China and Japan, in which Japan had been an immediate victor. Immediately afterwards Germany joined with Russia and France—it is said by the Japanese, on German initiative—to compel Japan to revise the treaty of Shimonoseki and surrender Port Arthur, which was subsequently leased under compulsion to Russia, while Germany occupied Kiao Chao (1897). This was a successful bluff, but it was not likely to be successful again unless Germany had some naval strength to bring to bear. Similarly with South Africa. The rulers of Germany saw in the growing difficulties between the Transvaal and British South Africa a chance of profit. Hopes of expansion in South Africa were in those days high. *Die Grensboten,* one of the most influential German weeklies, wrote in 1897: "The possession of South Africa offers greater advantages in every respect than that of Brazil." Hence the independence of the Transvaal was declared to be a German interest, and President Kruger was encouraged in every way to resist those measures of internal reform which alone would pave the way to a peaceful settlement. It is not too much to say that but for

German intrigues the constitutional and racial problems of South Africa, now so happily solved, might never have been decided on the field of battle. How great a part German promises played in President Kruger's mind may be seen from the following speech he made to Germans in Pretoria, "As a child grows up, it requires bigger clothes, the old ones will burst; and that is our position to-day. We are growing up, and although we are young, we feel that, if one nation tries to kick us, the other will try to stop it. . . . I feel sure that, when the time comes for the Republic to wear still larger clothes, you will have done much to bring it about." When the opportunity, however, came after the deplorable Jameson raid, Germany, having no fleet, could do nothing save send a telegram congratulating the President on having repelled the raid "without invoking the aid of the friendly powers." Hence the Navy Act of 1908.

In the same year the Emperor struck out again towards the Near East. In the autumn he again paid a second visit to Constantinople, where he manifested the greatest cordiality towards the Sultan Abdul Hamid, though the whole world had recently been horrified by the Armenian atrocities. The Emperor then went on to Jerusalem, and at Damascus on November 7 proclaimed himself the protector not only of Turkey but of the whole Mohammedan world—a curious indication of the general trend of his ideas when it is remembered that he had not a single Moslem subject and that the immense majority of the Mohammedan peoples were citizens of the British and French Empires. The German ascendency in Constantinople dates from this time, and its first fruits were seen in the Bagdad railway concession, finally signed in 1902 and known in Berlin as B.B.B., or Berlin Byzantium Bagdad.

Bismarck had watched the "new course" with dismay. His sagacious, if unscrupulous, mind saw the inevitable outcome of the reckless policy of interfering in other peoples' affairs. He began, too, to realize the danger of the system he had created. In rejecting every proposal for

enabling the people to share in the direction of public policy, he had omitted to consider what might happen when his old master died and he himself was dead or discarded. And now he realized that while he had created a machine of terrific power which could be absolutely controlled by a single man, the levers had fallen into the hands of an impulsive and ambitious ruler, more noted for his indiscretions than his wisdom. And he realized, also, that there was no method of removing the danger save a wholesale revolution in that constitution which gave the power to the Emperor, the leaders of the army, the bureaucrats and the junkers. He grew more and more depressed as time went on, when he saw how absolute was the power of the Emperor to change his ministers as he liked, how the military party which he had always distrusted and kept at a distance, because of its blind Chauvinism, was steadily increasing its hold on royal favour, how the position of diplomatic security he had won for Germany in Europe had already been undermined, while there were no compensating gains abroad, and how the policy of Germany, by tending towards Turkey and Asia Minor, was gradually being drawn into the endless racial struggles of the Balkan Peninsula. Bismarck was too old to change his fundamental beliefs, but, seeing whither systematized autocracy was leading, he made the remarkable avowal in his later years, "If I were not a Christian, I would be a Republican."

IV. The Anglo-French Entente, 1900-5

THE end foreseen by Bismarck was soon reached. The first result of his fall from power was the dropping of the reinsurance treaty with Russia. The Emperor and his minister, von Caprivi, regarded it as too "complicated." Their eyes, too, were set on world policy, not on Europe; and the Triple Alliance afforded Germany ample security at home. The next step was that France and Russia,

alarmed by the new policy of Germany and recognizing their powerlessness against the Triple Alliance, began to negotiate for mutual security. By 1896 the Dual Alliance was an accomplished fact. France was no longer in defenceless isolation as against the Triple Alliance, and Russia was secured against aggression on her western flank, while she pursued colonization and expansion in Siberia. Ten years later England had deserted her traditional policy of "splendid isolation" from the complications of Europe, and had entered into an Entente with France. The steps by which the Anglo-French Entente came into being must be considered in detail, for on them depends the answer whether or not England has selfishly and deliberately hemmed Germany in.

The antagonism between England and Germany did not outwardly appear until the Boer war. The German Navy Bill of 1898 did not cause much comment in England, as Germany obviously needed a fleet to protect her interests oversea. The wave of Anglophobia, however, which swept over Germany during the Boer war, struck England with a shock of surprise. It was far more than the sympathy which most foreign nations—understanding little of the real issues—felt for the small republics gallantly standing up to an overwhelming foe. It was a feeling prompted at bottom by the sense of impotence. The effect of long teaching by Treitschke and other apostles of the "governmental" school had been to disparage the British Empire in German eyes. Having had no experience themselves of political liberty, they could not understand the impalpable influence which knit the British Commonwealth into a willing unity; they could not understand how the principle of liberty which animates the whole British Imperial system guaranteed peace, personal freedom, the reign of law, and an orderly progress towards self-government to every class of its members, civilized and uncivilized, coloured or white. To German eyes Britain had created the British Empire by the same means as Frederick the Great had created

Prussia, and Prussia under Bismarck's hand had created the German Empire, by ruthless use of war, waged for selfish ends whenever favourable opportunities occurred. To the Germans the foundation of all empire and dominion was force and nothing but force. According to this view Britain was the Colossus with the feet of clay, the most gigantic fraud of history. For the British seemed to expect to be allowed to preserve their great position, trusting to their past prestige and to their fortunate position as an island, while refusing to make even the sacrifice of universal compulsory service, which every European power had made for its own defence. They were manifestly an effete people, whose empire would collapse at the first touch of reality, and would tumble into the hands of the new dynamic race which was destined, by reason of its prowess in arms and its dedication to the national cause, to be master in the new century.

The Boer war raised all these feelings to fever heat. The war itself was but another example of British land-grabbing, and the long resistance of the Boer was final proof of British degeneration. Yet in this crisis, when the greatest and least worthy of the new empire's rivals was at death-grips far away, Germany was powerless. The war broke out on October 11, 1899. On the 18th the Kaiser, in a public speech, expressed public sentiment exactly when he said, "We are in bitter need of a strong German navy." The universal feeling was that such a thing must never happen again and that Germany must hurry on the creation of her navy as rapidly as possible. In 1900-1 the number of Navy League societies rose from 286 to 1,010, and the membership from 246,000 to 566,000. £50,000 was spent in propaganda, and in 1900, only two years after the first great Navy Law, a second was passed, providing for the creation of a fleet of thirty-eight battleships, fourteen large cruisers, thirty-eight small cruisers, and ninety-seven destroyers, all to be ready by 1917. The first law had merely authorized a fleet such as a great power like Germany certainly needed. The pur-

pose of the second was clearly indicated in the preamble, which set forth that "Germany must have a fleet of such strength that a war against the mightiest power would involve risks threatening the supremacy of that power." Germany had definitely entered the lists with a view of gaining the same position of ascendency by sea that she already enjoyed on land.

The next years were a confused time in diplomacy. England, though perturbed by the Navy Laws, was extremely reluctant to abandon the policy of isolation. She was somewhat exhausted by the Boer war, and being entirely preoccupied with the manifold internal problems of her own empire, she entertained no projects of expansion. On the other hand, France and Russia were by long tradition hostile to England: Russia, because of a number of unsolved frontier questions in Tibet, Afghanistan and Persia; France, because of similar questions in Northern Africa—especially in Egypt. The Anglo-French quarrel had culminated in the Fashoda incident of 1898, when Colonel Marchand, by forced marches, tried to annex for France the upper waters of the Nile, directly after Lord Kitchener had overthrown the Khalifa at Omdurman in the Sudan. Accordingly, the proposal was originated—it is generally believed by Germany—that Russia, France and Germany should repeat the success they had won against Japan in 1895, by combining against England during the winter of 1899-1900. The combination, however, had not enough power by sea and the idea came to nothing. Then, in October, 1901, Germany, alarmed at the effect of her own action on English opinion, suggested tentatively an alliance with England, on the basis that each side should guarantee the possessions of the other in all parts of the world except Asia. The fact that such an alliance would commit England to guaranteeing the German occupation of Alsace-Lorraine, Posen and the Danish provinces, and might lead to obvious difficulties with the United States if Germany contemplated aggression in Brazil, would have foredoomed the proposal

to failure. In any case the determination of the British Government to avoid definite commitments on the Continent of Europe caused it to be dropped almost at once. It was indeed doubtful if it was intended seriously by Germany at all.

At any rate, Germany turned back to France, and an attempt was made to arrive at an understanding on the basis of a partition of all the north coast of Africa, directed against England and concluded behind the back of England. But there was in France a strong party, headed by M. Delcassé, which distrusted the designs of Germany. As a Frenchman, quoted by Sir Valentine Chirol, remarked: "William II always offers to be your friend *against* somebody else. Otherwise your friendship has no value for him." M. Delcassé was in favour of an understanding with England, based upon a general settlement of all outstanding quarrels, which would pave the way for cordial relations and might eventually mature into an entente or an alliance if German foreign policy became, as it promised to become, even more menacing and aggressive.

This party prevailed, and on July 7, 1903, an interview took place between Lord Lansdowne, the British Foreign Secretary, and M. Delcassé which led to the conclusion of the Anglo-French Agreement of April 4, 1904. That agreement did no more than recognize the then existing facts of the situation in Africa. In the whole of that continent only three independent States remained—Abyssinia, Liberia and Morocco. All the rest of the continent was under the political tutelage of some European power. Morocco was surrounded on all sides by French territory, and English and French commerce were predominant there, while Spain had some political claims in the country. The agreement specified that while France recognized the predominant position of the British in Egypt and the Sudan, the British recognized the predominant position of the French in Morocco. France declared that she had "no intention of altering the political status of Morocco;" England made the same declaration

with regard to Egypt, and further agreed that it "appertained" to France to "preserve order" in Morocco and "to provide assistance for the purpose of all administrative, economic, financial and military reforms which it may require." She also undertook "not to obstruct the action taken by France for this purpose." At the same time, as it appeared later, France entered into secret arrangements with Italy and Spain, guaranteeing to one a Spanish sphere in Morocco and to the other a free hand in Tripoli.

The news of the Anglo-French Agreement produced little comment in Germany. Prince Bülow, the Chancellor, speaking in the Reichstag on April 12, 1904, said that on the whole Germany welcomed the Anglo-French understanding and that Germany's interests in Morocco were solely economic. But there was much chagrin in the German Foreign Office itself, which had hoped, by playing on French antipathy to England, to make an agreement favourable to Germany behind the back of England. It now found that France had obtained what she wanted without paying "compensation" to Germany, and, what was infinitely more disquieting, had made up her quarrel with England and paved the way for an entente which might eventually threaten Germany's domination over Europe by creating an equipoise to the Triple Alliance.

True to the Prussian tradition, the German Government made up its mind that there was only one method of dealing with the situation, to frighten France from her intentions by the threat of war. Accordingly, on March 31, 1905—a couple of weeks after the final defeat of Russia at Mukden had removed all danger on their Eastern frontier—the Kaiser suddenly landed at Tangier and declared that he visited the Sultan as an independent sovereign in whose lands all powers were to hold the same footing and enjoy the same rights. The protection of Morocco was the ostensible reason of the move. The true reason was exactly expressed by the German historian, Rachfahl: "Because under the surface of the Morocco affair lurked the deepest and most difficult problems of power (*macht-probleme*), it was to be

foreseen that its course would prove to be a trial of strength of the first order." During the controversy which followed the Emperor's visit, Germany delivered a peremptory ultimatum to France. A special envoy, Prince Henckel von Donnersmarck, was sent to Paris. It was, he said, clear to the Imperial Government of Germany that the Anglo-French Entente had been framed to isolate and humiliate Germany. Was that the policy of France, or of her Minister? The policy of the Minister was aimed at Germany, who would not wait till it was completed. Let France think better of it, give up her Minister, and adopt towards Germany an open and loyal policy such as would guarantee peace—in other words, break off relations with England. France was not strong enough to resist Germany in arms, and M. Delcassé resigned.

This was the first instance of mailed-fist diplomacy in Europe for many years. It crystallized the growing fears about the domineering tendencies of German policy. For Germany, herself protected by the Triple Alliance, had threatened France with war at a time when France's ally, Russia, was powerless, unless by some dramatic act of humiliation she proved that she meant to change her policy and acknowledge that she would not pursue a foreign policy disapproved of by Germany. But so far from weakening the understanding between France and England, this incident immensely strengthened it. The Entente began to be a reality, and its foundation became a common determination to resist mailed-fist humiliation or military aggression by the central Powers. As to Morocco itself, it was agreed that the whole question should be submitted to an international conference, which met at Algeciras in 1906. The conference ended in an apparent victory, but a tacit defeat, for Germany. All the members, except the Austrian, including the representative of the United States, decided against the claims put forward by Germany. Finally the conference drew up an act providing for the future of Morocco " on the threefold principles of the sovereignty and independence of H.M. the Sultan, the integrity of his dominions, and economic

liberty without any inequality for the trade and commerce of all nations." At the same time, however, it was recognized that France and Spain had the right to supervise the police in the eight treaty ports, and to enforce the ordinances about Customs and against the illicit importation of arms, which meant that in the event of internal disorder they would be the powers to intervene and restore order.

V. Anglo-German Negotiations, 1906-9

THE Morocco crisis was followed by a general election and the advent of the Liberal Party to power in England. A most determined effort was now made by the new Government to enter into friendly relations with Germany, stop the growing expenditure on armaments, and inaugurate an era of peace. The central idea of their policy was defined later on by Sir Edward Grey, when he said (November, 1911), "It is difficult to find a half-way house between constant liability to friction and cordial friendship. It is cordial friendship alone which provides sufficient mutual tolerance and good will to prevent difficulties and friction which would otherwise arise." The Liberal Government, in fact, put forward as the future basis of international relations in Europe the principle that nations should mutually respect one another's rights and territories, and that in order to maintain peace, they should endeavour to cultivate good relations all round, rather than range themselves in hostile military groups protected not by friendliness and good will, but by a common fear of the terrible consequences of war. This principle was advanced as the alternative to the traditional Prussian and Bismarckian idea that States were necessarily in eternal competition with one another and used diplomacy and alliances simply as means of profit or aggrandizement at the expense of their neighbours.

In two quarters the policy was successful. In 1907 an Agreement was signed with Russia whereby the old difficulties concerning the buffer States of Tibet, Afghanistan and Persia were roughly settled. Each side disclaimed aggressive intentions against these areas, and spheres of influence were delimited in Persia, which, so long as any form of stable government could be propped up in Teheran, would obviate trouble for the future. This agreement with Russia, unlike the spirit of the Entente with France, carried with it no suggestion of the possibility of common action in the event of German aggression, though it was facilitated by common apprehension of German designs. As Sir Edward Grey explained, its purpose was simply to remove causes of friction in frontier questions and so permit relations of friendliness instead of suspicion between the Governments of London and Petrograd. A similarly successful arrangement was also arrived at a few years later with the United States, whereby various ancient controversies about the Newfoundland Fisheries and boundary waters were amicably composed.

Negotiations were also opened with Germany; but as there were no minor matters at issue, they centred on the question of naval rivalry and the possibility of a diminution of expenditure on armaments. The second Hague Conference was due in 1907, and the Liberal Government thought that some simultaneous movement might be made towards disarmament and better international arrangements all round. Accordingly, in order to show that they were serious, and were not manœuvring to steal an advantage, and in order to prove to Germany that Great Britain had no intention of aggression against her or of hemming her in by an unbreakable wall of steel by land or sea, the Government announced that the British programme of new construction—known as the Cawdor programme—for the year 1907 would be reduced from 4 to 3 Dreadnoughts. Certain reductions were made at the same time in the army. The British overtures did not meet with much success, for, in 1906, the German

naval programme, so far from being reduced, was increased by six fast cruisers, the general opinion in official circles being reflected by Count Reventlow, the well-known publicist, when he said: "The most that Germany could do would be to propose that England should so reduce her rate of construction as to allow the German navy to overtake the British. Once the two navies were equal, Germany would pledge herself not to increase her fleet further."

But the Liberal Government still persisted. On March 2, 1908, the Prime Minister, Sir Henry Campbell Bannerman, wrote an open letter to the world urging the need of some measure of disarmament in the interests of peace and civilization. And in order to prove the sincerity of their intentions the Government reduced the programme of naval construction for 1908 still further from the Cawdor standard by only laying down two Dreadnoughts instead of four. The answer of Germany was decisive. Germany made her attendance at the Hague Conference conditional on no motion being brought forward on the subject of disarmament, and in the following year (1908), after a successful "patriotic" general election, passed yet another new Navy Law adding four more Dreadnoughts to her programme and laying down no less than four in the current year. As the *Novoe Vremya* at Petrograd said: "This mania for armaments really aims at the domination of the universe."

It was obvious that mere security could not be Germany's object, for nobody thought of attacking her or any of her possessions. Nor was colonial expansion the motive, for she had not made much use yet of her own colonies, and she had signed an agreement with England which gave her the major share of the Portuguese colonies, should Portugal collapse. Nor was it commercial reasons, for her prosperity and trade were increasing by giant strides. The real reason was the boundless ambition of the rulers of Germany, and their belief that Germany could eventually drive her neighbours to relinquish any claims to equality, and so dominate the policy of Europe by the superiority of her

armaments and will to power. Their attitude was exactly expressed by the German Chancellor, Dr von Bethmann-Hollweg, in March, 1911, when, in rejecting President Taft's proposals for arbitration, he said:

> "When a people will not or cannot continue to spend enough on its armaments to be able to make its way in the world, then it falls back into the second rank and sinks down to the rôle of a 'super' on the world's stage. There will always be another and a stronger there who is ready to take the place in the world which it has vacated."

Early in 1909 the British Government, in face of vigorous attacks by the Opposition, abandoned the attempts to reach an understanding over armaments with Germany as hopeless. They admitted that there had been an unprecedented increase in the general warlike preparations of Germany as well as in her building programme. Krupp's works had recently taken on 36,000 new hands, an increase of 60 per cent. Recognizing the danger in which Great Britain had placed herself, they proposed, in order to make up lee-way and secure the safety of the country, to lay down no less than eight Dreadnoughts in 1909. New Zealand and Australia were no less alarmed and spontaneously decided to build a Dreadnought cruiser each, and Canada announced her intention of commencing a navy of her own.

On March 29, 1909, Sir Edward Grey summed up the whole position in a speech delivered to the House of Commons. He began with a reference to the naval negotiations:

> "The House and the country," he said, "are perfectly right in the view that the situation is grave. A new situation in this country is created by the German programme . . . When that programme is completed, Germany, a great country close to our own shores, will have a fleet of thirty-three Dreadnoughts.

> . . . That fleet would be the most powerful fleet that the world has ever yet seen . . . That imposes on us the necessity of which we are now at the beginning —except in so far as we have Dreadnoughts already— of rebuilding the whole of our fleet. That is what the situation is. What we do not know is the time in which we shall have to do it."

Then Sir Edward Grey went on to set forth with not less precision the only conditions on which the peace of Europe would be maintained:

> "As regards our future diplomatic relations with Germany, I see a wide space in which both of us may walk in peace and amity. Two things, in my opinion two extreme things, would produce conflict. One is an attempt by us to isolate Germany. No nation of her standing and her position would stand a policy of isolation assumed by neighbouring Powers. I should like to observe that in recent debates nothing has been more unfounded and nothing more malign in its influence than the statement that any difference of opinion we have had with regard to the question of Austria has been due to the fact that Austria was Germany's friend. On the contrary, we have carefully avoided in all our relations anything which was likely to make difficulty or mischief, directly or indirectly, between those two Powers. Another thing which would certainly produce a conflict would be the isolation of England, the isolation of England attempted by any great Continental Power so as to dominate and dictate the policy of the Continent. That always has been so in history. The same reasons which have caused it in history would cause it again. But between these two extremes of isolation and domination there is a wide space in which the two nations can walk together in a perfectly friendly way."*

After that he made a further plea for some restriction of expenditure or armaments in the interests of peace:

* Sir Edward Grey—House of Commons, March 29, 1909.

> "If I were asked to name the one thing which would mostly reassure the world—or reassure Europe—with regard to the prospects of peace, I think it would be that the naval expenditure in Germany would be diminished, and that ours was following suit, and being diminished also. Were there a cessation of competition in naval expenditure public opinion everywhere would take it as a guarantee of the good intentions of the two nations, and the effect would be incalculable."*

Finally, he discussed the basis of a possible understanding with Germany about armaments, pointing out how superior naval power was a matter of life and death to the British Empire, with its vital parts scattered in every continent of the globe, while it was in no sense essential to the safety of Germany:

> "On what basis would any arrangement have to be proposed? Not the basis of equality. It must be the basis of a superiority of the British Navy. No German, so far as I know, disputes that that is a natural point of view for us. But it is another thing to ask the German Government to expose itself before its own public opinion to a charge of having co-operated to make the attainment of our views easier. That is the difficulty which it is only fair to state. As against that there is no comparison between the importance of the German Navy to Germany, and the importance of our Navy to us. Our Navy to us is what their Army is to them. To have a strong Navy would increase their prestige, their diplomatic influence, their power of protecting their commerce; but as regards us—it is not a matter of life and death to them that it is to us. No superiority of the British Navy over the German Navy could ever put us in a position to affect the independence or integrity of Germany, because our Army is not maintained on a scale, which, unaided, could do anything on German territory. But if the German Navy were superior to

* Sir Edward Grey—House of Commons, March 29, 1909.

ours, they, maintaining the Army which they do, for us it would but be a question of defeat. Our independence, our very existence, would be at stake."*

The growth of armaments, he concluded, had become "a satire and reflection upon civilization, which, if it goes on at the rate at which it has recently increased, sooner or later, I believe, will submerge that civilization." But no nation could stop it alone; action must be mutual and simultaneous. We could not afford to fall into a position of inferiority. If we did, "we should cease to count for anything among the nations of Europe, and we should be fortunate if our liberty was left and we did not become the conscript appendage of some stronger power."

VI. The Bosnian Crisis

As if to give final proof of her intention to "dominate and dictate the policy of the continent," Germany, in the spring of the same year, 1909, intervened in the dispute over Bosnia-Herzegovina, exactly as she had done over Morocco, with a threat of war as the alternative to submission. The Bosnian question was but one aspect of the great racial problem which has kept the Balkans and Austria-Hungary in a ferment for centuries. After the defeat of Austria by Prussia in 1866 the Hungarians had asserted their independence and the Habsburg Monarchy was reconstituted as a Dual monarchy, controlling autocratically foreign affairs and the army, and basing its power on a political system which gave ascendency over all Slavs in Austria to the Germans, and over all Slavs in Hungary to the Hungarians. In the ensuing years a policy of conciliation to the other races, Czechs, Poles and Slovenes, gradually prevailed in Austria, and a large measure of liberty and self-government was enjoyed by all races. In Hungary, however, the Magyar aristocracy fought desperately against any concessions to their subject

* Sir Edward Grey—House of Commons, March 29, 1909.

peoples. The Slovaks and the Southern Slavs—the Serbs and Croats—were repressed in every conceivable way. They had no voice in their own government. Their language was put under grave disabilities, their newspapers were suppressed, their universities and schools were starved of funds and hindered in other ways, and any exhibition of nationalist sympathies was fiercely punished.

These measures of force fanned the passion for liberty among the Southern Slavs and stimulated to fever heat their love of their language and nationality. After the liberation of Serbia from Turkish rule their hopes centred in Belgrade, and they looked forward to a day when the Southern Slavs would be a free and united people, either outside the Austrian Empire or as a third element, counter-balancing the Magyars and the Germans, within it. In July, 1908, the Young Turk Revolution took place in Constantinople and, on October 9, Austria-Hungary announced the annexation of Bosnia-Herzegovina, which she had been administering under the terms of the Treaty of Berlin. This act was a blow to the more extreme hopes of the Southern Slavs, but was especially galling to Serbia, which saw her final hope of access to the sea disappear and with it the chance of freeing herself from economic dependence upon Austria. She bitterly demanded compensation; and when Austria absolutely refused to consider her requests, she appealed to Russia—the patron of the Slavs—to intervene, and even made preparations for war. Russia, which had great sympathy with her oppressed Slav fellow subjects, made strong representations to Vienna, but without avail.

At the same time England protested against the abrogation of a European treaty without any reference to the parties to it. She urged that the prospect of international peace depended largely on the recognition by civilized powers of the sanctity of treaties which they had signed, and that the only hope of avoiding the constant appeal to force in diplomacy or war was by mutually recognizing the reign of law in international affairs in so far as it was defined in treaties

and conventions. She had no objection to the actual sovereignty of Austria-Hungary in Bosnia-Herzegovina becoming a formal reality, but she demanded that the revision of the treaty of 1878 should be effected by a conference of all the signatory powers.

Austria-Hungary, however, refused to admit that a conference had any jurisdiction over her *fait accompli,* even though it did involve a change in a fundamental European treaty. She refused also to make any concessions to Serbia or to allow her any access to the sea. In this attitude she was supported by Germany. The dispute dragged on for some months, but was dramatically ended by Germany early in 1909. The German ambassador suddenly presented an ultimatum in St Petersburg, informing the Russian Government that Germany would mobilize against Russia unless she at once desisted from her support of Serbia and accepted the *status quo.* Russia, disorganized by the Japanese war and by internal revolution, had no option but to agree. The ultimatum also necessarily disposed of the demand for a European conference.

The motive for this act is explained by Prince Bülow, who was then Chancellor, in his book on Imperial Germany. "The German sword," he says, "had been thrown into the scale of the European decision directly in support of our Austro-Hungarian ally, indirectly for the preservation of European peace, and above all for the sake of German credit and the maintenance of our position in the world. . . . The group of Powers whose influence had been so much overestimated at Algeciras fell to pieces when faced with the tough problems of continental policy . . . The Triple Alliance is a force against which no country would let itself be thrust forward for the sake of remote interests, even if clever diplomacy were used in the attempt. Hence the course of the Bosnian crisis in point of fact made an end to the policy of isolation."*

The policy of isolation to which the Chancellor refers was

* *Imperial Germany*, pp. 51-2.

the policy of building up an equipoise to the Triple Alliance, so that Germany should not be able to force her neighbours to accept her will under threat of immediate and irresistible attack in war. And the Bosnian *coup* was designed to prove that no such combination existed and that Germany still possessed military and diplomatic predominance over the rest of Europe. To anyone trained, as Prince Bülow was, in the Prussian autocratic school, to pursue a policy of equilibrium, whereby nations are secured in their freedom and independence, was to isolate Germany. What the rulers of Germany never have been able to understand is that other nations value their liberty, and rather than acquiesce in a diplomatic tyranny of Europe by a great militarist State would fight to the last horse and the last man.

VII. The Agadir Crisis

WITHIN little more than two years Germany again adopted the method of the mailed fist and again brought Europe to the verge of war. Prince Bülow writes: "This was the great lesson of the Bosnian crisis, that our international policy, when all is said and done, is based upon our continental policy." So, having vindicated the military supremacy of the Triple Alliance in Europe in 1909, Germany attempted to profit by it once more in the outside world.

The inevitable process of internal disintegration in Morocco, foreseen at the Algeciras conference, soon began to take place. Accordingly, after minor diplomatic trouble, an agreement was come to in 1909 between France and Germany "to facilitate the execution of the Algeciras Act," which would, as Prince Bülow said in the Reichstag, "put co-operation in the opening up of the country in place of mutual hostility." France declared herself "wholly attached to the integrity and independence of the Shereefian

Empire," and pledged herself "not to impede German commercial and industrial interests in Morocco." Germany, on the other hand, "pursuing only economic interests," recognized that France possessed "special political interests in Morocco, which were closely bound up with the consolidation of order and internal peace." This was taken to be a tacit acknowledgment that Germany accepted the understanding, long arrived at by the other Great Powers, that France and Spain were to intervene in Morocco should misgovernment make European control necessary, provided they guaranteed equality of trade to all nations in the country they occupied. By the early summer of 1911, partly owing to internal disorder, partly owing to the intrigues, financial and otherwise, of French and Spanish adventurers, things had come to such a pass in Morocco that one-third of the country was occupied by these two powers, and a French army had entered Fez. Suddenly, on July 1, the German Government announced that they had sent the gunboat "Panther" to the open port of Agadir, ostensibly "to help and protect German subjects and clients in those regions" who might be affected by the growing internal disorder. In reality, as all the diplomatic world knew, it was a rattling of the sabre to intimate to France that Germany must receive "compensation" before she could acquiesce in the annexation of Morocco by France and Spain. It was also suspected that the occasion would be used to make another attempt to isolate France, and so put her out of the race, by compelling her to abandon the entente under the threat of instant war. This suspicion proved to be well founded.

The actual course of the crisis was as follows. On the same day that the "Panther" was sent to Agadir—July 1—the German Ambassador in London informed the British Government that Germany "regarded a return to the *status quo* in Morocco as doubtful, if not impossible, and that what they contemplated was a definite solution of the Moroccan question between France, Spain, and

Germany." Three days later Sir Edward Grey informed the German Ambassador that England had treaty obligations with France about Morocco and interests of her own there, so that she could not be indifferent to the course of the negotiations. Meanwhile direct negotiations were proceeding between France and Germany in which England took no part, as neither her own interests nor her treaty obligations seemed to be involved. But eventually, as Sir Edward Grey said:

> "It appeared in the Press that the German Government, and indeed it was the case, that the German Government had made demands with regard to the French Congo of an extent to which it was obvious to everybody who thought of it that neither the French Government nor the French Chamber could agree. That at once made me anxious as to the development of the situation. If Germany was going to negotiate with France an arrangement by which Germany received from France something in the French Congo and left France in Morocco as she is under our agreement of 1904, then of course we were prepared to stand aside and not to intrude, but if Germany, starting negotiations on that basis with France, made demands not for a portion, but for the greater part of the French Congo or anything of that kind, it was quite clear that France must refuse those demands and negotiations would be thrown back on some other basis and the question of the possible partition would arise again."*

Germany in fact was doing exactly what Sir Edward Grey in his speech of March, 1909, had made clear must endanger the peace of Europe. Though protected herself by the Triple Alliance, which nobody had ever attempted to undermine, she was trying to break up the Triple Entente, a combination which had no aggressive or exclusive objects, and which had only been brought into being by the domineering and threatening diplomacy of Germany herself. The method of doing this which she had selected was that of

* Speech in House of Commons, November 29, 1911.

making extortionate demands from France under threat of instant war if she refused, at the same time declaring that the Morocco negotiations were the concern of Germany, France and Spain alone, with which England, which was concerned in them by self-interest, the Algeciras Act and other treaties, had nothing to do. By July 21 the situation had reached the breaking-point. Germany persisted in her demands and persisted in her attitude of military menace. The real question was no longer Morocco, but whether France would be compelled once more to accept the terms imposed upon her by the German sword, or whether the Entente was sufficiently firm and united to resist the attempted blackmail even at the risk of war. On July 21 England accepted the challenge. Sir Edward Grey informed the German Ambassador that England had no wish to intervene in friendly negotiations between France and Germany, but that if Germany—as appeared to be and indeed was the case—made "demands which were in effect not a rectification of the frontier but a cession of the French Congo, which it was obviously impossible for the French Government to concede," and especially if they proposed to take Agadir as a naval base, England could not stand aside. On the same evening Mr Lloyd George made a speech at the Mansion House, in which he said that England had made great sacrifices to preserve peace, but that if a situation were to be forced upon her,

> "in which peace could only be preserved by the surrender of the great and beneficent position Britain has won by centuries of heroism and achievement, by allowing Britain to be treated, where her interests are vitally affected, as if she were of no account in the Cabinet of nations, then I say emphatically that peace at that price would be humiliation intolerable for a great country like ourselves to endure."

This step of supplementing a diplomatic communication by a platform utterance, mild in actual purport, but

rhetorical in tone, made negotiations very difficult for a day or two. The German Government protested vigorously against the speech, but nothing could hide the real position. Great Britain had made it clear that, if Germany intended to force impossible concessions from France at the point of the sword, she would stand by France in resisting them, even at the cost of war. After a war council at Potsdam, at which it was decided that Germany was not ready for war, Germany gave way. She made an "exceedingly friendly" reply, and all danger was past. The French and German Governments proceeded to negotiate an agreement (signed November 4) whereby Germany acquiesced in the occupation of Morocco by Spain and France, and obtained a slice of the French Congo by way of compensation.

It is impossible for the outsider to estimate the precise merits of the details of the long Morocco controversy between France and Germany. They are not yet all public. What is clear is that Germany by starting every negotiation with the threat of war prejudiced hopelessly her own case. Instead of confining herself to the question of whether France was entitled to absorb Morocco, or whether Germany was entitled to compensation from France, and if so what and where, she began on every occasion by attempting to intimidate France into submission and to isolate her from her friends. Directly the factor of power was introduced, overriding the rights and wrongs of the case, the other Entente Powers, in self-defence and in the interest of national freedom in Europe, had no option but to range themselves with France against her tyrannous neighbour. To the honest German, preoccupied with his own destiny, and misinformed by the official Press Bureau, this seemed a piece of deliberate and selfish hemming in. He has never understood that the bludgeoning methods of the Prussian autocracy which he so much detests in Germany, but acquiesces in because he has to, are bound, when applied in external affairs, to unite outsiders, not in selfish and greedy hostility to his country, but in common self-defence.

The Agadir crisis produced an immense impression in Germany. It was not only that the German Government, after issuing a challenge to France and England, had retired directly it had been accepted, though that was an intolerable humiliation to a military caste trained to a code of honour in which slights and provocation still have to be wiped out by the duel. It was that the whole theory which underlay the Prussian domination of Germany, and the confident hope that Germany was eventually to reach the first place in the world by her tremendous expenditure on armaments, had been called in question. That theory depended upon the belief that if Germany only spent enough on armaments, she would eventually beat her neighbours into subservience, either by exhaustion or, in the last resort, by war. To this end she had steadily increased her navy. With this object she had fostered in every possible way the trade and prosperity of the people, for they provided the sinews out of which power is made. And with the same purpose she had discouraged emigration and colonization. Though the acquisition of colonies has played its part in the Press campaign of the Navy League, it has never been an important aim of Government policy. Colonies in any case were a doubtful benefit. They exhausted the manhood of the home land. They were turbulent and disobedient. Emigrants went to foreign countries like the United States or South America, where wages were high, not to the barren and undeveloped colonies of Germany. It was a better policy in every way to " keep our people happy and prosperous at home," strengthening the army, adding to German wealth, and so available for the day when in a supreme struggle all the best possessions of her rivals would fall into the lap of a victorious Germany.

In accordance with this general policy the rulers of Germany had confidently expected that France, divided by religious and social quarrels, would not keep up the struggle for full national liberty much longer. This seemed inevitable from the figures of population alone.

1861.	Prussia . . .	19,000,000	France	37,000,000
1868.	North German Confederacy . .	30,000,000	,,	38,000,000
1871.	German Empire .	41,000,000	,,	36,000,000
1910.	,, .	65,000,000	,,	39,000,000

If France could only be made to suffer a few more rebuffs like that of 1905, she would reluctantly sink to the level of a second-rate power and concern herself no more with the high affairs of world politics, and one more of Germany's rivals would disappear. But Agadir made Germany suddenly realize that none of her dreams was coming true. Her restless world policy, the great Navy Laws of 1898, 1900, 1906 and 1908, the successes won under threat of war against France in 1905, and against Russia in 1909, had roused the fears of her neighbours to the point that they had composed their own quarrels and had united in a tacit understanding to resist in common the tyrannous domination of Germany. 1911, so far from proving that the Triple Entente was a powerless fiction, and that France was an effete power, had proved that German foreign policy had succeeded in uniting all Europe in self-defence and that Germany herself, for the first time in her history, had had to beat a retreat.

VIII. The Social Democratic Menace

It is not to be supposed that the whole German people, which had shown such liberal tendencies in 1848, had meekly acquiesced in the autocratic regime and in its aggressive foreign policy all these years. For the first six years after the formation of the union Bismarck leaned upon the support of the National Liberals. They hailed him as the man who had achieved one of their great ideals, and looked forward to the gradual accomplishment of the other under his guiding hand. But Bismarck had no intention of making any concessions either to Germany or to democracy,

and gradually became estranged from the Liberals. Starting his career as Chancellor with the famous Kulturkampf, an attack on the Roman Catholic party of the centre, which was particularist and suspicious of his unifying policy, he rapidly changed round in 1877. He realized that no compromise was possible between himself and any true Liberal or Democratic party. He therefore set himself to win the support of all who shared his belief in monarchical autocracy and in the ascendency of Prussia. He turned to the Prussian junker agrarians, ultra-conservative and monarchical and contemptuous of the rest of Germany, and to the Roman Catholics, who welcomed the emphasis he laid on authority and the duty of obedience and who numbered among them many of the South German rulers. From 1877 until 1907 the Government secured a docile majority in the Reichstag from these two parties—the Conservatives and the Centre. As time went on the Liberals—more and more entranced by the amazing diplomatic, financial and commercial success of Germany—forgot their principles, and came nearer to terms with the Government. One party alone was irreconcilable, the Social Democrats.

Social Democracy, in its essence, was opposition to the whole theory and system of government inaugurated by Bismarck. It repudiated monarchical autocracy. It demanded popular government, liberty and equality. It hated militarism, and the doctrine that any section of the community should be protected in an ascendency over the rest. It was bitterly opposed to an aggressive foreign policy. Social democracy collected under its banner all the elements of discontent, from the idealists, who demanded the sovereignty of the people to the individuals who were exasperated by the tyranny of bureaucratic officialdom and police. Bismarck attempted to destroy Social Democracy by force. He prohibited its organization, its newspapers and its societies. He forbade meetings of its members. He even proposed that anyone legally convicted of holding Socialist opinions should be deprived of the franchise and excluded from the

Reichstag, but his colleagues would not support him in this extreme measure. Social Democrats were abused by the authorities in the most unmeasured terms. The Kaiser said: "For me every Social Democrat is an enemy of the Empire and the Fatherland." They were described as traitors, as men without a country, as the enemies of the State. This they were not. They were often revolutionary and extreme. They had little understanding of the practical difficulties and problems of government. But they were the class in which alone the passion for liberty and self-government still flowered and which alone refused to bow before the great machine of autocratic efficiency which was gradually crushing all real independence out of the German people. And between them and the system of autocratic government, according to the Prussian tradition, no compromise was possible. They were the enemies not of Germany, but of the Prussian conception of the State. As Prince Bülow says: "The Social Democratic movement is the antithesis of the Prussian State," "for decades [it] has been combating the monarchical and military foundations of the Prussian State."*

Their power and influence in Germany steadily grew. It is shown in the following table of the number of votes polled by them at the Reichstag elections:

1884	550,000
1887	763,000
1890	1,427,000
1893	1,787,000
1898	2,107,000
1903	3,011,000
1907	3,539,000
1912	4,250,000

By 1907 the position was becoming serious. In the preceding elections they had won 80 seats out of 397. The Government was determined to cripple them. As Prince

* *Imperial Germany*, pp. 186, 189.

Bülow, who had charge of the elections, said, "It is the duty of every German Ministry to combat this movement until it is defeated or materially changed. There can be no doubt about the task itself, but there may be hesitation as to the choice of means."* It shows how abysmal is the gulf which separates Germany from popular government that a Chancellor should speak in such terms of by far the largest body of voters in the Empire. Prince Bülow, after rejecting the idea of using force as being ineffective, says that the true remedy against Social Democracy is a vigorous national policy. If every other means fails, an appeal to the deeply ingrained and carefully fostered patriotic sentiment will succeed. Such an appeal to national sentiment must be sounded in thrilling notes. "Nothing," he says, "has a more discouraging, paralysing and depressing effect on a clever, enterprising and highly developed nation such as the Germans than a monotonous, dull policy which, for fear of an ensuing fight, avoids rousing passions by strong action."†

This policy, pursued in 1906–7, was a striking success. The whole country was dissatisfied. High hopes had been entertained of triumphs in Morocco and these had been shattered by the Algeciras conference. The Bagdad railway, another project which had raised great expectations, was evidently not going to bring prestige and prosperity rapidly in its track. The war against the Hereros in German South-West Africa had been a somewhat gloomy fiasco. The excitement over expansion in China had died away when it was realized that it was mainly a matter of humdrum trade. The hoax perpetrated by the famous Captain of Koepenick reflected the prevailing temper of disgust at the management of Imperial affairs. The question of ministerial responsibility was openly discussed. Prince Bülow, however, announced in the Reichstag on November 14 that this was impossible." In Germany the ministers

* *Imperial Germany*, p. 171.
† *Ibid.*, p. 199.

were not the organs of Parliament and its temporary majority. They were the men who possessed the confidence of the Crown, and the legislative ordinances were the ordinances of the Government and the Monarch."

Immediately afterwards the Reichstag was dissolved with a tremendous appeal to national sentiment. The main issue is seen in the pronouncements of the chief parties. The Social Democrats condemned wild naval schemes and an ambitious world-policy, and reiterated their demands for democratic government. The Centre—which was out of favour with the Government—said that the issue was "whether the representatives of the people are to be bound to vote what the chief military authorities and colonial governors demand." The *North German Gazette*—the official Government organ—said the true question was "whether Germany is at all capable of developing from a European power into a world power." By a deft arrangement with the National Liberals and the Radicals, who accepted the cry of "the State in danger," Prince Bülow was able, on the second ballots, to secure the defeat of the Social Democrats. Though their poll rose from 3,011,000 to 3,539,000, their seats fell from 81 to 43. The policy of becoming a world power had prevailed. As Prince Bülow said after the election: "The whole world will recognize that the German nation sits firmly in the saddle, and that it will ride down everything which places itself in the way of its well being and its greatness." The Government reaped its reward in the fourth great Navy Law of 1908.

But though the elections of 1907 and still more the successful "shining armour" ultimatum to Russia in 1909 restored the prestige and authority of the Government, the pressure for reform did not diminish. There was great agitation from 1908 to 1910 over the reform of the Prussian constitution. The three-class system of voting and the distribution of seats had remained unchanged for nearly sixty years and was grotesquely unfair. Thus 314,000 Social Democratic voters were entirely unrepresented in the

Landtag, while 324,000 Conservatives returned 143 members, The propertied and agrarian classes returned over 300 members, the remainder, including the vast industrial districts of the Rhine, 130. Some of the constituencies contained 40,000 voters, others 500,000 or even 700,000. A bill to remedy some of the most glaring grievances was introduced in 1908. But it did nothing to change the fundamental fact that by the Prussian constitution the whole power rested with the Junker class, and that this class, from which were mainly recruited the higher military and bureaucratic officials, shared with the Court the control of the destinies of the German Empire. Hence when amendments were introduced in favour of a fair and equal franchise system they were rejected by Prince Bülow as incompatible with the welfare of the State, or in other words with the predominance of the Prussian ruling caste. In 1910 the franchise reform bill was withdrawn, for the democratic party would not accept the meaningless concessions of the Government and so prejudice their chances in the future, and the Government would offer no more. The new Chancellor, Dr von Bethmann-Hollweg, who had succeeded Prince Bülow in the preceding year, said in the Reichstag that " Prussia could not allow herself to be towed into the waters of Parliamentary government while the power of the Monarchy remained unbroken. That power of the Monarchy, which had always made it its proud tradition to be a kingdom for all, would not be tampered with."* And later in the same year, in defending the Emperor against attacks about his speech on divine right at Königsberg, he said that the Emperor's declaration as to the rights and duties of Prussian sovereigns was in no way incompatible with the Prussian constitution, which did not recognize the sovereignty of the people.

The failure at Agadir immensely increased the discontent with the Government. The Social Democrats pointed out that they had always foretold disaster from the official

* *Annual Register*, 1910.

policy. The rest of the country declared that the Government was incompetent and was going to fail in winning for Germany the position of ascendency in the world which they had always promised, if the people would do as they were told. The Reichstag elections took place immediately after the crisis, in December, 1911. The spirit of discontent was clearly indicated. Despite all the efforts of the Government the number of Social Democratic members rose from 43 to 110. As the Chancellor said in his opening speech to the new Reichstag, the oldest Parliamentary hand among them had never stood face to face with a political situation so uncertain.

IX. Reform or War

HOW deeply the ruling classes felt the humiliation of Agadir is seen in the steps they took to make sure that it should never happen again. They immediately had recourse to the time-honoured Prussian expedient—the building up of more power, so that when the next crisis came, whether it was internal or external, they might count on overthrowing their enemies and demonstrating the folly of every attempt on their privileged position. In 1912 a new Army Law raising the peace strength of the army from 515,000 to 544,000 was passed as a first instalment. In the same year a fifth Navy Law was passed, adding three new battleships to the programme and 15,150 officers and men to the personnel, and what was far more important, providing that four-fifths of the fleet should be kept permanently in commission ready to strike at a moment's notice. In the next year another, and this time a truly terrific, Army Law was introduced and passed. It provided for many new formations, 4,000 officers and 15,000 N.C.O.'s, and the annual contingent of recruits was increased so that the peace strength of the Army should rise to 870,000. At the same time a special levy on property was announced

amounting to £50,000,000, to be all paid by July 1, 1914, and to be spent on fortifications, equipment, and other capital preparation for war. This Bill was justified by the Chancellor because it was "according to the unanimous judgment of the military authorities necessary in order to secure the future of Germany."

These measures were passed without serious difficulty, for, as Dr von Bethmann-Hollweg said, they were "according to the unanimous judgment of the military authorities necessary in order to secure the future of Germany." The Agadir crisis was adduced as proof of a plot on the part of the Entente powers against the liberties and future of Germany, which it was necessary for every patriotic German to shatter by demonstrating finally and for ever the spirit of self-sacrifice which animated him, and the immense and irresistible power of Germany if anyone stood in her way. At the same time a vigorous campaign was instituted by the Press Bureau against France and Russia. The moral of the Agadir crisis for Germany was that France was no longer afraid of Germany and had become warlike once more. A report to the French Government, dated July 30, 1913, summarizes a large number of German opinions from all parts and classes as follows:

> "The treaty of November 4 is a diplomatic defeat, a proof of the incapacity of German diplomacy and the carelessness of the Government (so often denounced), a proof that the future of the Empire is not safe without a new Bismarck; it is a national humiliation, a lowering in the eyes of Europe, a blow to German prestige, all the more serious because up to 1911 the military supremacy of Germany was unchallenged, and French anarchy and the powerlessness of the Republic were a sort of German dogma."

In the case of Russia the Press campaign made much of the growing Slav peril. The presence on her Eastern frontier of the great Russian State, even more backward politically

than is Germany herself, must always be a grave preoccupation for Germany. It imposes on her, and will impose on her, the need for a large national army. But the "Slav peril" of the last few years is largely an artificial product. It is not Russian aggressiveness, but the doctrine of racial ascendency, with its forcible denationalization of the Slavs by the Germans and Magyars, and its outcome the assertion of Teutonic predominance over the Slav States of the Balkans, which has caused the estrangement between Teuton and Slav. Even so, for the last ten years there has been no true Slav menace. Russia has been paralysed by the defeat in Manchuria, and the revolution which followed it. There has been no question of her being able to attack the Triple Alliance with the faintest chance of success, even when the organization of her army was complete (1916), and she had built a navy. The real Slav menace has been that a regenerated Russia, in alliance with a regenerated France, would finally deprive Germany of diplomatic and military hegemony over Europe and force her to admit that she could no longer dictate to her neighbours under threat of war.

Hence the tremendous expansion of naval and military armaments of the years 1912 and 1913, and the intense disappointment when it was found that France was not going to be forced out of the race. For by a supreme effort in the year 1913 France passed a Bill providing that every soldier should spend three years instead of two with the colours. This did not increase the war strength of the Army, as the whole available population was already conscribed, but it strengthened its peace footing, and kept such a number of men in the Army that the enlarged peace force of Germany would not be so superior as to be able certainly to overwhelm it before mobilization was complete.

Despite the ominous signs the Liberal Government in Great Britain persisted in its efforts to come to an understanding with Germany, and the German Government, only too anxious to keep England from becoming too intimate with France and Russia, gladly welcomed the advances. There was

great friendliness during the London Conferences over the Balkan wars, and an agreement was reached, shortly before the outbreak of war, about the access of the Bagdad railway to the Persian Gulf. But on the main issue—the expansion of armaments—Germany refused to make the slightest concession. England explained that the British Empire with its vital parts, the British Isles, Canada, Australia, South Africa, New Zealand and India, distributed all over the world, could not possibly afford to allow Germany, which already had the most powerful army in the world, to build a fleet equal to her own. But she was content with a 60 per cent superiority over Germany, and would gladly agree to a simultaneous reduction of programme on the basis that these proportions were maintained. On the other hand, if Germany persisted in her policy of expansion, it would do her no good, for England was resolved that for every Dreadnought added to the German programme, she would build two. In this way it was hoped that at any rate further expansion would be prevented. But the ruling classes in Germany were wedded to their policy of armaments, and their reply was yet another new Navy Law in 1912. In July, therefore, Mr Churchill introduced supplementary Navy estimates amounting to £990,000, stating that these were the direct result of the new German Navy Law, the fifth large increase of the German programme in fourteen years, which provided for four-fifths of the German fleet being kept in instant readiness for war.

In the same year Mr Haldane went on a special mission to Berlin to try to arrive at some understanding with Germany on behalf of the British Government. He was authorized to give this assurance: "Britain declares that she will neither make nor join in any unprovoked attack upon Germany. Aggression upon Germany is not the subject and forms no part of any treaty, understanding or combination to which Britain is now a party, nor will she become a party to anything that has such an object." The German Government replied that the basis of any understanding must be

an absolute pledge from England that she would remain neutral in all circumstances in the event of Germany being engaged in war. But as Sir Edward Grey said in November, 1911, "One does not make new friendships worth having by deserting old ones. New friendships by all means let us make, but not at the expense of the ones we have." The German proposal would have meant the desertion of France in her struggle for national freedom. Moreover, the new German Army and Navy Laws were an obvious menace to the liberty of Europe. No free country could guarantee to stand as a spectator aside, while they were being used to tyrannize over weaker powers. So the negotiations fell through. Despite this demonstration of Germany's attitude towards her neighbours the Liberal Government in the next year made yet another advance to Germany. Speaking on October 18, Mr Churchill said that according to their respective programmes for 1914, England would lay down four Dreadnoughts and Germany two. He promised on behalf of the British Government that if Germany would put off laying down her two Dreadnoughts for twelve months, England would put off laying down her four for the same length of time. By this "naval holiday" the relative position of the two Powers would remain unchanged, while each would have saved several million pounds which could be more usefully directed to other purposes. The proposal was rejected by Grand Admiral von Tirpitz in a firm yet friendly reply.

Thus the attempt to wear down the staying powers of France and England by a tremendous new effort by land and sea failed. The only effect was to increase the alarm and unity of the Entente powers, and to swell immensely discontent in Germany. Every class felt that the burden was growing insupportable. Even the Junkers protested against taxation, which had begun to fall heavily upon themselves. There was a growing feeling that the situation was intolerable and must relieve itself—if need be, by war. The military party, of course, were set on this solution, as they believed

that success was certain; and it was said that the Emperor, hitherto favourable to peace, was going over to their view. Moreover the effect of their teaching of the last forty years had begun to tell decisively upon the masses of the nation and there was strong popular approval for the doctrine that if her neighbours would not admit the paramountcy of Germany in Europe peaceably, they must be made to do so by force. How much the Chauvinist doctrine has spread of late years appears from the following quotation from Professor Otfried Nippold:

> "Hand in hand," he says, "with this outspoken hostility to foreign countries are enjoined a one-sided exaltation of war and a war mania such as would have been regarded as impossible a few years ago. One can only confess with regret the fact that to-day there is so much irresponsible agitation against other States and nations and so much frivolous incitement to war. It cannot be doubted that this agitation is part of a deliberate scheme, the object of which is gradually to win the population, and if possible the Government, by any means whatever—even by the distortion of fact and malicious slander—for the programme of the Chauvinists. These people not only incite the nation to war, but systematically stimulate the desire for war. War is pictured not as a possibility that may occur, but as a necessity that must come, and the sooner the better. The quintessence of the teachings of the organizations of Chauvinism . . . is always the same; a European war is not merely an eventuality for which we must be prepared, but a necessity for which we should in the interest of the German nation rejoice. From this dogma it is only a small step to the next maxim of the Chauvinist which is so dear to the heart of the belligerent political generals—the maxim of the 'war of attack,' or the so-called preventive war. If war has to come, then let it come at the moment most favourable to us. In other words do not let us wait until a formal cause for war occurs, but let us strike when it best suits us, and above all let us strike soon."

How powerful these Chauvinist organizations were may be inferred from the fact that the German Navy League in 1907 had a subscribing membership of over a million, while its monthly newspaper, *Die Flotte*, had a circulation of 375,000 copies. During the last few years the flood of literature on the inevitability and "duty" of war has steadily increased.

The character of the propaganda is exactly expressed by the leaders of the "Young Germany" movement. One of them wrote in its official organ for 1913:

> "War is the noblest and holiest expression of human activity. For us, too, the glad great hour of battle will strike. Still and deep in the German heart must live the joy of battle and the longing for it. Let us ridicule to the utmost the old women in breeches who fear war and deplore it as cruel and revolting. No, war is beautiful, its august sublimity elevates the human heart beyond the earthly and the common. In the cloud palace above sit the heroes, Frederick the Great and Blucher, and all the men of action—the Great Emperor, Moltke, Roon and Bismarck—are there as well, but not the old women who would take away our joy in war. When here on earth a battle is won by German arms and the faithful dead ascend to heaven, a Potsdam Lance-corporal will call the guard to the door, and old 'Fritz,' springing from his golden throne, will give the command to present arms. That is the heaven of young Germany."*

Moreover, the standard of political morality in international affairs had steadily fallen under the influence of the Prussian teaching about the State. For this degeneration Bismarck himself is in great measure to blame. In his retirement he delighted to talk about his own diplomatic skill and cunning.

> "The conclusions drawn from these disclosures and others which followed were exaggerated, but the naïve,

* Quoted by Mr W. H. Dawson. *What is Wrong with Germany.*

simple belief of the people was irretrievably destroyed. Where they had been taught to see the will of God they found only the machinations of the minister. In a country where patriotism had already taken the place of religion, the last illusion had been dispelled; almost the last barrier had been broken down which stood between the nation and moral scepticism."*

Meanwhile war began to darken Europe for the first time for many years. In 1911 war had broken out between Italy and Turkey over Tripoli, and by the spring of the next year Tripoli had been annexed to the Italian kingdom. Though the Triple Alliance was solemnly renewed in the autumn of 1912, one half of its foundation had thus been knocked away. Bismarck had succeeded in inducing Italy to join the Triple Alliance in 1882 by secretly urging France to annex Tunis, which Italy coveted, in the preceding year. By the acquisition of Tripoli, which France encouraged, Italy was now appeased and the two countries were reconciled. There was only the other foundation for the Triple Alliance left, the necessity of avoiding constant quarrels and warlike gestures between the ancient enemies, Italy and Austria, which for twenty years had been prevented, by uniting them in an alliance. But an alliance was only possible so long as the general policies of the two countries did not conflict, and events in the Balkan Peninsula and the general trend of Austro-German policy began to drive the two countries further and further apart. In 1912 the first Balkan War broke out and led to the rapid overthrow of the Turkish Empire in Europe. This was a severe blow to Austro-German policy, which aimed at establishing a permanent hegemony of the Balkan Peninsula, based upon the overwhelming military strength of the central European Powers to the north and the military regeneration of Turkey by German officers to the south. The first Balkan War not only weakened Turkey but placed a barrier of Slav and Greek States across the road. This was especially objectionable to Aus-

* Headlam, *Life of Bismarck*, p. 460.

tria-Hungary, as the success of Serbia immensely complicated her own internal problems, by increasing the prestige of the Serbian people and raising the hopes of the Serbo-Croat subjects of the monarchy for their eventual liberation from the Magyar yoke, and union inside or outside the monarchy. Accordingly, under Magyar influence the Austro-Hungarian Government, which had already put an absolute embargo on Serbia's obtaining access to the Adriatic, incited Bulgaria to attack her former allies. But so far from improving the position it made it a thousandfold worse, for Serbia and Greece, assisted by Rumania, were immediately victorious and came out stronger than before. It was during this time that Austria-Hungary proposed to Italy that they should join in overwhelming Serbia before she could recover from two wars, and so settle the business once and for all in favour of the monarchy. But Italy had no desire to see Austria predominant in the Balkans. Russia also emphatically declared that any military attack on Serbia would mean war with Russia. And Germany, who was still in the middle of her military preparations, supported loyally Sir Edward Grey's efforts for peace by making it clear at Vienna that if Austria-Hungary became embroiled with Russia through military aggression on Serbia she would not have German support, and by making it equally clear in Petrograd that if Russia quarrelled with Austria-Hungary so long as the latter did not attack Serbia, Germany would fight with her ally. Hence the crisis passed by. But it was not over, as was shown by the fact that in the same year Austria-Hungary voted £28,000,000 for extraordinary military expenditure.

X. The Outbreak

EUROPE was in this dangerous condition when a Bosnian assassin murdered the heir to the Austro-Hungarian throne—the Archduke Francis Ferdinand—in Serajevo on June 28, 1914. The tragedy had a double effect.

It removed the one man who might have solved the Slav problem in Austria-Hungary by peaceful statesmanship, and it threw absolute power into the hands of the Magyar party of racial ascendency and expansion by force of arms. This party at once determined, come what might, to make an end of Serbian independence and Southern Slav aspirations.

In Germany also it was felt that a crisis in the national history had come. Now if ever was the time to prove that, despite Agadir, Germany and her allies were the predominant power in Europe, and to rehabilitate the prestige of the ruling classes. The method chosen was exactly that of 1905, 1909 and 1911. The two Governments presented the powers of the Entente with a choice between surrender and war. Only this time there was to be no parley or delay. The alternatives were to be inexorable. Either the Entente powers had to give way and allow Austria-Hungary to destroy the liberties of Serbia, or they had to take up the gauntlet and fight Germany and Austria-Hungary at a time chosen by themselves. In either event Germany felt sure of victory. If the Entente powers, when faced with war, retreated and allowed Austria-Hungary to work her will on Serbia unmolested, Germany would have asserted her military predominance in the most decisive and unmistakable fashion to the whole world. The Triple Entente, too, by admitting its uselessness in a real crisis, would almost certainly break up and the diplomatic ascendency of Germany in Europe would then be undisputed. If the Entente powers accepted the challenge, the prospects were even better. The great German General Staff had long promised a short and successful war, like those of 1866 and 1870. The most perfect of all the products of the German genius for organization, and trained in the wonderful school of Moltke, it had thought out every detail of the great campaign for the mastery of Europe. Provided it could choose its own moment for war, it was ready to guarantee to smash the French army and occupy Paris in three weeks and then turn

back and, in conjunction with the Austrian armies, prove to Russia that she could make no sort of impression on her Teuton foes. France might fight on, but she would never be able to eject the German armies from Paris and North France, and as the indemnities extracted from both gradually bled her to death she would be compelled reluctantly to make peace. England would probably not come in. In any case she would intervene too late, and her army was too small to affect the issue in the decisive military theatre, and if France and Russia were defeated it was only a question of time for England to make peace too.

This plan involved, it is true, the violation of the neutrality of Belgium, and strategic railways to the Belgian frontier had accordingly been commenced as long before as 1906, but Belgium could not be allowed to stand in the path of the German destiny. Moreover, the Belgian route made the rapid conquest of France almost certain, and it had the additional advantage, if Belgium resisted, that Germany would be able to keep some portion of that country at the end of the war, thus bringing her frontiers within 120 miles of Paris and making it finally impossible for France to think of resisting her will by force of arms after the war. To the German General Staff victory was as certain as human foresight could make it. The omens at the moment were propitious. Italy, it was known, would not join in such a war. But she could be counted on to be neutral. Russia would not have completed the reorganization of her army till 1916, and was troubled at the moment with strikes. In France the railways were supposed to be disorganized and revelations had recently been made showing a great shortage of equipment and supplies. England was manifestly pacific, and was so divided internally as to be on the verge of civil war in Ireland. On the other hand, the German army had just been increased. Enormous sums had been spent both in Germany and Austria-Hungary on arms, equipment and stores. And Turkey was almost in German hands. Such a favourable opportunity might never return

Moreover, the murder of the Archduke was an excellent pretext. Austria-Hungary certainly had a case against Serbia. It would be quite easy to persuade the whole German people, already alarmed by the press campaign of 1913 over the designs of France and the Slav peril, that Germany had been wantonly attacked and that it was the duty of every citizen to support the Government without criticism or question, in defence of the safety and liberty of the Fatherland.

Hence the character of the ultimatum. It was so framed as to make acceptance impossible and to be a deliberate challenge to Russia. An answer was required within forty-eight hours, which gave no time for negotiation or mediation or for any of the ordinary expedients for averting war. Directly it expired, military movements against Serbia were begun. To every representation Germany replied that the question was a purely Austro-Serbian one in which the rest of the world had no concern. She passed on the suggestions of Sir Edward Grey and others, but she backed her ally in refusing to discuss them. In a matter which had for many years been the common subject of diplomatic intercourse, and which had been under consideration during 1912 and 1913 at the London Conference of Ambassadors, and which manifestly affected the rights of other nations and the peace of the world, Europe was told that it had no concern. Germany and Austria-Hungary were determined to settle the question in their own way and would fight rather than allow anyone else to interfere. Germany, in fact, which had claimed for years the right to interfere in every problem throughout the world and had claimed that nothing should be done anywhere without her consent, now insisted on settling a European question in her own way, and declared that nobody else, even those vitally interested, was to be allowed a voice.

The correct proceeding would have been for Austria-Hungary to declare to Europe that she was convinced of Serbian complicity in the Serajevo crime, that the situation

was growing intolerable, and that unless by the pressure of the Powers Serbia could be induced within reasonable time to give security that she was not attempting to dismember the Habsburg monarchy, she would be forced to take drastic action. This would have given reason and diplomacy a chance, and a general European war would probably have been averted. But the crushing of Serbia was to Austria an act of policy prompted by the Magyar determination to maintain their ascendency over the Southern Slavs, and had been decided on long before the assassination. And to Germany the Serbian affair was only the pretext for another diplomatic *coup* with the mailed fist, and her approval to the method of the ultimatum was given with an eye to the humiliation of the Entente rather than to the punishment of Serbia.

It is quite impossible at present to say whether the Emperor and the Chancellor contemplated war from the beginning. Probably they calculated that, if their action was sudden and decisive enough, their opponents, divided and distracted by internal difficulties, would hesitate and then give way, and that after their humiliation had been established, an agreement would be patched up. But they must have known that after 1911 it was impossible for them to make concessions themselves, and that after the rebuffs of 1905 and 1909 it was very difficult for France and Russia to retreat in the face of threats, and that the policy of an ultimatum with a time limit was as likely to bring Europe to war as any policy could do. In determining, therefore, to challenge Europe in this way they must have been prepared for war as a likely, if not a certain, outcome. It is evident that there was a moment's hesitation on the part of the Emperor and the Chancellor on July 29, when it had become clear that the powers of the Entente were not going to submit to the fourth threat of war in nine years, and that war was inevitable unless Germany and Austria were willing to treat the question as a European question and to discuss a settlement based upon the concessions promised in the

almost abject Serbian reply. But at this crucial time the final defect of the Bismarckian system inclined the balance. Though the Chancellor is, under the Emperor, the ruler of Germany, he has nothing to do with the Army. The Emperor himself is sole head of the Army. During the preceding ten years, under the pressure of the great German military engine and under its constant threats of war, the whole of Europe had been lined up into two great military camps. As their military preparations were perfected, the factor of time became increasingly important. The Power which could strike first and before its opponent was mobilized and in position could make victory almost certain. And so now, directly the military machine had been set in motion by the Austrian ultimatum, the German General Staff swept the Foreign Office aside and took charge. The mobilization of the Austro-Hungarian army against Serbia and its attack on Serbia were followed by the mobilization of the Southern Russian army, for in no other way could Russia show that she meant to save Serbia from annihilation. This precipitated preliminary preparations in Germany, which in turn led to general mobilization in Russia, and this prompted the final ultimatum to Russia that the only alternative to war was the abject surrender of Russia, signified by the total demobilization of her whole army. War, indeed, was almost certain from the time Austria began to move. It was absolutely inevitable from the time that Russia, responding to preparations in Austria and Germany, mobilized in her northern districts, for that brought into operation the terrible time-table which the German General Staff had prepared to ensure certain victory for the German arms.

There was only one question in doubt—whether England would fight. So little attention had been paid in England of late years to foreign affairs that there was but the vaguest understanding in the country at large of what the German menace really was. But there was a general feeling that if France was to be attacked England had no option but to

stand by her, in view of the tacit but none the less real obligations of the Entente. But it was the violation of Belgian neutrality that brought home to the whole population what it was that Germany was aiming at, and crystallized feeling into immediate action. From that moment there was no hesitation. History will probably record that it was the failure of the German General Staff to appreciate how powerful the spirit of liberty could be in countries which had enjoyed political freedom, that was the primary cause of the failure of their original plan. It was the wonderful courage of the Belgian people in refusing a free passage to the heart of a friend, at terrible cost to themselves, that gave the respite which enabled the French to complete their mobilization, and which brought the British into the war before the German plan had been carried through and all resistance in Western Europe had been crushed to the ground.

XI. Absolutism or Democracy

AFTER this examination of history, it is possible to distinguish between the occasion and the cause of the war. The murder of the Archduke, the ultimatum and its time limit, the mobilization of Austria-Hungary or Russia, all these were but the immediate occasions. The true cause was the tragic parting of the ways during 1848–70, when France and Italy chose the road of popular government, and Germany and Austria-Hungary were driven by force into accepting autocratic rule. The question at issue during those years, says the biographer of Bismarck, had been whether the Crown or Parliament should rule, and "the Crown had won not only a physical but a moral victory."

> "From that time the confidence of the German people in Parliamentary government was broken. Moreover it was the first time in the history of Europe

in which one of these struggles had conclusively ended in the defeat of Parliament. The result of it was to be shown in the history of every country in Europe during the next twenty years. It is the most serious blow that the principle of representative government has yet received."*

Prince Bülow gives the same verdict. "Liberalism," he writes, "in spite of its change of attitude in national questions, has to this day not recovered from the catastrophic defeat which Prince Bismarck inflicted nearly half a century ago on the party of progress which still clung to the ideals and principles of 1848."†

How fatal the triumph of autocracy has been all subsequent history has shown. During the last fifty years the great German people, which had led the world for so long in thought and music, and which still leads it in its capacity for accurate and fearless research and for organized enterprise, has been steadily corrupted. Instead of being made to understand that they were free citizens, and that as free men they were responsible for their country's actions, and that by no jugglery of argument about patriotism could they absolve themselves of that responsibility, Germans were taught that it was the highest citizenship to obey without question the direction of an hereditary caste. Character, the habit of acting under a sense of responsibility for one's actions, is the special, as it is the noblest, product of freedom. The national character of Germany has been steadily undermined by the political system inaugurated by Bismarck. And so Prince Bülow, after ten years as Chancellor, despairs of the political capacity of his own countrymen. "Despite the abundance of merits," he says, "and the great qualities with which the German nation is endowed, political talent has been denied it." And Mommsen, the historian of Rome, writing in 1903, says of Germany, "There are no longer free citizens."

* Headlam, *Life of Bismarck*.
† *Imperial Germany*, p. 120.

Autocracy has corrupted German "kultur" no less than it has corrupted the German people. "Kultur" embodies much that is priceless and noble in the sphere of art and intellect. But it contains also that element of slave morality which Nietzsche's free spirit discerned in his countrymen and denounced with such passionate rhetoric. "Kultur" is no longer the pursuit of beauty and truth wherever they may lead, but the acceptance of German standards of beauty and truth. If they do not prevail by their own virtue, then they must be enforced by the State. That is why, to a modern German, German "kultur" must be spread by the sword, and why "a place in the sun" means an extension of the German State. "Kultur," in fact, does not fully exist until the State has robbed the individual of his liberty and in return has organized, educated, blue-booked and inspected him into an obedient and useful cog in the great national machine.

Finally, the triumph of autocracy in 1871 has led to the fatal doctrine of ascendency which is the proximate cause of the war. It is inevitable that an autocratic caste should wish to extend its dominion. The only check on the ambition of rulers is the power of the people, who, if left to judge for themselves, care little for such things. But the people of Germany, misled by the exceptional features of their own history from 1864 to 1870, corrupted by the malignant teachings of the great governmental machine, and deprived of all chance of developing that political character and self-reliance which is the security for honesty and fair play in public policy, accepted blindly the gospel that it was their destiny, under the direction of the State, to dominate the world by force of arms. They failed to realize that their western neighbours were resisting not Germany but the fatal principle by which the Germans were enslaved. Deserting liberty themselves, they soon began to forget or ignore the rights of others and to believe that their State could do no wrong. The worship of the State became almost a new religion, claiming

implicit self-sacrifice and implicit obedience from its devotees. Yet in Germany the State is not even the people. It is the Emperor, the Prussian aristocracy, the army and the bureaucracy. It is in their interests, not the interests of the German people, that the gospel of "frightfulness," ascendency and war has been invoked and that countless thousands of lives, German and non-German, have been destroyed. That is the terrible truth which emerges from a study of the history of Europe during the last hundred years.

Thus the great war, in its essence, is the time-honoured struggle between the principles of liberty and tyranny, democracy and autocracy. Its first manifestation in history was when the Persian king, determining to allow no peoples to refuse his overlordship and to govern themselves, encountered a spirit such as was unknown in his own enslaved dominions at Thermopylæ, Marathon and Salamis. It was not so much that the great King wanted to rule the Greeks. It was that he could not bear that any people should claim absolute independence of himself and refuse to acknowledge that in the last resort his will was their law. This is exactly what modern Germany, under the impulse of her rulers, has been contending for in Europe.

> We must put aside [says General von Bernhardi] all such notions of equilibrium. In its present distorted form it is opposed to our weightiest interests. The idea of a state system which has common interests in civilization must not of course be abandoned, but it must be expanded on a new and more just basis. It is not now a question of a European state system, but of one embracing all the states of the world, in which the equilibrium is established on real factors of power. We must endeavour to obtain in this system our merited position at the head of a federation of Central European States, and thus reduce the imaginary European equilibrium in one way or another to its true value, and correspondingly to increase our own power.

According to this teaching, Germany can tolerate no equal. It is a case of world-dominion or downfall. And Dr von Bethmann-Hollweg admitted the dominance of this idea

when he said in 1911 after the set-back at Agadir, "The dominant chord of the passionate feeling which prevails in wide circles is the will of Germany to assert herself in the world with all her strength and capacity."

Such a claim no other nation could admit and still pretend to be a free people. As against the German policy of ascendency, known as the doctrine of the unity of Europe, the democratic nations, such as England and France, set the doctrine of the balance of power. The doctrine of the balance of power is founded on the principle that nations are free and equal, and are entitled to go their own way and develop along their own lines, so long as they do not aim at enslaving or robbing their neighbours. And it has for a primary object the recognition of law, as expressed in treaties, as the foundation of international relations. The doctrine of the balance of power, indeed, is the doctrine of liberty, equality and fraternity between nations. The doctrine of the unity of Europe, as taught by Prussia, is the doctrine of the ascendency of one power and the subservience of the rest. The one is the natural outcome of government by the people, the other is the inexorable result of government by an autocratic caste. And it is the question of whether the nations of the Continent shall retain their full freedom, or whether autocratic Germany shall, by defeating them, make it impossible for them to resist her will again, an issue fraught with incalculable results for the world and the progress of mankind, which is being fought out on the grim battlefields of Europe to-day.

But though the dynamic cause of the war has been the instinctive desire of autocratic Germany to destroy liberty in Europe by tolerating no equal to itself, let us not think that no measure of responsibility rests upon the democratic nations of the world and especially ourselves. Just as an autocracy by the law of its own being tends to militarism and the gospel of force, so a democracy tends towards folly and blindness in its external relations. Power

rests with the people, and they are so preoccupied with their internal problems, with social reform, the abolition of privilege and the equalization of opportunity, that they wilfully blind themselves to the hard and difficult problems of the outside world. By talking peace they think they can escape the necessity for that resolute and farsighted foreign policy by which, in a world divided into independent sovereign States, peace can alone be maintained. It is a painful truth that, since democracy became a reality in England, the Government has tended to shelter itself behind a kind of Monroe doctrine for the British Empire. This doctrine is called the policy of "avoiding foreign entanglements." Such a policy, if blindly followed, can only lead to disaster, just as our failure fully to face our foreign responsibilities has led to disaster now. The world is one whole, and what goes on in one part is bound sooner or later to react on every other part. We realized this dimly during the early years of this century, as the gospel of military aggression gained greater and greater hold on Germany. But we never faced the full consequences of the situation. Even after the revelation of Germany's true policy in the years 1906-1909, even after Germany at Agadir and by the great Army and Navy Laws of 1912 and 1913 had made it demonstrably clear that she refused to accept Sir Edward Grey's diagnosis, that peace in Europe could be maintained only by nations respecting one another's liberties, we deluded ourselves with false hopes. The charge which history will level against England is not that she has hemmed Germany in and been selfish and grasping. It will rather be that in the face of a manifest plot against democracy and liberty, after overtures of friendliness, supplemented by acts, not promises, of disarmament had been scornfully rejected, she did not face the facts, make good her preparations, establish definite and avowed relations with other threatened powers, and so make it clear to Germany that she could not make herself the tyrant of Europe by force of arms.

On us the chief responsibility for blindness chiefly rests, for we condemned as alarmists and fools the farsighted prophets who sought to bring home to us what our responsibilities were. But it rests also in some measure on other peoples who are dedicated to the cause of liberty. It rests with Canada, which was not less blind. It rests with Italy, which remained in alliance with an autocratic and reactionary State. And it rests also with the great Republic which most claims to be the home of liberty and which for nearly a hundred years has believed that it could think only of its own affairs and had no responsibility for the maintenance of liberty and justice beyond its own shores. The practical lesson of the war is that the whole trend of democratic policy has been one-sided and blind. In future no nation can afford to ignore the outside world. Every nation that has self-respect must direct its policy consciously towards the improvement of international relations and must assume the liabilities and obligations which such a policy involves. The consideration, however, of the manner in which this lesson will affect international relations in the future must be reserved for an article in the next number of this review.

When wrong is being done, or free men are being enslaved, it is the duty of the strong and honourable man to step in and prevent it, if he can, and if need be by force. Any other course only leads to the triumph of evil. The inevitable tragedy of the victory of force is nowhere more strikingly exemplified than in Germany itself, where, in acquiescing in the forcible establishment of a tyrannical Government in their own case, the German people have gradually lost the sense of liberty themselves, and so have been led to make the supremest sacrifices in order to extend that tyranny over their neighbours. So now our only duty is to spare no effort to defeat the attempt of autocratic Germany to establish the reign of might in place of the reign of liberty throughout Europe. And it is doubly important because on the issue to the conflict will depend not only the liberties of France, Belgium and the minor Powers, and the

future peace of the world, but the future of Germany also. As late as 1914, Professor Delbruck, the successor of Treitschke in the chair of history in Berlin University, wrote:

> "Anyone who has any familiarity at all with our officers and generals knows that it will take another Sedan, inflicted on us instead of by us, before they will acquiesce in the control of the Army by the German Parliament."

When once the German autocracy has met its Sedan, the German people, abandoning false dreams of conquest and dominion, may learn the true lesson of the war and take the direction of their own destinies into their own hands. And when that happens, the mainspring of militarism and the Prussian cult of power will be destroyed. For in a democratic State, the State is the people, not a class covetous of dominion and power. And the policy of a people tends to concern itself not with the glory of the State, but with the welfare of the community, and to be guided, not by the immoral principle that power is law, but by the same standards of justice, equality and freedom which it follows in its own internal affairs.

NIETZSCHE AND THE "CULTURE-STATE"

THE name of Nietzsche is at present so closely associated with the aggressive national faith of Germany that a prominent bookseller in London advertises a list of works and pamphlets upon "The Euro-Nietzschean War." The prophet of the superman doubtless lends himself to misinterpretation of this crude and sweeping kind. But Nietzsche's countrymen have in truth had no keener or more unsparing critic than the wild seer who is supposed, even by many of themselves, to have preached and justified their present ideals. His own preoccupation was not with physical but with spiritual wars; and, so far from esteeming the culture of modern Germany, he denounced it as the arch-enemy of that new aristocracy of character and intellect which he foreshadowed in visions of the superman. He was wont to call himself, above all things, a "good European," for his ideal of culture transcended national boundaries and looked only to the production of the highest human type. He must turn in his grave at the claims which German culture is parading with such fierce and unanimous conviction to-day.

Nietzsche's true creed, or glimpses of a creed, need not detain us here; but his criticism of modern Germany will illustrate better than anything else the fundamental wrongness of the national ideals against which England has drawn the sword. There is no hatred of Germany in England comparable to the hatred of England in Germany. On the contrary, most Englishmen are conscious of some affinity

to the German race, and they trace their present antagonism only to the fact that the modern ideals of Germany are contrary to the true spirit of Germany in the past. Kin to the English stock, and devotees of self-government in their earliest time, the German people are now the protagonists of reaction towards the twin doctrines of subordination and ascendency—subordinate themselves to an all-righteous and omnipotent State, and vowed to win ascendency for that State over all other peoples. Their culture is, in fact, a form of enslavement to the State—not only menacing, as it seems to Englishmen, the cause of freedom everywhere, but contrary to the German genius itself. It is vain for foreigners to press an indictment of this kind, but the German people may read it, clause by clause, in Nietzsche's penetrating criticism of the "Culture-State." He was teaching in a German university when his ideas began to take shape; he had served in the German army; he had been raised in German schools. Englishmen may, therefore, take his testimony as good foundation for their belief that a momentous conflict of ideals is the true reason of this war *à outrance* between the two great branches of the Teutonic race.

Nietzsche's first criticism of his country's ideals was delivered at Bâle in a series of lectures on the future of its educational institutions. The date was 1873, only two years after the creation of the German Empire; but even then he put his finger unerringly upon the main issue at stake. Was education, the great civilizing force, to be the servant of humanity or merely a German instrument? In principle, he declared, it should be the former; but it was the latter in fact, because the German system compelled it "to renounce its highest and most independent claims in order to subordinate itself to the service of the State." In a striking picture, he compared the dissemination of culture under the German State to a reeling, torch-lit and self-absorbed procession of worshippers, intoxicated by the mysteries of some pagan cult:

> The State assumes the attitude of a mystogogue of culture, and, whilst it promotes its own ends, it obliges every one of its servants not to appear in its presence without the torch of universal State education in his hands, by the flickering light of which he may recognize the State as the highest goal, as the reward of all his strivings after education.*

The origin of this subjugation of culture by the State may no doubt be traced, as Nietzsche himself points out, to the period of the War of Liberation, when Prussia called upon all her great intellectual resources to build the State anew and deliver it from the dominance of French arms. Hegel's panegyric of the State as "an absolutely complete ethical organism, the be-all and end-all of every one's education,"† has certainly drawn much of its power over German thought from the experience and wonderful achievement of that period of national regeneration. But throughout the first half of the nineteenth century a more liberal view of the State might easily have overcome the Prussian cult. Such a view struggled hard for mastery during the critical twenty years which preceded Bismarck's entry into office as Prussian Minister-President, and the great reaction dates definitely from the dazzling successes of the German people under his iron leadership in 1866 and 1870. When the present Emperor ascended the throne, the last hope of a peaceful Germany faded into air. The only question that remained open was whether the Prussian system would force the latent spirit of liberalism into revolt within the Empire itself before it embroiled the Empire with the outer world.

Unhappily, as Nietzsche so clearly saw, the State was able to control the very well-springs of education and to use them solely for its own ends. The "militarism" which England denounces in Germany is not the existence of a great army of conscript soldiers, animated with a splendid

* *The Future of our Educational Institutions* (Vol. III, Complete English Edition), p. 86.

† *Ibid*, p. 90.

spirit of patriotism and self-sacrifice. All the great European Powers, except England, possess such armies. France, among the great nations, Switzerland, among the smaller ones, call a larger proportion of their subjects to the colours every year than Germany; yet neither France nor Switzerland is a " militarist " State. The danger of " militarism " arises only when the animating purpose and spirit of the army becomes also the animating purpose and spirit of the State; and this is only possible when every department of government and of national life, including higher education itself, lies under the dominance of governors with whom the army comes first and the nation afterwards. It is significant that, when the Emperor William ascended the throne, his proclamation to his people followed three days after his proclamation to the army. The people, it seemed, existed for the army; the army and himself were the State.

One recent episode, the affair at Zabern in 1913, will illustrate the result. Zabern, the old French Savergne, is a little garrison-town in Alsace. It seems that in December, 1913, the local Alsatians—Alsatians are nowhere patient of German government—had shown what was regarded as some lack of respect for the garrison troops. A young Prussian lieutenant thereupon offered a reward of ten marks to any soldier who, if insulted by a native of the town, struck the offender and brought him into barracks. In this harangue he used an insulting term to denote Alsatians; and it is worth observing, in view of what followed, that the definition of what constituted an insult was left entirely to the troops. The nature and language of Lieutenant von Forstner's address becoming known, there was an unfriendly demonstration outside the officers' mess, which was dispersed by soldiers with loaded rifles. The lieutenant then went out shopping, escorted by four soldiers with fixed bayonets. In the evening the popular excitement increased; whereupon the Colonel of the Regiment proclaimed martial law and placed machine-guns in the streets. The scene

which followed is thus described in the calm pages of the *Annual Register:*

> A fireman who left his supper when he heard the drums of the regiment was arrested at his door; the Judge and Counsel of the Civil Court, which had just risen, were also arrested as they were leaving the Court. The Judge was allowed to go home, but all the others (twenty-seven in number) spent the night in the cellars of the barracks, and were only liberated the next day when they were brought before the Judge for trial. . . . A further aggravation of the scandal was the arrest of a man and his wife at Metz, because the wife laughed at a passing patrol, and the wounding by Lieutenant Forstner of a lame cobbler, who with other workmen was alleged to have insulted him by " contemptuous cries," though the Burgomaster asserted it was only some children who had jeered.*

Judicial proceedings followed, in which it was proved that " when warned that his unprovoked incitement of the population was likely to lead to bloodshed," Colonel von Reuter, who commanded von Forstner's regiment, had said that " bloodshed would be a good thing," and that civilians had been arrested for " intending to laugh."† The Colonel was finally acquitted on the ground that " he did not know that he had acted illegally." He himself based his action on a Prussian Cabinet Order of the year 1820.

It must not be supposed that this example of military zeal was universally approved in Germany. It aroused a storm of controversy, and the Reichstag actually passed a resolution by 293 votes to 54 declaring that it was dissatisfied with the Chancellor's rather half-hearted defence of the conduct of the garrison. But the protest of the Reichstag and the more independent sections of the public was entirely ineffectual. The Crown Prince had telegraphed to Colonel von Reuter during his trial, exhorting him (" immer feste darauf ") to " stick to it "; and General von Falkenhayn, the Prussian Minister of War, had declared in the Reichstag that " what they had to deal with was not the

* *The Annual Register*, 1913, p. 319.

† See a good account of the episode in *What is Wrong with Germany*, by the careful author of *The Evolution of Modern Germany*.

degree of a lieutenant's offence, but *a determined attempt by Press agitation and abuse to exercise an unlawful influence upon the decision of the authorities.*" Dr Jagow, the Police President at Berlin, afterwards supported these views of the matter by explaining in the *Kreuz Zeitung* that " *military exercises are acts of sovereignty, and, if obstacles are placed in the way of their performance, the obstacles must be removed in the execution of this act of sovereignty.*" Dr Jagow may be supposed, in virtue of the office he holds, not to express public opinions upon matters of State without some idea whether or not those opinions are agreeable to the Government. When the pother had died down, his theory that " military exercises "—such as running lame cobblers through the body and shopping with fixed bayonets—" are acts of sovereignty " apparently held the field, so far as official Germany was concerned. The very mild sentence of forty-three days' detention passed on Lieutenant von Forstner was quashed by a higher military Court, and Colonel von Reuter was decorated with a Prussian Order at the beginning of the new year. It would hardly have been possible to demonstrate more clearly that in the eyes of the German Government there is one law for the army and another for civilians, and that civil must yield to military rights whenever they conflict.

It has become common to denounce the German military system for all this sinister and reactionary tendency in the German " Culture-State "; but the root of the evil is not really to be found in the mess-room or the barracks, however greatly they may seem to encroach upon the elementary liberties of civil life. The root of the evil, rightly traced, is in the schools and universities, which have been degraded by the State into an instrument for so diffusing military ideals and standards throughout the atmosphere of German life, that they now dominate all the normal processes of German thought. Professor Mommsen, the great historian, once bade the nation take heed " lest in this State, which has been at once a power in arms and a power in intelligence,

the intelligence should vanish and nothing but the pure military State remain."*

There has always been in Germany a liberal and ideal strain which has struggled steadfastly against the repression and degradation of culture by the narrow materialism of the Prussian autocracy. It showed itself in the outburst of criticism upon the Zabern incident; and it has been expressed with growing courage by a section of the literary world, which seemed until the outbreak of war to be increasing its influence. But the State has wielded so tremendous a power over national life that this reforming school has fought against impossible odds. Employment and promotion, not merely in the Government services, which absorb a very large proportion of the educated class, but in the world of education itself, even to the professorial chairs, have been made to depend entirely upon official favour; and official favour has naturally been reserved for those who further official purposes. Education and culture have, in consequence, been poisoned at the springs, and only very courageous and independent minds have escaped the contagion of the doctrine that the State is " the be-all and end-all of every one's education," the arbiter of conscience no less than of thought. For forty years, moreover, the State has been an autocratic and military tyranny; its supreme and all-sufficient expression is the Emperor with his Army and his Fleet. The national habit of mind has thus been depressed to the moral and intellectual standards of the Zabern garrison. Preferment and encouragement, in the world of higher thought as elsewhere, has depended upon subservience to this cult. The very citadel of German thought has been invaded by the soul-destroying ways of Court sycophancy and Byzantinism, and men of independent mind have been steadily prevented from exercising their proper influence on State policy and the direction of national ideas. Almost the last words which Nietzsche wrote were, like his first, devoted to this theme:

* Quoted in *What is Wrong with Germany*, p. 116.

Not only have the Germans entirely lost the *breadth of vision* which enables one to grasp the course of culture and the values of culture; not only are they one and all political (or Church) puppets; but they have actually *put a ban upon* this very breadth of vision. A man must first and foremost be " German," he must belong to " *the* race "; then only can he pass judgment upon all values and lack of values in history, then only can he establish them. To be German is in itself an argument; *Deutschland, Deutschland über alles* is a principle; the Germans stand for " the moral order of the universe " in history. Compared with the Roman Empire, they are the upholders of freedom; compared with the eighteenth century, they are the restorers of morality, of the Categorical Imperative. There is such a thing as the writing of history according to the lights of Imperial Germany. There is, I fear, anti-Semitic history. There is also history written with an eye to the Court, and Herr von Treitschke is not ashamed of himself.*

Does not this hit off the keynote of every defence of German policy in the present war?

The part played by every country in world politics is determined, not only by its interests, but by the spirit of its institutions. The much belauded culture which Germany is striving to impose upon the world is the product of a military State which has not merely conscribed its subjects' bodies—as every State must claim the right to do—but has also conscribed their minds. The German State has exalted its interest as the only law; and to this law it appeals, not only over the individual conscience and liberty of its own subjects, but over the moral conventions and ideas by which all civilized States are striving to regulate the crude arbitrament of force. It has standardized German culture as a State product for its own material ends, and German culture has become its body-slave. " The State—what is that? " cries Zarathustra in Nietzsche's favourite work:

> The State is called the coldest of cold monsters. And coldly it lieth. And this lie creepeth out of its mouth: " I, the State, am the people." . . .
>
> " On earth there is nothing greater than I: God's regulating finger am I," thus the monster howleth. And not only those with long ears and short sight fall upon their knees. . . .

* *Ecce Homo.* (Vol. XVII, Complete English Edition), pp. 123-4.

The new idol would fain surround itself with heroes and honest men. It liketh to sun itself in the sunshine of good consciences—the cold monster!

It will give you anything if you adore it, the new idol: thus it buyeth for itself the splendour of your virtue and the glance of your proud eyes....

What I call the State is where all are poison-drinkers, the good and the evil alike.

This is the poison which has twisted the features of German culture and clouded its eyes, and made of it a by-word among all peoples of free mind. *It will give you anything if you adore it, the new idol; thus it buyeth for itself the splendour of your virtue and the glance of your proud eyes.* What is that but the old curse of Byzantinism, infecting the thought and conscience of the noblest with the taint of slavery, the more insidious because disguised as personal sacrifice to a lofty and transfiguring idea? The Prussian system of State worship, which exalts the monarch as a hierarch mediating between God and the people of his choice, is nothing but the secular cult of absolutism and theocracy in a new and more subtle guise; and the struggle against it is England's historic struggle against the principle of blind obedience to authority in human affairs—the struggle between free life and slave life, between all that goes with representative government and all that goes with the divine right of kings. It is strange to reflect, now that the issue is so plain, how clearly it was stated many years ago by the German philosopher most generally acclaimed as the prophet of modern German ideas.

The victory of England and France will end the menace of this reaction from the Western world, but in Germany itself the transformation can only come from within. To speak of " crushing German militarism " by force of arms is to adopt the very fallacy against which we are fighting, that culture can be imposed by war. The hope of freedom in Germany rests not on any such insubstantial ground, but on the reasonable assurance that, if the successes of the

Prussian system are once reversed, the truer mind of Germany, which is not dead but overlaid, will recover its proper influence upon the German State. Nietzsche himself—to quote him for the last time—declared again and again that the true German spirit was at variance with the modern claim of the German State to arrogate all culture to its own use:

> Hiddenly or openly [he wrote in 1873] this purpose of the State is at war with the real German spirit and the education derived therefrom; . . . with that spirit which speaks to us so wondrously from the inner heart of the German Reformation, German music and German philosophy, and which, like a noble exile, is regarded with such indifference and scorn by the luxurious education afforded by the State.*

Solitary though the spirit of idealist Germany be, and though, as Nietzsche says: " the censer of pseudo-culture be swung far away from it," amid the acclamation of a drugged and deluded host of teachers, historians and seers, there is still alive in Germany the strain which made the greatness of her people in the past. There will be no hatred between the British and the German Empires when once that freedom of spirit comes again to its own in German life, "like a wind out of fair places, with healing in its wings."

* *The Future of Our Educational Institutions*, p. 89.

CANADA

I. War Measures and Politics

THERE will be sober rejoicing in Canada when we know that the Canadian forces at Salisbury have completed training and gone to the front. It was not thought that so much time would be required to fit the troops for active service. It is hard to feel that we are assisting in the actual defence of the common Empire while they remain in England. Vagrant reports come back to us of imperfect discipline and defects in organization. But we have faith in the essential quality of the Canadian contingent, and a settled conviction that in the field they will not dishonour Canada or the Empire.

It must be remembered that we have no warlike traditions, no permanent military organization, no equipment adequate to the service we desire to render. For years appropriations for the militia have been grudgingly yielded by Parliament. Many rural regiments have gone to camp in successive seasons with a percentage of "volunteers" under contract for the period of training. Even in the centres of population service with the militia has been regarded by a considerable element of the people as a social pastime, rather than as the discharge of patriotic duty, or as serious preparation for actual warfare. We were enfeebled by academic pacificism, and sunk in happy and easy torpor. We were persuaded that on land and sea we were secure and hardly conscious that we were protected by the

British Navy, the defensive resources and the diplomatic alliances of a powerful Empire. But at least we did not sleep on when the test came, and the slumber in the future will never be so profound.

It was inevitable that the first Canadian expeditionary army should contain much raw material. It is perhaps surprising that the organization was not more faulty and the equipment more imperfect. But it is impossible to believe that the Canadians will not readily submit to discipline, and display in any crisis endurance, courage and high moral temper. At least there has been no manifestation of arrogance in Canada nor any Chauvinistic boasting. We have a solemn pride in what British soldiers already have accomplished and desire nothing better than that the Canadian regiments shall show equal valour and endurance. Of this we have indeed a quiet but confident expectation, and it is certain that any toll we must pay in blood and sacrifice will be paid with fortitude and dignity. If the detention at Salisbury Camp has been trying, there has been no general disposition to censure the British authorities, nor any serious doubt that the long course of training was required to ensure efficiency and prepare the Canadian regiments for the desperate ordeal to which they will be subjected.

There have been various changes in the methods of organization and training adopted by the Canadian Government. The first contingent was assembled at Valcartier and officers were appointed and equipment provided under the immediate direction of the Minister of Militia. But with the approach of winter the open camp at Valcartier had to be abandoned. Recruiting camps were established at Winnipeg, St John's, Que., Toronto and other centres. At Toronto and Winnipeg the troops were housed in the buildings maintained by the permanent Exhibition Associations, and elsewhere other permanent structures were secured. In Toronto more ideal conditions for training could hardly be obtained. At Winnipeg and St John's the

accommodation is also excellent. In order to release the Minister of Militia for the active administration of the Department, the training, selection of officers and general organization of the second contingent were entrusted to divisional commanders. Major-General Lessard was in command at Toronto, Major-General Steele at Winnipeg, and other permanent officers at minor recruiting centres. It is admitted that the second contingent has received a more thorough training than the first, and possibly the material is also better. The test of physical qualification was more severe. There has been, perhaps, a more careful selection of officers. A far longer period has been devoted to training than was practicable with the first contingent. For the third contingent again a different method of organization has been adopted. The men will be recruited at the headquarters of local regiments throughout the country, where they will undergo preliminary training, and later will be assembled at central camps and fitted for dispatch to England. These various changes of method are the result of experience and do not represent a merely shifting policy in the Militia Department or weak concession to local feeling. In addition to the army at Salisbury, we have 6,000 men on garrison and outpost duty and 50,000 under training. A second contingent of 17,000 will go forward when they are accepted by the War Office. Our forces under arms and abroad now exceed 100,000, and as Sir Robert Borden said at Toronto, "Two hundred or three hundred thousand men, if that many are needed, will be Canada's contribution to the defence of the Empire."

It may be added that it is not difficult to obtain recruits. In the east and in the west more volunteers offer than can be accepted. The universities of Toronto, McGill and Queen's have been active centres of recruiting and of national and Imperial inspiration. In this connection Dr Falconer, President of the University of Toronto, and Principal Peterson of McGill have been especially influential. In Convocation Hall, at Toronto, the professors have delivered

many addresses in explanation of the origin and significance of the war, and they have spoken also before many Canadian clubs and at many public meetings. Contributions to patriotic, Red Cross and relief funds have been generous and continuous. To these funds rich and poor alike have contributed. In gifts of food and even of money the farmers have been foremost. The women of the townships have been as active as those of the cities. For the stricken Belgians there has been a passion of concern throughout the whole country, and for this movement Nova Scotia has afforded splendid leadership. As it is in the east, so it is in the western provinces. Quebec has manifested special interest in France and Belgium. The Legislature of the French province has voted an annual appropriation of $40,000 for relief of distress in France. The Grain Growers of Manitoba individually have resolved to give the proceeds of an acre of wheat for war purposes. The federal Government is making an organized appeal to the farmers of the Dominion to increase production, and as a result there will be an increase of at least thirty-five per cent in the wheat acreage. It may be that we in Canada cannot fully realize the gravity of the struggle in which the Empire is engaged. We will have a clearer and more poignant understanding when our troops go into the trenches and the bitter meaning of war strikes into many households. But our ears are not stopped that we cannot hear, nor our eyes blinded that we cannot see, and perhaps we will so meet the utmost test as not to be shamed before the nations.

There still is general abstention from partisan controversy. This is peculiarly true of the political leaders. The Press also is restrained and judicious. There are intemperate utterances alike from Press and platform, but these are not numerous and seldom impugn the loyalty to the Empire of any element of the population. There is criticism of the American protest against British treatment of American shipping, but perhaps less severe than is expressed by many American newspapers and wholly without the note of anger.

Indeed the general feeling in Canada for the United States is friendly and grateful. The attitude towards Great Britain of Americans within the Dominion is hardly distinguishable from that of the British and Canadian elements. This is as true of the newer American settlements in the west as of the masses of Americans in the older provinces. Sentiment is less satisfactory among the German and Austrian communities in the west, but the Mounted Police are vigilant and no active treason is manifested. In all there are 521,000 Germans and Austrians in Canada, and 248,000 of these are established in Manitoba, Saskatchewan and Alberta.

During the last few weeks Sir Robert Borden has addressed public meetings in Toronto, Montreal, Halifax, Winnipeg and Fort William. He has devoted himself chiefly to details of the organization, equipment and composition of the contingents, to the issues of the conflict and to the obligation of Canada to assist in defence of the common Empire. None of his addresses have had the flavour of controversy. None have considered questions between the parties in Canada. He has argued for moderation in dealing with aliens and has suggested, in spirit if not in language, the unwisdom of making divisions in the Canadian population that will be baneful legacies when the war is over. Sober, responsible, sympathetic and ardent in devotion to the Empire, his speeches have not contained a provocative sentence. His vision of the future may not command universal assent, but for the time dissent and criticism are withheld.

It was inevitable that he should suggest direct and responsible representation of the Dominions in Imperial councils, and the concession of proportionate authority to the Dominions over peace and war and in the general direction of foreign policy, and as inevitable that from this position extreme autonomists should dissent. Indeed, Mr Bourassa has protested, but for the time his voice is only a whisper in Canada. In this connection it is significant

that Mr J. S. Brierley, for many years editor of the *Montreal Herald*, which under his direction gave a firm and continuous support to the Liberal party, deprecated in a speech at Montreal any further assertion of the extreme principle of autonomy and urged frank and full acceptance of the theory and fact of Empire. In his address at Toronto the Prime Minister declared that the war had demonstrated the essential unity of the British communities. At Montreal he pointed out that Canada had not yet attained its full share of self-government in the Empire and that "with regard to foreign relations and in the decision of those questions of alliance and understandings which in the end must determine the issues of peace and war" actual authority must be conceded to the Dominions. "You young men," he said to the students of McGill University, "will certainly see it, when the men of Canada, of Australia, of South Africa and of the other Dominions will have the same voice in these questions as those who live in the British Isles." He added, "Any man who doubts that that will come doubts that the Empire will hold together." He said at Winnipeg:

> "It is within the bounds of probability that the four free nations of the oversea Dominions will have put into the fighting line 250,000 men if the war should continue another year. That result, or even the results which have already been obtained, must mark a great epoch in the history of inter-Imperial relations. There are those within sound of my voice who will see the oversea Dominions surpass in wealth and population the British Isles. There are children playing in your streets who may see Canada alone attain that eminence. Thus it is impossible to believe that the existing status, so far as it concerns the control of foreign policy and extra-Imperial relations, can remain as it is to-day. All are conscious of the complexity of the problem thus presented, but no one need despair of a satisfactory solution, and no one can doubt the profound influence which the tremendous events of the past few months

and those in the immediate future must exercise upon one of the most interesting and far-reaching questions ever presented for the consideration of statesmen."

The argument of Sir Robert Borden was strongly supported by the Hon. C. J. Doherty, Minister of Justice, in an address at Toronto.

> "Our recognition of this war as ours, our participation in it, spontaneous and voluntary as it is, determines absolutely once for all that we have passed from the status of the protected colony to that of the participating nation. The protected colony was rightly voiceless; the participating nation cannot continue so. The hand that wields the sword of the Empire justly holds the sceptre of the Empire; while the Mother Country alone wielded the one, to her alone belonged the other. When as to-day the nations of the Empire join in wielding that sword, then must they jointly sway that sceptre."

No more eloquent and inspiring speeches have been delivered in Canada since the war began than those of the Hon. Arthur Meighen, Solicitor-General in the federal Cabinet. Avoiding the suspicion of partisanship, he appeals powerfully to the whole country. In the west his speeches have had a profound effect.

> "We rely" [he has said] "on the sailors and soldiers of Britain, on the great men who command her forces both on land and sea, and in the halls of State—efficiency at every post. We rely on that unity that has amazed our foes, on the spirit of sacrifice abroad now as never before, that proves the mettle of our people. We rely on the British fleet, the bulwark of our strength. We pin our faith to British pluck. The foe that faces us is the biggest that ever confronted a nation, or a combination of nations, and we must win or go down. There can be no compromise. A compromise would be a sin against ourselves and our

children, against civilization itself. The call is for men and money, but chiefly men. That call is in the ear of every heir to British liberty. Canada is doing well. Canada's Government is loaded with unwonted responsibilities. I am not here to extol or to defend it, but if we know our duty we will bend every energy to this struggle. All other functions of Government we must still perform, but this is first. The lives of our sons we hold sacred. Of their wealth we are only trustees. But in this great crisis we can spare neither to achieve success. Before any failure on our part will expose the common cause to peril, we are prepared to bankrupt this country."

Here is an extract from a speech which Mr White, Minister of Finance, delivered at Ottawa a few days ago:

> " Canada has for years been building railways, canals and ports to facilitate the transport of produce. A new era has now dawned in which the policy will be greatly to increase production. This is the new national policy. It is also the policy of patriotism because at this juncture patriotism and production march hand in hand. Britain's fleet ensures the safe transport of Britain's food supply, but does not ensure the supply itself. The Dominions of the Empire ought to make that supply certain and ample. Canada will do her full share and more if possible in this as in other things. Our soldiers offer their lives. Those who remain at home may be depended upon to offer their labour."

Mr Burrell, as Minister of Agriculture, has been active in organizing the movement among farmers to increase production, Sir George Foster has revealed resource and energy in the Department of Trade and Commerce, and has made many speeches of fine temper and dignity. Indeed, the whole Cabinet has laboured with such zeal and energy as to command the good will and confidence of the country. Nor, as has been said, have Ministers been subjected to any serious criticism or embarrassed by any attempt of the

Liberal leaders to exploit a difficult situation for partisan advantage. Since the emergency session of Parliament, Sir Wilfrid Laurier has made only two or three speeches. Indeed, the Liberal leaders have seldom appeared upon the platform. Those who have spoken have avoided controversial issues and firmly asserted the duty and the obligation of Canada to unite with the Mother Country and the other Dominions in defence of the Empire and free institutions in Europe. In a speech at Montreal Sir Wilfrid Laurier incidentally defended his naval policy by a passing reference to the achievements of the Australian navy and recalled in guarded language the mischievous appeals of Nationalists to the prejudices of Quebec. "The time will come," he said, "when we shall have our domestic problems once more. In the meantime, the only thing I have to tell you, is to continue as we have commenced. I am as strong a party man as there is in Canada, but for the present I forego my connections as a party man and simply wish to continue in my duty of helping the Motherland."

Discussing the situation when war was declared he said:

> "There arose the question whether or not we were bound to take part in the war. Everybody admits that we were bound to defend our own shores, our trade, our commerce; to provide against the possibility of a raid; and to repel an invasion if that should happen. But were we bound to send troops to the front? We heard many subtle arguments in the press of this city about constitutional law, natural law, and other kinds of law, whether we were bound to take part in the war and fight for our Mother Country. There is no need to go to constitutional or natural law to settle that question. We are a free people, absolutely free. The charter under which we live has put it in our power to decide whether we should take part in such a war or not. It is for the Canadian people, the Canadian Parliament, the Canadian Government, to decide. This freedom is at once the glory and honour of England, which has granted it; and of Canada, which uses

it to assist England. We are absolutely free. Freedom is a concomitant of all British institutions. You find from the bottom rung of the ladder to the top, freedom in everything. There is no conscription in Great Britain. There never was; there never will be." He added, "Freedom breeds loyalty, coercion always was the mother of resistance and rebellion."

Reviewing the history and constitution of the Empire he said:

"When we see the results of the British system of Government, there are men in this country and in England who believe that this present mode of freedom should be replaced by a system of concentration of these obligations, and to make what has been voluntary obligatory. There are men who believe that the British Empire can be maintained only upon the lines on which it has been established—freedom and diversity. In war is not the proper time to discuss problems of such magnitude and far-reaching consequences. At the present time the only thing we have to do is to finish the war, and to adjourn to a future date these problems which will have to be taken up at a future date."

The Liberal Leader continued:

"I ask you, my fellow-countrymen, would it be possible to contemplate that we should remain passive and quiescent when the French and English armies were fighting against the German hosts for the freedom of France and Belgium and the civilization of the world? I do not hesitate to apply to Canada the words of Mr Asquith to England: 'If Canada had remained passive and quiescent when such efforts were called for by such countries as England and France, to which we owe so much, we would have covered ourselves with dishonour.'"

Sir Wilfrid Laurier described the Monroe Doctrine in

language closely resembling that used by the Prime Minister at Toronto. He said: "If ever Canada is to be saved I do not want it to be saved by the Monroe Doctrine, but by the efforts of the Canadian people. Not that, if the unfortunate day came that we had to defend our country against a German invasion, I would not accept the help and assistance of the American people. But I do not want to ask it. I want the Canadian people to rely upon themselves." These were Sir Robert Borden's words at Toronto:—"The Monroe Doctrine, as you know, does not embody any principle of International law, but is a policy proclaimed nearly one hundred years ago by the Government of the United States. For the reason that it is a policy of the United States, that country alone has the right to determine its scope and its limitations. As the policy of a great friendly nation the Monroe Doctrine is entitled to every respect, but Canada does not seek shelter behind it in this war."

Mr N. W. Rowell, K.C., leader of the Liberal party in the Ontario Legislature, speaking at Toronto, urged that the Imperial Conference fixed for 1915 should be held. He was surprised and disappointed to read in newspapers favourable to the Government that there was objection at Ottawa to a Conference in 1915, although Australia and New Zealand were favourable. He argued that if ever there was a time when a Conference should be held representing all parts of the Empire, and constituting practically a Parliament of the Empire, it was in this year of crisis.

Mr Rowell said further: "Can you give to Germany, can you give to Europe, a more splendid manifestation of the unity of the Empire and of the determination of all parts to see this fight through, than to have representatives from the Empire meet and take counsel together as to what we can all do and contribute to bring this conflict to a successful conclusion? I do hope that when other portions of the Empire are asking for this conference, which by its constitution should be held this year, the Government of Canada will not drop the holding of this Imperial assembly for the

benefit of the whole Empire." He added, " Our conception of Empire is the freedom of the individual nations to manage their own affairs, coupled with loyalty to the Throne, as centre and head of all these nations. The Germanic conception is the reverse. The Germans cannot give local self-government. They do not give government to their own people."

Mr Rowell proceeded to argue that colonial self-government was one of the great contributions which the Anglo-Saxon race had made to the science of government. The great principle that had made possible the continued existence of the Empire was fought for and achieved by the struggles and triumphs of Liberalism in Canada. " Let us pay a tribute to the men who had the spirit of liberty and courage and the patriotism to see that the largest liberty to the individual was not inconsistent with the greatest loyalty to the State and the Sovereign." It was Sir Wilfrid Laurier who recognized that if the Empire was to be perpetuated there must be a change in status. As a result the colonial dependencies had become sister nations with the Mother Country, and the change in status was recognized by the Imperial Government when the Imperial Conference was created.

It will be seen that in war as in peace Sir Wilfrid Laurier emphasizes the principle of Colonial autonomy and makes absolutely no concession to the federationists. But at least no federationist could show greater devotion to the Empire in the crisis which is upon it, and there is no reason to doubt that when Parliament reassembles the Liberal party, under his leadership, will sanction any exertions or sacrifices that may be necessary by Canada to strengthen the forces in the field and to carry the Empire through the supreme crisis of its history. Beyond that is the future, and freedom for sober, responsible and resolute consideration of the problem of Empire.

II. Increased Production in Canada

"PATRIOTISM" and "production" are two words which have come since the outbreak of war to be regarded in Canada as synonymous. By the end of the Canadian fiscal year, which is March 31, the total volume of this country's external trade will be found to have decreased fully two hundred million dollars below that of the last fiscal period. The larger part of the decrease will be accounted for by the falling-off in imports, which, under the present tariff, means that revenue has also been reduced in large measure, and hence that the "sinews of war" must be supplied from some other source than the Department of Customs.

The other source is the vast, partially developed territory of this country. Only by increasing the output of field and factory, mine, forest and fishery at home, and reversing the trade balance which has been against her for so many years, can Canada meet the large and growing financial obligations under which she has been placed. Early in August our liabilities to London upon all classes of securities held there were estimated at £545,546,849. For interest charges alone Canada, at the time war was declared, had to find something like £2,000,000 per month. When to these ordinary national obligations are added the war loans, the first of which amounted to fifty million dollars, little argument is required to convince the people of Canada of the absolute necessity, as well as the patriotic purpose, of economy and diligent physical effort in bringing about increased production.

Foremost amongst the effects of the war on Canada are the improved understanding and the friendlier feeling between the industrial east and the agricultural west. The common interest involved in increased production has brought the grain grower of the prairie provinces into a

harmonious relation with the manufacturer of the east. Early in November, for the first time in history, the officers of the Canadian Manufacturers' Association came into personal touch with the leaders of the different provincial organizations of grain growers. The meeting was held in Winnipeg and was called for the primary purpose of discussing ways and means for increasing Canadian production, and for the secondary purpose of bringing about, if possible, a larger measure of co-operation between agricultural and manufacturing interests. The keynote of that convention in Winnipeg was the welfare of the Empire. One of the chief conclusions to be reached and adopted quickly and unanimously was contained in the following words: "The thought uppermost in the minds of us all, the issue transcending all else in importance, is the war. Upon that we have but one opinion to express, one determination to record—the Empire must win, the Empire shall win!" It was freely recognized that the present world struggle is one of resources, and that the supreme duty of Canadian citizens at this time lies in the utilization to the utmost of the bountiful resources with which they have been blessed. Incidentally, it was borne in upon the mind of the convention that apart altogether from the exigencies of the war, a substantial increase in Canadian production, on a sound economic basis, is not only a desirable but an essential step at the present stage of the country's development.

The net result of the meeting between the manufacturing and farming interest at Winnipeg was the launching of a campaign early in January under the auspices of the Dominion Department of Agriculture, to encourage and stimulate larger production from the soil in all parts of Canada. Under the slogan, "Patriotism and Production," the campaign was inaugurated at Ottawa by the Hon. W. T. White, Minister of Finance, before a large gathering of representative agriculturists. In his speech Mr White emphasized the importance of raising larger quantities of

meat supplies in Canada. The live-stock industry, he said, has not kept pace with agriculture and manufacturing. During the past twelve years wheat production in Canada has been more than trebled. Manufactures have been doubled in volume of output. Horses have increased fifty per cent, but food animals have increased in that time less than twenty per cent. Both Australia and New Zealand (Mr White pointed out) are much farther advanced in the business of producing meat supplies than Canada.

No phase of the problem of production in Canada is so perplexing just now as that of stimulating and developing the live-stock industry. In the last fifteen months, since the passing of the Underwood Bill by the Government of the United States, which permitted all kinds of live food animals to enter the markets of that country free of charge, the capital holdings of live stock in Canada have been subject to a very severe strain. Now that the prices of all kinds of grains and fodder have advanced to record heights, the problem of making a profitable business out of cattle, sheep and swine is a difficult one to solve.

Progress, however, has been made, and will be made further, in the matter of land cultivation. Increased production from the land is the basic argument in the campaign which has arisen as the result of the war. All other increased outputs in Canada must depend upon that which comes from the soil. It has not always been so. Of late years the volume of business in Canada has not been proportional to the size and value of the yield of produce from the soil. The future was taken into account to an exaggerated degree, and in western Canada particularly, banking, railway construction, municipal and all manner of civic works advanced until they were ten years ahead of their time. The land is now sought as the best economic means of squaring the nation's foundations and fighting the Empire's battles. When it became evident last August that Europe's demand upon the food supplies of America would be unusually strong, the agricultural authorities of all the provincial

governments and of the Federal Government issued bulletins and published messages throughout the country advising the farmers to make due preparation for the crops of 1915. The farmers took the advice, and, helped by a splendid season for autumn work on the land, succeeded—it is conservatively estimated—in extending their cultivated areas by at least twenty-five per cent in all Canada.

Western Canada, because of its vast tracts of unbroken prairie land, is looked to for the bulk of the increase in cereal production. But in this seeming opportunity for the plainsman of the west there is mingled with the prospective benefits to country and Empire a distinct peril. Extensive grain growing has generally been acknowledged as a dangerous and unprofitable business in this country during the past five years, and it has been the direct mission of governmental departments, for a considerable period, to preach and encourage the gospel of mixed farming in those regions where wheat was the only crop. The abnormal conditions which exist at present and the prevailing prices of wheat and other grains are a great inducement to the farmer to confine all his attention to grain-growing. Yet the country cannot afford to sell its future and undo all the good work accomplished by the agricultural departments in the last two years for a mess of pottage. More intensive, rather than extended, cultivation is the essential need of western Canada, and only with the improved methods of application will a satisfactory increase in production be assured.

The question of labour has a marked bearing upon the Canadian campaign for increased production. This year the large number of unemployed persons burdening cities and towns should be turned to useful account when the harvesting period arrives. Ordinarily the western farmer in a season of abundance experiences great difficulty in securing the services of efficient harvest labourers. This year the grain crop of Canada promises to be exceedingly large, and it will be a national undertaking to see that every farm is manned with an adequate supply of labour.

To increase production at first thought appealed to many people in Canada as an extremely easy and simple process. When war broke out, and the agitation for an increased volume of production from the farms of the Dominion became popular, the suggestion was made that a million acres of undeveloped prairie land should be set aside, and that the unemployed men in the urban centres should be placed upon that reserved area and be set to work producing food supplies. Such a back-to-the-land movement, however, presents great difficulties. Canada has already given away to homesteaders, during her life-time, about 58,000,000 acres in the western provinces, and the total crop area in the west last year, including homestead farms and every other purchased farm, was barely 19,000,000 acres. The day has come in this country when the people who go on the land as owners must be farmers, not merely settlers. It would seem necessary that many of the unemployed industrial workers, now idle upon the streets of Canadian towns and cities, before becoming landed proprietors in the prairie west or some other part of the Dominion, must serve their apprenticeship first as farm labourers. In this way a much needed supply of labour for farm work could be created, and a practical movement of people to a life on the land might be begun. Increased production in the meantime will have to depend upon the improved methods and extended efforts of our present farmers.

III. Finance and War

THE real close of industrial expansion in Canada may be put in the year 1912. At this point it became clear to observant people that the time had come for giving some check to further undertakings. It was fortunate that this was the case, and that the banks from that time applied a steady pressure upon their customers to reduce obligations, or to refuse business that would involve increased borrow-

ing. It is inevitable and also reasonable that a country in Canada's position should be both a large borrower and a large importer, but it is also very necessary that both these processes should be watched with the greatest care by those who are responsible for the financial arrangements of the country.

In considering the economic position in Canada we may regard our exterior debt in very much the same light as the first mortgage on an estate, or on the properties of a business undertaking. In the case of Canada, this mortgage amounts to about $3,000,000,000, the interest of which must be provided for as a first charge on the country's productivity. During the last few years of rapid borrowing and rapid development a sufficient amount of money has been obtained from abroad in each year to meet the requirements of interest, and to pay for the large surplus of imports required by the industrial work which was being undertaken. It has been no surprise to find that, when the larger permanent construction has been temporarily completed, not only has the country rather more than provided for immediate needs, but that also the rapid diminution of activity should bring with it something in the nature of a crisis. The years 1913 and 1914 have in consequence been years of steady liquidation. When the war occurred at the beginning of August the country was in some respects in a good position to meet the situation.

During the last twelve years Canada has constructed about 17,000 miles of new railway, has provided homes for a vast number of immigrants and has created an immense mass of new industrial machinery, and it is not surprising that in the process excess and disproportion in respect of the different sorts of activities have occurred. The most striking feature, apart from the railway expansion, has been the building up of a large number of cities in the west, constituting an urban population out of all proportion to the agricultural activities of the area in which they are situated. In many of these cities a considerable proportion

of the population has been occupied in activities that could very well have been dispensed with. The number of people who busied themselves exclusively in real estate speculation must be very considerable, and the damage that they have done is in proportion. Of the advances received from Europe and the United States, those which have been applied to the building of railways, the setting up of factories and the mortgaging of farms in actual operation, have, at least, had something permanent and useful to represent them, but a large part of the money obtained through syndicates, for the purpose of parcelling out speculative lands in the neighbourhood of cities in the west, has simply had the effect of raising the nominal value of real estate, and the profits acquired have been represented by almost absolute economic waste. A very considerable proportion of the extravagance in the ideas and expenditure of a whole class of persons in Canada for a few years has been at the expense of foreign lenders.

The present crisis has brought into relief several very important facts. First, the transcontinental railway systems necessary for a considerable margin of further agricultural development are practically completed. Secondly, the country is provided with industrial machinery for a population considerably in excess of its present numbers. Thirdly, the development of the primary industries of the country has been relatively inadequate. Fourthly, the financial situation is well in hand and presents no insoluble difficulties. In the first two cases there has been probably both waste and over-anticipation of increase of population, but, at all events, the work is done, the money has been borrowed, the responsibility is shouldered, and, as a matter of fact, the country as a whole is amply able to carry the burden.

The railway situation must be dealt with, and, no doubt, will be dealt with in a large way. Where there has been positive waste, or where more expensive railways have been built than the immediate economic requirements justify, the wise policy for the country is simply to write off any

loss involved, and, as it were, start with a clean sheet. The one thing which must be avoided is the possibility of bonds held by other countries not being paid. The loss to the country of even a large sum of money, however unfortunate, can be borne. The loss of credit involved in defaults of interest and the like would involve damage infinitely greater. Fortunately it is probable that a course will be taken in accordance with this large view of the situation. In any case we find ourselves, in spite of hasty and unscientific treatment of the whole transportation problem, in possession of some 36,000 miles of railway in reasonably good condition, and more than adequate to deal with the large task involved in conveying to market the primary products of a country situated as Canada is, with a small seaboard and a long, relatively narrow tract of country.

The industrial situation is considerably more complex. This is not the first time in the economic history of Canada that a temporary excess of industrial machinery has been an embarrassment, and while the war has certainly accentuated the difficulties of the situation, it has not been the prime cause. An industrial productivity was established, based on the requirements of a period of extensive railway construction, building and the like, plus an optimistic estimate of even accelerated progress. This period of expansion has for the present come to an end. It is always, however, more or less of a surprise how readily the business of a country adapts itself to new conditions, and there are signs already that with the aid of foreign orders connected with the war, amounting to some $30,000,000, various Canadian establishments are with some success readjusting their activities to the exigencies of the situation. Those manufacturers in Canada who depended to any considerable extent on foreign markets, particularly, of course, Germany and Austria, for their output, have suffered very seriously, and, further than that, the market in the Canadian west has been materially reduced. As against this latter difficulty the very large increase in agricultural productivity that is promised for the coming season will be a great help.

In general it may be said that the demand for the ordinary requirements of life will at most show only a moderate decrease, and many industries will be almost unaffected by the crisis, while some, such as a portion of the leather and the woollen industries, will reap an actual benefit. The greatest strain must come upon the industrial companies that have large fixed charges.

The development during the last few years of what one may call the primary industries has not been satisfactory. The remark made a year or two ago by an observer passing through the west that the one thing that struck him about it was the absence of agriculture may be an exaggeration, but it has a considerable basis of truth. For example, the figures given for the production of field crops in 1909 were about $533,000,000, for 1911 about $598,000,000, and for 1913 about $553,000,000. During that period the immigration has been very large. Some valuable figures are given in the Annual published by the *Monetary Times* of Toronto, in which are analyzed with considerable care the relative production of the five years from 1909 to 1913 inclusive. Of these, two appear of special importance.

AREA UNDER CULTIVATION

	All field crops Acres	Yield Bushels
1909	30,065,000	842,272,000
1910	30,272,000	557,739,000
1911	34,536,000	851,739,000
1912	35,569,000	908,142,000
1913	35,369,000	895,563,000

PER CAPITA PRODUCTION

	Population	Acres under cultivation	Yield bushels per capita	Value field crops per capita	Value total production per capita
1908	6,507,000	4·62	129	$81	$125
1910	6,872,000	4·40	81	$57	$102
1911	7,206,000	4·79	118	$82	$125
1912	7,583,000	4·66	119	$73	$119
1913	8,000,000	4·42	111	$69	$113

Account should also be taken of the very slow increase, and in some districts actual decrease, of live stock.

The most hopeful element in the position is that the provinces of Alberta and Saskatchewan are seriously realizing the importance of mixed farming, and that the position in that respect may be materially different in the next few years. In reply to the various appeals for larger production of grain, the Canadian farmer has been inclined to think that there was a considerable risk of serious decline of prices, and that it would be unwise for him to increase his area of cultivation too greatly. Of course, it is extremely unlikely that any decrease in price of wheat could occur this year, but with regard to live stock the situation possesses none of the elements of uncertainty which are found in the case of cereals. The ranch system of cattle raising appears to be nearing its final disappearance. The great meat companies have gone so far as Rhodesia in search of areas suitable for cattle raising, and before many years have passed the spaces in the world that are suitable must become comparatively limited. In view of this phenomenon, it seems certain that the feeding of animals must before long be carried on mainly upon a more intensive principle. It would be perfectly safe for the future, as well as profitable in the present, for the Canadian farmer to develop stall-fed cattle raising. This would not only be profitable in itself, but it would do a great deal towards eliminating the danger of the exhaustion of farming lands by the continuous export of grain out of the country.

In spite of a certain reluctance on the part of a small part of the farming population to respond to the appeal for more production, there has been a greatly increased area prepared for crops next year, and much quite enlightened suggestion and consideration on the part of agricultural departments of both Dominion and Provincial Governments. A more difficult problem is presented in the suggestion that more people should be immediately put on the land, and that a large sum of money should be voted by

Parliament for the purpose of providing them with capital. There are grave difficulties in the way of that sort of wholesale treatment. It would require the employment of a large number of highly skilled and conscientious people for the selection of lands and settlers, which, under existing circumstances may not be feasible. However, much can certainly be done in the way of directing immigrants to agricultural employment. There has been and is a great shortage of labour in the farming districts, both in Ontario and the west. Hitherto intending emigrants have been encouraged in the expectation of procuring highly paid work in industrial or railway activities, and gangs of foreigners have been exploited for railway construction. During the quiescence of the industrial world in Canada, and the cessation, or virtual cessation, of railway construction, immigrants should be informed that they must expect mainly agricultural employment.

All these considerations point to a period in Canadian development devoted to the extension of activities in the primary industries, possibly somewhat at the expense temporarily of the industrial side of things. Along with it one might, perhaps, venture to hope may come a rest from the somewhat neurotic extravagance of our national habits. Amongst other things which the war has taught is economy—a lesson, perhaps, on the whole more needed than most others. We are thus brought naturally to the examination of what, in a country situated as ours, is a most important element in our progress, and that is the financial.

The bank statements for the last few months show, curiously enough, an increase for the month of November in savings bank deposits. In July, 1914, they were about $671,000,000, in September they had dropped to $621,000,000, showing a loss of $50,000,000, but by the end of November they had risen again to $666,000,000, bringing them up to within $5,000,000 of the highest point in the year, and $41,000,000 more than the same period

last year. The current loans for the last five months have declined about $45,000,000. This falling off is quite proper, and shows the effect of wise conservation, possibly in some cases of timidity.

During this same period a large increase has been made in the holding of gold and legal tenders by the banks, from $145,000,000 at the end of July to $211,000,000 at the end of November. The call loans last year, elsewhere than in Canada, which are mostly in New York, have been reduced during the same period from $125,000,000 to $74,000,000. The circulation of bank notes, which, as was noted in the December number of THE ROUND TABLE, are now legal tender in respect of dealings between the banks and their customers, and which reached the high point of $123,000,000 in October, had fallen in November to $114,000,000, a very moderate figure.

Closely allied with the financial situation, especially with the question of gold reserves, is the position of exchange between Canada and the United States. During the period after the commencement of the war up to the early part of November, New York exchange in Canada was at a discount, varying from a small fraction to as high as two per cent. This period was marked by the heavy exportation of Canadian wheat, and the withdrawal as far as possible of Canadian loans in the United States. From the middle of November onward the situation in New York Exchange has become exactly reversed, and has remained at a premium varying from a quarter of one per cent to one per cent ever since. This represents a period during which the exports of wheat have practically ceased and the imports remained considerable. Both situations were embarrassing, and both probably unavoidable, and in neither case has gold been shipped to relieve the situation.

The cessation of borrowing in London has deprived Canada of one means of securing money to pay for the excess of imports from the United States, and so far the borrowings in the United States have not been adequate

to keep the Exchange position level. In the year ending March, 1913, our surplus of imports from the United States reached the extreme level of nearly $300,000,000 for the year. That disparity has been diminishing ever since, and for the eight months of 1914 ending with November 30 our total excess of imports was barely $50,000,000. During that period we were able to sell securities in the United States to the amount of some $25,000,000, and a further eight or ten million dollars of securities have been sold during the months of December and January. There are some indications that the financial people of the United States will recognize that it would be quite reasonable for them to encourage further purchases of Canadian securities, in order to retain the very large trade involved. The purchases of securities by the United States since the war have been in the main provincial and municipal, and in this connection it may be pointed out that the municipalities may have an excellent opportunity of funding their debt to the banks, which the November returns show to be about $44,000,000, by selling their securities during a period when there will be hardly any industrial securities with which they will have to compete. Of course, it is very much to be hoped that the quite healthy demand for municipal securities, which has shown itself lately both in Canada and the United States, may not lead them into the belief that they can wisely engage in further large expenditure. They are in the position at present of having over-supplied themselves with public utilities of various descriptions, and should rest content for some time with very modest additions to their debts. At a recent meeting of municipal representatives in Quebec it seemed that they were all filled with the spirit of wise retrenchment, and, further than that, in the municipal elections which occur annually on January 1, the expenditure involved in by-laws proposed to the electors amounted to little more than one-quarter of that of 1913.

Canada. January, 1915.

AUSTRALIA

I. Australia and the War

IT is safe to say that the feeling of national consciousness has never been so profoundly stirred in Australia as it has during the last four months. Nations, like men, have often to face a great crisis before the secret of their being becomes revealed to the world and to themselves, and it was not until the outbreak of the war, which has jeopardized the very existence of the British Empire, that Australia began fully to realize that Empire's meaning, and the high and responsible part she has been called to play in it. During the last few years her sense of Imperial responsibility has been deepened and quickened by two things—the creation of her national Navy, and the *imperium in imperio* established by her possessions in the Pacific. It is certain that even apart from these factors her offers of assistance in the present crisis would have been wholehearted and substantial, but it is also certain that the possession of ships and colonies of her own has kindled her imagination and enthusiasm with unprecedented vividness and has enabled her to appreciate as never before the larger issues of Empire. Moreover, she is coming to realize that the present war is totally unlike anything that has ever yet befallen England or herself, and that on its issue depends her very existence as a nation. The instinct of self-interest and self-preservation may therefore be taken as a strong factor in her present attitude: that it is the sole, or even the main, factor will be credited by no

one who is acquainted with her national temper and has reflected on the fact that thrice already—in Egypt, in China and in Africa—her soldiers have fought on behalf of the Empire in situations where her own safety was in no sense imperilled.

From the beginning of the negotiations preceding the war there has never been a moment's doubt or hesitation in any responsible quarter in Australia as to the necessity of England's taking part in it, nor as to the essential righteousness of her cause. Indeed, during the momentous days when the decision still hung in the balance, Australia, with a brief and misleading account of the negotiations before her, showed considerable perplexity and impatience at the hesitation, as it then seemed to her, of England to fulfil her obligations to France. This keen solicitude for British honour was intensified by the indignation consequent on Germany's invasion of Belgium, and despite the extreme gravity of the issue, the declaration of war was hailed with feelings of positive relief. The British Association was at this period visiting Melbourne, and some of its members caused Australia considerable amusement by their naïve expressions of surprise at her "loyalty" and "keenness." If anyone had come here expecting the opposite of these things, he must have been considerably surprised. At first, indeed, Australia, anxious though she had been for the assertion of the Empire's honour, was dazed by what had happened and by the difficulty of focussing her social, political, and economic outlook to meet the new conditions. One in every five hundred of her own population were born in Germany, and many of these have taken an important part in her commercial, agricultural and artistic life. It was impossible for her to adjust her attitude immediately towards this element in her midst, although disclosures in England, Canada, and elsewhere, showed the great danger of espionage and treachery which might be expected in certain alien quarters. It was impossible, too, that Australia, unvisited as she has hitherto been by war, should at once realize the immensity and full

gravity of the issue. Yet her reaction from the shock was swift and practical.

The declaration of war reached her in the interval between the double dissolution of the Federal Parliament and the ensuing General Election. Nearly the whole of the Liberal Ministry were canvassing in their constituencies; yet within two days of the outbreak the Prime Minister, Mr Joseph Cook, had offered a first contingent of 20,000 men to the Imperial Government and this had been gratefully accepted. The Australian Navy was at once put at the disposal of the Admiralty. Mr Fisher, Leader of the Labour Opposition, assured Mr Cook of his party's hearty co-operation in everything relating to the war. Enemy shipping in Australian ports was promptly seized. At the suggestion of the Federal Ministry, the State Ministries took steps to fix the price of foodstuffs, and to prevent the hoarding of wheat and other commodities by persons interested in making capital out of the country's necessity. The Federal Government itself prohibited the export of meat and wheat to any country other than the United Kingdom, and conferred with the Banks concerning the best means of relieving the financial situation. The general result of these precautions has been that never since the war began has there been any symptom of financial panic throughout Australia. One or two industries, notably the mining industry, have suffered severely, and there has been a definite increase of unemployment. But apart from these facts, and as far as the vast majority of Australians are concerned, the conditions and cost of living have been practically normal since the beginning of the war.

After the Federal General Election the conduct of affairs devolved upon the victorious Labour Party. It is worth noting that until a few years ago this Party had been strongly anti-militarist throughout Australia. The earnest efforts of a few of its members, notably the present Attorney-General and the Minister of Defence, Messrs Hughes and Pearce, succeeded in awakening it to the vital importance of a strong defence policy, which, indeed, was easily perceived

to be of the first importance if the Party intended to adhere to its cherished doctrine of a "White Australia." The result was its adoption of compulsory training and the elaborate and expensive defence scheme recommended by Lord Kitchener. The latest stage in the Party's evolution has been reached in the preparation and dispatch of what is by far the largest expeditionary force ever sent forth from Australia. This course was greatly facilitated by the War Loan of £18,000,000 requested by the Federal Authorities from the Imperial Government and promptly granted by them. The fact that Australia has undertaken the responsibility and expense of this obligation is a further token of her anxiety to play her part worthily in this supreme crisis, while she is keenly grateful to England for having supplied her with the means of doing this without delay. The Government at once appropriated the sum of £9,800,000 towards covering all expenses connected with the expeditionary force up till June 30 next. Two months ago, after several weeks' preliminary training, the first contingent of 22,373 men was dispatched, and on December 3 the Prime Minister announced that these had been disembarked in Egypt to assist in the defence of that country and to complete their training there. He added that, when this was finished they would go direct to Europe, to fight beside the other British troops. This course was adopted by the special recommendation of Lord Kitchener, who recognized the danger of housing Australian troops in tents throughout the European winter after a long voyage through the tropics and subtropics.

Besides the above force, 16,500 men of all ranks are now in training for service abroad; 13,000 of these will leave Australia shortly, and an additional 3,000 will be dispatched at the end of every succeeding two months. There are also 6,800 men in training for home defence. In answer to a question put to him in the House during November, Mr Fisher replied that as many additional troops would be forwarded as were needed. He had previously declared that Australia

would support the cause of the Empire in this war to the last man and the last shilling. At present every man who has offered for enlistment and been found physically fit is being trained and equipped.

The Liberal Opposition are at present attempting to ensure reinforcements being sent on a very much larger scale, and Sir William Irvine recently indicated that 100,000 men was the least number which Australia might reasonably be expected to supply considering the extreme gravity of the issue. Public feeling in the Commonwealth is quite in favour of the increase, and there is no need to think that the Government is blind to the fact that before the war is over Australia may have to make a very much larger contribution than she has made hitherto.

As far as the sea is concerned, the operations in the Pacific since the beginning of the war have triumphantly vindicated the existence of the newly created Australian Navy. Experience had shown that the people of Australia had no heart for a hired fleet, even if the lessor were England. Her own contribution of £200,000 per annum—one which she firmly declined to increase—was indeed no adequate contribution to Imperial Naval Defence; but as soon as Rear-Admiral Henderson's scheme for the formation of an Australian Navy had been adopted, it became clear that her former reluctance had been due neither to parsimony nor to any selfish or provincial regard for her own safety. The policy of Athens with regard to the Confederacy of Delos had been reversed, and with the happiest results. At a vastly increased cost, Australia set about equipping and manning the new ships. During the year 1913-14 her defence estimates amounted to £4,752,735, which represents a larger proportional expenditure than Germany's estimate of £70,785,000 in the preceding year. Of this sum over £2,000,000 was allotted to the Navy, so that it is an understatement of fact to say that Australia's naval expenditure has increased tenfold under the new regime. The result is that the Royal Australian Navy to-day possesses the most

powerful war vessels of any belligerent in the Pacific, save Japan. The fleet consists of the battle-cruiser "Australia" (19,200 tons), and the light cruisers "Sydney," "Melbourne," "Encounter," "Pioneer," together with fifteen destroyers, gun boats and submarines.

It had, moreover, been provided that in case of war the new fleet should be immediately placed under the undivided control of the Admiralty, and, as has been above indicated, this was done almost automatically, as soon as war broke out. Directly this happened, the Navy left Sydney and has since then been co-operating in the Pacific with the British China Squadron, the French and Japanese fleets and the New Zealand forces. It covered the expedition sent by New Zealand to Samoa and thus made possible the capture of that possession. Throughout the war it has guarded the coast of Australasia from attack by the enemy's cruisers. It has harried Germany's battleships and destroyed her wireless stations. But for its presence it is practically certain that Sydney would have been shelled by the "Scharnhorst" and the "Gneisenau," and it is probable that these ships, with their comrade vessels, would have remained in the Pacific instead of having been driven to their destruction in the South Atlantic. Australia's Navy has indeed done considerably more than protect her own coasts; its work has had definite Imperial value. It has kept open all the trade routes to Colombo, Singapore, the Pacific Islands and America; and, owing to its presence, not a single British merchant vessel has hitherto been captured by the enemy in Australian waters.

Perhaps the most definite achievement of the Australian Navy and the expeditionary force accompanying it has been the capture of German New Guinea. On September 12 the Australian Naval Reserve took possession of the wireless station at Herbertshöhe after eighteen hours' bush fighting extending over six miles. Rabaul, the seat of government in German New Guinea, was subsequently occupied and a base was established at Simpsonshafen. The casualty lists

unfortunately included the deaths of Commander Elwell, Capt. Pockley, of the Army Medical Corps, and four seamen. Still more serious was the loss of Submarine AE1, with her complement of thirty-five officers and men. This vessel was last seen on September 14, and no trace of her has hitherto been found. The Australian Navy has followed up its success in New Guinea by the capture of Kaiser Wilhelmsland (September 24) and other German possessions in the Pacific.

A more sensational and hardly less important achievement was the sinking of the " Emden " by H.M.A.S. " Sydney." On November 9 the Navy Office at Melbourne received a telegram from Cocos Island to the effect that a German warship, immediately identified as the raiding cruiser, had arrived off the island, and was landing men in boats. Immediately an urgent coded wireless message was sent to the " Sydney," which was believed to be in the vicinity. A message urgently requesting help was also sent from the island immediately before the wireless station there was broken up by the German landing party. Soon afterwards the "Sydney" hove in sight. The " Emden " put out to sea, deserting her boats, and attempted to make good her escape. The " Sydney," however, engaged her, and after an hour's accurate and deadly fire set her in flames and reduced her to a sinking condition, in which state her captain ran her aground on the north of Keeling Island. The " Sydney's " casualties list numbered only three killed and fifteen wounded.

Besides equipping the armaments just mentioned, Australia has also taken prompt and drastic steps to prevent the possibility of danger within her own borders. Soon after the present session began, the Government passed legislation enabling them to deal summarily with individuals who might be found guilty of espionage or sedition, and to enter any house or office in search for incriminating documents. Such results as have hitherto been published, though they have not been particularly sensational, have been quite sufficient to show that Australia has not escaped Germany's far-flung

net of espionage, and that she has had good cause for fearing the stranger within her gates. Her internal activities have not, however, been confined to the seductive practice of spy hunting. One of the first acts of the present Ministry was to vote £100,000 as a free gift to Belgium, while during the four months of the war over £1,000,000 has been privately contributed to various patriotic funds. This is all the more creditable when it is remembered that owing to the widespread prevalence of drought Australia is at present suffering to an unwonted extent from financial depression.

The war itself has directly and gravely affected Australia's greatest mining centre. The output of the Broken Hill Mines consists of lead, silver and zinc; and of these the last is in the main shipped for treatment to Belgium, the North of France and Germany. Operations in these countries are necessarily suspended by the war, and the commencement of operations elsewhere is a matter involving time, and requiring the provision of a very large amount of capital. This capital would only be forthcoming upon an assurance that permanent supplies of metal could be relied on, and a difficulty at once arises from the fact that mines, at the outbreak of war, were bound by agreements which in most cases have several years to run. What is the effect of war on the legal obligations of these agreements is a matter on which no lawyer speaks with confidence, and litigation instituted in England does not seem to have led, or to be likely to lead, to an authoritative decision. Meantime, the cessation of operations in some of the mines, and the restriction of output in others, is affecting many thousands of people, and may produce a serious industrial situation on the Barrier. The Government is tempted to cut the knot by legislation definitely releasing the contractors from their obligations after the war, so as to open the road for new smelting arrangements.

On the other hand, the agreement appears to be part of an international arrangement respecting output and prices, which is stated by its defenders to be vital to the prosperity

of the Australian industry. The case is one more of the many illustrations furnished by this war that the " private relations " of business in modern conditions readily assume a national importance, which makes Government indifference and inaction impossible.

As far as her national sentiment is concerned, it was not till some weeks after the declaration of war that Australia began to understand the crucial significance of the issue, and it may safely be said that she has not fully understood it even yet. Remote as she is from the main scene of action, she at first found it somewhat difficult to realize that, being a belligerent, she was liable to all the responsibilities and rigours of war. Moreover, like the rest of the Empire, she was ignorant of the full measure of Germany's unscrupulous ambition, and did not then believe, as she believes to-day, that that country deliberately manufactured the present war as a preliminary to the enslavement of Europe and the downfall of the British Empire. Her eyes were startlingly opened to this aspect of the matter by the British White Book, and the certainty therein supplied that Germany could by a word have prevented hostilities at any stage of the negotiations. During the last few months all thinking Australians have been educating themselves in the causes of the war by reference to the writings of Cramb, Bülow, Bernhardi, Ussher, Sarolea and others. They have realized that for a generation Germany has been industriously schooled by her professors and dragooned by her militarists into the belief that her national destiny demands that she should become the suzerain of a vanquished Europe and the regent of a vast colonial empire which can only be obtained by England's downfall. They have further realized that by a deliberate application, or misapplication, of the Nietzschean " ethic " she has deliberately " trans-valued all values " in pursuit of this end, and has counted no means common or unclean which would lead to her own maniacal aggrandizement. And the certainty of these facts has been kindled into passionate indignation by the wanton invasion of

Belgium, the destruction of Louvain and Rheims Cathedral and the infliction, the inevitable result of the official policy of "frightfulness," of the most revolting atrocities upon innocent women and children.

Moreover, since the beginning of the war, Australia has realized, as never before, the material and spiritual significance of the British Empire and the part she has been called to play therein. She has understood the essential unity of thought and feeling and interest which underlies its superficial diversity. She has contrasted that service which is perfect freedom with the condition of enslavement represented by the blood-tax in Alsace-Lorraine and the Colonization Commission in Posen. Herself in constitution and legislation perhaps the most socialistic community in existence, she has further contrasted the freedom reposed in her of working out her own destiny after her own will, with the implacable hostility and contempt displayed towards organized labour in such a semi-official German publication as Bülow's *Imperial Germany*. These contrasts and the lessons they supply have forced themselves on all thinking men and women in Australia. It would be too much to say that they have yet come fully home to the great masses of the country. In certain quarters, moreover, there has been a not unamiable exultation in the help which Australia has been able to render to England, together with an imperfect recognition of the far greater help which is being at present rendered by England to Australia. Young, light-hearted and unscathed as she is by war, Australia as a whole has hardly even yet been able to grasp the tremendousness of the issue, to feel that it is one of life and death for herself no less than for England; and that in Flanders and the North Sea is being decided the fate of her tiniest back-block township as surely as that of London. She has still to learn, or still to feel acutely, that she has even more at stake in the present war than has England, since, should the unlikely happen and Germany be victorious, it is inconceivable that England should ever become

a German province, while it is well-nigh certain that sooner or later Australia would undergo that unspeakable fate. It must be admitted that with very rare exceptions neither her Press nor her public men have given her much light or leading in this regard, nor have striven to create that intensity of feeling without which nations cannot be expected to make the last sacrifice. But whatever Australia's deficiencies may be in this respect they cannot for one moment be attributed to any lack of loyalty or of keenness to play her part worthily, to the best of her understanding, in the defence of the Empire. Once her imagination has been fully kindled regarding the immensity of the peril she will certainly make even greater contributions and sacrifices than she has made to-day. Her will is sound and ready: and it would take but little to make her learn and practise the great lesson preached by Meredith to France after 1870:

> "The lesson writ in red since first Time ran,
> A hunter hunting down the beast in man,
> That till the chasing out of its last vice
> The flesh was fashioned but for sacrifice."

II. Public Finance

THE Prime Minister, in his capacity as Commonwealth Treasurer, delivered his Budget speech on December 3, more than five months after the commencement of the financial year to which it relates, the delay being mainly due to the fact that the first three months of the financial year were absorbed by the double dissolution, the general election, and the consequent change of Government. For the current financial year the Prime Minister estimates that from existing sources of revenue the total receipts, including a surplus of £1,200,000 brought forward from the previous year, will amount to £21,600,000. On the other hand, he estimates that the total expenditure for the

year will aggregate £37,600,000, comprising ordinary expenditure £25,850,000, and war expenditure £11,750,000. The resulting deficit of £16,000,000 he proposes to finance by means of loans to the extent of £13,100,000, and by increased taxation to the extent of £2,900,000.

In his budget speech the Prime Minister pointed out that the deficit on ordinary account could have been avoided if the money which is being spent on new works and buildings had been charged to loan instead of to revenue account. A total of £4,300,000 is being spent on such works and buildings, as compared with £3,300,000 for the preceding year. Of the £13,100,000 to be financed by loans, £10,500,000 is to be obtained through the British Treasury. The total amount allocated to Australia of the British Government's loan of £350,000,000 is £18,000,000, payable in twelve monthly instalments of £1,500,000 each, commencing on December 15, 1914, and thus providing a total of £10,500,000 during the current financial year. The remaining £2,600,000 to be raised by loans is to be obtained by the investment to that extent of the Australian Notes Fund in the purchase of Commonwealth Treasury Bills in aid of revenue.

To provide the additional sum of £2,900,000 required from taxation the land tax has been increased, the tariff has been amended, and a probate duty on estates above £1,000 net value has been added to the duty already charged by the States.

In the case of the progressive land tax which, within certain limits, proceeded formerly by increments of 1-15,000th of a penny for each additional pound of unimproved value, the increment of 1-9,375th of a penny has been substituted for that previously in force. It is estimated that this will furnish an additional sum of £1,100,000. The tariff amendment is designed in part to raise additional revenue, and in part to remedy anomalies in the existing tariff. The principal revenue duties are those imposed on stimulants and narcotics, and the additional revenue which

it is estimated that the amendment will bring in for the balance of the financial year is £800,000. Against this it is estimated that the combination of war and drought will bring about a shortage of £1,500,000 under the old tariff as compared with the previous year. The probate duty is progressive, ranging from 1 per cent to 15 per cent on the excess net value of any estate above £1,000. This is estimated to produce £1,000,000 for the unexpired portion of the current financial year.

It is clear that the incidence of the additional taxation has been so designed that the major portion of the taxes will fall on the wealthy classes, and the omission of revenue duties on tea and kerosene, which would reach the masses as well, has been the subject of unfavourable comment.

A matter of considerable importance in the domain of public finance is the expenditure of the States on public works from loan moneys. This expenditure has in recent years mounted rapidly, and for 1913-14 exceeded £20,000,000. To discontinue it abruptly would lead to widespread distress, while its continuance on the high level reached involves some very difficult financial problems. To consider these, a conference of Federal and State Ministers was held, at which leading members of the Federal Opposition were present. The outcome of their deliberations was an agreement, under which the Commonwealth undertakes to lend and the States undertake to borrow the following sums: New South Wales, £7,400,000; Victoria, £3,900,000; South Australia, £2,600,000; Western Australia, £3,100,000; and Tasmania, £1,000,000—a total of £18,000,000.

Exactly how this advance to the States is to be financed by the Commonwealth Treasurer has not yet been made clear, but from the fragmentary explanations which have so far been furnished it appears that it is to be based largely on an extensive increase in the issue of Australian notes. In this connection an arrangement has been made between the Commonwealth Government and the associated banks of Victoria under which gold to the amount of £10,000,000

is to be made available from time to time as required, in exchange for Australian notes. The banks are to use such notes for ordinary banking purposes, but are not to present them at the Treasury for gold until the close of the war, when they will be redeemed. Under the present law the Treasury is required to hold in gold 25 per cent of the face value of the notes issued and unredeemed at any date. This requirement has, throughout, been amply met, the latest return giving a proportion well over 40 per cent. According to the returns for the quarter ended September 30, 1914, about 53½ per cent of the notes issued by the Treasury were held by the banks, leaving 46½ per cent in the hands of the public. It may be mentioned that the notes are legal tender and are redeemable in gold at the Commonwealth Treasury, and that the issue of notes is a Commonwealth Government monopoly.

The dangers of an over-issue of such paper have been cited in the House of Representatives by Sir William Irvine, Attorney-General in the late ministry, but in the absence of a clear statement of the scheme involved no useful criticism is possible. In any event, the endeavour, under the present changed conditions, to maintain a programme of public works aggregating some £20,000,000 per annum appears to be a doubtful policy, which can only result in deferring, not in avoiding, the evil day. Total cessation of public works would be unwise, but an attempt to maintain under adverse conditions the high level of recent years would seem to be equally unwise.

III. Private Finance

OWING to a succession of prosperous years and to a conservative attitude generally adopted by the banks in making advances, the war has found Australia in a relatively strong position to face her economic problems.

During the past three years, ending September 30, 1914, there has been:

In deposits a net increase of		£10,161,443
In advances a net increase of		5,517,957
The total current accounts were at 30/9/14	£65,740,690	
The total fixed deposits were at 30/9/14	86,474,329	
	Together	£152,215,019
While the total advances were		123,071,651
Holdings of coin and bullion were		34,998,194

In the first stages of the crisis there was but little sign of panic. During the first few days withdrawals of deposits were made chiefly from Savings Banks, but these were not heavy in the aggregate, and there has only been a limited hoarding of gold.

Among the immediate financial effects was the closing of markets connected with the mining industry. At a later stage the pastoral industry was seriously affected by the absence of continental wool buyers from the local wool sales and by the prohibition of exports to countries other than the United Kingdom. Subsequently a shortage of refrigerated cargo space has led to an accumulation of frozen meat in the stores and consequent cessation of purchases of fat stock. Recently the markets for metals have recovered, but it has only been possible to realize merino wool in restricted quantities. The Stock Exchanges have been reopened and business has been resumed with reduced dealings, but at a fair level of prices. So far the strain upon the financial resources of the community has not been unduly severe; but apart from the war pastoral interests are being seriously affected by the widespread drought, which is also responsible for the entire failure of the wheat harvest for export purposes.

The most disquieting feature in the financial situation is that while the returns from exports have largely decreased, the demand for money is likely to increase during the next

few months, and may possibly be largely in excess of the supply during the following six months. Already rates for mortgages have been increased and loans have been difficult to negotiate even on large margins of security. On the other hand, there are many sources from which money may be saved, notably by a diminution in personal and extravagant expenditure.

Restrictions in realization of produce, such as metals and wool, coupled with greatly reduced exports of wool and wheat, have resulted in a general dislocation of the Exchanges on London; the banks have had their burden lightened in this respect by an agreement with the Bank of England to give credit in London for gold lodged with the Commonwealth Treasurer, which will obviate the risk and expense of shipping gold during the war, but it may be expected that the problem of exchanges will continue to be a difficult one for bankers and the mercantile community generally. It may be specially noted that much relief was experienced by the Bank of England, under the British Government Guarantee, taking over from the Australian banks a very large number of foreign bills of exchange, and in this way freeing Australian capital that otherwise would have been locked up for an indefinite period.

Australia. December, 1914.

SOUTH AFRICA

I. The Rebellion

IN the December issue of The Round Table the political developments consequent on the outbreak of war in Europe were discussed up to the date where Colonel Maritz, an officer of the Defence Force, who was at the head of a commando supposed to be operating on the eastern border of German South-West Africa, went into open rebellion. Previously there had been ominous signs that opinion among the Dutch-speaking community was by no means unanimous. At the special session of the Union Parliament early in September a resolution had indeed been passed, by a majority of 92 to 12, affirming the "whole-hearted determination" of the House to "take all measures necessary for defending the interests of the Union and for co-operating with His Majesty's Imperial Government to maintain the security and integrity of the Empire." It was well known, however, that a large proportion, probably a majority, even of the loyal Dutch in the constituencies, were opposed to an expedition to German South-West Africa. They would have preferred to do nothing, until the Union was invaded, partly because the South African Dutch are temperamentally unwarlike, and partly because they were convinced, or affected to be convinced, that German South-West Africa would inevitably fall to the Union in any case at the conclusion of the war in Europe. They were also apprehensive, as the event proved justly so, that the strain upon an allegiance scarcely more than a decade old might prove too

much for the more ignorant or reactionary or irreconcilable elements among their kinsmen in the Free State and the Transvaal. Such an atmosphere was obviously congenial to all the influences of political unrest: from the unreconciled republicans of the old regime to mercenary soldiers of fortune like Maritz. The signs of the working of these various poisons soon began to appear.

How Beyers, the Commandant-General of the Union Defence Force, resigned the very day after the close of the special session of Parliament, was noted in the December Round Table. His letter of resignation was essentially a political manifesto, which sneered at Britain's professed anxiety for the protection of small nations, declared that the South African War was a series of Louvains in miniature, and openly sympathized with Germany. By Beyers' most intimate friends among the Dutch loyalists this letter, and the action which it was intended to vindicate, excited the liveliest feelings of disappointment and chagrin. Had he resigned as soon as the war broke out, their vexation would not have been so acute. To wait until the British troops had been withdrawn, and until he knew all about the plans of campaign in German South-West Africa, was bad faith in its meanest and most contemptible form. A blot had appeared on the Afrikander scutcheon, and more than one Dutchman who was against Great Britain in the South African war, told me within a few days of the announcement of Beyers' resignation that they felt so bitterly ashamed as almost to wish to change their names. Nevertheless they still refused to believe that the resignation was due to anything more than an honest difference of opinion on a matter of policy. When a letter appeared in the public press, in which the epithet "traitor" was applied to Beyers, a chorus of indignant protests was evoked. The ex-Commandant-General, it was said, was a man of the strictest probity: and whatever he did, must have been done from the purest and most conscientious motives. For a time this theory seemed feasible. At the graveside of the ill-fated Delarey, Beyers

explicitly disassociated himself from any intention of either causing or advising rebellion. On the following day Beyers and Christian de Wet addressed a great gathering of burghers, in order to denounce the policy of the Government and to advise them to have nothing to do with an expedition to German South-West Africa, whether they were called out or not; but here again even the loyal Dutchmen drew a sharp distinction. The advice given by Beyers and de Wet, they were ready to admit, was unwise, unconstitutional and in its potency utterly mischievous. That it necessarily implied an intention to go into rebellion, or a desire to restore the old Republics under German protection, they stoutly denied.

Whatever may have been in the mind of Beyers and de Wet at Delarey's funeral, or for some weeks later, they were committed to the full programme of rebellion by October 21, when de Wet made his notorious speech at Vrede, a town in the northern Free State which he had invaded with a rebel commando. At the close of his volume on the "Three Years' War," de Wet advised his countrymen, now that the struggle was over, to remain loyal, since only loyalty was "worthy of a people who had shed their blood for freedom." At Vrede, however, he declared that though he had "signed the Vereeniging Treaty and sworn to be faithful to the British flag, they had been so downtrodden by the miserable and pestilential English, that they could endure it no longer. His Majesty King Edward VII had promised to protect them and had failed to do so." But the only evidence of the oppression of a people rightly struggling to be free, that de Wet vouchsafed, was the fact that he himself, after pleading guilty to an assault on a native, was fined in the sum of five shillings by the Vrede Magistrate, described by de Wet as "one of the pestilential English" and "an absolute tyrant." The Magistrate, as it happens, is a brother-in-law of Mr Steyn, the ex-President of the Free State, who fought against England in the South African War, and was appointed, largely through the

influence of Mr Steyn, to the Vrede Bench by General Hertzog, at that time Attorney-General of the Free State in the First Ministry under the system of responsible government. This sounds so farcical as a vindication of rebellion, that doubts have been cast on the genuineness of the Vrede defiance. De Wet himself, however, has never called the report in question. The Vrede speech, in truth, was genuinely illuminative by its very frankness. Cunning as a guerilla fighter among the kopies and the krantzes, de Wet's sobriquet among his countrymen in his own district is "Babiaan" (baboon). Christian de Wet is a political ignoramus. He used the sort of argument to justify an act of gross bad faith which he thought most likely to appeal to an ignorant backveld audience. The dominant motive in his mind, as it probably was in Beyers' mind also, was not so much hostility to Great Britain as to General Botha; an hostility that flames out in his Vrede speech in references to the "ungodly policy of Botha," and to "this ungodly scandal," which "the South African Dutch were going to stand as one man to crush."

For two years General Hertzog had continued to play upon a dislike of General Botha and still more of General Smuts in the minds of Beyers and de Wet, until dislike had passed into sleepless malevolence. That General Hertzog was to a large extent morally responsible for the rebellion both of Beyers and de Wet there can be no doubt whatever. Since de Wet was captured a story, which is well authenticated, is going round the Clubs. The rebel leader is said to have candidly and unrepentantly acknowledged his treason, and to have admitted the justice of any punishment the Government may inflict. There was only one qualification to this grim acquiescence in the decree of fate: he would like to have a quarter of an hour and a rifle in the presence of Hertzog. And just as Hertzog played upon de Wet's prejudices, so he appealed to Beyers' vanity and ambition. When Botha formed the first administration

under responsible government in the Transvaal, Beyers was left out, and, although he was given the Speakership in the Transvaal Parliament, and after Union the Commandant-Generalship of the Union Defence Force, his relations with Botha and Smuts were never afterwards cordial. When Hertzog was ejected from the Botha Cabinet, he made it his business to fan a secret resentment which Beyers probably scarcely acknowledged to himself. Even before the outbreak of the war the bait of the Premiership in a Hertzog Cabinet had been dangled before Beyers' eyes: and the attitude of Botha on the outbreak of war seemed to furnish a unique opportunity for the realization of his hopes. It was known that Botha's policy in regard to the invasion of German South-West Africa was unpopular with the majority of the Dutch, not excepting the Prime Minister's own followers. Hertzog probably calculated that, if only a lead were given by the resignation of Beyers from the Commandant-Generalship, the Defence Force would virtually be broken up; the Government would be unable to carry out its pledge to the Imperial authorities; and the Ministry would be forced to resign. Even if a stop-gap Unionist Cabinet took its place, while the war in Europe lasted, Botha and Smuts would have been permanently discredited, and the way cleared for the eventual formation of a Hertzog Government, though with Beyers at its head. But if Beyers and de Wet were the catspaws of Hertzog in working for his own political ends, the chief of which was not so much to lower the British flag as to overthrow Botha, they also became the willing instruments not only of a political faction but of a consciously anti-British and treasonable conspiracy.

It is interesting here to quote at some length from two documents which have not yet been published, but which were widely circulated among the Dutch. On October 20, ten days after the news of Maritz's treachery was proclaimed, and a few days before it was known that de Wet and Beyers

were in active rebellion, a meeting was held at Stellenbosch, at which the Rev. A. Moorees, of the Theological Seminary, delivered an eloquent speech in which he said:

> "They had not only to disapprove, but strongly to condemn treachery. Maritz had not only proved treacherous himself, but what was worse, he had dragged several young men with him to whose care they had been trusted. Not only that, but Maritz had gone further, and had treacherously made prisoners of those who had remained loyal, and that not in fair war, but in a treacherous manner. He could not find words sufficiently strong to condemn such deeds. Even before the expedition to German South West Africa had been decided upon, there were certain centres where there was disaffection, and now they had the treachery of one in whom they had reposed every confidence and who had been honoured by the Government, who had proved unfaithful to the trust reposed in him, and who had not been faithful to his oath and to his uniform."

This utterance was the more notable, because the speaker is an enthusiastic Afrikander who has always taken up a strong, sometimes indeed a distinctly partisan, attitude, on all questions affecting the relations of the two white races. A few days later an anonymous reply, written in Pretoria, was circulated among all the Dutch clergy throughout the Union. A few passages are well worth quoting:

> "What," says the writer, "does Maritz want to do? He wants to come to give us, or to help us to regain, something for which we allowed 23,000 women and children to be murdered by the noble English, for which we allowed 4,000 cowardly low common Boers to be killed, for which we fought for three years, and for which thousands of 'Dutch bastards,' 'Dutch traitors,' 'contemptible Dutch curs,' as the noble English call them, 'Dick, Tom and Harry' according to our General Botha, 'Doppers' according to our

General's Lieutenant, Ewald Esselen, 'little yelpers' according to the Hon. Minister Malan, all descendants of those vulgar Voortrekkers and fellow countrymen, subjects and burghers of that low Paul Kruger, pray every evening and every morning. That is what Maritz wants to come and give us back. Next year (1915) it will be twenty years since Jameson made his raid on the Transvaal to steal our country, to kill our Government, to destroy our existence as a people, and in addition, our nationality for ever; and in all that time I have never had the good fortune to meet a single Englishman or Englishwoman who condemned that, not to speak of detestation and making him out to be what you now make Maritz out to be. . . . Can you blame Maritz for not being so thoroughly convinced of the English victory in Europe as you and 'our General' are? Can you not see that if one thinks that Germany is going to win, and he loves his Fatherland, he thinks nothing is too good, not even his life, to sacrifice in order to save his country? It is certainly an indisputable fact that the future of German South-West Africa is going to be decided on the battlefields of Europe, and it is as clear and bright as sunshine what our fate is to be if we attack German South West Africa and Germany is victorious in Europe. Can a man who loves his country allow, much less help, the digging of our grave by the invasion of German South-West Africa? . . . The Dutch in the Transvaal in 1880, under a thousand times more difficult circumstances than those we are under to-day, and with much less prospect of success than we have to-day, but fired with the same patriotic feeling of independence with which de Wet, Beyers and Maritz are inspired to-day, simply grasped the gun, and trusted in God to throw off the British yoke and domination. This they succeeded in doing, because they were unanimous and faithful to one another. There was not in those days a pro-English 'our General' who stood up against his people, and so broke the power of our people with the help of English and the National Scouts. If those rebels had not been successful, then probably their leaders would either have been shot or hanged (because a second Slachter's

Nek would have been very easy for the noble British Empire) or banished, and the history which you now teach the youth at Stellenbosch would tell of the base-hearted rebels, Piet Joubert and Paul Kruger; but because they were victorious, Paul Kruger was called 'Africa's greatest Statesman.' . . . Never again in our lifetime shall we get such a beautiful opportunity of getting rid of the British yoke, and then building up a nation of our own, founded on the Voortrekkers' religion, manners, customs and traditions. If we had a sympathetic Boer Government at the head of affairs, then there would be nothing easier under the sun. Surely, honourable professors, you do not labour under the mistake that de Wet, Beyers and Maritz want to bring us under the German Empire? No, I assure you that for that not one of them would give a brass farthing. They want to have back, or regain, that independence for which we struggled so hard twelve years ago; because if that independence for which we gave up our lives and allowed the land to be ruined, is to-day not worth possessing, then it was, to say the least of it, a waste of time and foolish to make all these sacrifices. My conviction, however, is that it has appeared as clearly as possible during those twelve years, that that independence more than ever before is necessary for our people, if we do not want to be totally absorbed by English manners and customs, and see our existence as descendants of the Huguenots and Voortrekkers disappear. If this rebellion of de Wet and Beyers succeeds, then you will get an opportunity of teaching the youth the history of the war of freedom in South Africa, just as Americans teach their children how the United States became independent of England."

At a later date a manifesto (which also has not appeared in the Press), was circulated over the signatures of Beyers, de Wet, Maritz, Kemp, Wessel Wessels, J. J. Pienaar and J. Fourie, in which the separatist aim, though not so candidly avowed as in the letter to the professors, is no less certainly a controlling motive:

"When we subscribed to the Treaty of Vereeniging

and laid down our arms, we were a crushed and beaten people, driven to the verge of starvation and despair by the dishonourable tactics of a vigorous and powerful enemy—our resources exhausted and our homes destroyed—but we accepted the inevitable, and were content to forego our nationhood and our liberties for the sake of the future of our people. We were prepared to keep our allegiance to Great Britain, as long as we could do so with honour to ourselves and without ingratitude to our friends. Now, however, we are called upon to choose between this doubtful claim upon our loyalty to a relentless conqueror, and our gratitude to a friendly nation, which extended its sympathy and help in the time of danger. We are being betrayed into this act of base ingratitude either by the folly or the treachery of our own Government. Was it not enough to ask to forget the terrible scenes we witnessed a few years ago, either as men in the field of battle, fighting for our hard-won freedom, or as youths flying with our despairing women-folk from our burning homesteads, or in the concentration camps seeing them dying in thousands around us, but must we now be compelled to take up arms against a nation that gave us a helping hand in our troubles, and plunge our people into the horrors of an extremely doubtful European War? For our part we are prepared to shed the last drop of blood rather than be guilty of such cowardly baseness, and we call on all those who love honour and friendship and gratitude to assist us in resisting it. We have no wish to shed the blood of the people of South Africa, English or Dutch—far from it—but we must emphatically declare that the members of the present Government have betrayed their trust, and no longer represent the real feelings of the people of South Africa. We most emphatically declare it to have been a gross libel on the honour of his countrymen, for General Botha to lead the Imperial Government to believe that the Afrikander people were willing to enter into active and unprovoked hostilities against the German nation, with which they had no possible quarrel, and to which, indeed, they are closely united

by ties of blood, friendship, and of gratitude. It was clearly his duty to inform the Imperial Government that, while it could rely upon their passive loyalty and obedience, it was too much to expect that they would willingly and openly invade German territory. The consequence, therefore, of the present civil strife must rest, morally, at any rate, on his shoulders and those of his Government. For ourselves, we shall not lay down our arms until the Government is removed from office, and all idea of invading German territory is frankly abandoned. We are fully aware of the gravity of our position, but no other course consistent with honour was open to us, and we leave our motives to be finally judged by the honourable instinct of all men. Expediency may demand that we be regarded and treated as rebels, but justice and truth will always proclaim our conduct as inspired by the truest patriotism. We do not desire to set up a Republic or any other form of Government, against the wishes of the majority of our fellow citizens. All we ask is that the people as a whole be allowed to say whether or not they wish to declare war against Germany, or any other nation. We wish to govern ourselves in our own way without fraud or coercion from anyone, and we call upon the people to assist us in attaining that ideal."

The Fourie whose name appears as a signatory to the above manifesto, was tried by court martial, condemned to death and shot at Pretoria on December 20. In his address to the Court, Fourie showed quite plainly that racial enmity and republican aspirations were the mainspring of his action.

"The days of Slachter's Nek, the murders at Blood River, the murder of the Dutch at Piet Retief by Kaffirs under English officers, and the death of 30,000 Dutch women and children in the concentration camps all forbad that he should uphold the honour of England, and he challenged any man to point a finger at him and say he had erred. He knew the Government now over him looked on him as a rebel, but he was as dis-

appointed with the Government as it was with him. It was a greater honour for him to stand there as a prisoner than as an officer in the English army. What he had done, he had done with open eyes, and of his free conviction. He was still convinced that God would not support the unjust, and that there were enough people in the veld to rescue South Africa."

Beyers and de Wet were thus not only swayed by motives rooted in hostility to Botha, and in the case of Beyers by political ambition; they were also, though at first possibly unconscious of the fact, the instruments of a treasonable coterie nourished on the enmities and animosities of the past, and prevented by racial prejudice from realizing that the South African Dutch are freer now than they were in the days of Kruger. If the oversea observer finds it difficult to understand how any considerable body of men could be misled by such arguments, or swayed by such motives, let him recall the attitude of the large numbers of educated Scotsmen towards the Union of England and Scotland for many years after that great political achievement.

Two other contributory influences were at work. No evidence has yet been forthcoming that Beyers had sold himself to the Germans. All that is known is that Mrs Beyers is of German extraction, and had visited Germany, not only with her husband when he went as Commandant-General of the Union Forces, but subsequently; that on the last occasion she stayed in Berlin for a considerable time; and that when the war broke out she used her influence with her husband, which was great, in a way entirely sympathetic to Germany. About the existence of an active and widespread German propaganda in South Africa, aided by German gold and supported by an elaborate system of espionage, there can be no doubt whatever. There is no other way of accounting either for the amount of money which some of the rebel leaders, not previously in affluent circumstances, had at their command, or for the prevalent belief among the rebels in the certainty of Germany's triumph,

and in the prospect of all sorts of collateral benefits likely to follow in its train. The other contributory influence is less easy for an outsider to credit; but it is a fact of no small importance. The country Boer, and sometimes even Dutchmen who pretend to some education, are often as credulous as they are pious. At the time of the South African war, not only was the Bible read and explained in such a way that it seemed impossible for the Boer to lose, but old men saw visions and young men dreamed dreams, the circulation of the reports of which had a more powerful effect on the back veld than the speeches of a Cabinet Minister would have in England. An atmosphere of this kind is extremely favourable to the charlatan; and a "prophet" named Van Rensburg had gained some repute during the South African war by having predicted that, if Delarey went out on a certain day, he would capture Methuen. This prediction came true; other predictions, which were less happy, were forgotten. As soon as the war broke out, Van Rensburg began to see visions, or at all events to report them. In January last, he saw across the water five great bulls mixed up in a fight. One bull was blue and another was red; and the blue bull had gored a great hole in the red bull. Of course, the red bull was Britain, and the blue bull Germany. Another vision showed the burghers who had been commandeered for German South-West Africa, trekking to the border and returning, after meeting the Germans, without firing a shot; which, being interpreted, obviously meant that Germany intended not only to restore the old Republic but to give them Natal and the Cape. Delarey was in constant consultation with the "prophet" before he came down to attend the special session of Parliament, and his friends found this fine old Dutchman in a frame of mind bordering on religious mania. The strange misadventure by which he met his death on his way back, was mentioned in the December Round Table. It is now practically certain that he had arranged with Beyers to go to Potchefstroom, in order to dissuade the Defence Force troops from re-

sponding to the Government's summons. After Delarey's tragic end, Van Rensburg's influence with Beyers became even greater than it was before; and one of the Ministry stated the other day, that the evidences of the "prophet's" influence, traceable among the rebels now in prison, are astonishing.

The character and magnitude of the services the Botha Government has rendered to the Empire can only be adequately gauged if all the aspects of the situation, which have now been presented at perhaps inordinate length, are carefully pondered. It would have been a political miracle had the Dutch South Africa, which was linked with the Empire only a dozen years ago, been entirely unanimous in co-operating with Great Britain in the present crisis. On the other hand, the position being what it actually was, the success with which difficulties have been confronted and surmounted, is an extraordinary tribute to the statecraft and political capacity of General Botha and General Smuts. From the date when Beyers resigned the Commandant-Generalship, the situation demanded not only courage, resolution, vigilance and energy, but exceptional quickness and a sureness of political intuition. Doubt, hesitation or uncertainty would have brought instant confusion and possibly irretrievable disaster alike in a political and military sense. But from the moment when General Smuts penned his mercilessly clear and incisive reply to Beyers, there was neither doubt, nor hesitation, nor uncertainty. Many Dutchmen winced sympathetically as the lash of the Minister of Defence descended on the ex-Commandant's shoulders; but none, who saw straight, could deny that the path of duty, honour and good faith had been clearly pointed out, and must be followed, unless the country was prepared to discard the compass of conscience and political judgment altogether. When it became evident that this was not enough and that the movement for passive resistance to the invasion of German South-West Africa was spreading, General Botha promptly put aside the compulsion of the Defence

Act, called for a volunteer army, and announced that he himself would take the supreme command. This was a stroke which at once compelled the rebels to declare themselves openly, and by the mere force of example prevented disaffection from spreading and assured General Botha of the force he required.

Attempts to obscure the issue either by the well-intentioned timidity which wished at all costs to prevent bloodshed among kinsmen, or by mischief-makers who wished to trap the Government, were promptly exposed. Between the date of Maritz's rebellion and de Wet's outburst at Vrede, a mutual friend both of the Government and of General Hertzog wired to the Prime Minister asking that the Cabinet should do what it could to end the revolt of Maritz without bloodshed. To this General Botha replied, that, while he deplored Maritz's treachery, particularly because he had succeeded in scandalously misleading a number of thoughtless young men, negotiations with the rebel leader were out of the question. General Hertzog, on the other hand, who was also approached, was content to forward to General Botha a copy of the wire, with the remark that if he could assist in bringing about the desired result (i.e. the end of the revolt without bloodshed), he placed his services at the disposal of the Government. The Prime Minister replied with a copy of the answer already sent to the mutual friend, with the added remark that obviously an " immediate and public repudiation of Maritz's action by General Hertzog and the others mentioned in Maritz's ultimatum might do much towards achieving the object in view." Similarly, after de Wet and Beyers took the field, repeated efforts were privately made from the side of Mr Steyn (who was known to have been all the time in close consultation with General Hertzog) to open up negotiations between the Government and the ex-Commandant-General. The invariable reply was that there could be no negotiations with a rebel; though General Smuts was so little desirous of closing the door to repentance that

Beyers was allowed to pass through the lines of the Government forces and to spend a night at Steyn's house outside Bloemfontein, so that the ex-President might have an opportunity of exercising what influence he had in the direction of political grace. As matters stand, the net result of Steyn and Hertzog's failure to denounce the rebellion publicly and unconditionally, as well as of their abortive underground efforts, has been seriously to impair their political prestige with all, who are not rebels either in heart or fact.

The Government prosecuted the operations against the rebels in the field with great energy. Maritz's impudent ultimatum was dated October 8; but de Wet and Beyers did not take the field until about a fortnight later. Two-thirds of the population in the Free State were believed to be either lukewarm, or eager to go into rebellion as soon as their leaders gave the word. In the Transvaal the Western districts, involving one-third of the population, were affected. Three members of the Union Parliament took up arms against the Government; several predikants belonging to the Dopper section of the Dutch Church, men of great influence among their people, were among the most active recruiters for the rebels; and in the Free State a member of the Defence Council of the Union, Mr Wessel Wessels, threw all the weight of his position and his personal support in the field against the Government. Yet by December 20, General Botha was able to announce in Pretoria that apart from the rounding up of two or three stray bands, the insurrection had been crushed. The original plan of the rebel leaders was probably to effect a junction between Beyers, de Wet and Kemp, who probably had at one time something like 10,000 men at their disposal in detached groups in the Western Transvaal and the Northern Free State; then to march westwards and join up with a force from German South-West Africa under Maritz, who was to bring artillery, rifles and ammunition, in which the rebels were fortunately very deficient; and finally to advance against Pretoria. The position was serious; just how serious nobody,

not even Ministers, could say. Only a day or two before he actually joined the rebels, Beyers had seen Botha in Pretoria, and in response to an earnest appeal from the Prime Minister had promised that he would go back to his farm and stay there. In presence of such faithlessness in an old comrade in arms Botha could scarcely be easy in his mind as to who could be trusted and who could not. Only his extraordinary personal influence, backed by the tireless energy and resource of General Smuts, can explain how in these circumstances he was able in a few weeks to get between 30,000 and 40,000 men into the field. A few thousand of these were troops of the Permanent Defence Force, part of the little army which had been sent to occupy the coast towns of German South-West Africa, and which was recalled when the rebellion broke out. But the vast majority were burgher commandoes called out to fight their own kith and kin, in the cause of co-operation, with an Empire against which, side by side with these same kith and kin, they had been fighting only twelve years ago.

The appalling difficulties of such a situation are obvious; and things have happened which the English-speaking South African, whose political imagination is not always in proportion to his loyalty, has been apt to criticize. Naturally the Government and the Dutch commandants were anxious to avoid bloodshed as much as possible. In some cases South Africans of British extraction complain that, while they were fired on until the last moment by the rebels, their own fire was forbidden in the hope that the rebels would be surrounded and forced to surrender. How much truth there is in reports of this kind it is difficult to ascertain: but the Dutch loyalists, no less than their English-speaking fellow citizens, took the risks involved in such a natural concession to the sentiments of kinship. The casualty lists prove this beyond all possibility of doubt.

From first to last General Botha's commandos never gave the rebel leaders a moment's rest, so that they were never able to link up their forces. With the exception of

Kemp, who, with the "prophet" van Rensburg, managed to break through and reach German South-West territory with a few hundred men, they have all either surrendered or been captured or killed. General Botha's personal conduct of the operations against the rebels in the Free State was characterized by amazing vigour, energy and endurance and has revivified in an extraordinary way an ascendency which a lack of touch in some quarters, due to absorption in administrative affairs, had in recent years somewhat impaired. The fate of Beyers, who perhaps more than any other individual was directly responsible for the rebellion, was tragically miserable. Harried from pillar to post by General Botha's commandos he was cornered on Dec. 9 on the north of the Vaal River, which was running strong and high at the time with flood waters. Escape was impossible, and Beyers, who was a man of incomparable physical courage, plunged into the swollen river on horseback in the hope of gaining the Free State bank. The animal was unable to make headway against the stream, and Beyers slipped out of the saddle intending to swim for his life. Presently he was heard to exclaim that his coat was keeping him from swimming freely, and his last words as he threw up his arms and disappeared beneath the waters were, "Ik kan nie meer nie" (I can do no more).

At this moment (January 14) General Botha is in Cape Town recuperating for a brief space before proceeding in person to German South-West Africa. Alluding at Pretoria on December 20 to his operations in German South-West Africa, the Prime Minister said:

> "In suppressing the rebellion the Government have had the most hearty co-operation of both races. Let us have the same co-operation in German South-West Africa. The undertaking before us is a difficult undertaking, but, if we all do our duty, it will be carried to a successful conclusion. Now that German territory has become a refuge for Maritz and other rebels, it is more than ever necessary that we should persist in our

operations there. We cannot tolerate the existence of a nest of outlaws on our frontier, a menace to the peace of the Union."

As a matter of fact, from the point of view of German South-West Africa, the rebellion has probably been a blessing in disguise. The expedition, as originally planned, was perilously inadequate in numbers, for the most part imperfectly trained, very deficient in artillery, and entirely without aircraft. These defects have now all been made good; while, so far as the composition of the expedition is concerned, instead of consisting almost exclusively of South Africans of British extraction, thousands of the Transvaal burghers, of whom General Botha has made such effective use in the recent operations against the rebels, are now encamped on Green Point Common *en route* to German South-West Africa. How wholly improbable such a co-operation was a few months ago, may be judged by the fact that at the present moment there are extremists of both races here in Cape Town who refuse to believe that Botha has any intention of sending the burghers to German South-West Africa. This incredulity is a guide to the measure of the Prime Minister's achievement.

II. Some Consequences

WITH the suppression of the rebellion the difficulties of the Government in connection therewith are by no means over. Perhaps the most difficult question of all concerns the punishment of the rebels. It is a mere truism to say that the law which punishes treason is a necessary consequence of the idea of the State, and is essential to the existence of the State. The principle is universal in the history of civilization. On the other hand the application has been extremely varied at different times and in different circumstances. In the circumstances of South Africa as in Scotland

in the first half of the eighteenth century, in Canada a century later and in India after her mutiny, it is as important to avoid a procedure which would leave a sense of rankling and predominantly racial resentment, as it is to discourage a confidence which might confound clemency with condonation. This is a maxim easy to write: it is also a rule of statesmanship extremely hard to follow. Even if we are sure of the statesmanship, much depends on the temper of the people in a democratic country, particularly where the population is not racially homogeneous.

On November 11 the Prime Minister published a circular intimating that all who surrendered voluntarily before November 21—excepting persons "who had taken a prominent or leading part in the rebellion," or who, while in rebellion, had "committed acts in violation of the rules of civilized warfare"—would not "be criminally prosecuted at the instance of the Government." The obvious and sufficient justification for such a proclamation was that many of the rebels were extremely ignorant and had been greatly misled. Yet the circular was received with some headshaking among the stern and unbending loyalists, as a symptom that sympathy was beginning to interfere with necessary rigour. The heads shook more emphatically than ever when, the rebellion being practically over, General Botha issued a statement on December 10 in which the following passage occurred:

> Our sacrifices of blood and treasure, and the losses of the population, have been considerable, but I believe they are not out of proportion to the great results already achieved, or which will accrue to South Africa in the coming years. For this, and much more, let us be reverently thankful to Providence, which has once more guided our country through the gravest perils, and let that spirit of gratitude drive away from our minds all bitterness caused by the wrongs which have been suffered, and the loss and anguish which have been caused by this senseless rebellion.
>
> I have noticed latterly a growing sense of anger and bitterness in the public mind. But let us remember that this has been a quarrel in our own South African household, that all of us will have to

continue to live together in that household in the future, and while we do our duty in seeing that never again shall there be a recurrence of this criminal folly, let us be on our guard against all vengeful policies and language, and cultivate a spirit of tolerance, forbearance and merciful oblivion of the errors and misdeeds of those misguided people, many of whom took up arms against the State without any criminal intention, or without any clear perception of the consequences of their action.

While just and fair punishment should be meted out, let us also remember that now, more than ever, it is for the people of South Africa to practise the wise policy of forgive and forget.

How this was received by a section of the English-speaking population can best be indicated by a quotation from a letter of protest addressed to the *Cape Times*, which had been urging on South Africans of British origin that the object of the law of treason was to maintain the security of the State, that security could not be maintained without harmony, and that they would defeat the very ends they had in view by calling for more than was needed for deterrent purposes.

> "When General Botha talks to us [so wrote this Protestant loyalist], about a 'merciful oblivion of errors,' and a policy of 'forgive and forget,' it is clear that the wind has set in from a political quarter. . . . Blood is thicker than water; the blood given by loyalists for this their country will, it seems, prove much thinner than that of the rebels and the Government. It is time that someone talked straight on this matter, for the papers seem to be conspiring to treat this rebellion as a purely spasmodic aberration on the part of the Maritzites and others, instead of a deep-seated plot of Imperial significance."

This is no doubt as natural from the point of view of the extremist of British extraction as the bitter taunts from the Hertzogite extremist that Botha has sold himself to the English and betrayed his country. It is also no less stupid. Nothing in the Prime Minister's record is finer than the clear-eyed patience with which he met insult from one

section and incorrigible mistrust from another. In an interview on Dec. 20, at Pretoria, he said:

> I am sure my English friends will understand what is expedient when I tell them that continued denunciation of the rebels may wound just those whom I know Englishmen have no desire to wound. I mean the Dutch who have been responsible for quelling this rebellion. Not many years ago they and the rebels were fighting side by side against England. For the loyalist Boers in these later days it has been an unhappy, indeed a tragic, ordeal to have to hunt down and fire upon men—some of them their relatives, many of them their friends—who were once their comrades in arms. These men in many cases have already met with their just punishment. Their wrongdoing and their fate are matters of the most acute grief to their kinsmen, and bitterness may unwittingly be provoked if our English fellow-countrymen continually emphasize the infamy of acts which they are not alone in detesting. The Dutch loyalists have discharged a painful duty out of a stern sense of honour, and, having relatives and friends often among the rebels, they regard the whole rebellion as a lamentable business, upon which the curtain should be rung down with as little declamation, as little controversy, as little recrimination as possible. To those who call for the infliction of severe penalties upon the ringleaders, I wish to say: Be sure justice will be done. In due time Courts will be constituted to deal with these men. . . . For myself personally, the last three months have provided the most sad experiences of all my life. I can say the same for General Smuts, and indeed for every member of the Government. The war—our South African war—is but a thing of yesterday. You will understand my feelings and the feelings of loyal commandos when, amongst rebel dead and wounded, we found, from time to time, men who had fought in our ranks during the dark days of that campaign. The loyal commandos have had a hard task to perform. They have performed it. The cause of law and order has been, and will be, vindicated. Let that be enough. This is no time for exultation or for recrimination. Let us spare one another's feelings! Remember, we have to live together in this land long after the war is ended!

A day or two later Mr de Wet, the Minister of Justice, who has been a powerful addition to the Cabinet which he joined at the beginning of last year, addressed the Civic Guard at Johannesburg, a volunteer body mainly composed of South Africans of British extraction. On the previous day Fourie, the rebel commandant from whose statement before

the Court Martial extracts have already been quoted, had been shot. After thanking English friends who had tried to do their best to imagine the Dutch feelings "of deep humility" at the turn circumstances had taken, Mr de Wet went on to say:

> "And may I ask if any of you have tried to consider what your feelings would be if you had to confirm the death sentence on a man whom you knew personally and who a few short years ago fought side by side with you for the same principles, and the same ideals for which you were fighting. There are a large number of your Dutch-speaking fellow-citizens who do not feel perhaps the same way about the Imperial connection as you do. It is not unnatural that the great majority quite recognize the rights which the British flag gives them, and are quite prepared to recognize that, under the British flag, they are free to cherish their own language and their own traditions, and are prepared loyally to stand by that flag. They recognize that the two races have to live side by side in South Africa, and are prepared to do so on a basis of mutual goodwill, mutual respect, and mutual co-operation. Is it unreasonable under these circumstances to ask the English-speaking section to try and be careful and to avoid intolerant language and conduct, to avoid language which, though ostensibly aimed at the disloyal section, is very often of such a nature as deeply to hurt the section which is loyal and which has been deeply humiliated by recent circumstances?"

But Mr de Wet, while putting in this plea—a plea as statesmanlike as it is pathetic—for due "allowances" from the British side, made it perfectly clear that the Government had no intention of allowing their feelings to dominate their policy. The Prime Minister had uttered a warning against conduct or language of a vindictive character, and had exhorted his countrymen to cultivate the temper which let's the dead past bury its dead. But he had also said that punishment must be fair and just.

The translation of such an obligation into practice in

the present instance is extremely difficult. As regards the leaders of the rebellion who belonged to the Defence Force, they will be tried under the Defence Act by Court Martial. There are comparatively few in this category. One (Fourie) has already been shot, and his brother has been sentenced to five years' imprisonment with hard labour. Following the precedent in the Cape Colony after the South African war, other Government rebels, not amenable to a Military Court, will be tried by a special Tribunal of three judges. The number has not been even approximately stated, but there is good reason to believe that 300 or 400 will probably be tried in this way. Finally there is the question of the rank and file. There are some 4,000 in prison; and some 1,200 who surrendered have been allowed to go to their homes on parole. General Botha's own followers among the Dutch, no less than the "straight-talking" section of the South Africans of British extraction, insist on some punishment. In the case of the rebels in the Cape Colony there was disfranchisement for a number of years; and the loss of civil right is, of course, a common-law penalty of treason. Yet, if this penalty were exacted in the present instance, the same charge would be made against General Botha as was made against Dr Jameson; that he was using the unfortunate past for the purposes of the electoral future. The one charge might be as untrue as the other; but the result would none the less militate against the policy of letting the dead past bury its dead. In the end this question of the rank and file will probably be left to Parliament, which meets about the end of next month.

There are other questions of capital importance which Parliament will be called upon to discuss. One is the compensation for damage done by the rebels; a thorny business, particularly as in certain districts in the Free State there is good reason to believe that not a few, who are now lamenting their losses, were not averse from helping the rebels.

The other is the question of Finance. When the special session of Parliament rose, General Smuts had taken a vote of £2,000,000 to carry him on till March. But that was on

the presumption that from 12,000 to 15,000 troops would be employed in German South-West Africa. The rebellion brought between 40,000 and 50,000 men into the field; the £2,000,000 had vanished by the end of November; and we shall now probably send between 20,000 and 30,000 men to German South-West Africa, the cost of which must be taken at not much less than £1 a day per man. The extraordinary war expenditure will thus be very large—immensely larger in proportion than any other part of the Empire will have to face. Still more serious is the deficit between ordinary revenue and ordinary expenditure which, due mainly to a shortage in Customs revenue, and the closing down of the diamond mines, will be anywhere between £2,500,000 and £3,000,000. How this will be met Parliament must decide. There will almost certainly be a lowering of the income tax limit, which at present is £1,000, a revision of the tariff for revenue purposes, and an all-round, though not heavy, increase in railway rates. The whole matter will be discussed in consultation with the leaders of the Opposition and Mr Merriman before Parliament meets.

In the interview at Johannesburg which has already been quoted, the Prime Minister paid a tribute to his colleague, General Smuts: "Nobody can ever appreciate sufficiently the great work General Smuts has done—greater than any other man throughout this unhappy period. At his post day and night his brilliant intellect, his calm judgment, his amazing energy, his undaunted courage, have been assets of inestimable value to the Union in her hour of need." That is all true and an imperfect sketch of an extraordinary crisis and an almost unprecedented political situation will not have failed if it brings home to readers oversea how much the Empire, preoccupied in events in Europe, owes to General Botha and General Smuts, for the staunch upholding of its unity and its honour in its struggle for freedom.

South Africa. January, 1915.

NEW ZEALAND

I. New Zealand in War

THE interest of New Zealand in the great war is undiminished, and the patriotic spirit of the people, so far from abating seems to grow in ardour. There is literally no sacrifice which New Zealand is not prepared to make for the maintenance of the Empire. Of the 10,000 men comprising the first expeditionary force, some 1,800 are garrisoning Samoa, and the rest are reported to be in Egypt, together with the Australian contingent. There are 3,000 reinforcements now in camp near Wellington waiting to sail as soon as transports are available and, according to the Minister of Defence, they are an even finer lot of men than the original body. These will be followed by another 3,000 and further reinforcements will be sent every two months. It seems probable that New Zealand will have a contingent at the front numbering about 20,000 men. The men in Samoa have expressed a strong desire to be sent to the fighting line in Europe, and the Government are now raising a special contingent of 500 men to relieve a corresponding number of the garrison in Samoa for service in Europe. For this special force the age limit has been raised to 47.

Not the least remarkable feature of the outburst of patriotic feeling in New Zealand is the keen desire of the older men to be of service in this national emergency. If the age limit were raised to 50, there would be thousands of additional volunteers for active service. As it is the elder men in the various centres have formed themselves into Citizen's Defence Corps, the idea being that they should be drilled and armed for purely local defence, to take the place of the younger men who have volunteered for the front. In the city of Christchurch alone, over 1,200 citizens, representing all classes of the community, enrolled themselves within two or three weeks after the movement was started.

Nor are the Maoris less keen than the Europeans in their loyalty and patriotism at this juncture. When the natives first offered their services, the Home Government offered to take 250 for Egypt, but 500 were speedily enrolled. The Minister of Defence, Colonel Allen, who recently inspected them, said there was the raw material of a fine body of soldiers in the contingent, and even in the short time that the men have been in camp very good results have been obtained. Colonel Allen found that many of the men are old scholars of St Stephen's, Te Aute, Clareville, the Otaki Mission School and other Maori Schools for boys. Some of them were non-commissioned officers in the school cadets companies, and are finding that training of value. One of the Maoris has already been appointed to a lieutenancy, and Colonel Allen said that probably all the subalterns would be Maoris. He added that the contingent is thoroughly representative of the younger generation of Maoris, and referred with pleasure to the fact that New Zealand was the first of the overseas possessions, India excepted, to offer a native contingent for Empire service.

It has to be admitted that the efforts of the Government to keep down the price of wheat and flour have not been attended with much success. When the war broke out Mr Massey, foreseeing a shortage of wheat, urged the farmers in their own interest, as well as in that of the Empire, to increase the area of land under this crop. Unfortunately the weather did not prove favourable for spring sowing, and owing to this fact and the labour difficulty, the advice was only acted upon to a very limited extent. The Government endeavoured to import wheat from Australia, but a shortage being threatened in the Commonwealth, they were able to secure only a very small amount. A Royal Commission was appointed to consider the question, and after taking evidence recommended that the price of wheat should be fixed at 5s. 3d. a bushel and that of flour at £13 per ton, less the usual trade discount of 5 per cent. A Government proclamation was issued fixing these prices, but proved inoperative,

seeing that there was no power to compel holders of wheat to sell their stock. These, in view of the threatened scarcity, continued to hold their stocks and there was an outcry from the millers that they were unable to obtain wheat with which to make flour. Sales are reported to have taken place at 6s. 3d. per bushel, the sellers endeavouring to evade the law by professing to sell at 5s. 3d. and adding 1s. for "charges." Meanwhile, the Government are endeavouring to import a considerable quantity of wheat from Canada, which they propose to sell at cost price or even at a slight loss, and this probably will have a steadying effect upon the market.

Not only have the farmers a good market for their wheat, but in other respects their prospects are exceedingly rosy. Cross-bred wools, being required for military purposes, fetched at the recent sales the highest price on record. There is also a keen demand for frozen meat, and every prospect of high prices being realized. Speaking generally, it may be said that far from the war having injured New Zealand financially, the immediate outlook for our great producing industries was never so promising as at the present time. It says much for the local shipping companies that in addition to furnishing transports for the troops they are able to provide sufficient ships for the ordinary trade of the country.

Much gratification has been caused in the Dominion by the very appreciative manner in which English newspapers and public men have acknowledged the eagerness of young New Zealanders to help in the defence of the Empire, and the patriotism and loyalty of New Zealanders as a whole. The prevailing feeling here is one of pride in the Empire, of profound admiration of the gallant conduct of the British Army, and of devout thankfulness to the British Navy for its protection, which has not only secured our personal safety, but has enabled our trade and industry to pursue a normal course. Nor are these the only respects in which the benefits of the Imperial connection have been vividly brought home to us. The masterly manner in which the financial crisis

was handled by the British Government, in conjunction with the Bank of England, was striking evidence to all the world of England's supremacy in finance, as well as on the ocean.

In addition to sharing in the general benefit arising from the restoration of credit, New Zealand has special reason to be grateful to the British Government for assistance in dealing with her own finances. It so happens that some £3,200,000 of a short-dated loan falls due in December next. The holders of the stock had refused to convert it into a longer term, and in the present state of the money market it would have been extremely difficult to raise a loan to pay off the debt. The British Government came to our assistance by agreeing to include in its own issues, not only the New Zealand War Loan of £2,000,000 which we might have expected, but also a sufficient sum to pay off the indebtedness referred to, and to provide for public works urgently required. Similar assistance has, it is understood, been extended to other self-governing Dominions. Not only have they been enabled to raise the money needed at a more favourable rate than they could have secured for themselves with the money market in a normal condition, but English credit has enabled them to obtain with ease, at a time of crisis, money which they individually might have found it almost impossible to secure on any terms. This experience will naturally cause them to consider very earnestly whether it is not possible by a closer Imperial connection in the future, to secure at all times as part of the regular procedure the advantages which they have found so valuable when generously extended to them in a time of emergency.

A few words may be added respecting the feeling in New Zealand in regard to other countries besides those already mentioned in connection with the war. For our gallant allies, the French, there is nothing but admiration. The advent of Japan into the war was at first regarded with some uneasiness, but the action of the Mikado's Government in handing over the administration of the Marshall Islands to Australia, the inflexible loyalty and high-minded contempt

with which the insidious overtures of Germany were rejected, and the absolute "correctness" of their conduct generally, have created a very favourable impression. Needless to say, the splendid loyalty of India, and the magnificent prowess of the Indian troops at the front have also deeply impressed the people of New Zealand, and the feeling is growing that our attitude both to India and Japan must be materially modified by the events of the war. The instinct of racial self-preservation is too strong for New Zealand ever to agree to the unrestricted immigration of Asiatics for the purpose of settling permanently within our borders, but short of this it is felt that both India and Japan in future must be regarded as nations in every regard our equals, entitled to the highest degree of international courtesy and respect. It is gallant little Belgium, however, whose sufferings have stirred the national heart with the deepest feelings of sympathy, whose wrongs have excited our fiercest indignation, and whose gallantry in the field has earned our undying gratitude and admiration. Many thousands of pounds have been subscribed for the relief of the Belgian victims of the war, and in addition to the sums cabled for urgent use, shipments of New Zealand frozen meat, and clothing and blankets made of New Zealand wool are being dispatched to our sorely stricken allies. Perhaps no better illustration of the way in which all hearts were moved on their account can be given than the fact that even the children's pennies collected on "Guy Fawkes's Day," as in England, and usually spent in fireworks, were handed over this year to the Belgian Fund, some hundreds of pounds being actually contributed from this source.

The feeling of New Zealand towards the United States is, one regrets to state, a sentiment of profound disappointment. The fact that most of the educated Americans are strongly in sympathy with the Allies is gratefully acknowledged, and it is admitted that there are probably practical difficulties in the way of entirely suppressing such unneutral acts as the supply of coal and other stores to German

predatory cruisers, and the conveyance of information by wireless to German belligerents. The disappointment which is felt is based on the fact that a great nation like the United States, an adherent of the Hague Conference, and a professed upholder of international law, made no sign of protest when the Treaty of Belgium was contemptuously torn to shreds, and witnessed, apparently unmoved, the burning of Louvain, the butchery of Belgian civilians, and the violation of Belgian women and children.

And what shall be said of the attitude of New Zealand towards Germany? For some time before the war one or two of the newspapers, notably the Christchurch *Press*, strove to arouse the public to the reality of the German menace. But for the most part their warnings fell upon deaf ears. There are many Germans in New Zealand and, speaking generally, they have proved most industrious and worthy settlers, earning the respect and goodwill of their neighbours. The German men of business in the towns were, as a rule, genial, able, and successful, and so far from their prosperity exciting any envy, they were everywhere received in the most friendly intercourse and, most of them being naturalized, they were looked upon as fellow-subjects of the King. Had the Prussians fought fairly it is possible that the feeling of resentment caused by the war would have died down very shortly after the restoration of peace. It is impossible, however, to describe the feeling of horror excited in this Dominion by the reports of German atrocities. For many years to come no German trader will find it easy to carry on business in New Zealand, and no New Zealander will knowingly buy German goods, even when sold in a British shop. And throughout the nation there is the most intense feeling that it would be an act of national insanity were peace to be concluded until Prussian militarism has been completely crushed. It should be made impossible, not only in our lifetime but in the lifetime of our children's children, for that devilish spirit again to lift its horrid head and cast a nightmare over a shuddering world.

II. Naval Defence

SINCE the outbreak of the war the consideration of the problem of naval defence has entered upon a new phase. Curiously enough each school of thought finds in the events of the war confirmation of its own particular views. The advocates of a local fleet unit for New Zealand point with pride, not unmixed with envy, to the achievements of the Australian Fleet. It was the possession of the local fleet, they say, which enabled an Australian Expeditionary Force to capture German New Guinea. We were indebted to the same fleet for assistance in capturing Samoa with our advance Expeditionary Force, and we were glad of its help in convoying our main Expeditionary Force, with that of the Commonwealth, on their voyage to the other side of the world. They point to the fact that the German cruisers, "Scharnhorst" and "Gneisenau," were a serious menace, not only to our commerce, but to the security of these islands and to the garrison in Samoa after our occupation of the group. It is known that these powerful ships of the enemy were at one period within striking distance of New Zealand, and that they visited Samoa after its occupation with the object of ascertaining the prospects of an attempt to recapture the islands. At the commencement of the war, and for some time afterwards, His Majesty's Australian battle cruiser "Australia" was the only ship in these waters capable of engaging either the "Scharnhorst" or "Gneisenau" with any probability of success.

These facts are admitted on all sides and even the opponents of a local navy express unstinted admiration of the exploits of the Australian Fleet, and are grateful for the sense of protection which it gave, enabling us, in Lord Fisher's words, "To sleep peacefully in our beds." It is not too much to say that the destruction of the "Emden" by the Australian cruiser "Sydney" was hailed with as much pride and delight in New Zealand as in the Commonwealth itself.

On the other hand it is argued that the naval aspect of this war has shown more emphatically than ever the paramount importance of maintaining the British Navy in overwhelming strength, and concentrating it in the vital spot, which, as every one knows, in this instance was the North Sea. But for the fact that the British Navy was strong enough to keep the main German Fleet bottled up in its own ports, it is argued that no amount of expenditure on local fleet units would have sufficed to preserve Britain's oversea possessions from aggression or their commerce from destruction. To the action of the British Navy in the North Sea we owe the fact that trade between New Zealand and the Mother Country has been carried on without interruption, while the German mercantile marine has been practically swept from the sea. It is admitted, of course, that damage has been done to British shipping, which was especially brought home to us by the fact that one valuable New Zealand cargo steamer was sunk. It is argued, however, that our losses are trifling compared to those of the Germans, and that it is expecting too much to imagine that, whatever provision had been made, we would escape scatheless. We should have felt happier and been more secure had there been more powerful local naval protection in these waters when war broke out, but it is contended in answer that in concentrating the public mind on local fleets, instead of pulling all together to maintain the supremacy of the British Navy, there lies the seed of future danger to the Empire. If the war had not come for another ten or twenty years could the Mother Country have continued without the aid of the self-governing Dominions, to build sufficient ships to maintain an adequate margin of safety in view of the determined efforts which Germany was making to overtake her? And is it possible for the Dominions to provide local naval protection and at the same time assist in building up the great fleet required by the policy of concentration? To the suggestion that these fleets would all be put under control of the Admiralty in time of war and could be used in any

way deemed best for the defence of the Empire, it is pointed out that it would then be too late to effect the necessary concentration. For example, had the German Fleet been in sufficient strength to attack the British on the declaration of war it would have been too late to summon help from Australia, New Zealand, South Africa, or even Canada. In regard to the ravages caused by German cruisers and the difficulty of capturing them, it was stated by the Admiralty that between 70 and 80 vessels, English, French and Japanese, were engaged at one time in hunting for the enemy's ships known to be at large. It is contended, therefore, that it was not due to any want of pursuing ships that the enemy's cruisers were enabled to remain so long uncaptured.

The tone of the latest speeches of the leaders on both sides indicates that there is now very little difference of opinion between the two. Both Colonel Allen and Mr Massey have publicly expressed their willingness to accept the principle that the Admiralty should have full control in peace, as well as in war, of any local fleet that might be provided. The main point for which Colonel Allen has contended has been that there ought to be a larger naval force in the Pacific for the protection of Imperial interests, and that New Zealand should have the opportunity of training her own sons for the naval service; and these objects were practically provided for in the agreement made by Sir Joseph Ward with the Admiralty in 1909. The understanding then arrived at was that the Dreadnought presented by New Zealand to the British Navy was to be the Flagship of the China Pacific Unit: that two of the new Bristol cruisers, together with three destroyers and two submarines, should be detached from the China station in time of peace and stationed in New Zealand waters, and that the ships should be manned as far as possible by New Zealand officers and men. Up to the time of Colonel Allen's visit to England in 1913 little or nothing had been done by the Admiralty to give effect to their part of the 1909 agreement, and Colonel Allen himself intimated to the Imperial authorities

that the position had changed so materially that he did not consider it advisable to carry out the agreement, or to send to New Zealand the ships specified.

The outbreak of the war has of course made plain to every one what was previously only suspected, that it was urgent strategical reasons which prevented the Admiralty from carrying out their part of the agreement. After the war is over no doubt the whole question of naval defence and the future relations of the Mother Country with the daughter States will come once more under review. New Zealand will unquestionably be prepared to pay a larger share towards the cost of Imperial defence, and will desire to see a larger naval force in these waters. She is also keen to see her sons represented in the Naval Service, as they now are in the land forces of the Empire. With the principle conceded by all, of "one flag, one navy, and one control," there should be little difficulty in arriving at a solution satisfactory to all.

III. The General Election

NEVER before in the history of New Zealand has so little public interest been taken in a General Election as in the one now taking place. Naturally the mind of the public is so occupied with the world-shaking events on the Continent of Europe that it is difficult to focus attention on the issues of local party politics. The candidates have been addressing meetings as usual and these have been fairly well attended. The newspapers devote a certain amount of their space to politics, but the war continues to monopolize the bulk of their space. The general mass of the public read the war news and skip the politics. It remains to be seen what effect all this will have upon the voting.

The general impression is that the extreme Labour Party, who naturally resent the attitude of the Government over the great strike, will strain every nerve to get their candidates returned; but the Government and the official

Opposition, led by Sir Joseph Ward, seem to have difficulty in stirring up the rank and file to anything approaching enthusiasm. It was suggested that the Election should be postponed. Sir Joseph Ward strongly favoured this course, and urged that it should be held in February or March next. He argued that by that time a decisive result might have been achieved by the arms of Great Britain and her allies against the enemy. The Government, after carefully considering the question, came to the conclusion that as the people were being urged to continue business as usual the Government and Parliament should set the example by holding the elections at the usual time. They pointed out that it was quite possible the war might drag on for a year or more, and that they would be laying themselves open to the charge that they were using the European crisis as an excuse for holding on to office. They further contended that it would be unconstitutional for any Parliament to prolong its own existence, and it was doubtful if there was any precedent for such a course, except that of the "Long Parliament." There was, however, as readers of THE ROUND TABLE will remember, also the case of the Parliament which passed the Septennial Act in 1716. The question was then raised and yet remains one of the controversies of constitutional law, whether a Parliament summoned for three years was competent to extend its existence without a reference to the electorate from which it derived its powers.

At the conclusion of the Session of Parliament the Prime Minister issued a manifesto setting forth the platform of the Reform Party, while Sir Joseph Ward outlined the leading features of his policy in a public speech at Wellington. It will be convenient, perhaps, to set forth the main features of these two statements.

First and foremost in the Reform manifesto were set down the following articles:

> "(1) That New Zealand shall worthily sustain its share in the responsibility and obligations of the Empire.

"(2) (a) A vigorous perseverance with a system of national training for defence, by which New Zealand's young manhood may become citizens fitted for the safeguarding of the people's hearths and homes, and for helping the Empire in time of need.

"(b) A naval policy by which New Zealand will train personnel and gradually develop this Dominion's interests in an Imperial Navy which will adequately protect the Empire as a whole, maintain the supremacy of the British flag in the Pacific, and render safe the trade routes so essential to the continuance and prosperity of the Empire."

Next was a promise to continue the policy "which has already placed the finances of New Zealand, especially as regards the State Advances Department and the Public Works, on a much more satisfactory basis than was the case when the present Government took office." As regards the land, the Government promised the maintenance of the freehold principle and the development of a sturdy self-reliant yeomanry by special attention to the bona-fide settlement of small areas of good land. It promised to prosecute the subdivision of large estates, suitable for close settlement, by an automatic increase of the Graduated Land Tax, but stated that this policy would be exercised with a just and sane discrimination between land which is improved, and improvable land which is kept in an unimproved condition. "It is also necessary," continued the manifesto, "to have fair discrimination between land which is fit for agricultural and dairying purposes, and comparatively poor pastoral lands which cannot be profitably occupied in small areas. The basis of this policy is the taxation of any large landowner's inertia or indifference to New Zealand's needs." Other features of the land for settlement policy are a well planned programme of roads and bridges, establishment of agricultural and land banks, encouragement and improvement of agricultural education, and expansion of the system by which the aid of the State's expert

officers is available for various industries, and "a proper use of native lands for the advantage of both races." As to immigration, the new policy initiated by the Government of bringing boys to New Zealand experienced in country work and apprenticing them under complete protection as to their wages and comfort to farmers is to be prosecuted. The immigration of domestic servants is also to be further encouraged.

As an aid to securing the best possible return from exports the Government has decided to establish a Board of Trade and Commerce, which will keep in close touch with the world's markets. One important function of the Board, it is stated, will be to watch shipping freights, both inward and outward. Additional preference will be granted, where necessary, to British manufacturers, and reciprocal arrangements will be made with the other States of the Empire. At the same time those manufacturing industries for which the natural conditions are favourable in this country will be encouraged. The policy of promoting the welfare of mining by direct and indirect assistance is in future to include the encouragement of the iron and oil fields, both of which exist in the Dominion, but which have not been yet developed on a commercial scale. Special attention is to be given to the development of food fisheries for local and oversea markets in accordance with the recommendations of Professor Prince, the well-known Canadian expert. The irrigation of dry country, particularly in Central Otago, is to be promoted by State advances, and additional encouragement is to be given to the fruit industry by a bonus on exports. Afforestation will be encouraged, to ensure adequate supplies of timber for the future, and the prevention of indiscriminate destruction of forest. Special attention is to be given to improving and protecting the public health by strengthening the campaign against tuberculosis, courageous administration of the Pure Foods Act, medical inspection and physical training of school children, extension of the maternity home system, and special training of nurses in the treatment of

infants. Reference is made to the increased benefits under the various pension schemes already given by the present Government, and it is stated that as soon as circumstances permit, it is proposed to remove the property disqualification of old age pensioners, and to provide pensions for the physically infirm.

Reference is also made to the educational reforms already carried out by the Government, and it is stated that the system of technical education will be further developed, and that university research work in matters helpful to local industries will be encouraged. The Government's appeal for the support of the workers points out that the reform policy of encouraging land settlement, and fostering various industries will increase the National Wages Fund, and therefore directly benefit all workers. The cost of living is to be reduced by the erection of workers' dwellings by the Government, State advances to workers for building purposes, advances to councils and boroughs to enable them to erect workers' homes, reduction of Customs Duties on certain articles in common use, extension of the scope of the Commercial Trusts Act to facilitate proceedings against monopolies, insurance against sickness and unemployment, and a subvention for Friendly Societies so soon as the Finances permit. Reform in the system of local government is promised, together with the abolition of the present system of Parliamentary grants for roads, bridges, etc. It is proposed to overhaul the existing railway fares and rates, with a view to reducing the cost of travelling, especially to young children, and to readjust the anomalies in goods freights. In regard to the natives the Reform Government's policy, it is added, is to treat the Maori as far as possible as a European. The Maori is being encouraged to strengthen himself by intelligent enterprises, thus improving his usefulness as a New Zealander.

Sir Joseph Ward's political programme for the General Election was outlined in a speech which he delivered to the Women's Social and Political League in Wellington. After

referring to the Liberal Party's record since 1891, as one of which any party in the world might be justly proud, he went on to say that, so far as the Empire is concerned, no one could question the sincerity and loyalty of the Liberals, and indeed of all classes in New Zealand. Our common duty was to assist in the maintenance of the Empire, and the country had shown in unmistakable manner its desire to do this to the utmost of its ability. There was a confident buoyant feeling among us that final success in the war would come to Britain and her allies. This led him to say that when the nation that had shown itself to be the most warlike in history had been conquered, it was reasonable to expect that there would be lasting peace, or at all events a peace that would continue for at least a century. There could be little doubt, in his opinion, that once the war was over the magnificent British Navy would not be required in such numbers around the British coast as in the past, and in the ordinary course of events it was probable that the Admiralty would place their surplus vessels at different points of the Empire. This was impossible in the past owing to the hostile attitude of Germany, and for prudent and well-recognized reasons it had been necessary to have the main fleet concentrated in the North Sea. The Liberal policy, so far as naval defence for New Zealand was concerned, might be summed up in these words: "We stand by the Imperial Navy." The conditions that had arisen in the present war confirmed him in this belief. One was proud of the fact that New Zealand was responsible, with the assistance of Australian and French warships, for securing Samoa, but it was idle to shut our eyes to the fact that, unless the Imperial Navy in the North Sea was so strong and powerful as to lock up the German Navy, none of the German possessions in the Pacific could have been taken, or if they had been taken, could have been held for any length of time. These facts show that the great British Navy should remain intact, and that to stand by it instead of establishing a separate local navy was the safest and

wisest course for New Zealand to pursue, both in our own interests and in the interests of the Empire. Sir Joseph Ward, however, went on to say that he had always believed we should have British warships patrolling the New Zealand coasts and adjacent waters, with a base in the Dominion, and with a view to having this carried into effect arrangements were made by him with the British Admiralty in 1909, by which two cruisers, three destroyers, and two submarines were to be permanently quartered in these waters, with Auckland as base. Had this arrangement been carried out we should have had a portion of the British fleet in New Zealand waters when hostilities broke out, which would have made us all feel more certain as to the safety of the men who left our shores to fight for the Empire. He was strongly of opinion that it was necessary that this class of ship should be on our coast, but that they should be under the control and direction of the British Admiralty. The alternative to an arrangement of this kind was to undertake the burden and responsibility of a local navy. To be of real service the local navy must be an effective one, and the financial responsibility of such an undertaking was so huge that New Zealand could not bear it.

Sir Joseph Ward said that he did not wish to take away any credit due to the Government for the good work they had done in connection with the sending away of the Expeditionary Force, but it must be understood that the Liberal Party in Parliament dropped all party criticism in connection with these matters, and assisted in every way the carrying out of this great work. He thought it was premature to talk of imposing a war tax until the country knew the actual amount which would be required, and suggested that possibly the enemy would be called upon to pay an indemnity, in which New Zealand might participate. If the war tax proved to be necessary he would be quite prepared to have it placed upon the shoulders of those best able to bear it.

Referring to local politics Sir Joseph Ward pledged the

Liberal Party, should they be returned to power, to establish a system of proportional representation for the House of Representatives, with reasonable groups of electorates and preservation of the country quota. In regard to the Graduated Land Tax as a means of inducing the subdivision of large estates, he proposed that the Land Purchase Board should be strengthened, so as to ascertain as early as possible all the areas of land and the holdings of £20,000 and upwards which were most suitable for close settlement. The Board should report upon these lands and at the same time steps should be taken to pass into law a special Graduated Land Tax imposing upon them higher rates of taxation than those imposed by the ordinary Graduated Land Tax. This special Graduated Land Tax admittedly would aim at forcing the subdivision of the estates on which it was placed. At the end of fourteen days from the commencement of the Session the lands referred to in the Land Purchase Board's report would become subject to this special Graduated Tax, but the owner of the land in question would be permitted to escape the special tax in one of two ways—either by notifying the Minister of Land that he would subdivide his land in accordance with the Land Act within six months from the date of notification, or would hand over his land to the Land Purchase Board to be subdivided on the deferred payment system, the owner in the meantime being given State Debentures for the Government valuation of the land, bearing interest which would enable him to convert his debentures at par. The Land Purchase Board should then proceed to dispose of the land on the deferred payment system, and if at the end of the period fixed under that system, the total purchase money paid by settlers exceeded the Government valuation, then the surplus should be paid to the owner, along with the amount of his debentures, together with interest at the rate paid by the settlers. Should, however, the proceeds of the sale of the land amount to less than the Government valuation, then the deficiency would be deducted from the amount of the

debentures, less interest at the rate fixed by the debentures. He regarded the extension of land settlement in reasonably small areas as of the utmost importance, and all existing legislation should be overhauled with the intention of providing for genuine settlement by occupying owners. He would utilize some of the proceeds of this special taxation in purchasing land near towns to be cut up into areas of from an acre to five acres, upon which workers' homes could be erected. He would establish farmers' banks, to be known as the Bank of Agriculture, through which the whole of the advances to settlers, workers, and local bodies would be made. Where necessary a further extension of the State functions should be put in operation to combat monopolies. He thought that £2,300,000 per year should be borrowed for expenditure on railways, and £700,000 on other public works. He was in favour of extending further trade preference to the British Isles, Canada, Australia, South Africa, and America, which in recent years had removed the duties on some of the principal articles produced in New Zealand. The internal defence of the country must be maintained, but he thought the amount expended should be limited to £450,000 annually. Sir Joseph Ward also expressed himself in favour of an extension of agricultural education and afforestation. He also held that the Public Service Act had not worked satisfactorily, and stated that it was his intention, in the event of being returned, to introduce an amendment to the Public Service Act providing for the creation of a portfolio of Public Service, and restoring direct Parliamentary, but not political, control.

So far it will be seen that, with the exception of this last point, and naval defence, to which further reference is made in this article, and the electoral law, the policy of the Leader of the Opposition does not differ very materially from that of the Prime Minister. Sir Joseph Ward, however, brought forward two somewhat novel proposals in addition to those outlined. The decline in the birth-rate in New Zealand, he said, was a question that required serious

consideration. It was naturally a difficult problem to solve, and to a large extent was in the hands of the people themselves, but from the point of view of statesmanship it was necessary that something should be attempted. He proposed that on the registration of the birth of every child in New Zealand £5 should be placed to the credit of the child in the Post Office Savings Bank, and that the amount should remain there for a period of fourteen years, and carrying compound interest at the rate of 3 per cent assessed annually. Discussing the advantages of the scheme he said that first of all every child born in the Dominion would automatically become a depositor in the Post Office Savings Bank, and that naturally more deposits should follow where the first was in keeping. The State would have the use of the money for the full period of fourteen years and thus the scheme would not only have an effect on the birth-rate of the Dominion, but would also be a direct incentive to thrift. The other proposal was a proposal, the details of which have not been disclosed, for cheapening the cost of living. Sir Joseph said he had been for the best part of twelve months examining a method by which the main articles of food could be cheapened. He proposed to commence with milk, without interfering with those engaged in the business. This scheme would, by the co-operation and assistance of the State, remove waste, and provide this all-important article of food in a manner satisfactory to the consumers, the producers, and the vendors. A similar scheme could be applied to both bread and meat, but in order to prove that it was practical he would first apply it to milk, and if it succeeded the country could then with advantage apply it to the other two articles mentioned.

The third party in the field, the Social Democratic Party, have not issued any special manifesto for the Election, but its "Statement of Principles" and "fighting platform" are kept standing in the *Maoriland Worker*, which is the organ of the party. In this it is stated that the Social Democratic Party stands for "the common ownership of all the

collectively-used agencies of wealth production for use." It divides society in all countries into "two distinct and opposing classes—the workers who by brain and hand produce all wealth, and the exploiters who by the power of monopoly, based on the private ownership of things collectively used, are able to appropriate without service the products of the toil of others." It holds that "because of these conflicting class interests between the workers and the exploiters, class antagonisms are generated and the world-wide class war is made inevitable." It urges the wage-earners to combine for industrial action into one industrial organization, and all wage-earners, working farmers, and other useful workers to combine for political purposes into one political party. So organized, it is further stated, "the workers may not only wrest immediate and temporary concessions, but they will be able to abolish industrial exploitation, and to substitute the industrial and social administration of collective interests by the people and for the people."

It will be seen, therefore, that the Social-Democratic Party are really Socialists who aim at gaining their object by syndicalist methods, as well as by political action. As a matter of fact the leaders of the general Strike of last year are leading members of this party. In the "fighting platform," the following are, perhaps, the most striking features. Proportional representation, the initiative, the referendum, and the recall: a "Right to Work" Bill with a minimum wage clause, a maximum working day of six hours, a weekly day of rest and a Saturday half holiday: the right of Unions to register or not to register without the loss of legal standing. Dominion awards regulating a minimum wage on a sliding scale bearing relation to the rise in price of commodities, and protection against the creation of bogus competing organizations of labour; the direct representation of the workers on any governing boards in all departments of the Public Service and of Local Government authorities; old age pensions after fifteen years' residence for all men at 60 and for all women at 50; the endowment of motherhood, in-

cluding maternity care and infant life protection; free hospital care for married and unmarried, and medical aid in the direction of maintaining the national health rather than simply in the treatment of disease; and pensions for widows, orphans, the blind, and the incurably helpless; the repeal of the present inadequate Defence Act, and the creation of a citizen army on a volunteer basis, democratically organized with standard wages while on duty, which shall not be used under any circumstances in time of industrial disputes, together with practical measures for the promotion of peace.

Between the policy of this party and the policy outlined by Sir Joseph Ward there is as much difference as between the policy of the Social Democrats and that of the Government. Nevertheless both the Social Democrats and Sir Joseph Ward's Party are animated by a common desire to oust the present Government from office, and it is evident that for the purpose of this election they came to a working agreement to avoid splitting votes. Only in one or two instances are there both Social-Democratic and Liberal candidates in the field, these being cases in which the parties were apparently unable to control their respective candidates.

There are Social Democrats standing in eleven seats and in addition there are six Labour candidates not belonging to the Social Democratic Party.

New Zealand. December, 1914.

Postscript.

December 17, 1914.

THE General Election which took place on the 10th instant resulted unfortunately in what at present looks very much like a deadlock between the Parties. It should at first be explained that the elections this year took place under singular and, indeed, unprecedented conditions.

Under an Act passed last Session, the members of the Expeditionary Forces before leaving New Zealand were allowed to record their votes, so that they might not be disfranchised owing to their absence on the service of the Empire. As the candidates had not then been nominated it was arranged that the men should simply vote "Government," "Opposition," or "Labour," as the case might be. After the nominations the Prime Minister, the Leader of the Opposition, and two selected members of the Labour Party, were empowered to decide to which candidates in each electorate these party votes should be respectively allotted. It followed, therefore, that the results given out on the night of the Election were not decisive, inasmuch as the Expeditionary votes, and those of the seamen, who also have the privilege of voting *in absentia,* could not be added until the official count. On the night of the Election the result of the polling was given as follows: Government, 38; Opposition, 30; Labour, 8. As it was known that the Labour members would vote with the Opposition to turn out the Government, this left the parties equal and if a government supporter was elected as Speaker, there would be a majority of one against the Ministry. Subsequently it was found that on a recount of the votes for Wellington East, with the Expeditionary votes added, the Reform candidate, Dr Newman, headed the Poll instead of the Labour candidate, Mr McLaren. This made the position, Government, 39; Opposition, 30; Labour, 7; thus giving the Government a majority of 1 on a no-confidence division with a government supporter in the Chair.

This refers only to European members. There are four Maori members of the House of Representatives, and these were elected on the day following the polling for the European members. Needless to say, the Maori elections this year were followed with unusual interest. The Maoris give their votes personally to the Returning Officer, before a Maori Assessor, instead of voting by ballot as in the case of the Europeans. In the last Parliament, only one of the Maoris

supported the Government, the other three being members of the Opposition. On this occasion two of the candidates elected had announced their intention of supporting Mr Massey. This still left the Government with a majority of 1, and as the Reform Party are absolutely solid it was thought Mr Massey could carry on.

Yesterday, however, a fresh surprise was sprung on the country when it was announced that a mistake had been made in counting the votes for the Hawke's Bay electorate, and that the corrected return showed that Dr McNab, the Opposition candidate, had been elected instead of Mr Campbell, Ministerialist, as was at first supposed. This, of course, made the parties once more even, counting the Labourites with the official Opposition.

It is generally admitted that such a result in the midst of an Imperial crisis is nothing short of a public calamity. It is to be hoped that no one outside the Dominion will fall into the error of supposing that the result is in any way due to dissatisfaction with the Government for dispatching the Expeditionary Force or with their action in regard to Defence matters generally. It is true that the Social Democrats include the abolition of the compulsory system of training among the planks of their platform, but during the Election they kept this point very much in the background. The official Opposition, on the other hand, gave the Government unswerving support in Parliament in all the measures they took in connection with the war, and during the campaign expressed their entire approval of the dispatch of the Expeditionary Force. Some of the keenest Imperialists in the House are included in their ranks.

The chief cause of the set-back which the Government has sustained is their association with the movement having for its object the introduction of Bible Reading into the State Schools. A Bill having this object in view was introduced by Colonel Allen, the Minister for Education, and, although it was not made a Government measure, the fact that it was favoured by many members of the party raised

a very powerful opposition against the Government, including practically a block vote of the Roman Catholics. What proved particularly disastrous to the party was an attempt of the Bible in Schools League to make this a supreme test in voting for candidates irrespective of other considerations.

Among the personal changes brought about by the Election the defeat of the Hon. F. M. B. Fisher for Wellington Central is the most noticeable. Mr Fisher was Minister of Customs and Marine in the Massey Government, and was, perhaps, the most brilliant platform speaker and debater in the party. The Government Party sustained another loss in the defeat of Sir Walter Buchanan, who has sat in the House for about forty years, and is one of the most respected members of the Party. On the Opposition side the most notable defeat is that of the Hon. R. McKenzie, another veteran member of the House, who was Minister for Mines under Sir Joseph Ward.

It is not yet known what solution will be found for the apparent deadlock which has arisen. It is hardly likely that the Governor will agree to another dissolution till he has exhausted every means of providing himself with responsible advisers from the present House. Possibly some of the Opposition may decide to refrain from voting against the Government until after the conclusion of the war, or if a trial of strength takes place and it is found that neither side can hold office the most natural course would seem to be to arrange a coalition between the Government and the more moderate Members of the Opposition, thus paving the way for the natural division of parties between the Liberal or Reform on the one hand and Labour on the other, as in Australia.

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THE BURDEN OF VICTORY

I

IT is sometimes difficult to realize that after ten months we are only now at the turning point of the war. The Allies in many a desperate battle have managed to resist the attacks of the German and Austro-Hungarian armies. But if the war is not to end in a German victory they have still to drive them back into their own territory, and force them to accept terms of peace which involve the admission of decisive defeat. The extent of the effort which is still required it is difficult to gauge but it is necessarily immense. The whole manhood of Germany and Austria-Hungary is under arms, and except for Galicia is planted firmly upon allied soil, far beyond the Austro-German frontier. The German armies will not go of themselves. It is no use deluding ourselves with pleasant expectations about German exhaustion or collapse. There is no real sign of it yet. On the contrary, they are confident that we cannot do what we have set out to do, to clear their armies out of Belgium and France, and hurl them back to the Rhine. And though we may drive them back here and there for a mile or two, or even for many miles, we shall not win the war till we are finally established on German soil. That is the solid fact we have to face. What does it mean?

It means this. In the first place that the end of the war will not come until the German armies are so reduced in numbers by constant fighting that there are no longer

enough unwounded adult male Germans to man the lines which protect their territory from invasion. Modern wars, like most of the greatest wars of the past, are wars of attrition and exhaustion, not wars in which strategy is decisive. That side wins which can bring into the field the last half million men armed, trained and equipped. In the second place it means that the Allies have got to face losses not far short of those of the Germans if they mean to win, and still have a superiority at the end. But the policy of attrition in war costs not very far short of man for man. And if, as is likely, we have to kill or disable another 2,000,000 Germans before the road to Germany itself is clear, it means that not very far short of that number of English, French and Russians must be killed or disabled too. That is the conclusion. It is ghastly, but it is at least decisive. It shows us the measure of the effort which is still before us.

We have to face it, and the sooner we face it the quicker it will be done and the smaller will be the cost. We cannot hesitate or turn back. There is too much at stake, our own liberty, our pledged word to Belgium and to our Allies, the peace and happiness of all future generations of men. Without in any way underestimating the vital part which our sea-power has played and must continue to play, we must realize that the burden on land also will fall in ever increasing proportion on ourselves, at any rate in the West. The French have borne by far the greater share from the beginning. Their losses are infinitely greater than ours. If the war is to last far into next year, as may well be necessary, before the Germans are decisively beaten, we shall have to hold a far larger proportion of the Western front than we do at present. The war cannot be won on any principle of limited liability. The French are already putting every available man in the field. How can we expect our Allies to fight on to that bitter finish which alone will end the domination of Europe by the Prussian cult of power, unless we make efforts as great as theirs? We bore the lesser

burden at the start. We must be prepared to bear the greater burden at the close.

This imposes upon us a very grave responsibility. For on our effort and our preparedness it will depend, whether, in the last crucial months, that final thrust on land is made, which will determine whether the German military domination is to be finally overthrown, or whether through sheer exhaustion a peace is patched up which will be no better than a prelude to a new war. The record of the nation and of the Empire, up to date, has been one of which we need not be ashamed. It is a people's war, and the people have responded nobly to the call. There is probably no instance in history of any nation creating so great an army in so short a time. Our accomplishment, too, is overwhelming proof of what the voluntary system can do with a public spirited and self-reliant people. But the problem of the future is totally different from the problem of the past. Our task, indeed, in this war is one of extraordinary complexity and difficulty and we are only just beginning to realize it. Not only have we to retain command of the sea and take an ever-increasing military burden in the West, but we have to play a special part both in munitioning and in financing our Allies. We are fighting a nation which is organized from top to bottom for war, which has thought out every problem in advance, and which is fighting under the inspiration of a single will to conquer at any cost. It will only be defeated if its opponents submit themselves to the same discipline, and fit themselves by the same foresight and organization to apply their whole national strength to the same end. In two other articles we examine this problem so far as it relates to the organization of labour and to the organization of finance. An attempt is made to show the absence of central direction, the failure in the past to grapple with the real problems, and the paramount necessity of unity and decision in control, and in economy in expenditure, both public and private, if the war is not to end in the disaster of an indecisive peace. It is the purpose of this article to

concentrate attention on the most fundamental problem of all—the provision of armed men.

Soldiers cannot be improvised. Experience shows that it takes more rather than less than six months to train and equip an army. If we are to make sure of winning this war in the decisive manner which is essential to our own safety and the future peace of the world, we cannot slacken in the expansion of our military resources. Hitherto we have been able to liberate, by haphazard means, enough men to fill the new armies, and to keep up the reserves of the old, without dislocating essential industries in too great a degree. Serious difficulties have arisen but somehow or other they have been overcome. But this system cannot work much longer. No official figures have been published, but the numbers, who, from the United Kingdom alone, in one form or other, are now on active service, must be well over 2,000,000. It may have been practical business to allow this number to be liberated by unregulated impulse. It will certainly not be possible to liberate even another million without direction and control. And the reason is simply that the individual citizen to-day cannot judge what he ought to do. The majority of those who could and obviously ought to enlist have already done so. There are some, no doubt, who are too indifferent or too ignorant to understand the need. But the vast mass are in honest doubt. Any large increase in the number taken either for recruits or for work in the armament shops, must involve, as it has involved in France and Germany, the closing down of many private businesses. The individual citizen cannot be expected to decide whether or not his business should continue, or whether he himself should leave his work and join the army or not. For the immense majority it is not compulsion which is primarily required, but that the Government which is responsible for the conduct of the war, and which alone is in a position to judge, should say clearly whether they individually are wanted or not.

Despite the large number who have already gone, it is

obvious that there are more men to be had, whether for service in the workshop or the field. Though our population is greater than that of France, the numbers in the armies are probably scarcely half those who have joined the French colours. After making all allowances for those needed for the supply of munitions, not only to ourselves but to our Allies, for keeping up that foreign trade which is so vital to the finance of the war, there is still a large reserve of able-bodied men available for active service. Unless democracy is to prove its incapacity to defeat autocracy, unless Europe is to forfeit its liberty by failure in resolution and foresight at the crucial time, these men must somehow or other be rendered available for the service of the nation for the duration of the war.

There is only one way of doing it. The Government must take upon itself the responsibility for telling able-bodied citizens how they are to employ themselves to the end of the war. And for this purpose it must have a register of the manhood of the nation, giving it information about the age, qualification, health and present occupation of every individual. The Government has already nibbled at the problem. Some months ago it made the householders' return. And now it is asking employers to send in returns giving some particulars about their staffs. But these measures are both futile and unfair. They are futile because they are incomplete. They are unfair because only the public spirited respond. The only course is for the Government to do what it does with the census, with income tax returns and similar measures, pass in a single day an Act authorizing it to make a register of the manhood of the nation and giving it statutory powers to call upon every citizen to give it the information it needs. When that register is complete it will know what it cannot know at present, how many men of military age there are left in the country, and how they are employed. It will be able to answer the question which every public spirited man in Great Britain is now asking and cannot answer, "What is the best service I can render to the

country to the end of the war?" And, if there is a remnant which is too indifferent or too selfish to respond to the national call, it will be able to compel them to do so.

II

THERE is another way in which we can help to make victory certain. The United Kingdom is the first great reservoir from which those final reserves must be drawn which will decide the issue between Prussian domination and European liberty. The outer Empire is the second reservoir. Just as we, because we are outside the Continent, have done less than the continental Powers, and have been slower to realize the responsibility which rests upon us, so the Dominions have done less than we have done, and have been slower to realize the responsibility which rests upon them. That is natural and inevitable. It implies no blame. But the true facts are beginning to emerge. If we look ahead we can already see that the defeat of the Germans in the West—without which victory will not be won—will depend upon our keeping an ever increasing number of troops in the field, despite an ever increasing wastage. And it is becoming increasingly probable that success in that final and supreme crisis which will decide the issue of the war, will depend on whether the Dominions come forward, as we have still to come forward, with their last horse and their last man.

We have no desire to belittle what the Dominions have done. They have made every effort which has been asked of them. Their sons have fought with a courage and persistence which has not been surpassed. But their contribution is of the same kind as the British contribution at the beginning of the war. The performance of the British army in the retreat from Mons, and at the battles of the Marne and the Aisne was heroic, it helped to ultimate

victory, but by itself it will not win the war. It is the effort which has still to be made which will win the war, and that effort, if it is to be successful, must come equally from all parts.

The machinery of the British Empire is admittedly incomplete. It made it possible for the British Government to commit the Dominions to war without consulting their ministers and as the outcome of a policy over which they had no control. It has made it impossible for that same Government, acting as the Imperial Government, to make any appeals to the population of the Dominions to join the armies with which alone their safety and their future can be preserved. As a result it has never taken the Dominions properly into consideration during the war, it has never asked them to do their utmost, it has never made it clear that the final issue may depend on what the 14,000,000 British citizens over sea may do. And this defect in machinery makes great difficulties now. For it is simply not possible to make any body of men understand the urgency of the case by cable or letter. The only way is through personal contact. If the Dominions are to play that decisive part which they may be called upon to play, it is of the utmost importance that there should be an informal conference at which their responsible ministers can learn the real inwardness of the situation, and can settle the ways and means whereby a steady stream of trained recruits can be fed to the armies in France, so that they can then return to the Dominions and make their own people understand what has to be done. We have no fear of the result. The great difficulty of the war has been to bring home to the British people how serious was the task before them. They are even now, after the last outrages, only beginning to realize it. The Dominion peoples are no less heart and soul in the war than the British. They also feel a glow of pride that they are fighting for civilization when neutrals stand aside, but they cannot realize the true nature of the struggle unless their leaders first are told.

III

WE stand at the parting of the ways. Our success or failure in the war is going to depend on whether we act with resolution and foresight now. If we delay, if we allow ourselves to be buoyed up with false hopes, we may wake up one day to find that all Europe is so exhausted that a peace must be patched up if its peoples are to survive, that the utter defeat of Germany, which is essential alike to our own liberty and honour, and to any hope of better international relations in the future, is out of reach, whatever efforts we then may make, and that a truce-like peace and a new war lie ahead. If we act with decision, if we mobilize effectively our whole resources as an Empire, so that in the critical months before us we can pour in men, money and munitions, at the moment when they will be decisive, the great struggle for liberty can be certainly won, and the Prussian domination for ever destroyed.

The omens, let us say it clearly, are not very propitious. After every allowance has been made for our want of preparation and for the unforeseeable character of the war, we have not much to be proud of save the spirit in which the nation has joined the ranks and the bravery and determination of our troops by land and sea. In another article it is shown how lack of foresight and lack of decision in our foreign policy helped to precipitate the war. This same lack of foresight and decision has made itself apparent in our internal conduct of the war and in the way in which we have dealt with the labour problem, the munitions problem, the drink problem. If it continues and we fail to grapple now with the recruiting question, the need for economy in our public and private expenditure, the regulation of labour, it will produce a disaster far greater than the war itself. It is easy to blame the Government which has a vast and unparalleled task on its shoulders.

But no government in a democratic country can act in the face of strong public opinion. No government on the other hand can fail to respond to strong public opinion. And if some uneasiness has become manifest of late about our organization for the war, there is no evidence that public opinion demands those radical and decisive measures which the real situation needs.

Let us have no illusions about the facts. After ten months' war Germany has won a position which will give her the mastery of Europe if she can keep it at the peace. She has conquered Belgium. She occupies the most productive part of France. She has bombarded our shores and sunk our merchantmen by scores. She has gained a great frontage on the Channel and the North Sea from which her destroyers and her submarines are able to operate, with impunity and success. Her own territory is still practically unscathed. In the process she has lost heavily, but she has still the resources, not of Germany alone, but of a vast area containing more than 100,000,000 souls. On the other hand, the Allies have stayed the Austro-German onset, and they have command of the sea which in the long run will tell ever more heavily in their favour. But by itself sea-power is not decisive. The decisive theatre is still the battlefield—that theatre on which the issue between a peace which will secure the world against a repetition of these horrors, and a peace which is but the prelude to a new war, has still to be fought out—and on the battlefield the Allies have as yet no clear advantage. They have lost hardly less heavily than the Austrians and the Germans. They have lost in men, they have lost in money, they have still everything to do.

Is it not obvious that we can afford to neglect no preparation and no discipline if our efforts are to be in time? We count upon attrition winning the war. So do the Germans. They count on exhausting France before we are ready to step in and fill her place. And it is the vigour of our action in the next few months that will decide whether the Germans or the Allies are right. The decision

rests with us. For it depends on whether we begin at once to put forth that maximum effort which will be decisive, or whether we acquiesce in those half-hearted measures which will enable Germany to sign an inconclusive peace. On no nation has a greater responsibility ever rested. It is for every citizen to examine in his conscience how this duty is to be discharged.

FINANCE IN WAR

IN the December number of THE ROUND TABLE an attempt was made to estimate the financial resources of the principal nations engaged in the present war. The purpose of this article is to follow the matter up, firstly, by analysing the manner in which a great war is paid for; secondly, by examining shortly the financial methods which the combatant Governments are employing to mobilize the wealth of their respective nations for war expenditure; thirdly, by discussing the probable effect of the war expenditure on the financial future of the nations engaged. Readers of the December article will find in this one some repetition, which is made for the sake of clearness. A caution must be added with regard to the figures quoted in both articles, that in many cases they are only conjectures approximate to the truth, since there are no complete and exact statistics of the figures of national wealth or national income for any of the countries concerned.

I. HOW WARS ARE PAID FOR

A PRIVATE person who incurs some extraordinary expense, such as that of a long illness or a costly lawsuit, will meet it in one of three ways, either out of his income, or out of his capital, or by borrowing. Similarly a nation which goes to war must meet the expense of the war from one or other of three sources. The first source is the current

income of the nation. What this consists in will be discussed later on. The second source is the capital or accumulated wealth of the nation. The third source is a foreign loan. Let us call these three sources A, B and C.

To avoid misunderstanding, it should be pointed out here that the income of a nation is something quite different from the income of its Government. The income of a Government is only a fraction of the national income, being that part which is taken by means of taxation to meet the expenses of the State. The balance of the national income remains in the hands of the people and is expended by them. Similarly the national capital is the accumulated wealth belonging to the people as well as that belonging to the Government. It is necessary to make this distinction clear, because the expense of a war may be met by a nation out of its income, though the Government may meet it by a loan: that is, if the people save enough during the war to pay for it, and the Government borrow their savings. Conversely, a Government might defray the expenses of a war by special taxation, refusing to raise a loan; while the people might pay the special taxes not out of their current income but out of their capital, their accumulated wealth. But this last is not likely to happen.

Having made this distinction, let us examine the three sources separately.

Source A. National Income

The income of a nation may be defined roughly as consisting of:

(*a*) Its current output or production of wealth, in the form of usable or saleable articles of any kind.
(*b*) Its earnings from other nations for services rendered.
(*c*) Its revenue derived from foreign investments.

Thus the gross income of the British nation for the year 1913 consisted of:

(*a*) The total value of all the usable or saleable articles produced or manufactured in the country during 1913.

(*b*) The earnings of the country through payments made by other countries for services rendered—for example, payments by foreigners to British shipping companies for freight, payments by foreigners to London bankers by way of commission, etc., payments made by foreign tourists for various services and so on.

(*c*) The revenue drawn by residents in Great Britain from their foreign investments.

It will be noted that items 2 and 3, that is the income derived from earnings and the income derived from interest on investments, are limited to the income of this sort which is derived from abroad. For, if the earnings or the interest are derived from a British source, they are already included in the first item, that is, in the country's output of usable or saleable articles, since it is out of this that they are paid.

For example, if a British shipping company receives from a British trader £10,000 for the freight of merchandise carried on his account, the freight is included in the final sale price of the merchandise, when it leaves his hands. That is to say, it comes out of the final sale value of that part of the British output. If the value of the output has already been reckoned in the computation of the national income, the payment of freight is a transference and not an addition. But if the shipping company receives £10,000 from an American trader, for carrying his goods to Europe, or for carrying to America goods which he has bought in Great Britain, the payment of freight is an addition to the gross national income of Great Britain.

Again, if Mr Jones of London owns shares or bonds in a British brewery company, the revenue which he draws from his investment is simply a part of the company's gross income and represents a part of its output during the year, that is, so many bottles of beer. As the company's total output has already been reckoned in computing the national

income, the payment to Mr Jones must not be reckoned again. But if he owns shares or bonds in the United States Steel Corporation, the revenue he derives therefrom is not a part of the British output of wealth, but of the American. It is therefore an item in the national income, which has not been reckoned before, and must be added to it.

The gross income of a country as defined above will be reduced by any charges that there may be on it in the shape of interest due to other countries on money lent, or payments made to them for services rendered. When these deductions have been made, the net national income which is left will be used in the following ways:

(*a*) To meet the current living expenses of the nation, that is to provide it with food and clothing and whatever other articles of necessity or luxury it may consume in the course of the year.

(*b*) To maintain and improve what may be called the national plant and equipment, e.g., by keeping up and adding to its buildings, its machinery and so on, or by improving the land through drainage or clearing, or by constructing new roads and railways, or in many other ways which it is too long to enumerate.

(*c*) To invest abroad.

Now, in order to illustrate the payment of the expense of a war out of national income let us take an imaginary case. A country called Utopia has 10,000,000 inhabitants. Its national income is £500,000,000 annually, of which £400,000,000 represents its annual output or production of usable and saleable articles; the remaining £100,000,000 it gets to the extent of £60,000,000 by way of interest on its foreign investments and to the extent of £40,000,000 by way of payments from other countries for services rendered. It spends its national income as follows: £350,000,000 for current living expenses, £100,000,000 on the maintenance and improvement of the national plant, the remaining £50,000,000 is each year invested abroad.

Utopia engages in a great war. The first point to examine

is how this will affect the different items of its national income. The revenue from foreign investments will not be affected at all, unless part of it is drawn from the country, with which Utopia is at war, or unless the war is so widespread as to impair the capacity of the debtor nations for paying interest on their debts. The earnings for services rendered to other countries may be affected either by Utopia becoming less able to render such services, while the war lasts, or by the demand for them decreasing in wartime. Lastly, the current output may and probably will be affected, even though Utopia is not invaded, by the drawing off of its population for military service and by the disorganization of industry and production attendant upon war. Whether the output is diminished in total value or not, its nature will no doubt be partially changed, e.g., factories which in peace time produced steel rails will now produce shells and guns. This, however, need not be taken into account here, as in either case the output will be brought into the national income at its money value.

It is conceivable that a war might actually increase the total value of the national output during its continuance, through the speeding up of production and through greater industry being imposed on the population. It is hardly likely, however, that this effect, if it happened, would counterbalance the conditions making against production, and it is safe to say that nearly always a war will bring about to a greater or less extent a reduction in the total value of a nation's output.

Let us now suppose that in the case of Utopia its revenue from foreign investments is not affected at all by the war, that its earnings from abroad are diminished by half, that is, they fall from £40,000,000 to £20,000,000 a year, and that the annual value of its national output is reduced during war time from £400,000,000 to £350,000,000. Its total annual income during the war will then be £430,000,000 only. Say that in the first year the Utopian Government has to spend £100,000,000 on the war. At the same time the

Utopian nation reduces its annual living expenses from £350,000,000 to £280,000,000, partly through the general observance of economy, and the cutting off of expenditure on luxuries, partly through the living expenses of the men in the field being reckoned as part of the war expenses. The living expenses of the Utopian nation, plus its war expenses, will thus amount to £380,000,000 against an income of £430,000,000. There will be a surplus of £50,000,000. It will be remembered that in peace time Utopia spent £100,000,000 annually on keeping up and improving her national plant and put £50,000,000 annually into foreign investments. As she now only has £50,000,000 of national income left over, she must reduce her expenditure on "betterments" in Utopia itself by one-half and even then she will have no balance left to invest abroad in that year. If for any reason she should wish or be obliged to lend money abroad that year, say to the extent of £10,000,000, her expenditure on domestic "betterments" would have to be reduced to £40,000,000.

Say that in the second year of the war the cost rises to £150,000 000. The Utopian nation, by still more rigid economy, brings down its living expenses to £250,000,000. Its income remaining as before, it has a total expenditure that year of £400,000,000 against an income of £430,000,000. There is still £30,000,000 left for maintenance of the national plant, but nothing for foreign investments. In the third year the war expenditure rises to £180,000,000. The nation cannot or will not reduce its living expenses below £250,000,000. The income remaining the same as before, there is no margin at all left for "betterments." It is certain that a nation like Utopia cannot go on for even one year without spending a large sum on the maintenance of its national plant, even if nothing be spent on improvements. But, as the whole amount of the national income is now absorbed by (*a*) The current living expenses of the nation, (*b*) The special war expenses, how can any further expenditure be met? It can only be done by meeting part of the

war expenditure not out of national income, but from one of the other two sources indicated previously, i.e. from the capital or accumulated wealth of the nation, or from borrowing.

Before we proceed to consider these other two sources, it may again be observed that a nation may pay for a war out of income, although the State pays for it by borrowing. Thus, in the illustration given above, the Utopian nation is supposed to find £100,000,000 for the first year of the war and £150,000,000 for the second year out of the national income. But the Utopian Government may raise the whole sum required in both years not by taxation but by a loan. It would borrow the money from its own subjects, who would lend it the surplus of their income. At the end of the second year the State of Utopia has increased its debt by £250,000,000, but the debt is due to its own subjects, and in a computation of national wealth the two entries cancel one another. From that point of view the result is just the same as if the Government had paid for the war, as it went along, by taxation instead of by raising a loan. In practice, of course, it would be impossible to impose or distribute equitably so large an addition to the annual taxes of the country, and for that reason, as well as for others which it is not necessary to speak of here, a modern state would certainly meet the greater part of its war expenditure by borrowing, even though the whole of the money borrowed were provided out of the current national income.

Source B. National Capital

A nation's capital at any moment may be defined as the whole mass of its accumulated wealth. This will consist of:

(*a*) Fixed assets, such as land, buildings, machinery, railways, roads, canals, irrigation systems, etc., etc.

(*b*) Live stock and stocks of raw material and manufactured goods of every kind, including articles of art and luxury.

(*c*) Gold and silver coin or bullion.
(*d*) Debts owing by foreign nations.

The first three items under modern conditions will be to a large extent represented by pieces of paper in the form of shares, or bonds, or bank notes, which, of course, are not wealth in themselves but are tokens or evidences of property in wealth.

The fourth item is also generally represented by shares, or bonds, which are evidences of debts due by other countries or of property owned in other countries. To some extent it may also be represented by bills and other short term instruments, by banking entries or simply by entries in merchants' books, all of which are evidences of floating debts due from abroad.

When a country goes to war, to what extent can it draw upon its capital or accumulated wealth to defray the expenses of the war? Plainly, it can only do so either by using the actual articles of which its capital consists or by selling or pledging them and using the proceeds to meet the expenses of war.

The first method, that is, the direct use of its accumulated wealth, is limited by the nature of the wealth. Live stock and stocks of metals or clothing or leather or food or other raw material and manufactured articles can be used up and not replaced or only partly replaced. Coin and bullion can be used to purchase from abroad goods wanted either for the war or for the civil population. But with that we come to an end of the direct use of the nation's accumulated wealth for warlike purposes. The fixed assets, such as land and buildings, the articles of art and luxury, and the pieces of paper representing debts due from foreign countries, can only be made useful to meet warlike expenditure, if they can be sold or pledged abroad. In the present war, for example, an Englishman may sell a picture by Titian to an inhabitant of the United States. He thus establishes a credit in the United States for the price of the picture, say,

£10,000. He invests this sum in the British War Loan and the British Government buys £10,000 worth of shells or of clothing or of wheat from America. The payment for this gives America a credit for £10,000 in London, which by the ordinary process of exchange cancels the credit established in America by the seller of the picture. In this way a part of Great Britain's accumulated wealth, namely, a Titian picture, has been realized and the proceeds devoted to war expenditure.

Instead of selling a picture our Englishman might sell on the New York Market a parcel of American Municipal Bonds or American Railway Shares; or, if New York was willing to purchase, he might sell Japanese Government Stock or the shares of South American Tramways. In either case, he would be realizing a part of the debt due to Great Britain by foreign countries. If he contributed the proceeds to war expenditure, either in the form of taxation or by taking up stock in a British War Loan, the immediate result of the process would be that Great Britain would have used a portion of its accumulated wealth towards meeting its current expenditure on war.

In the first example quoted it was an article of luxury that was converted and the proceeds used for warlike expenditure; in the second it was a debt due from a foreign country. But our Englishman might also sell abroad an English Railway Debenture or conceivably might raise a mortgage in New York or in Amsterdam on a building belonging to him in the City of London, and the proceeds as before might flow into the war-chest of Great Britain. In this case a part of the country's fixed assets would be sold or pledged. The asset would remain in Great Britain, it would not disappear from the country altogether like the Titian or the American Bond, but there would be an obligation laid upon it involving a charge on the country's future earnings. It will be seen that this particular way of using capital comes very close to the third method of providing for war expenditure which has been indicated,

namely, that of borrowing abroad. It is only distinguished from it inasmuch as it consists in the pledging of particular assets by private individuals, whereas borrowing abroad is taken to mean the pledging by the national Government not of any particular assets but of the country's general credit. In practice it is not likely that the raising of money from abroad against fixed assets in a country at war will be carried on to any great extent. For it can only be done if foreigners are willing to invest money on the security of fixed assets in a country at war, and it is not likely that they will be.

It will be noted that in all the instances quoted the sale is spoken of as being made abroad. If the sale is made within the country at war, the resources of that country are not increased. If the Englishman sells his Titian or his American shares to another Englishman, he may contribute the money to the war by paying it in taxation or lending it to the Government, but he has deprived the purchaser of the power to do the same thing.

It was stated above that war expenditure might be partly defrayed out of a nation's capital through stocks of raw material and manufactured goods being used up and not replaced. For instance, a country might carry in ordinary times six months' stock of raw material for its principal manufactures and six months' supply of manufactured goods for its principal trading customers. During the war it might and probably would allow these stocks to run down. Suppose they ran down to the extent of one-half in each case. At the end of the war the country would find itself with this particular part of its capital diminished by one-half and it would find it necessary to replace this used-up capital, before it could again conduct its business on a proper footing. Live stock again is likely to be used up in the same way. So is shipping.

In the case of a long war a somewhat similar process may happen in relation to many of a country's fixed assets, e.g., buildings, railway lines and equipment, land, etc. During

the war the activities and resources of the nation will be turned to producing articles of immediate consumption, either for military use, or for the supply of the civil population. It is likely that there may not be enough left over to maintain the plant of the country, as it is called, in good condition. For a few months this will not matter, but, if the war is prolonged, it will be found at the end of it that the plant of the country has run down and needs heavy expenditure to put it again into a state of efficiency. Suppose, for example, that the railway companies of a country in an ordinary year spend £25,000,000 on the maintenance of their roads and equipment, and suppose that during a war of two years, owing to the difficulty in raising capital for such purposes, they should only spend £5,000,000 each year on maintenance. At the end of the two years the capital value of the railway system of the country would be impaired to the extent of £40,000,000, and it may be said that the national capital had been diminished to that extent in the process of paying for the war.

It is impossible to calculate now to what extent the plant of Great Britain or of the other countries at war is being impaired through the retrenchment of ordinary expenditure on maintenance. But there is no doubt that deterioration is going on in many directions, and in this respect all the warring nations are, in a manner of speaking, paying part of their war expenses out of capital.

Source C. Foreign Loans

This method of paying for a war does not require a long description. It is restricted to the case where the Government of a belligerent country is able to get a loan taken up by the investors of some foreign country. The belligerent Government borrows money abroad on its national credit. The same effect would be produced if individuals belonging to the belligerent nation were to borrow money from abroad, and then lend it to their own Government or pay it out in taxes or in other ways use it to support the expense

of the war. But since it is in most cases impossible for a private person to borrow abroad simply on his credit, but he is obliged, if he wants to raise money, to sell or to pledge some tangible asset, it is permissible to say that money obtained privately from abroad will nearly all be obtained by the realization of capital, and thus will come under the heading of Source B, and that the use of Source C is restricted to the Governments of the nations at war. An example of the use of this source was afforded in the Russo-Japanese war, when both the belligerent Governments raised foreign loans. And again in the Balkan War. In the present war, most of the nations in a position to lend money are themselves combatant, and so far there has been no attempt at raising a foreign loan on a large scale. There have been loans from one Allied Government to another, but these are presumably temporary. Both France and Germany have moreover sold Treasury Notes in New York to pay for their American purchases, but only in comparatively small amounts.

II. How Wars are Financed

HAVING examined the different sources from which a nation may provide for the expense of a war, we must consider the financial methods which may be used to raise the money. These have to be settled by the Government of the country at war, which may determine to raise the means it requires for carrying on the war either by taxation or by borrowing. In the Middle Ages, when the possibilities of taxation were limited and national borrowing had not yet been developed, it was the practice of kings to accumulate a treasure in gold, which they could use when they went to war. Such methods are no longer possible, and, if they were possible, would be wasteful. The so-called war-chests, which are sometimes accumulated by modern governments, are

not intended to meet the expenses of a protracted war, for which they are quite insufficient, but to supply a reserve of ready cash to be used in an emergency, particularly for the heavy mobilization expenses and demands of the first few weeks.

Taxation is inadequate and unsuitable as a means to meet the expense of a great war. In such a case as that described above, where a nation actually provides the whole cost of a war out of its current income, it would be possible in theory for the Government to raise the whole sum in the form of current taxation. Thus at the end of the war the State would have incurred no fresh debt. But in practice so huge and sudden an addition to the taxes would be intensely unpopular and would wear the appearance of confiscation, and thus damage national credit. A modern Government, therefore, is certain to provide most of its war expenses by borrowing, even though it borrows from its own subjects and borrows nothing but the surplus of their current income. In that case the nation considered as an aggregate of individuals is lending the money to itself in its collective capacity as a State. The people make the loan and it is the people who ultimately repay it, since interest and principal of the national debt fall on the future taxes. But by proceeding in this way, instead of putting the whole cost on the taxes of one or two years, the burden is spread over a long period and it is much more easy to distribute it without causing discontent.

There is one method in which war expenses can be met by what is really an indirect form of taxation, though it does not bear that appearance on the surface. It is a method more in favour with revolutionary than with regular governments, though, when in great straits, there is no nation which may be able to escape it. It consists in the forced issue of paper money. Say that a Government requires £300,000,000. Instead of raising the taxes or issuing a loan, it may simply use its printing presses and strike off currency notes to that amount and by declaring them to be legal

tender may force them into circulation. Of course it can only force its own subjects to take them, and unless the surplus currency is required for the ordinary internal business of the nation, the currency notes will be depreciated. If there is an undertaking on the part of the Government to redeem them in gold at some future date, their depreciation may be checked by faith in the promise to redeem. But, if the currency is irredeemable, there will be no check to depreciation, until the total value of the volume of currency in issue at any one time has reached the level of the total value of the real currency requirements of the country. Thus prices calculated in the depreciated currency will rise and the holders of currency from time to time will incur a gradually increasing loss through the diminution in the purchasing power of their currency. This in effect amounts to taxation, the incidence of which is uncertain and irregular.

Although at first sight the above may seem an easy and attractive way of raising money, the ulterior effects of deranging the currency system of a country are so serious that no Government with financial foresight would adopt this method to any great extent, unless under the pressure of absolute necessity. It was adopted, as is well known, by the revolutionary Government in France at the end of the eighteenth century. It was again adopted by both parties in the Civil War in the United States and it has been a not uncommon device with revolutionary Governments in South America. But it is generally recognized to be a method of last resort.

There is, however, this qualification to be made of the above observations. When a country is at war, it is an observed phenomenon that it requires a much larger amount of currency for its everyday use than in normal times. This may be put down to a combination of causes. In the first place an unusual amount of buying and selling is going on through the addition of war expense to the normal expenditure of the country, Secondly, owing to the element of uncertainty which is introduced by a state of war,

business transactions are carried out on a cash basis to a much greater extent than in time of peace, and thus a greater volume of currency is needed for them. Thirdly, there is a pronounced tendency on the part of private persons to hoard their money or at least to keep by them for emergencies a larger sum in cash than they would do in ordinary times. If they hoard gold, it is withdrawn from the currency for the time being and a vacancy is made which can be filled by fresh paper currency. Moreover, it appears that people sometimes hoard the paper currency itself, or at any rate keep a cash reserve in this form.

There may be other causes at work, but the above three can be specially mentioned. At any rate, there is no doubt about the fact that a country at war keeps a much greater volume of currency in internal circulation than the same country does in peace time. The Bank of England's note circulation in the first week of May was over £38,000,000, against £29,500,000 a year before. In addition there were in circulation £40,000,000 of Treasury currency notes, making a total addition to the paper currency of Great Britain of about £48,500,000 as compared with a year ago. It must be remembered that Great Britain uses the cheque as a substitute for currency much more than any other nation. The excess of paper currency in the other combatant countries is far greater. The note circulation of the Bank of France in the first week of April amounted to the equivalent of £456,000,000 as against £237,000,000 a year ago—an excess of £219,000,000. The Imperial Bank of Germany's statement for the same date shows a note circulation equivalent to £268,000,000, as compared with £110,000,000 a year ago—an excess of £158,000,000. In addition to this there appear to be notes of the new Loan-banks in circulation to the value of about £35,000,000. Thus the total excess of the German paper currency as compared with a year before, amounted to £193,000,000.

In Russia the note circulation of the State Bank at

the same date amounted to £319,000,000, as against £161,000,000 a year ago—an excess of £158,000,000.

The phenomenon of an increased demand for internal currency in a country under war conditions gives to a Government, whose credit is good with its own subjects, an opportunity for raising a sum equivalent to the increase in the demand for currency without necessarily causing any depreciation. It will be seen from the figures quoted above that this opportunity has been taken advantage of very fully in Germany, France and Russia. The increased note circulation of the State Banks of the three countries supplies the Banks with so much extra money for the cost of printing it, and the additional money is loaned to the respective Governments under the arrangements which they have with the State Banks, and helps to meet their war expenditure. It will be observed that the British Government has only raised a comparatively small sum through the issue of paper currency. Moreover, this sum is really much less than it appears, inasmuch as the Treasury is at present holding a reserve of gold against its issued currency notes up to two-thirds of their value, so that the benefit obtained by the Government from the issue amounts not to £40,000,000 but to about £13,000,000.

It cannot be said that in any of the countries mentioned the issue of currency has yet been pushed to a point which involves depreciation. It is true that, judged by the test of the foreign exchanges, both German and Russian paper show a serious fall in value. But the foreign exchanges, especially in war time, are affected by other causes than depreciation of domestic currency. Such depreciation, no doubt, would always cause the foreign exchanges to move against a country: but it may move that way without such depreciation. In the case of France, where the expansion of the currency has been greatest of all, the exchange has remained almost at normal, the adverse movement being slight and fully accounted for by reasons unconnected with the currency.

It must be recognized, however, that at the end of the war, the excess paper currency which has been issued in the different countries will no longer be required, as each country returns to normal conditions of business. It will therefore have to be redeemed, unless the nations concerned are prepared and able to go on using it as a substitute for an equivalent part of their gold currency. For example, we may assume that France, after peace returns, will not require more currency in issue than she had before the war. The excess of £219,000,000, which she now is using and which has been provided by a paper issue, will flow back into the Bank and will have to be redeemed. It might indeed remain in circulation, if an equivalent amount of gold coin were driven out, that is, if the French people were willing and able to substitute a paper for their gold currency for everyday use, to the extent of £219,000,000. But this is not likely. The excess paper currency will therefore have to be redeemed and the French Government will be obliged ultimately to provide the funds with which to redeem it. In the meantime, it has the use of the money, which thus in effect is a loan bearing no interest.

Since ordinary taxation is inadequate and depreciation of currency is to be avoided, it follows that a State loan is the most proper and convenient method by which a Government can meet the expenses of a war. The loan may be raised from its own subjects, who may find the money out of income, or by realizing their capital, or partly by the one and partly by the other. In this case sources A and B referred to above, namely the national income and national capital, are drawn upon. Or the loan may be raised abroad, in which case source C, namely the wealth of other countries, is drawn upon.

The Government borrowing may take the shape of a long-term issue, such as the recent British or German war loans. In this case the Government borrows the money for a long period of years and does not undertake to repay the principal till the end of that period. In the meantime, it has to pay

the annual interest on the loan. Or it may take the shape of an issue of Treasury Bills or similar instruments. These represent a short-term loan for six months or a year: and although in special circumstances they can be issued in considerable quantities, they are, of course, merely a temporary expedient. Sooner or later the advances, which they represent, must be converted into a long-term loan.

What limits are there to the power of a first-class Government to raise loans?

If it is borrowing abroad, the limit is set by its own credit and in addition, of course, by the power of foreign countries to lend. If Germany alone were engaged in war—say with China—the German Government could no doubt raise loans in Europe, as well as the United States, to almost any extent, by offering sufficiently attractive terms. But in the present war most of the rich countries are engaged as combatants: the only neutral which has power to lend on a large scale is the United States; and so far, except for a small issue of French and German Treasury Notes, none of the belligerent Governments has tried to borrow there.

But when a Government borrows from its own subjects, its credit is practically inexhaustible and the limit must be set by their power to lend. The processes of modern finance are so intricate and the creation of credit through the machinery of the Banks is so easy, that the layman is sometimes inclined to believe that there is no limit and that a Government can go on borrowing for ever, if it makes the necessary arrangements with the Banks. This belief is apparently being cultivated in Germany to judge by the recommendations of a circular sent out by the Wolff Agency, which is said to have been approved if not instigated by Dr Helfferich, the Minister of Finance. This circular appealed to the savings banks and others to subscribe liberally to the recent German War Loan. It pointed out how mistaken those investors were, who thought that because they had invested their liquid resources in the first loan, they could not subscribe for the second. On the contrary the scrip of

the first loan was an excellent basis for borrowing money from the ordinary banks or the loan-banks, in order to buy the second.

At first sight not only does the process advised in this circular appear an excellent way of assuring the success of the War Loan, but there seems no reason why it should not be repeated *ad infinitum.* The patriotic German might subscribe his 10,000 marks to the first War Loan and obtain an advance against it: subscribe this advance to a new loan and so obtain new scrip which he would again pledge, and with the new advance so obtained buy yet more scrip, and so on. The offer of the Bank of England to make advances against the scrip of the British War Loan seems to offer similar facilities to the British investor.

But there must be some limit to this chain of progressive borrowing. Let us examine the question more closely by the aid of an imaginary case. Suppose that the private deposits in all the banks of a country, at the outbreak of war, amount to £250,000,000 in value. The Government issues a loan of £250,000,000 which is subscribed for by the private depositors. The immediate result is to transfer the whole of the bank deposits of the country from the credit of private persons to that of the Government. The following month the Government offers another loan of the same amount. The holders of the war loan scrip, following the plan recommended by the Wolff Agency, take their scrip to the banks, who make them an advance against it to its full value. We will suppose, for the sake of clearness, that these advances are made in the form of bank notes, which the banks have power to issue. The position would be the same, of course, if the advances were made simply by the banks giving credits in their books, against which cheques could be drawn: but by supposing them to issue notes the course of events is made plainer. With these notes the public takes up the second war loan: the result is that the notes are immediately redeposited in the banks, to the credit of the Government. The third month a further loan of a

similar amount is offered and the process repeated: and again the fourth month. At the end of four months the Government has borrowed £1,000,000,000 and there are £750,000,000 of new bank notes in existence all of which, together with the original £250,000,000 of deposits, lie in the banks to the credit of the Government (except so far as it has spent that amount). Evidently, except for the original £250,000,000, what the Government has borrowed is a mass of bank notes created for the purpose and it might have attained the same result in a less roundabout way, by simply printing off the notes and issuing them itself, on its own credit, instead of inviting the banks to do it. It can use the notes, if they are made legal tender, for purchases from and payments to its own subjects. But it cannot force a greater volume of currency into circulation than the business of the country requires. Otherwise, as was explained above, the currency will be depreciated in proportion to the excess. The net result therefore of the process as described above—which is put in an extreme form for the sake of illustration—is simply a depreciation of the currency.

Now let us suppose, what is more likely to happen, that the second loan is issued not a month but a year after the first. By that time the Government will have drawn the proceeds of the first loan out of the banks—still, let us say, in the form of bank notes—and will have spent them on paying soldiers and officials and on the purchase of munitions of war and food and clothing for the army. The bank notes given in payment will have been passed from hand to hand and will have found their way back again to the banks. Thus the volume of private deposits will have been reconstituted. When the Government issues its second loan, the reconstituted body of private depositors will be able to take it up, as they did at first, by transferring their deposits to the credit of the Government, and taking war loan scrip in exchange. The volume of currency will not have been inflated at all. This process may be repeated at the end of the second year and so on. Thus it would seem that the

borrowing can be carried on *ad infinitum*. But there are two limitations. First, there must be sufficient time between the loans to allow the proceeds of the first to be expended by the Government, to pass into the hands of private persons, and to filter back to the banks, before the next loan is issued. Otherwise new currency in one form or another, either in form of notes or credits, will have to be created to take up the second loan and there will be inflation.

The second limitation is that the proceeds of the first loan must be so expended that they will actually come back to the banks and reconstitute the volume of private deposits. In other words, the services and material required for the war must all be obtained from the country's own people. It is plain that the people in addition must be producing what they are consuming themselves from day to day. Therefore the limitation amounts to this, that in order for the system of progressive borrowing to go on without a hitch, the nation at war must itself produce all that is required for the war in the way of services and material, over and above the necessities of its daily life. Or if it buys any part of its war material from abroad it must produce an equivalent to give in exchange. If this condition is fulfilled, the nation can go on fighting indefinitely, as far as finance is concerned, although no doubt its capital will be depreciating the whole time. The Helfferich method may in these conditions be useful, because it enables subscribers to the first loan, who have not got their money back out of the Government expenditure, still to subscribe again to the second loan, by the assistance of the banks. But it should be understood that the advances which the banks make to them, on the security of their scrip, are provided out of the volume of deposits which has been reconstituted out of the expenditure of the first loan, though the deposits may now be in other names. The nation is meeting the cost of the war mainly out of its current income: and the issue of Government loans, the pledging of the scrip to the banks, and the use of the advances so obtained to subscribe to new loans, are merely financial machinery.

To put the matter in another way. Say that Germany has an adult male population of twenty millions, excluding children and quite old men. Say that in the course of the war eight millions of these are taken for military service and another two millions are required for the manufacture of war supplies of every kind. If the remaining ten millions, with the assistance of the women and children and old men, can carry on the business of the country, including not only production but transport and distribution and services of every kind, so as to supply food and clothing and the other necessaries of life for the whole of the population, combatant and non-combatant, then Germany can go on for an indefinite time, raising internal loans to meet her war expenditure and taking them up from her own resources.

But as soon as the productive activities of the balance of the people, after deducting the soldiers and the armament workers, are insufficient for this purpose, the case is changed. On this hypothesis the total production of Germany becomes insufficient to supply her wants, irrespective of whether she consumes all her products herself or uses a part of them to export abroad in exchange for other articles. If she attempts to increase her import of supplies, she must pay for them. She has, by supposition, no further surplus of commodities, so that she cannot pay in kind. She will have to pay by exporting gold, or by borrowing abroad, or by giving up some saleable part of her accumulated capital. Foreign nations will not take paper currency in payment from her and therefore the issue of bank notes will not help.

In general conclusion it may be stated that the most convenient, as it is the most usual way of meeting war expenditure, is by means of Government loans. The objection to financial expedients such as those suggested by the Wolff Agency is that they may lead to inflation of currency. So long as this is avoided they have the result of absorbing the surplus income and the floating capital of the nation in war loans.

As a matter of policy it is generally desirable that war

loans should be issued on a permanent basis as soon as possible and that the short-term indebtedness should not be allowed to accumulate. In this particular respect German war finance has been better managed than that of the Allies. Germany has funded the whole of her war expenditure to date by the issue of two great loans. Russia and France have piled up a large floating debt. It would certainly make for financial stability and would probably encourage further saving, if this were funded by the issue of permanent loans. If such an issue is successfully made, the loan passes into the hands of investors, who do not look for their capital to be repaid, but only for the annual interest. Floating debt on the other hand, in the form of Treasury bills or other short-term instruments, remains in the hands of banks and financial houses, who have no intention of locking up their capital permanently. The existence of a mass of debt of this kind therefore may cause instability and uncertainty in the financial situation. The same objection applies to advances made to the Government by a State bank. This method has been largely used by the French Government, the advances of the Bank of France to the State reaching last March the figure of over £180,000,000. A further consideration is that when private investors have used up their free capital in subscribing to a Government loan, they are more likely to make an effort towards fresh saving than if they have large sums in cash lying on deposit in the banks. This effort will be all the stronger, if investors only partly pay out of their own money for the scrip they take up, and borrow the balance from the banks: for then they work to clear off the debt. Thus the issue of a State loan in a form which will absorb private deposits as fast as they accumulate makes for industrial thrift. The same cannot be said of an issue of Treasury bills. The banks take up these in their own name: the deposits are really absorbed, for the banks use them for the purpose: but the private depositor regards his money as still lying at call, and has not the same incentive to save more as he would have if he had invested his money and knew it was tied up.

III. War Costs and Their Future Effect

MANY calculations have been made of the cost of the war to Europe, ranging from £10,000,000 a day upwards. Sometimes the actual war expenditure of the different Governments is taken as the measure of cost. Some calculators add the loss of life at the value of so much a life. Some add the material destruction of property in the invaded districts. Some throw in the money which might have been earned during the war by the armies, had they been productively employed.

The item of Government expenditure is a definite quantity which can be ascertained with approximate exactness. The item of destruction of property in warfare is also a definite quantity, but is much less easy to ascertain. The other items of loss are simply conjectures. It is impossible to say that all the soldiers engaged would have been productively employed: or that the loss of their productive energy has not been to some extent compensated by increased industry on the part of the non-combatant population: or that decrease of production has not been partly balanced by decrease in consumption. Germany will probably produce less scent during the war than she did before: but, if the consumption of scent in Germany diminishes to the same extent, there will be no actual loss of wealth.

In what respects can a nation suffer actual diminution of wealth through war? In what respects will it actually be poorer at the end than at the beginning? We need not go into the question of the additional wealth which it might have accumulated during the period of the war, if there had been no war. In other words, we need not consider the cost of the war, so far as it has been defrayed from surplus national income, but only so far as it has been defrayed from capital. A nation may find itself poorer at the end of a war

than at the beginning in respect of one or more of the following:—

(*a*) Reduction of its liquid assets, e.g., stores, material, live stock, coin and bullion, etc., which have been consumed in the war and not replaced.

(*b*) Loss of its foreign investments or any other saleable assets, which it has realized abroad in the course of the war and of which it has spent the proceeds.

(*c*) Foreign indebtedness which has been incurred to help to pay for the war.

(*d*) Depreciation of the national plant and equipment through insufficient sums being spent on its maintenance during the war.

(*e*) Destruction or damage of property in the course of warlike operations.

(*f*) Reduction of the national productive capacity at the end of the war as compared with the beginning. This may be brought about in several ways, e.g., by destruction or damage of the machinery of production and transport: by reduction in the labour force through slaughter of men in battle: by derangement of industrial organization through its conversion to the production of warlike stores, and through disturbances in the organization of labour.

The last two items are important, but no sort of estimate can be formed of them in figures, till the war is over. We know that in Belgium and Northern France and Poland and Galicia enormous damage has been done to property. Germany and Great Britain have suffered some damage through losses in their merchant marine. The industrial organization of Great Britain and France and Germany has been seriously deranged. All the belligerent nations have lost a part of their labour force in killed and maimed.

The first four items represent that part of the national expenditure on war, which is met out of capital. They are included in the figures of Government war expenditure, but they do not represent the whole of it. For the Government war expenditure is partly met out of the surplus of

the current national income. It is only the balance that is met by consumption of stores in hand; by the realization of foreign investments; by borrowing abroad; and by spending on war, money which should have been spent on the maintenance of the national plant.

We can ascertain the figures of Government war expenditure, at any rate approximately. If we could ascertain to what extent this expenditure was being met out of current national income, the balance would be the portion of war expenditure falling on national capital and would be the same as the sum total of the first four items of loss mentioned above.

In the December number of THE ROUND TABLE the annual income of Great Britain was estimated at about £2,300,000,000, of which about £400,000,000 was estimated to be surplus income, devoted either to betterment of the national plant or to investment abroad, the remaining £1,900,000,000 being spent in the living expenses of the nation and on maintenance of plant. If these figures are taken as correct and could be supposed to hold good for the period of the war, we might reckon that Great Britain had a surplus national income of £400,000,000 and that by stopping her foreign investments and her internal betterments during war time, she could pay for the war to this extent without encroaching on her accumulated capital. Say that the British Government is spending £900,000,000 a year on the war, including loans to the Allies and to the Dominions. The country would find £400,000,000 of this amount out of income and would have to provide the remaining £500,000,000 by encroaching on its capital in one of the four ways mentioned above. A similar calculation might be made in the case of Germany, whose national income is given at about £2,000,000,000, of which about £400,000,000 is surplus.

But this method of calculation involves two factors of great uncertainty. The first is the extent to which the nation's income is affected by the war, e.g., through the

curtailment of its output of wealth, or even through the falling off of its income from foreign investments. It is impossible to ascertain what reduction takes place from these causes in the national income during war time. A second factor, which is even more uncertain, is the extent to which the national living expenses are cut down during war time. The greater the reduction in these, the greater the surplus income; and if the national living expenses were to be cut down by more than the reduction in the national income, the surplus would be even larger than before. This latter factor is of great importance both in the case of Germany, where national economy in daily expenditure is enforced as an act of discipline, and in France, where the people have a genius for thrift. It is to be feared that in Great Britain less economy is practised; on the other hand, it is probable that her national income has suffered less reduction than that of either France or Germany.

With these two factors subject to so much variation it would be vain to pretend to draw from the estimates of ordinary annual income and expenditure any definite conclusion about the surplus income of a country in war time. There is, however, another way in which the matter may be approached, and which may be a better guide, in the case of Great Britain, as to the extent to which she is meeting her war expenses out of capital.

In the December article it was stated that in 1913 British imports were valued at £659,000,000 and her exports at £525,000,000. It was estimated that £190,000,000 of the exports was balanced by new capital loaned abroad. This being deducted, the balance of the exports was £335,000,000. This was £324,000,000 less than the value of the imports. How, then, was this £324,000,000 of imports accounted for? According to the estimate then made it represented payments made to Great Britain by foreign nations for: (*a*) Interest on capital invested abroad, £184,000,000; (*b*) Shipping freights, £100,000,000; (*c*) Banking commissions, etc., £40,000,000. This estimate is not far different from that

made recently by Mr Lloyd George. He estimates our total return from interest on investments, freights, etc., at £350,000,000, instead of the above figure of £324,000,000.

In the quarter ending March 31, 1915, British imports were £208,000,000 in value and her exports and re-exports £106,000,000, leaving a balance of £102,000,000—or at the rate of £408,000,000 a year excess of imports over exports. Mr Lloyd George's figure is £448,000,000, and we will take that. We can assume that for the time being British lending of capital abroad has stopped, except for the loans made to the Dominion Governments and to Allied Governments. Take these at the rate of £200,000,000 a year—they amounted to £80,000,000 last March. This sum must be added to the balance of imports over exports, which is thus increased to £648,000,000 in the year, if the first quarter is taken as a guide, although a part of the loans already made may appear in the form of exports during the first quarter. To meet this we have the foreign dividends, shipping freights and commissions, which Mr Lloyd George leaves at £350,000,000. Deducting £350,000,000 from £648,000,000 still leaves a balance of about £300,000,000 to be paid for. How is this being done? It must be by the realization of British capital invested abroad. There is no other way, unless Great Britain were borrowing abroad, which she is not, or were to manage to reduce her normal imports. We may assume, therefore, that Great Britain in the process of paying for the war will have to realize on her foreign investments at the rate of about £300,000,000 sterling a year.

As an instance of the way this is done, take the City of New York Note issue of $100,000,000 (i.e. about £20,000,000), which fell due last autumn. This was largely held in London and in peace time no doubt the loan would have been renewed in one form or another. As it was, it was called in and paid off, the funds being supplied by a syndicate of New York Bankers. Again, London has in ordinary times a great deal of money out abroad in the

form of short-term loans, bills or credits. Since war started, there has been a steady pressure to call these in wherever it was possible. Above all, British investors hold a huge mass of foreign stocks, shares and bonds. By no means all of them are saleable in war time. But among them are American securities estimated to amount to perhaps £1,000,000,000 in value. These or the great part of them are saleable in New York and are actually being sold all the time. America sends the purchase price over to Great Britain in the form of commodities and in this way the extra balance of imports is accounted for.

According to Mr Lloyd George's statement in the House of Commons the total expenditure of the British Government, if the war lasts another year, will during that year be about £1,130,000,000. Of this approximately £200,000,000 will be current expenditure, leaving our actual war expenditure at £930,000,000 for the year, of which £200,000,000 will represent loans to our allies. We have seen above that the nation, in paying for this, will have to realize its foreign investments at the rate of £300,000,000 a year. This leaves £630,000,000 to be provided for.

We can assume that in war time the nation has stopped its ordinary foreign loans—the special Government loans have been allowed for—and also its expenditure on internal betterments. In peace time it spends £400,000,000 a year in these two directions. The diversion of this sum to meet the war expenditure still leaves a balance of £230,000,000. Assuming that the national income and living expenditure remain the same—or, at any rate, that there is the same margin between them as in peace time—this sum of £230,000,000 is being provided by Great Britain out of her internal, as distinguished from her foreign, capital. That is, it is being provided either by consuming accumulated stocks and not replacing them, or by cutting down the ordinary annual expenditure on maintenance of the national plant. If the margin between the national income and living expenditure

is greater or less now than in peace time—that is, if the surplus income of the nation is greater or less than the £400,000,000 which was given as its normal figure, the balance of the war expenditure to be provided out of internal capital will fall below or rise above the figure of £230,000,000. But in any case we can conclude from the figures given that Great Britain is providing for the war out of her external capital, e.g., her foreign investments, at the rate of about £300,000,000 annually. If the margin between national income and national expenditure is not so large as the figures given above, she will either have to increase still more the sale of her securities or raise foreign loans.

We do not know what the German Government is spending on the war. We know that up to date it has issued two war loans amounting in the aggregate to over £650,000,000. No doubt Germany is financing both Austria and Turkey to some extent. She has borrowed £2,000,000 in America by an issue of Treasury Notes. Germans are also selling their foreign investments. The total value of these has been estimated at £1,000,000,000 sterling. Many of them, e.g., Turkish investments and many South American investments, are not saleable at present. But Germany holds a not inconsiderable amount of American securities, and, since war began, has been selling these steadily. The total amount sold is uncertain. An American authority has estimated that the stocks sold on German account in America during the first eight months of the war amounted to more than £20,000,000 in value and less than £40,000,000.

But Germany, as Mr Lloyd George has pointed out, is in a different position from this country. She is selling very little abroad. But she is buying little too. Her exports and imports are strangled. The fact that the exchanges are heavily against her is nevertheless an indication that she has difficulty in meeting her external engagements. Apart from the handicap to her military operations,

which we may hope will sooner or later become exceedingly heavy, it is undoubtedly an advantage financially not to have to buy from abroad. The greatest difficulties which face the Allies in the financial sphere are those connected with meeting their external obligations.

So far as internal loans are concerned, Germany, it must be remembered, gains by her large population. If a loan of £400,000,000 is to be raised, the average subscriptions of 70,000,000 people need not be nearly as large as the average subscriptions of 45,000,000 people.

French investments abroad have been estimated at £1,500,000,000, but are probably larger. A large portion of them, however, lies in Russia and cannot be sold at the present time, since there is no one to buy. The same applies to her Mexican, Brazilian and Argentine investments. She holds less American securities than Germany—far less than England—and these are almost the only securities which can be sold in any quantity, while the war lasts.

France, therefore, is faced with a task of no little difficulty in having to meet the very large external obligations which she is incurring, especially as her export trade is naturally suffering very heavily.

Russia's problem is equally, if not more, difficult. For Russia is in ordinary times a debtor nation, and has normally to pay very large sums abroad in interest on her debt. She is now in the position in which she must buy heavily from abroad and at the same time is restricted by her geographical position from exporting her raw materials.

It is for these reasons that England will have to find large sums of money for her allies.

An indication of the extent to which the United States is financing the war through the repurchase of its own securities from the belligerent countries, may be obtained from the trade figures of that country. In the four months ending March 31 last the exports of the United States exceeded the imports in value by $595,000,000, that is £119,000,000. This is at the rate of £357,000,000 a year.

The average excess of United States exports over imports for three years before the war was about £100,000,000. At present, therefore, there is an abnormal excess of exports at the rate of about £257,000,000 a year. It may be assumed that with this excess of exports the United States is buying back American securities from the belligerent nations.

Mr Lloyd George said in Parliament that for the year ending December 31, 1915, the war expenditure of the Allies would not fall far short of £2,000,000,000. This implies that Great Britain, France and Russia will on the average each be spending at the rate of between £600,000,000 and £700,000,000 a year on the war. Mr Lloyd George indicated that Great Britain would be spending from £100,000,000 to £150,000,000 a year more than either of the other two. Let us assume that the war lasts for two years. At the end of that time we may expect to see Great Britain with an addition to her national debt of, say, £1,400,000,000, and France and Russia each with an additional debt of £1,200,000,000. Germany has raised over £650,000,000 in nine months—that is at the rate of £1,800,000,000 in the two years, part of which no doubt may be on account of Austria. The total increase in the indebtedness of the two countries will certainly not be short of £2,200,000,000. Leaving out of account the smaller Powers involved, that means a total increase in the national debts of the five Great Powers amounting to £6,000,000,000 in all.

As far as Great Britain, France and Germany are concerned, their new debts will be owing mainly, if not entirely, to their own nationals. A proportion of the new Russian debt will probably be held in France and England, while a part of the Austrian share of new debt will be held in Germany.

British investors will own £1,400,000,000 of British Government loan, probably a substantial amount of Russian loan, perhaps some French loan. On the other

hand, they will have disposed of at least £500,000,000 and perhaps much more of their holding of foreign, principally American, investments. German investors will hold £2,000,000,000 of new German and Austrian loan and will have disposed of all their saleable American investments. French investors will own the greater part, if not all, of the £1,200,000,000 of new French loan and a part of the new Russian debt, and will probably have sold all of their foreign investments, for which they can find a market.

The United States, which by the export of food, raw materials and manufactured supplies to Europe at high prices is piling up a huge credit balance, will have taken payment for this by cancelling its former loans abroad and by buying back American stocks and bonds from Europe; to a smaller extent perhaps it will settle the balances by making direct loans in one form or another to some or all of the combatant countries. It will have bought back American stocks to the extent probably of at least £600,000,000.

In Great Britain the national plant and equipment will probably have suffered by the cessation of expenditure on maintenance. As we saw above, it seems certain that even at the present moment Great Britain is paying part of her war expenditure by cutting down the amount which she spends on the maintenance of her national plant in time of peace.

France and Germany will suffer in this way still more, since they have not, to the same extent as Great Britain has, the opportunity of paying by realization of foreign investments for that part of their war expenditure which must be provided out of national capital. On the other hand, Germany is likely to gain, at any rate over this country, by the greater, probably far greater, economy of her people.

In all the districts invaded by the enemy there will be a large amount of actual destruction to repair. The making good of this and of the deterioration in the national plants will require a large immediate expenditure, part of which,

at any rate, will have to be found by the Governments concerned.

In all the belligerent countries there will be an inflation of paper currency, owing to the greater use of currency in war time. This surplus currency will have to be redeemed, this constituting another addition to the war debt. If it is allowed to remain in circulation, after it ceases to be required, a depreciation of the currency will follow, with the evils which ordinarily attend it. The excess paper currency might indeed be allowed to remain in circulation without harm, if the nations concerned were prepared to substitute it for their metallic currency. But it is more than doubtful if they can do this, and even if they could, the rest of the world would not be able to absorb the precious metals which would be given up.

Special provision will have to be made for the reconstitution of Belgium. Regard being had to this, as well as to the other items mentioned above, it is a moderate calculation to say that the addition to the debts of the five Great Powers at the end of two years' war will reach a total of £7,000,000,000. At five per cent this means an annual interest charge of £350,000,000 a year. Beyond this there will be pension charges, which on the most modest scale can hardly amount to less than £100,000,000 a year for the five countries. In all, the additional revenue required to meet the direct charges arising out of the war will thus amount to £450,000,000 annually, divided among the five leading nations. How far these nations will be able to raise this additional revenue, and at the same time maintain their former scale of civil and military expenditure, is a matter which it is beyond the scope of this article to discuss.

The inflation of currency—for redemption is not likely to be immediate—and the scarcity of goods—for the output of articles useful for peace must for some time after the end of war be less than in normal times—will cause high prices to prevail. But the recuperative powers of the

modern industrial system are very great. With the machinery and methods now in use production can and will be rapidly increased. The prevalence of high prices will be a stimulus to this. On the other hand, high taxation will enforce economy in consumption. High interest rates on capital will add to the burden which industry will have to carry, a burden which after a time will begin to be severely felt.

As the pendulum always swings too far, it is to be expected that the machinery of production will not only be replaced but extended, and that the years of replacement will be followed by an era of over-production, low prices and financial collapse.

In these matters, however, the course of affairs can only be guessed at. The probability is that there will be a time of rapid ebb and flow in financial matters. This would naturally be accompanied with occasional crashes. Up to the present the machinery of credit, through which the world's business is conducted, seems to have been wonderfully little disturbed by the war, and has shown itself capable of quicker adaptation than could have been believed. It does not follow, however, that this state of things will continue, and it must be remembered that the machinery of credit, which is mainly psychological, is just as essential to the conduct of trade and the material well-being of the world as the machinery of production or the machinery of transportation.

One factor which must not be left out of account is the possibility of social unrest and labour troubles arising after the war. It is difficult to say in what state of mind the populations of Europe will be left. It has been suggested that the war may produce a spirit of earnestness. But by bringing a mass of men close to the primitive facts of life it may also awaken the spirit which questions existing conventions; and the modern industrial system, like any other system of organization, depends on the great majority of mankind accepting established conventions without question.

On the other side, again, it is possible that the desire to repair material losses may be a governing factor in men's minds for some years and may prevent agitation towards new social experiments. The chances for this are better in a country where property is widely distributed such as France, than in a country where the mass of the population own nothing and live entirely by their labour from day to day.

In the building up of industry after the war Germany will have an advantage from the docility with which her people submit to organization for a given end. Great Britain, which has no advantage on either point, will have to trust to the common sense of her people and to the individual energy and initiative which are found here more often than elsewhere and which in industrial matters compensate for many weaknesses.

IV. The Government's Duty

THE foregoing analysis brings into prominence the huge magnitude of the financial task imposed upon this country and the vital necessity both the Government and every member of the community are under, of leaving nothing undone which may in any way contribute to its proper fulfilment.

Let us repeat the facts. Unlike Germany, which is more self-supporting, France, Russia and Great Britain are purchasing and must purchase from abroad supplies of all kinds in enormous quantities; Great Britain and France must purchase food supplies and raw materials; all three countries must purchase munitions of every kind and particularly shells in ever-increasing quantities. The huge bill to the countries, from which these materials are bought, must be paid for. It can be paid for only by the export of goods, or by turning over to these countries the interest

due on foreign investments, or the freight and commission earned or by the sale of foreign investments or by raising foreign loans or by shipping bullion.

Russia's export trade is practically stopped; she has no foreign investments; she earns very little freight or commission; she has very large sums already to pay to other countries for interest on Government loans; there are great difficulties in her raising a loan in the United States; there is left only this country, to which she can turn.

France's export trade, too, is enormously impeded; she has not a very large amount of foreign securities of a class which can now be sold; she, too, must therefore look to us for assistance in meeting her external engagements. Mr Lloyd George puts our loans to our Dominions and Allies at £200,000,000. Before the end of the war it may be much larger.

What, then, is the position of this country. It was shown above that on the basis of the figures now available, and after making liberal and even optimistic deductions in respect of our earnings in the way of interest on foreign investments, shipping freights and commissions, we shall have a balance against us of £300,000,000 this year, which must be met by the sale of foreign investments. This will be difficult, and in time to come may become impossible. A further alternative is to raise a large loan in the United States. There are great difficulties here too, and in any case only a certain amount could be raised.

There is one other way, and one only, by which the balance against us can be reduced, and that is by the most rigid economy throughout the whole community—such economy as is now being practised by the German people. Every pound's worth of food wasted means a pound's more import, a pound more in the bill against this country and probably a pound more of our vital gold reserve exported. But while waste is unpardonable, to stop mere waste is not enough. We ought to import only absolute necessities, either munitions of war, or raw material for our exports,

or food and other supplies which we can by no means dispense with. Let us repeat that every pound's worth unnecessarily imported is so much added to our burden, reduces by so much the money available for subscribing to Government loans, contributes by so much to the difficulty of keeping our gold reserve and our system of credit intact, and makes it by so much harder and more expensive to attain our vital supplies of ammunition. The more difficult it is to pay our debts, the more the exchanges will go against us, and the more we must pay for all our imports. Russia is at this moment paying 20 per cent higher than normal for everything she is buying abroad: and Germany almost as much.

It is the duty of the Government to bring these facts home plainly to every citizen of this country. There is too much extravagance and waste both by private individuals and by the Government; there have been in the past mischievous ideas spread abroad about the country's "bottomless purse"; the high wages now being paid are a direct incentive to spending. The Government would perform a great work, if they could by some means encourage and popularize the investment of savings. It should be recognized by every man and woman in the country that rigid economy is vital in order that the country may be able both to pay its debts abroad, and subscribe successfully to the enormous loans which will have to be raised in this country. Not the least valuable service that can be rendered to our cause is the practice of economy, and that service can be rendered by every man and every woman of whatever age and strength.

THE WAR AND INDUSTRIAL ORGANIZATION

IN the March number of THE ROUND TABLE it was pointed out—and the argument was emphasized from the experience of Lincoln in the American Civil War—that war brings nations face to face with a new world, with standards and values of its own. For nations like our own and the United States, long inured to peace and accustomed to the open discussions of public affairs, the give-and-take of parliamentary life, the concessions to the susceptibilities of minorities, with which democratic government is habitually associated, the transition to war conditions is peculiarly difficult. But the fact that the struggle is being waged for freedom and democracy does not alter the inexorable conditions of warfare: and the road to success, for us as for Lincoln, lies through a frank acceptance of the facts of the situation and a resolute endeavour to conform, with all the forces at our disposal, to its demands. "Nature," said Bacon, "is only overcome by obedience to her own laws." The same is true of warfare. Nations can only overcome the regime of war and win their freedom to live in peace by a willing acceptance and understanding of its own peculiar laws and conditions.

This principle has already carried the nation far further than Englishmen realized when the war began. Its first and most obvious application was in the call for recruits. Once the needs of the situation were understood hundreds of thousands, even millions, flocked to the recruiting office,

accepting without cavil or complaint the unwonted conditions of military discipline and the stern obligations of military life.

But it soon began to become clear that the peculiar conditions imposed by war are no longer, as of old, confined to the camp and the barracks, but penetrate far into civil life. Ships and men are of no avail unless they are supported and supplied by the labours of the civil population: and the enormous and unlooked-for expenditure of munitions which modern war entails and the sudden call for the equipment of millions of soldiers inevitably carry the stress and urgency of war-demands into the shipyard and the workshop in a manner unprecedented in any previous war. It is not simply a question, as we have tended to think in the past, of national finance, of an adequate supply of "silver bullets" to meet the vast costs of modern warfare. It is a question of applying the maximum of force at the right moment at the necessary spot. The workshop's duty is not simply, as in time of peace, to meet the orders as they come in at its own time and according to its own working rules. War-conditions have transformed it into a vital part of the complicated and indivisible mechanism which exerts military force against the enemy. An army is no stronger than its weakest link; and if there is difficulty or weakness in the workshop there will be delay or failure in the field, with the inevitable sequel of discouragement, loss of life and the protraction of the war as a whole.

The recognition of this vital connection between the camp and the workshop is rendered all the more necessary by the fact that Great Britain has become the armoury not only for herself but for her Allies. France, Russia, Belgium, Serbia and Montenegro, with practically the whole of their manhood in the field, have serious difficulties to meet in supplying their own needs. Moreover the whole of the industrial area of Belgium and important industrial districts of France, Russia and Poland are in the occupation of the enemy. Neutral nations, more particularly the United

States, may help to supply the deficiency; but their contributions are dependent on their own needs and policy and cannot be an absolutely certain factor in our calculations. They may at any moment be stopped by their own governments, or their exports may be interfered with on the road. A heavy responsibility for the supply of the Allied armies rests, and must continue to rest, upon the workshops of the United Kingdom.

These considerations are, from the military point of view, axiomatic: they must have been present in the minds of the military advisers of the Government from the first moment when orders for supplies began to be made after the outbreak of war. Yet both the Government and the public opinion of the country failed at first, as the Americans failed at first at a similar crisis, to press the facts home to their logical conclusions. Nobody realized how little our traditional and customary methods of State action, our reliance on unco-ordinated voluntary effort and our aversion to State control, availed to meet the unprecedented requirements of the moment. It took us months to face the fact that the industrial aspect of the war was more than a mere question of ordering munitions from the available workshops, but involved a carefully planned organization, after the Prussian model, of the industrial resources of the nation, including its working population.

It is important to make clear at the outset what is meant by speaking of the Prussian model: for it is, after all, in one sense, the Prussian doctrine of the State against which we are contending. The strength of the Prussian system is that it tells people what to do and they do it. Its weakness is that it does not allow the people to choose what they want to do, or to make clear to themselves why they are doing it. The State stands above the citizens, commanding not only their bodies but their wills and their souls. Freedom disappears from corporate relations and initiative from individual character. In that sense Britain never will and never can be Prussianized. But there are moments in the

history of free communities when the State must temporarily extend the scope of its authority over the actions of the individual, when the free citizen, in the face of a crisis, no longer desires to exercise his initiative but is willing and even anxious to be told what to do. At such a moment it is the people most used to freedom which is most ready for guidance and most submissive to direction: and what it asks for from its rulers is no longer the freedom of voluntary action but organization and education—to be provided with the means for making its individual action most effective and with the knowledge to understand why its services are needed in particular directions.

Our national attitude towards industry during the war has shown a characteristic failure of foresight and imagination. At the very beginning of the war we accepted the principle of State organization and made a number of important precedents in various directions; but we have been unable or unwilling to face the problem as a whole. Relying on the tradition of freedom and on the voluntary principle deeply rooted in English life the Government has shrunk from the detailed work of organizing the nation for victory. It asked the nation for service and evoked unparalleled energies, but failed to direct them where they would be most usefully and economically expended. The result was a certain waste and dispersion of effort, with the inevitable accompaniment of friction and dissatisfaction. It is worth while recalling a few instances of the policy pursued in the earlier months of the war, not for the sake of recrimination, but in order to show how far both the Government and the nation have since travelled from the habitual attitude of mind with which we entered upon the struggle.

The first relates to what has in recent years become too frequent a feature of British administration—the want of co-ordination between the different departments of the Government. The most glaring example of this was the competition between the War Office and the Admiralty in connection with recruiting. During the autumn the main

preoccupation of the War Office was, very rightly, to stimulate recruiting, so that the new armies could get forward with their training. But this idea was pursued without sufficient reference to the needs of the other fighting department, or to the equipment of its own soldiers, and recruiting campaigns were even organized in ship-building areas. Even when the needs of home service on ships and munitions were recognized fresh friction was not avoided: for the two fighting departments both issued medals for war-service, each with a standard of merit of its own.

A second instance relates to the arrangements for the provision of munitions. No attempt was made by the Government to cover the engineering industry as a whole or to issue authoritative instructions to employers and workpeople. Scores of firms which were in a position to make munitions were not definitely told of the State's requirements and so went on executing private orders rather than incur the expense of installing new machinery before they were sure it would be wanted. It is only recently, for instance, that the bulk of the Lancashire firms engaged in making textile machinery have adapted their works to take on Government orders. The same criticism applies to the organization of labour. Thousands of necessary skilled workmen from engineering works, clothing factories, collieries and other vital services were allowed to enlist, although their services were at the time far more urgently needed in manufacturing the rifles and equipment without which the new recruits could not become an army at all.

A third instance was the manner in which the work of educating the nation as to the issues and the seriousness of the war was neglected. After four speeches from the Prime Minister in the early days of the war, and a few from other members of the Ministry, a silence fell on the land and was maintained unbroken for months. The nation was left to "do for itself." The various episodes of the struggle as it proceeded, the intervention of Turkey, the fall of Antwerp, the march on Calais, the hard-won victory at Ypres, passed

without illumination and almost without comment from those in authority; Parliament sat for the briefest periods; and the Press was unnecessarily hampered in its provision of news and controlled in its discussions by the restrictions imposed by the Censorship. The nation was ridden in blinkers. It was asked to make unparalleled sacrifices, while no good reasons were vouchsafed to it for doing so. It was inevitable that this should cause some failure on the part of large classes of the community to realize the nature of the struggle which lay before it, and delay the process of subordinating party and local interests to the primary duty of concentrating every ounce of the national energy on the prosecution of the war.

But perhaps the most conspicuous instance of lack of foresight and resolution was in connection with the Labour question. For months the output of munitions for the contemplated advance was left unorganized, exposed to all the hazards and friction of the ordinary competitive struggle between Capital and Labour. It is true that the outbreak of the war brought about a temporary suspension of industrial disputes. But as the first burst of enthusiasm evaporated, it became increasingly difficult to maintain, without conscious arrangement, the unbroken front which had been secured under the first shock of war. Difficulties of various kinds sprang up: the strain of overtime and speeding-up began to tell on the workers: the absence of a clearly thought-out and organized system in the industry was increasingly felt: and at last, after six months of war, the Government felt bound to bring the matter to the public notice. Even then it was not yet regarded as a first-class matter and was left to be dealt with by a subordinate. On February 8, Mr Tennant, the Under-Secretary for War, referred to the subject in the House of Commons; but the apologetic manner in which he did so showed how far the Government still was from seeing the problem in its true proportions. "Important issues," he said, "must be involved in the denudation of the labour market of large

numbers of men of military age and of military physique. If I might address myself to my hon. friends below the gangway (the Labour members) I would appeal to them to help us, the Government, to organize the forces of labour. I would ask them to help us that where one man goes to join the colours his place may be taken by another not of military age and physique. I would ask them to assist the Government also in granting—only for the period of the war—I lay stress on that—some relaxation of their rules and regulations, especially in the armament works."

This timid and cautious appeal from a representative of a Government which the nation had willingly endowed with the fullest powers of decisive action showed a misconception both of the needs of the situation and of the attitude of Labour; and the practical suggestions contained in it, closely scrutinized, reveal themselves as singularly ineffective. They were ineffective because they attempted to cast upon the Trade Unions a responsibility which, at a time like the present, could only be exercised by the Government itself. It is not possible for Trade Unions or employers or for any other authority in the country except the State to control the flow of recruiting from the various industries and, in Mr Tennant's phrase, " to organize the forces of labour." It was ineffective also in its suggestion that the Trade Unions should surrender their hard-won rights and regulations for a bare Government guarantee that they would be restored after the war. The suggestion, well-meant as it was, opened up difficulties of the greatest complexity to Trade Unionists, as the very guarded reception of the appeal made clear, and they could not be expected to acquiesce in it without some much more definite scheme of agreement than the unconditional suspension recommended by Mr Tennant. The Trade Union rules in question have been the product of years—in some cases generations—of conflict and bargaining; they are regarded by the workmen in the industries concerned as the charter, if not of their industrial self-government (for that still remains to be won)

at least of their industrial security: no Trade Union leaders —least of all the Parliamentary Labour party, whose political position does not necessarily entail its members being Trade Union leaders at all—could be expected to surrender them without both an equivalent sacrifice on the part of Capital and a careful consideration of what the State guarantee for their recovery really implied.

A similar criticism attaches to the suggestion that the Labour leaders should facilitate the employment, in place of recruits, of workers "not of military age and physique," in many cases, of course, women. A Trade Unionist's first corporate duty is to uphold the standard of life and wages in his trade. It is natural that he should view with suspicion and disfavour anything which would have the effect of impairing that standard. The introduction into his trade of a mass of new workers, many of them women, all of them presumably non-Unionists and new to the customs of the trade, without any guarantee for the future, must inevitably seem to him prejudicial to his corporate interest: it is even not unnatural that, with the memory of industrial conflicts fresh in his mind, he should regard it as a "capitalist dodge." The best comment on the ineffectiveness of Mr Tennant's proposal is supplied by the following, which appeared in the *Morning Post* of Friday, March 5, under the unconsciously ironical heading "THE CALL TO ARMS":

> A deputation from the Executive Committee of the National Amalgamated Union of Shop Assistants, Warehousemen, and Clerks waited upon the Under-Secretary for War (Mr H. J. Tennant) at the War Office yesterday, with reference to his recent speech in the House of Commons, where he suggested that women could be largely employed in the grocery trade in order to free men for the front.
>
> Mr J. Turner, Secretary of the Union, pointed out that the Executive took a broad view of the matter, but were, of course, anxious that this should not bring down the already low standard of wages and conditions. They wanted to know what would become of the women when the war was over, for employers ought to give a guarantee to reinstate the men who had enlisted. The interview was private, but it was afterwards stated that Mr Tennant, having

acknowledged the patriotic way in which shop assistants had already enlisted, said the Government could not guarantee their reinstatement after the war. It was a matter for the employers, but he would bring the question before the Parliamentary Recruiting Committee to see if they could get employers to give some guarantee.

This brief extract will be sufficient to make it clear that the Government's plan of appealing to the good offices of the Labour Party showed that they were still chary of facing the essential problem of organization. It is impossible to deal with the labour problem in this piecemeal manner, because the difficulties that require to be overcome, in the mind of the workers, relate not to the present but to the time after the war. Working class leaders have of necessity, and as a result of their continual experience, to exercise forethought and to think ahead of the existing emergency; they are in a position to foresee difficulties as a result of the action which the Government called upon them to take—difficulties against which only the Government can protect them. It was inevitable that the policy embodied in Mr Tennant's appeal should be abandoned and replaced by a concerted effort, on the part of all the interests concerned, to meet the inter-related problems of the present and future organization of labour.

But it needed a sharper incentive than the non-committal replies of Labour leaders to convince the Government that a systematic and comprehensive Labour policy was needed. It was supplied by the sudden realization of a widespread uneasiness (unrest would be perhaps too strong a word to use) among the working population throughout the country, as a result of the serious decline in their real wages owing to the steady and alarming rise in the price of food and necessaries. According to the figures given by the Prime Minister himself on February 11 the wholesale prices of wheat, flour and sugar were between 72 and 75 per cent higher in February, 1915, than in February, 1914, while retail food prices, as a whole, already showed a rise of between 20 and 24 per cent over the figures of July, 1914,

and the July figures, as Mr Philip Snowden reminded the Premier in the debate, themselves represented a rise of 16½ per cent above those of 1900. In other words, the real value of a wage of £1 a week in 1900 amounted in February, 1915, to 14s. 1½d., whereas, according to the Board of Trade returns, the rise in wages during those years has only been 5 per cent, or a shilling in the pound.*

The Government's handling of the problem was not felicitous. When amid universal expectation it was raised by the Labour members in the House of Commons, the Prime Minister gave a lucid exposition of the reasons for

* Since February prices have risen still higher. The following figures, taken from a carefully compiled statement printed in *The Federationist* for May, 1915, show the expenditure of an average working-class family of four people during one week in 1899, 1914 and 1915.

	1899		1914		1915	
	s.	d.	s.	d.	s.	d.
Bread (16 lb.) . . .	1	8	1	10	2	8
Bacon (1 lb.) . . .	0	11	1	2	1	3
Cheese (1 lb.) . . .	0	6	0	9	1	0
Flour (3½ lb.) . . .	0	5	0	5½	0	9
Butter (1 lb.) . . .	1	0	1	2	1	4
Biscuits (1 lb.) . .	0	6	0	8	0	9
Tea (½ lb.) . . .	0	9	0	10	0	11
Sugar (2 lb.) . . .	0	3½	0	4	0	6½
Meat (4 lb.) . . .	2	2	2	10	3	4
Eggs (6)	0	3	0	6	1	0
Ham (½ lb.) . . .	0	7	0	9	0	10
Jam (3 lb.). . . .	1	1	1	5	1	6
Golden Syrup (2 lb.) .	0	6	0	6½	0	6½
Fish (3 lb.) . . .	0	6	1	0	1	6
Soap	0	6	0	7	0	7
Oil (1 gallon) . . .	0	7	0	10	0	10
Coals (1 cwt.) . . .	1	0	1	5	1	9
Wood	0	3	0	3	0	4
Sultanas (1 lb.) . .	0	2	0	2½	0	8
Currants (1 lb.) . .	0	4	0	4	0	4
Potatoes (8 lb.) . .	0	4	0	4	0	4
Soda (1 lb.) . . .	0	1	0	1	0	1
Rice (1 lb.) . . .	0	3	0	3	0	3
Milk	1	0	1	0	1	3
Blue	0	1	0	1½	0	1½
	15	8½	19	8	24	5½

the rise in the demand and the diminution in the supply of the various commodities, but had little to suggest in the way of remedies. If the aim of the speech was to allay the discontent in working-class circles it certainly failed in its object. Its arguments would have caused no resentment had the Premier succeeded in convincing the country that there was really nothing which could be done, and if he had boldly appealed to the patriotism and self-sacrifice of the community—if, in other words, he had evoked what Mr Lloyd George happily called the "potato-bread" spirit. But instead of appealing to patriotism he appealed to history and to political economy. Speaking a week later, on February 17, when the effects of the Prime Minister's speech on working-class opinion had begun to make themselves felt, Mr Snowden summarized its argument with a brutal terseness which certainly echoed the opinion held of it by those for whom he spoke. The purport of the Premier's speech was, he said, "First that the state of things, however bad it might be, is not so bad as it was expected to be in the sober judgment and well-informed knowledge of people six months ago. The second point was that, bad as things might be, there was a time in the history of this country when things were quite as bad; and the third point was that if the poor people of this country who are suffering from the present high prices of the necessaries of life would only continue to starve till June, it was possible that some relief might be afforded to them." And he added caustically with regard to the point that things were not so bad as they were expected to be, "In making that statement the Prime Minister condemned the want of foreknowledge and lack of action on the part of himself and his Government."

The result of the Prime Minister's speech, with its appeal to the laws of supply and demand, "the gigantic stuffed policemen," as the working classes regard them, "who keep watch over Rent and Profits,"* was to recall

* The quotation is from Graham Wallas, *Human Nature in Politics*, p. 13

the mind of Labour to its everyday mood and to revive the passions and suspicions of the ordinary industrial conflict. Workmen had watched with interest the vigorous steps taken by the Government in the autumn to help the Stock Exchange and the big financial houses out of their difficulties. They confidently expected similar measures on their own behalf. The disillusionment which followed on the Premier's speech caused a perceptible change of atmosphere in the country. It was felt not only in the great armament works and shipyards, where men who had been working overtime at high pressure for months were becoming increasingly conscious of the physical and nervous strain, but in millions of ordinary working-class homes where the weekly budget went a little less far every week and not least among the three million members of co-operative societies, the élite of working-class intelligence, who were in a position to measure by comparison the exactions of the retail dealers in food and coal.*

An agitation was immediately set on foot throughout

* The following extract from a letter from Mr B. Williams, Secretary of the southern section of the Co-operative Union is of interest in this connection:

"At the Kingsway Meeting I stated that the Woolwich Society as well as others was then selling coal at 5s. per ton less than the rising prices, although they had to buy coal at higher prices than they had contracted for. I also said that a few merchants, immediately after war broke out, had bought up 10,000 tons of New Zealand cheese at £63 to £67 per ton, which they were selling at £90 to £93 per ton, showing to them a profit of £250,000 on this one transaction. If the Co-operative Wholesale Society had bought the cheese they would have made no extra charge. They would have treated cheese as they treated sugar—sold their stocks, as long as they lasted, at prices as they stood before the war. When Peek, Frean & Co. and Huntley & Palmer raised the price of their biscuits 10 and 15 per cent all round, the C.W.S. continued for months to sell at the old prices.

"There cannot be any doubt that merchants, farmers and manufacturers have made large fortunes out of the state of things existing since war broke out. A firm of millers at Cardiff made £370,000 profit—over £1,000 a day—on a capital of £1,000,000. The C.W.S. has a capital of over £10,000,000. Part of its business is that of milling. It has the biggest mills in the world—much bigger than the Cardiff firm. Its profits on the whole year, on all its turnover of £35,000,000, were about three-quarters of a million. It returned nearly all to its members, who are working folk. This is a very striking comparison."

the country to press the Government to take more drastic action. It culminated in a Conference held in London on March 12, presided over by the leader of the Labour Party, and attended by representatives from Trade Unions, co-operative societies, and municipal authorities, including the Corporations of Glasgow, Bradford, Birmingham and Dublin. Resolutions were passed urging the Government to take steps to control the supply and reduce the price of both wheat and coal. There was a distinct note of menace in the speeches of some of the Labour representatives. It was clear that seeds of suspicion and mistrust had been sown which were likely to bear fruit in open manifestations of impatience and discontent.

Meanwhile the organization of Labour, relegated by Mr Tennant to the Trade Unions, was making no progress. The situation in the armament works and shipyards, now busier than ever preparing munitions and equipment for the contemplated advance and for the operations in the Dardanelles, grew more and more unsatisfactory. Minor disputes were of constant occurrence all over the country, and output was increasingly hindered through bad time-keeping. Six months of long hours and "speeding up" were making their mark. Overstrain, frayed nerves and tempers, suspicions of "capitalist exploitation," a sense that large profits were being made out of their extra exertions, combined to bring about a great change in the atmosphere of the workshop from the willing enthusiasm of the early days of the war. But the greatest difficulty of all lay in the question of Trade Union rules. Owing to the urgency of the moment, the denudation of the Labour market, and the constant necessity of adjusting the existing personnel of a workshop to meet emergency demands, it was very difficult for employers to avoid infringing the established Trade Union regulations for the demarcation of labour. A single instance may make the problem clear. A Government boat came into a certain private shipyard for instant repairs. Not sufficient shipwrights being at hand,

joiners were asked to help them in the work. As a protest against this contravention of craft rules, hitherto invariably respected by the employer in question, the shipwrights stopped work. In cases like this the action on both sides is intelligible enough. The employers were bound, as a patriotic duty, to try to meet the emergency. The shipwrights could hardly fail to protest in some way against a precedent which imperilled their hard-won corporate rights without any guarantee that they would be subsequently restored. The main reason why the question caused friction and delay on a piece of vital national business was the want of foreknowledge and lack of action on the part of the Government which made it almost inevitable that some such situation should arise.

At last a dispute more serious and far-reaching than the accumulation of minor troubles which has been mentioned forced the Government to recognize the difficulty and to face its own responsibility for meeting it. The engineers in the Glasgow district had been working under a three years' agreement, made in January, 1912, which precluded them from sharing in the large increases in money wages secured by other organized workers in the district during the good trade of those years. In June, 1914, before the war, in view of the approaching expiration of the agreement, the Glasgow District Council of the Amalgamated Society of Engineers decided that a demand should be made in the new agreement for an increase of 2d. an hour. The usual notice of a proposed change is four weeks, and on December 7, 1914, the demand was sent in to the Employers' Federation. The details of the subsequent negotiations do not concern us here. The men's view is that the employers used the war as an excuse for postponing the consideration of their demands. The employers' view is that the demand was unreasonable in itself. The men's leaders appealed to the workers in the national interest against a stoppage of work and recommended a compromise at ¾d., but the men refused and, no agreement

satisfactory to them having been reached by February 16, the shop where the discontent was strongest broke off the negotiations and came out on strike. Others followed, and by the end of the month fully half the engineers in the district had stopped work.*

It was at this juncture that the Government took action. The Chancellor of the Exchequer, in the course of an eloquent speech at Bangor on February 28, revealed the urgent needs of the Allies in respect of munitions of war and reminded the workers that this was an "engineers' war" and that the defence of the country rested ultimately as much upon the men in the workshop as on the men in the trenches. It was absurd, he cried, that precious time should be wasted and lives lost on a question of an extra farthing an hour. He appealed to the men to go back to work pending a decision, and a small committee, consisting of Sir G. R. Askwith, Sir George Gibb and Sir Francis Hopwood was appointed, with a wide reference, to arbitrate on industrial disputes. Meanwhile, on February 26 Sir G. Askwith had sent a letter to the Employers' Federation and the Trade Unions concerned insisting on the resumption of work on Monday, March 1, as urgent military requirements were being delayed. It was, however, not till three days later that, yielding to pressure from the Executive Committee of the Union, work was fully resumed. A few days later Sir G. Askwith's Committee gave its award. It gave the men a penny an hour and a ten per cent advance on piece-work rates, thus at once throwing over the decision arrived at by the men's representatives and ignoring the principle laid down by the men themselves. The men had asked, not for a decision which split the difference, but for a rise in real wages to make up for

* On the details of the Clyde situation see a well-informed statement in the *New Statesman* of March 27, 1915. One fact is, however, omitted there, viz. that the action of the men in coming out was regarded by the employers as an infringement of the procedure agreed upon between the employers and the Union, embodied in a somewhat loosely-drawn charter of "Provisions for Avoiding Disputes."

the increased cost of living. As the Government had failed to lay down a definite principle for the guidance of the arbitrators the arbitrators themselves might have done so. As it is the award has only sown seeds of fresh trouble and left the position on the Clyde little less unsatisfactory than before.

The fact is that Mr Lloyd George's oratory and the awards of his nominees had little effect on the men, because, however tactful in detail, they carefully avoided going to the root of the trouble. It was all very well to encourage the armament workers by describing them as "soldiers of industry," but the men knew very well that, if their work was as valuable as that of their comrades in the trenches, the conditions under which it was performed were entirely different. In strict and literal truth, however useful to their country their work might be, they were not working for the State, but for private employers—employers who, as they believed, were already profiting largely by the war, and will profit still more by the adoption of speeding-up methods. What Mr Lloyd George and the Press asked of them appeared—and not unnaturally—to be a one-sided sacrifice. The only way to cure the trouble and to restore confidence, not only on the Clyde but in the armament industry throughout the country, was for the Government to demand equal sacrifices from both sides and to organize the whole industry in accordance with the national need.

It was to this solution that, in the early days of March, the Government was at last driven. Powers to take over the engineering industry as a whole were secured by an enlargement of the Defence of the Realm Act, and arrangements were at once made to consult the representatives of the interests concerned. Mr Lloyd George, who was handling the matter on behalf of the Government, first had a three days' conference with the representatives of the numerous Trade Unions—no less than thirty-five in all*—

* The more important of them were the Amalgamated Society of Engineers, the National Transport Workers' Federation, the Amalgamated

concerned with the industry. He won their support at the outset by announcing to them that the sacrifices were not going to be all on one side. "We propose," he said, "to impose a limitation of profits because we can quite see that it is very difficult for us to appeal to Labour to relax restrictions and to put out the whole of its strength unless some condition of this kind is imposed." He then outlined alternative proposals for the settlement of disputes by arbitration, including the suggestion of a Court on which Capital and Labour should be equally represented. He also asked the Conference to sanction "a complete suspension, where necessary . . . . for the purpose of increasing the output, of all rules and regulations which have the effect of restricting the output."

The Chancellor succeeded in carrying the Conference with him. On March 19 an agreement was arrived at with all but one of the unions concerned, and on March 25 the outstanding union, the Amalgamated Society of Engineers, came into line with the rest, having secured some additional safeguards. This agreement and the provisos involve so important a new departure that they are worth printing *in extenso.*

ACCELERATION OF OUTPUT ON GOVERNMENT WORK

Memorandum of proposals which the Workmen's Representatives agreed to recommend to their members at a Conference with the Chancellor of the Exchequer and the President of the Board of Trade, held at the Treasury, on March 17–19, 1915.

The Workmen's Representatives at the Conference will recommend to their members the following proposals with a view to accelerating the output of munitions and equipments of war:

(1) During the War period there shall in no case be any stoppage of work upon munitions and equipments of War or other work required for a satisfactory completion of the War:

Society of Carpenters and Joiners, the Boiler-Makers' and Iron and Steel Shipbuilders' Society, the National Union of Railwaymen, the General Federation of Trade Unions, and the Parliamentary Committee of the Trade Union Congress.

All differences on Wages or conditions of employment arising out of the War shall be dealt with without stoppage in accordance with paragraph (2).

Questions not arising out of the War should not be made the cause of stoppage during the War period.

(2) Subject to any existing agreements or methods now prevailing for the settlement of disputes, differences of a purely individual or local character shall unless mutually arranged be the subject of a deputation to the firm representing the workmen concerned, and differences of a general character affecting wages and conditions of employment arising out of the War shall be the subject of conference between the parties.

In all cases of failure to reach a settlement of disputes by the parties directly concerned, or their representatives, or under existing agreements, the matter in dispute shall be dealt with under any one of the three following alternatives as may be mutually agreed, or in default of agreement, settled by the Board of Trade.

(a) The Committee on Production [that is Sir G. Askwith, Sir G. Gibb, and Sir F. Hopwood.]
(b) A single arbitrator agreed upon by the parties or appointed by the Board of Trade.
(c) A court of arbitration upon which Labour is represented equally with the Employers.

(3) An Advisory Committee representative of the organized workers engaged in production for Government requirements shall be appointed by the Government for the purpose of facilitating the carrying out of these recommendations and for consultation by the Government or by the workmen concerned.

(4) Provided that the conditions set out in paragraph (5) are accepted by the Government as applicable to all contracts for the execution of war munitions and equipments the workmen's representatives at the Conference are of opinion that during the war period the relaxation of the present trade practices is imperative, and that each Union be recommended to take into favourable consideration such changes in working conditions or trade customs as may be necessary with a view to accelerating the output of war munitions or equipments.

(5) The recommendations contained in paragraph (4) are conditional on Government requiring all contractors and sub-contractors engaged on munitions and equipments of war or other work required for the satisfactory completion of the war to give an undertaking to the following effect:

Any departure during the war from the practice ruling in our

workshops, shipyards and other industries prior to the war shall only be for the period of the war.

No change in practice made during the war shall be allowed to prejudice the position of the workpeople in our employment, or of their Trade Unions, in regard to the resumption and maintenance after the war of any rules or customs existing prior to the war.

In any readjustment of staff which may have to be effected after the war, priority of employment will be given to workmen in our employment at the beginning of the war who are serving with the colours or who are now in our employment.

Where the custom of a shop is changed during the war by the introduction of semi-skilled men to perform work hitherto performed by a class of workmen of higher skill, the rates paid shall be the usual rates of the district for that class of work.

The relaxation of existing demarcation restrictions or admission of semi-skilled or female labour shall not affect adversely the rates customarily paid for the job. In cases where men who ordinarily do the work are adversely affected thereby, the necessary readjustments shall be made so that they can maintain their previous earnings.

A record of the nature of the departure from the conditions prevailing before the date of this undertaking shall be kept and shall be open for inspection by the authorized representative of the Government.

Due notice shall be given to the workmen concerned wherever practicable of any changes of working conditions which it is desired to introduce as the result of this arrangement, and opportunity of local consultation with men or their representatives shall be given if desired.

All differences with our workmen engaged on Government work arising out of changes so introduced or with regard to wages or conditions of employment arising out of the war, shall be settled without stoppage of work in accordance with the procedure laid down in paragraph (2).

It is clearly understood that except as expressly provided in the fourth paragraph of Clause 5, nothing in this undertaking is to prejudice the position of employers or employees after the war.

(*Signed*)

D. LLOYD GEORGE
WALTER RUNCIMAN
ARTHUR HENDERSON
(Chairman of Workmen's Representatives)
W. MOSSES
(Secretary of Workmen's Representatives)

March 19, 1915.

AGREEMENT BETWEEN THE GOVERNMENT AND THE AMALGAMATED SOCIETY OF ENGINEERS

Dated—March 25, 1915.

The Amalgamated Society of Engineers, in giving their adherence to the various clauses of the memorandum, asked that the following statements made by the Chancellor should be put on record:

(1) That it is the intention of the Government to conclude arrangements with all important firms engaged wholly or mainly upon engineering and shipbuilding work for war purposes, under which their profits will be limited, with a view to securing that the benefit resulting from the relaxation of trade restrictions or practices shall accrue to the State.

(2) That the relaxation of trade practices contemplated in the agreement relates solely to work done for war purposes during the war period.

(3) That in the case of the introduction of new inventions which were not in existence in the pre-war period the class of workmen to be employed on this work after the war should be determined according to the practice prevailing before the war in the case of the class of work most nearly analogous.

(4) That on demand by the workmen the Government Department concerned will be prepared to certify whether the work in question is needed for war purposes.

(5) That the Government will undertake to use its influence to secure the restoration of previous conditions in every case after the war.

The agreement was recommended by the Trade Union representatives to their members and duly accepted by them, and a Labour Advisory Committee was set up to watch over its operation; it was also communicated to the employers, with whom Mr Lloyd George had a number of conferences, although no similar employers' committee was appointed. It was certainly successful in tiding over an awkward situation; and to have brought the parties together in the temper prevailing at the time was in itself no inconsiderable

achievement to the Government's credit. It may, therefore, seem a little ungracious to point out that, apart from the welcome change of atmosphere, the agreement in itself did little to lay the foundations of a durable settlement or to avert the possibility of further disputes. Closely scrutinized, indeed, it bears within itself the seeds of fresh trouble, for the root difficulties of the situation are left unsettled.

This can be best exemplified by taking three cardinal points of danger and seeing how the agreement deals with them. The first is the question of wages disputes. Three different plans are put forward in the agreement for submitting these to arbitration; but no arrangement was arrived at, nor, it appears, even discussed, as to the principles which should guide the arbitrators in their decision. This omission is peculiarly unfortunate at a time when bonuses and other forms of stimulus to individual groups of workmen are in vogue. In the absence of definite instructions different arbitrators are likely to adopt different standards of treatment, and a certain amount of caprice is certain to creep in—or to appear to creep in—to the awards, evoking dissatisfaction on each side. It would have been easy for the Government to secure the assent of the men to the principle of equality of sacrifice: in other words that the rise in wages should be not more than sufficient to make up for the extra cost of living. This is all that Labour has asked for, and is still asking for. A golden opportunity was lost of laying it down in set terms that Labour, like Capital, should not make profit out of the war, and that the arbitrators should therefore be guided by the pre-war rate of real wages.

A second, and, to all appearances, more serious omission in the agreement relates to the question of employment after the war. An attempt was indeed made by the engineers (see paragraph 5 in their memorandum above) to remedy this deficiency, but its wording is so vague and the future outlook so uncertain that it is doubtful if it is of any real value. The suspension of Trade Union rules

necessarily brings with it as a consequence that the trades in question will be overstocked with skilled labour after the war, when both the old and the new hands are available in the labour market. The new workers are likely to be a serious source of danger to Trade Unionism, as they will be available in the form of a potential blackleg reserve in the case of a strike. Against this contingency, and the consequent likelihood of an attempt on the part of employers to reduce the wage-rates in the trades concerned, the agreement seems to afford but little protection. It does indeed secure "priority of employment" to the original workers, but nothing is said as to wage-rates, and no guarantees are provided against the employment of blackleg labour. It must be remembered that the close of the war will not only release a vast host of soldiers for civil life, but will temporarily throw out of employment a considerable proportion of the workers now engaged on war-contracts, whose numbers are calculated at upwards of two and one-quarter millions. Nobody can estimate how great is the volume of private trade which is being held up by the war, but the readjustment must necessarily take some time. What is certain is that at the close of the war tens, even hundreds, of thousands of workers will be thrown on the labour market, and that, in the scarcity of capital, employers will have to pay higher rates in order to obtain investors' money. Under these circumstances wage-rates are certain to be affected, and employers will be less than human if they fail to play off the new workers against the old. It is surprising that the Trade Union leaders should not have used the opportunity to initiate preparations for a careful scheme of registration to cope with the difficulties of demobilization and the cessation of war-work, and to secure the most explicit guarantees to save themselves and the country from the industrial chaos which can be predicted.

But the most important omission of all concerns the question of the sanction for the carrying out of the agreement. Arrangements between Capital and Labour partake

of the nature of international agreements: it is difficult to make absolutely sure of their enforcement or to secure penalties for their non-observance. The causes of international law and of industrial democracy alike rest upon a tradition of strict fidelity to existing engagements. Cases have not been wanting during the last few years (and their importance has naturally been exaggerated by enemies of Trade Unionism)* in which "scraps of paper" have been set at nought; but in an agreement of this vital importance even the possibility of non-performance should not be entertained, and it would have been well to create a precedent, and to make definite provision for penalties in the case of individual breaches. If the Union leaders had assented to a clause assuming clear responsibility for the carrying out of the agreement, and undertaking to disallow the benefit of their Union to any member contravening it, their action would have met with the satisfaction of the employers and would have been a valuable addition to the moral and administrative authority of the Unions in dealing with matters of workshop discipline. But Trade Union leaders are apt to be slow of initiative, and as the Government was disinclined to press them another opportunity was allowed to pass.

Here then for the present these particular difficulties remain. Dissatisfaction is still rife in various parts of the country and small sporadic disputes are not infrequent. The relations of Capital and Labour are left in a state of dangerous equilibrium, exposed to shocks at any moment. Owing to the absence of a sanction and to the cumbrousness of the proposed arrangements for arbitration, parts of the Agreement are already inoperative or have been so from the first. Demarcation difficulties are still constantly arising and there is no authority capable of settling them without delay. Employers find it easier to follow the line of least resistance and respect the prejudices of their workers. The

* On this point see the Report of the Industrial Council for 1914 on Industrial Agreements.

workers, emboldened by this attitude and anxious about the future of Trade Unionism, feel justified in maintaining their old position. Meanwhile large bodies of organized workers, such as the miners and postal workers, are claiming that their losses in real wages should be made good. Prices are still rising, and evidence is accumulating that large profits are being made by the dealers in food-stuffs and coal.* The Government's failure of imagination and inability to grip the mind of the nation has led to an accumulation of difficulties which will need careful and resolute handling.

Meanwhile the Government have not been idle. If they have so far shrunk from creating new precedents to ensure industrial peace they are certainly now making a serious and comprehensive attempt to organize the nation both as regards war-work and recruiting. A Central Committee has been established on which both the War Office and the Admiralty are represented; and local committees are working in connection with it in numerous centres. Steps are being taken at Birmingham, Newcastle and elsewhere to secure every possible skilled worker for the various trades, and a so-called "release" Committee has been set up to bring back from the colours men who can be more valuable in the workshop. It was in connection with one of these local committees that the Premier paid his recent visit to Newcastle: and his speech there at last brought home to the nation at large, not only the urgency of the problem but the detailed organization, both central and local, that is required to meet it. Similar efforts are being made to facilitate recruiting in the occupations where men can best be spared. Women are being registered for war-work in trades where they can be employed and a Home Office Committee has been appointed to facilitate the readjustment of conditions in the distributing trades, so as to allow the release of men to join the colours;

* "The enormous profits made by Messrs Spillers and Bakers (Limited), millers, of Cardiff, this year as compared with last year—£368,000 as against £89,000—continue to attract widespread notice and comment. It is said in milling circles in London that the firm could not help making all this money."—*The Times*, April 27, 1915. See note on p. 570 above.

in both these directions, however, Labour interests are still being ignored or left at the mercy of private guarantees.

Yet the situation as regards munitions of war still remains dangerously chaotic. No less than five separate central committees have been appointed from time to time to deal with this problem, each occupying time and brains and making inquiries and demanding returns from business men already overdriven: the Prime Minister's original Committee, appointed last September, Sir G. Askwith's Committee on Production, the Labour Advisory Committee, the War Office Committee, with Mr G. M. Booth as Secretary, and the combined War Office and Admiralty Committee with Mr Lloyd George as Chairman. These Committees may all have useful duties; but their functions are neither defined nor co-ordinated, and they have no power to act. Employers who desire their help in any particular difficulty find it impossible to discover which body to approach, and are too often discouraged by non-committal or negative answers in matters of urgency. The consequent confusion and perplexity can be better imagined than described.

The object of this article, however, is not to criticize but to make clear the magnitude of the problem and to suggest ways and means of dealing with it. There is little to be gained now by going back over the events of the last ten months and pointing out the troubles that have arisen owing to a failure to realize the nature of the problem. The mistakes of the past cannot be fully repaired. But they can in some measure be corrected and their bad consequences arrested. The following suggestions are put forward in the hope that they may point the road to greater unity and efficiency in the future.

(1) The Government have now taken over the whole of the engineering and other industries, using the powers which they took in the Defence of the Realm Act (No. II) of last March. This step was necessary from the first to help the contract departments of the War Office and Admiralty.

But the nature of the help that these departments needed has not been properly understood, and they have consequently become the targets for a good deal of unfair criticism. They have proved themselves perfectly competent to do the work for which they were appointed—namely, to place the orders for the supplies needed by their Services. But their powers were and remain limited, and in two vital respects they need to be supplemented by further organization. Firstly, they are unable to work in co-ordination, and therefore must necessarily compete one against the other. Secondly, they have no control over the Labour Question, except the very limited power in connection with Fair Wages clauses; their functions end with the placing of contracts. The help they need therefore is not in the expert work which they are accustomed to handle—the diverse and overlapping committees which have been appointed are in some ways less competent for their ill-defined functions than the experts they were put in to control—but in these two specific directions. The question of co-ordination between Government Departments is really a Cabinet matter which cannot constitutionally be relegated to an *ad hoc* Committee. It is for the Cabinet, or the Committee of Imperial Defence, to decide the relative urgency of howitzers and submarines and to see that the less urgent claims of one department yield precedence to the more urgent needs of the other. It is suggested that if this control from above were properly exercised the various Committees should make way, and that the Government should appoint, in their stead, a Central General Committee, in touch with the Board of Trade, to deal with Labour questions and to settle disputes, supplemented by Local Committees with powers to deal with all small disputes and matters of urgency. On all these committees, the representatives of the employers and of the workers should have a place side by side. By so doing the State would not only be asserting the control which it

has already assumed over the trades concerned; it would also be creating an important precedent in the internal government of industry. The war has revealed the full importance of the position occupied by the Trade Unions in the industrial government of the country. For the first time in their history their leaders have been summoned to confer with the State, not on questions of wages and hours or on any particular points in dispute, nor as a result of agitation on their part, but on the problem of the organization of their industry as a whole. The State has thus formally recognized a state of things to which the public has been steadily growing accustomed—the existence of a dual authority in the Government of Labour. The men are represented by their Trade Union leaders, who command their confidence. The other elements in the industry—the elements of capital and management—are represented by the employers. Normally these two elements are, if not at war, at least in a state of armed peace, not unlike the condition of Europe since 1871. The war, by recalling both sides to a sense of their common interest and their common citizenship, has for a moment brought them together. But so far no advantage has been taken of the opportunity to create any permanent machinery for their co-operation. The Labour Advisory Committee and the employers' War Office Committee are working separately, in watertight compartments. Responsibility is divided, and disputes and misunderstandings are the result.

(2) A strict limitation of profits on all war-contracts should be provided for. Arrangements should be made and published for a State audit, with the necessary guarantees of respect for confidential information. Allowances should be promised for depreciation and for the installing of new machinery, but for nothing else. The lack of definiteness on the Government's part with regard to Mr Lloyd George's promised limitation of profits and equality of sacrifice is a cause of great and increasing suspicion in the working class.

(3) Following on the limitation of profits the State should lay it down in set terms that the only increases in wages to be paid during the war should be those justified by the increased cost of living. No bonuses or extra attractions should be allowed. The State should fix a definite scale of wages and, so far as possible, also regulate hours in all grades of labour throughout the armament industry. This measure is necessary, not only to redress inequalities which inevitably lead to disputes, but to prevent competition between different firms for labour. Now that work is plentiful and workers relatively scarce men are constantly being attracted from one firm to another by the offer of higher wages, and craftsmen are spending many hours in the train going to and fro from one job to another when they should be in the workshop.

(4) The Government should undertake the responsibility of keeping the armament industry supplied with sufficient and suitable labour. The State already possesses, in the national system of Labour Exchanges, machinery admirably suited to this purpose; but it has so far only been very partially used. Instead of leaving to the Labour Exchanges the thankless task of filling up the gaps caused by misguided recruiting the State should empower the Exchanges to regulate the flow of enlistment and to control the distribution of labour in the national interest. In the case of its own employees the State has not hesitated to exercise its discretion in allowing or refusing permission to enlist. It should exercise similar power in the spheres of industry for which it has now assumed a direct responsibility. One of the most pressing needs in the armaments industry is continuity of work. It is obvious that output can only be maintained at its maximum if the volume of labour power remains constant. The State would therefore seem justified in laying it down, as a corollary to the fixing of wages, that no man should leave his work, or be eligible through the Labour Exchange for other employment, unless his removal

had been sanctioned by the Local Committee, on which Labour would be represented. Similarly, any man dismissed by his employer should have an instant right of appeal to the Committee for reinstatement.

(5) A sanction should be provided to enforce the observance of these arrangements. All cases of infringement should be referred by the Committee to the Trade Union of the man concerned, and the Trade Unions should undertake, in case of proved infringement, to deprive the worker in question of the benefits of his membership. Employers should also be held strictly to account for breaches on their part.

(6) The Trade Unions should agree to suspend all demarcation regulations for the period of the war and to exercise their authority in quelling all disputes in this connection. In return the State should promise to take definite steps, by a system of registration, so as to enable it to safeguard the workers, after the war, against the dangers to which they will be exposed by the glut in the labour market and the existence of a large reserve of potential blacklegs.

(7) More attention should be paid to the health and efficiency of the individual workman. Want of consideration in this connection is responsible for much of the loss of time and other slackness complained of in the recent White Paper. Arrangements for housing and feeding should be more carefully considered; the men's health and comfort should be studied and care taken to avoid excessive fatigue and overstrain. The need for munitions is too pressing to allow time for mutual recriminations or "muddling through."

These suggestions are not put forward as a counsel of perfection but as a practicable experiment. They might still at this stage go far to overcome the difficulties that have arisen; for, considered without prejudice and with a single eye to the needs of the country, they should command the

assent of both Capital and Labour. We have come to see that industry is the second line of national defence and that, as Ruskin said fifty years ago, just as the duty of a soldier is to fight, and, if need be, to die for his country, the duty of the manufacturer and the worker is to provide for it. The nation under the stress of war has firmly grasped this principle. It is for the Government to apply it and to turn it to the best account.

THE FOUNDATIONS OF PEACE

I. Causes of the War

THERE is a general agreement to deprecate premature discussion of the terms of peace. In so far as the caution is prompted by the desire to concentrate attention on the more pressing practical business of winning the war, it is entirely sound. We have not won the war yet, and we have far to go and heavy losses to endure, before we can talk about success or about imposing conditions. Wrangling about the bear's skin can only lead to waste of effort and distraction from the primary task of winning the war. But there is an aspect of the peace problem about which we cannot think too much. If the Allies are to be really successful, the peace must give effect to the objects, for which they are fighting. Yet how many of us are clear about what these objects are? We plunged into the war, shocked and unprepared, because we suddenly realized that the German danger of which we had heard so much was upon us, and because we vaguely understood that the purpose of Germany threatened our own freedom and that of Belgium and France, and that her designs must somehow or other be wrecked, if our honour and the future of liberty were to be secured. The majority of us have not got very much further to this day. We are agreed that the German armies must be defeated and some indemnities paid, and we are all of us ready to subscribe to some phrase, for instance that Prussian militarism must be

overthrown, which represents, with convenient vagueness, our ideas of how the evil against which we are struggling is to be destroyed. But as to what that implies we are still in the dark. Yet we are neither likely to fight the war to the right finish, nor to exert our whole influence in favour of the points which are vital in the settlement, unless we are clear in our own minds as to what it was that caused the war, how far the causes can and ought to be removed by force of arms, and how far they can and must be removed by other means. It is the purpose of this article to attempt some consideration of this subject.

II. The Price of Autocracy

THERE is a curious resemblance between the history of France between the Great Revolution of 1789 and the fall of Napoleon in 1815, and the history of Modern Germany since its organic unity in 1870. In the former case the French people, casting off the trammels and authority of the *ancien régime*, achieved in a few sharp blows social equality and civic freedom. They acquired at the same time a tremendous consciousness of organic unity. They were no longer subjects of a king; they were a nation, with a mission and a rôle. But they had had no training in democracy, and after a few years, in which they reduced the government of their own country to chaos, and set out, in the name of freedom, to overthrow the governments of their neighbours, they were forced to acquiesce in the autocratic rule of a genius, who alone seemed competent to restore order and peace. But to Napoleon, the autocrat, the first consideration was the maintenance of his own power. And in his efforts to preserve this he found himself driven first to destroy real liberty in France itself, and afterwards to attempt to overthrow it in Europe as well. In order to maintain his upstart power, and secure himself from all interference and control,

not only were the French people deprived of political power, but the Press was muzzled, the schools and the universities were converted into seminaries for teaching loyalty and obedience to the Emperor, and the whole manhood of the country was drilled and disciplined in a vast military machine. At the same time he was ever under compulsion to dictate to or coerce his neighbours outside, for the only way, in which he could compensate the French for the heavy-handed discipline, which lay upon them at home, was by flattering the new national pride by victory abroad. Thus driven, partly by his own intolerance of any equal, and partly by the necessity of justifying his exercise of absolute power, he overthrew, one after the other, the Powers which refused to submit to his authority and his will. With England and Russia alone he failed, for in neither case was he able to enforce his tyranny by the sword. And eventually his domination so stirred the dormant spirit of liberty that it united all the States of Europe in the great effort, which cast off his rule.

So with Germany. For years the people of Germany, stirred by the wars of liberation, had longed for unity. But they were never able to achieve it until Prussia, under the direction of Bismarck, threw Austria out of Germany and overcame by force the selfish particularism of the minor German courts. The union of Germany, as the outcome of three overwhelmingly triumphant wars, did for the Germans, what the revolution and the early successes of Bonaparte did for France. They became suddenly conscious of an organic sense of unity previously unknown. They were no longer the subjects of more than thirty German kings and princes, united only by language and a common heritage of literature and music, and by the shadowy authority of a powerless confederation. They had become the German people, welded in the fire of battle, the strongest power in Europe, the new race, which having found itself after centuries of disunion, oppression and abasement before its neighbours, was going to astonish the world.

The events of these years created in the German people a profound confidence in their rulers. The democrats, who had attempted to unite Germany on popular lines from below, and who had failed, were discredited. Bismarck and his autocratic governmental machine, which had imposed unity from above, were regarded as the creators and the mainstay of German unity and power. Moreover, the Prussianized government, like Napoleon, was a marvel of practical efficiency, and proved itself no less competent to deal with the problems of the new empire than with the problem of unity itself. It gave the people practically everything they could desire. It gave them security and internal order. It removed the old barriers to internal trade. It fostered industry at home and commerce abroad. It provided for the sick and unemployed. It was liberal in its patronage of education. It gratified the national spirit by asserting Germanism throughout the world, and under its direction Germany made unparalleled strides in strength and influence. On one point alone the government was adamant. It would give the people no share in its power. On the contrary, like Napoleon, it used every method at its disposal to thwart and retard popular government. Through its control of education from the primary schools to the universities, it taught that the first duty of the citizen was to obey the constituted authorities of the young and successful Germanic State. It used the powerful discipline of universal military training for the same purpose. It continued to exert its influence upon him even in after life. Through the press bureau a constant stream of edited news and comment played upon public opinion, checking criticism of Government policy and ever holding out the suggestion that only by supporting loyally the system which had won the triumphs of 1866 and 1870, could still greater triumphs be certainly won.

In course of time, the general conviction grew up, actively fostered by the governing classes, that the German system of life and government, loosely described as Kultur,

was the greatest achievement of the human race. It was definitely compared with the democratic kultur of the Western powers and of America, and was judged to be superior. Germans contrasted the precision and strength of their own government, the discipline and order of their own people, their matchless development in the sphere of commerce and industry, with the apparent slovenliness of democratic States. They compared the silent efficiency of their own government of men of action with the endless speechmaking of politicians. They saw only the military unpreparedness, vacillation, and weakness of democratic governments, the disorder, want of discipline and self-sacrifice, of the democratic peoples, and in every respect they approved of their own ideas and ways, and despised those of their neighbours. They came gradually to believe that as the new and superior race, inspired and organized by the system, which Bismarck had created, and under its direction, they were bound to prevail, first in the economic sphere, and afterwards in political influence and power throughout the world.

This new Germanic State became an end in itself. It was the creation of German genius, the incarnation of German Kultur. At any cost, whether to Germany or to her neighbours, it must be made to prevail, for it was the bearer of a new gospel to man, the gospel of the "will to power," which was to triumph over the older democratic gospel, the will to liberty and justice. It asked for no other title to respect and influence than that, which its physical strength gave it. It based its whole existence not on right, but on what it could win by might, and it set out to make its way to the first place in the world by the ruthless use of force, by the diplomacy of terror, or, if need be, by frightfulness and war. One element alone demurred. The Social Democrats challenged the essential principle on which the Prussian State, with its philosophy of force, was based. For they demanded that the government should cease to be autocratic, and should become responsible to the people;

that it should no longer rest its authority on military power, but on the enlightened suffrages of a self-reliant people. But the Social Democrats were a minority—though a steadily growing minority—and they were never able to dissuade a majority of the people from their support of the German constitution, nor were they able, under that constitution, to restrain the government in the slightest degree from its ruthless policy of force.

So long as Bismarck was at the helm, quiet reigned in Europe. Germany was satiated, and needed a period of rest for internal organization and recuperation, and the prestige of Bismarck himself was a sufficient support for the Government. But with the advent of William II a grave change came over the scene. The new Emperor was himself excessively ambitious. Moreover, he needed success to justify the continued tenure of autocratic power. In fact, the same impulses, which had driven Napoleon into a career of external expansion, now began to operate upon William II and his Government. The only way, in which they could permanently withstand the movement towards democracy, was by pandering to the nationalist pride of the German people, and promising success abroad in return for obedience at home. The preaching of the "new course" during the latter years of the nineteenth century, the unfolding of the vision, that Germany was to repeat in the sphere of *welt-politik* the triumphs of 1864 and 1870, and by the same militarist means, had an immediate effect on a people already inspired with ambition, and devoid of that critical political judgment, which comes only from democratic responsibility for public affairs. Within a very few years both Germany and her rulers were committed to a policy of expansion by force of arms, which was bound to bring her into conflict with her neighbours. The history of that policy from its first beginnings, in the ultimatum to Japan, the interference in the Transvaal, the journey to Constantinople, and the Navy Bills of 1898 and 1900, to its final consummation in the Austro-Serbian ultimatum

was traced in detail in the last issue of THE ROUND TABLE.*

Its main characteristic throughout was that Germany could neither tolerate an equal nor deign to negotiate on friendly terms. She had to be predominant and she had to impose her will. When, therefore, the German Government discovered that as the result of its restless policy abroad and its expansion of armaments at home, the neighbours of Germany were beginning to settle their differences and to draw together in self defence, its immediate instinct was to prevent the rapprochement and reassert its own predominance by force. Accordingly the immediate outcome of the Anglo-French agreement of 1904, which though it related solely to North African spheres of influence, indicated clearly enough that a defensive Entente might follow, was the ultimatum toFrance of 1905, resulting in the forced resignation of M. Delcassé.

Three years later the rulers of Germany showed that this act of violence was not an accident or the outcome of ignorance or of suspicion unwarranted by the facts. After the Morocco crisis a determined attempt was made, especially by the new Liberal Government in England, to satisfy Germany, and to prove that the Entente was not an attempt to ring her in, but a combination prompted, partly by the desire to improve international relations by substituting friendly agreement for competition, and partly by fear of the aggressive intentions of Germany. But the only outcome of the reductions in the British naval programme and of the Hague Conference of 1907 was a new German Navy Act in 1908, and an ultimatum to Russia in 1909 compelling her, and all the other Powers concerned, to acquiesce in the tearing up of the European treaty of 1878 under pain of war. As Prince Bülow said, the real purpose of the Bosnian coup was again to assert German military predominance in Europe, after the comparative defeat at the Algeciras Conference, in order to open the way once

* "The Schism of Europe," THE ROUND TABLE, March, 1915.

more for the expansion of Germany by force in the outside world. But, when two years later she attempted to reap the fruits by compelling France to concede impossible demands in Morocco under pain of war, the Powers of the Triple Entente united in refusing to submit to the threat, and Germany, meeting with a resistance for which she was not prepared, had to withdraw.

The German autocracy, by its disregard of the rights and feelings of others, and its policy of armed intervention in any matter, in which its interests were involved, had thus put itself in an impossible position. On the one hand, by forcing its pacific neighbours to combine in self defence, it had not only closed the door to expansion abroad, but it had lost that position of military predominance in Europe, which Bismarck's sagacious and tolerant policy had won, and which was essential to its own policy of armed aggression in the outer world. On the other hand, by so doing, it had undermined its own position, by proving to its subjects that the whole dream of world power, which it had pictured as the reward for docile obedience to itself, might never come true. Before it stood an inexorable dilemma. Either it had to restore confidence in its own ability to make good its promises of ascendency in the outside world, or sooner or later it would be compelled to surrender to democracy at home.

It fell back upon the one argument, which autocracy understands, the building up of more armed force, with which to back its will. Every effort was made, especially in the early months of 1912, to bring home to the German Government that the Entente was absolutely unaggressive, that it was caused by fear of German aggression, not by hostility to, or jealousy of, Germany itself, and that, if Germany, already far stronger than any other Power, absolutely secure from successful attack, not only in her own strength, but in her defensive alliances with Austria and Italy, would give some proof of her intention to maintain the peace and respect the liberties of Europe,

genuine friendship, the settlement of every outstanding question, and the satisfaction of her legitimate desires in the outside world, would follow. But the autocracy would not listen. It had the whole tradition of Prussia behind it. It could not compromise. To negotiate and not to impose its will would look like weakness and would destroy its own prestige. It was not content that Germany should be a great Power; she must be the greatest Power. The Government, therefore, rejected every overture for a reduction in programme or for naval holiday. It attempted to procure an undertaking from England that she would in no circumstances join in a war in Europe, to which Germany was a party, thus deserting France and leaving the way open for an almost certainly successful war of aggression on the part of Germany. It inflamed the fear and animosity of the German people against France and Russia by an indefatigable press campaign, and on the top of it it expanded armaments on a colossal scale. A new Army Act and a new Navy Act were passed in 1912, and an immense Army Act, increasing the peace strength of the German army from 544,000 to 870,000 and providing £50,000,000 for capital expenditure on military equipment was passed in 1913. At the same time there was begun that amazing preparation for war in neighbour countries by spies and other means, which has been one of the chief surprises of the last year, and the final proof of the intentions of the German General Staff.

The principal dynamic cause, therefore, of that diplomatic division of Europe, which made possible war on the present gigantic scale, has been the ambition of modern Germany. The average Briton feels much sympathy with the claim that Germany has been ringed in and has not had the same chance as others in the outside world, and that she is only attempting in this war to assert a natural right. He is often inclined to believe that, had our diplomacy been more considerate and generous, in Morocco for instance, or over the Bagdad railway, Germany might have been appeased and war might have been averted. The facts afford

the answer to these misgivings. Germany, with her people corrupted by the want of political responsibility, and her rulers ever driven towards aggression by the necessity of preserving their own position at home, has pursued for twenty years a policy of calculated selfishness, regardless of the rights and liberties of others, and has replied to every resistance to her will by fresh armaments. To seek for the main origin of the war elsewhere is to blind oneself to the truth. Germany has been "ringed in," because only in combination could her neighbours protect their own liberty. She has failed in diplomacy, only because she has opened every negotiation with the threat that war would follow, if her exorbitant demands were not conceded in full. No concession and no conciliation in the past would have averted war with a Power, which aspires to the position of tyrant among nations, and no concessions and no conciliation will avert another war in the future, so long as that autocratic ambition reigns.

III. The German-Magyar Ascendency

BUT Germany by herself could never have contemplated a successful attack on the liberties of Europe. The actual outbreak was due to an identity of interest between the Governments of Berlin and Vienna in a policy of aggression. The Austro-Hungarian Monarchy contains slightly over 50,000,000 people, of whom about half are Slav by race. Yet the whole direction of its policy is in the hands of the German and Magyar oligarchies. Moreover, in Hungary, the non-Magyar races are actively oppressed. The Slovaks and the Southern Slavs have been denied political rights. Their language and literature, their education, and even their economic development, have been thwarted and hindered in every way. It was this policy of repression, which created the situation leading to the outbreak. The hopes of the Southern Slavs for liberty and progress became centred in

one of two aims—their union with the Serbs as an independent State outside the Monarchy, or the concession of autonomy within the Monarchy, together with a share in the direction of its destinies. The rulers of Austria-Hungary were also divided into two, or rather three, schools: a definitely Austrian school, mainly composed of the followers of the Archduke Ferdinand, which proposed to solve the difficulty by gradually revising the Austro-Hungarian constitution, so as to give autonomy and a share of power to the Slavs; a Hungarian school, which refused any concession capable of diminishing its own power and privileges, and whose solution was to Magyarize the Southern Slavs by force, and to obliterate the independence of Serbia and incorporate it in the Monarchy; and in close co-operation with this Hungarian school, an ultra-German clique in Vienna which was bent on breaking the power of the Slavs as a dangerous obstacle to the Germanic *Drang nach osten.* The success of the Serbs in the Balkan War had greatly raised the hopes of the Southern Slav extremists and the Serbian ambitions. The assassination of the Archduke removed the chief moderating influence in the Monarchy, and threw the whole power into the hands of the Hungarian party of forceful ascendency and their ultra-German Viennese allies.

There was thus created an exact identity of interest between those in control in Vienna and Berlin. In Germany the ruling classes felt that some drastic act in the foreign sphere was necessary after the rebuff of Agadir, if Germany was to continue in her upward career, and if the prestige of the autocracy was to be restored. In Austria-Hungary the ruling classes felt that it was essential to crush Serbia, before the movement of unrest among the Southern Slavs had come to a head. Moreover, there was another and a greater vision in common. The two governments were able to control for military and diplomatic purposes not only the manhood and resources of the Germans and the Magyars, but those of 25,000,000 people of Slav and other races as

well. If they could launch a concerted attack at a moment of their own choosing with the armies and resources of nearly 120,000,000 people, success was almost certain. And success would not only give them a new lease of power, but would transform the world. On the one hand Russia would be rolled back and forced to turn her face eastwards and away from Constantinople and the Balkans. Austria-Hungary would then have an unchallenged ascendency over the Balkans, and the aspiration for independence of the Southern Slavs would be destroyed for ever. On the other, the power of France to resist would be finally overborne, and the ascendency of Germany in Western Europe would be established beyond question. Further, success would leave an invincible combination of military States under German influence, stretching from the North Sea to the Persian Gulf. The minor European Powers, their last hope of support for liberty gone, would no longer be able to resist the pressure on them to enter the *Zollverein* as the first step towards incorporation. The policy of the other Powers would be chiefly governed by their desire not to incur the hostility of an invincible Germany, and the way would be open at last for armed diplomacy in the outside world, or, if England still stood across the path, for that final settlement with the island Power, which the earliest dreamers of the dream had foretold.

To people brought up to the gospel of power, whose only aim was the elevation and expansion of their own country and civilization, who had no feelings for the liberty of others, the stakes were almost the greatest ever played for. Moreover, the chance might never come again. If they delayed, the Slavs might assert their influence in the Monarchy, the Magyar and German ascendency might be undermined, and Austria-Hungary might withdraw from the orbit of German influence and policy. The Entente, too, might become a definite alliance, ready and prepared for resistance to aggression. At the time it was not. Russia was in the throes of military reorganization. France, though she had passed the

three years law to meet the new German Army bills, had recently disclosed terrible gaps in her preparations. England had been lulled into a renewed sense of external security after her success at Agadir, and was on the verge of civil war. Germany and Austria-Hungary, on the other hand, had recently increased their armies and equipment and were ready to the last rifle and man.

Hence the policy of the ultimatum. It promised sure advantages, and the possibility of a success as dramatic and far-reaching as Bismarck's. If, as the less warlike elements in Germany probably hoped, the Powers of the Entente hesitated or gave way, Serbia would be crushed, the predominance of the central powers in the Balkans would be established, the confidence which alone could bind the Entente together would be destroyed, and Germany's diplomatic and military ascendency over Western Europe would be restored without the cost of war. If, on the other hand, as the military party hoped, the Powers of the Entente resisted the armed attack on the European system, the onset of 120,000,000 people in arms, at a moment of their own choosing, would be irresistible, and the great dream would come true: Germany would be master of Europe, the way to the outside world would be open, and the position of her rulers would be secured for years. The introduction of the 48 hours time limit made war practically inevitable from the start, for it took the control of events out of the hands of the civil authorities, who may have wanted peace, and put it into the hands of the General Staff, who certainly wanted war.

The second great cause of the war, therefore, was the situation in the Austro-Hungarian Monarchy, which first enabled the Hungarian oligarchy to oppress the Slavs to a point, causing a movement of revolt, and threatening their own power and privileges, and which then enabled the autocratic rulers of Germany and Austria-Hungary, thus driven to desperate measures, to utilize the lives and resources of more than 25,000,000 people of other races to establish their ascendency over Europe.

IV. Neglect of the Balance of Power

THERE was one other contributory cause of the war, about which we must be clear. The rulers of Germany and Austria-Hungary would not have attempted their desperate coup, unless they had felt fairly confident of success. The outbreak would not have occurred, if the Powers of the Entente had maintained a balance of defensive force equal in amount and readiness for action to that, which Germany and Austria-Hungary were able to bring to bear in support of their aggressive policy. Severally the Entente Powers had increased their preparations. Russia was reorganizing her army as rapidly as she could. France, though unprepared in many most important respects, had brought into force the three years service Act as the answer to the German Army Acts of 1912 and 1913. Great Britain had responded to the German Navy Act of 1912 by a supplementary estimate for naval construction. But the one step, which could have made these measures effective, and would probably have prevented the war, was never taken, a public and definite arrangement between Great Britain, Russia and France, openly avowed to the people of the world, providing for common action in the event of Austro-German aggression, and for common precautions against surprise.

If it becomes clear that one Government proposes to attack its neighbours in the interest of its own aggrandizement, there is only one course for those neighbours to adopt; to make such military and naval preparations in common, that success cannot possibly attend such an attempt. Then the aggressive Power may change its policy and become a law-abiding and tolerant member of the family of nations. If it does not, it will incur rapid and certain defeat. As will be seen later, this is the principle which underlies all national measures of defence. There was in this case ample evidence of the intentions of the rulers of Germany.

After ten years of propaganda about *welt-politik*, coupled with restless diplomacy and expansion of armaments, Germany openly substituted might for right, as the basis of European polity, when she demanded the dismissal of M. Delcassé in 1905 under threat of war. In 1909 she made her attendance at the Hague Conference, specially summoned to discuss the possibility of disarmament, conditional on that subject not being raised at all. In 1908 the practical answer, which she made to the British overtures, when the standard British programme of four Dreadnoughts per annum was reduced to three in 1907, and to two in 1908, was a new Navy Act greatly increasing her already enormous programme. In 1909 she again demonstrated that she was going to win her way by force, by compelling Russia and all other Powers to acquiesce in the tearing up of a European agreement under threat of war, an act which convinced the British Government that conciliation was interpreted as weakness, and led to the laying down of eight Dreadnoughts in 1909 as necessary to the security of the British Empire. Two years later she again opened negotiations with France by a threat of war, only to find that the Entente Powers were united in their intention to resist by force the third attempt made by Germany in six years to "dominate and dictate" the policy of Europe.

The Agadir crisis revealed the true basis of European peace—namely, that the only safeguard against constant armed blackmail by Germany was a combination of the pacific Powers to resist it. One final effort at conciliation was set on foot. Lord Haldane went to Berlin early in 1912 to try to induce Germany to profit by the lesson of 1911, to abandon her mailed-fist diplomacy and her reliance on the expansion of her armaments, and to substitute goodwill and friendly negotiation for competition and jealousy in international relations. But the negotiations failed, as all previous negotiations had failed, on two points. On the one hand Germany made it clear that the indispensable condition to any political understanding was a guarantee from Great Britain

that she would not, under any circumstances, fight against Germany in a European war—in other words, that she would desert France and break up the Entente, and leave to Germany a free hand to go on with her mailed-fist diplomatic hold-ups, and to crush liberty in Western Europe at her own time and in her own way. On the other hand Germany would give no undertaking about stopping the expansion of her own armaments. Indeed at the very period of the negotiations she introduced a new Army Bill and a new Navy Bill.

Nothing could be clearer than the end to which, consciously or unconsciously, the rulers of Germany were drifting. After the negotiations of 1912 failed, and still more so, when the news of the impending military programme for 1913 became known, raising the peace strength of the German army from 544,000 to 870,000, and providing for a capital outlay of £50,000,000 on forts and munitions of war, it ought to have been clear that the only way of averting war and of making the liberty of Europe secure, was for the Entente Powers to make the combination, which had preserved both peace and liberty at Agadir, a permanent and definite element in the European polity. Nothing else could have had any effect on the rulers of Germany and Austria-Hungary. The overtures of pacificism and friendliness had been rejected. The expedient of conciliation had failed. The hopes of the aggressive party in Germany rested on the belief that the Entente was neither solid nor prepared, and that they would be able to take its members in detail or at least in disorder. The only way of helping the peace party was to prove this belief to be vain. Yet, though the events of the two following years had proved that the policy of Germany had not changed, nothing was done.

The responsibility for this and for inadequate preparation in other ways need not, and ought not, to be considered now. But it is clear that a great part of it rests with us. We made no adequate preparations to defend France and Belgium. No explanations even were made to the electorate

about the increasing danger in Europe, or the necessity for readiness and preparation. We allowed ourselves to be mislead by the pacific manner of Germany during the London Conference, and to be distracted from foreign affairs by internal trouble. We never faced the real meaning of the Agadir crisis of 1911 and the Army Bills of 1912 and 1913, but drifted in a blind and baseless hope, until it was too late to prevent the great plan from being set in motion, and the only course left open to us was to save our honour and to uphold liberty by plunging into the war.

It is said that if we had entered into open and defined relations with France and Russia, they would have taken advantage of the opportunity to attack Germany and Austria-Hungary. It is conceivable that such a danger might have arisen in the future, but the discretion of determining whether a war was aggressive or defensive would have rested with us, as it rested with Italy in 1913, and manifestly the danger of recent years was not aggression on the part of France and Russia, neither of whom were prepared, but on the part of Germany, which had taken the lead in the race of armaments and had three times in six years brought Europe to the verge of war. Other people urge the opposite view, that the war was inevitable and that nothing that we could have done would have prevented it. That is a proposition, which cannot be disproved, but an alliance would at least have made us better prepared, and would probably have shortened the war. Finally, it is said that by abstaining from definite and overt relations with our allies, and by keeping everybody in a state of doubt as to our intentions and obligations, we gave a chance to the peace party to gain the ascendent in Germany. That is to argue that, when a burglar is contemplating a raid on your house, it is best not to provoke him by warning the police or locking the door. There was only one way of putting the peace party in power in Germany and that was by proving that the defensive combination against her was so strong that the war-party could not succeed. Short of declaring war

oneself there is no surer way of bringing it about than to conduct your relations with an aggressive enemy with indecision or fear.

V. The Conditions of International Peace

NOW that we have examined the causes of the war we find that fundamentally they resolve themselves into two. The dynamic cause of the war was the failure on the part of Germany and Austria-Hungary, under the impulse of their autocratic system of government, to respect liberty, and to recognize that they had any obligation to respect the rights of others, and any other duty than to aggrandize themselves by any means in their power. The contributory cause of the war was the failure of the other powers to realize that liberty and justice, which are the conditions of peace, will only prevail if the Powers, which are dedicated to their service, are willing to make the sacrifices and preparations necessary to deter more backward Powers from attempting to overthrow them.

Before we go on to consider the essentials of a peace, which will not only defeat the positive aims of Germany and Austria-Hungary, but remove permanently the causes which have brought war about, it is necessary to consider briefly the true basis of international relations.

Human society and the happiness of the beings which compose it depend upon the mutual goodwill, tolerance and justice, which the individuals manifest towards one another, and their readiness to help one another and to subordinate their own selfish wishes and interest to the general welfare. In course of time conventions have grown up which determine the mutual rights and obligations of individuals and the relations of the individuals to the community as a whole. These conventions are embodied in a code known as the law, and are the framework on which

the social life of mankind is built. The whole process of civilization, indeed, centres about the development of this code, so as to accord ever greater security, greater personal liberty, and greater opportunities for progress and education, to the individual. Moreover, in the most civilized States the task of amending and expanding the body of law rests with the whole body of citizens, who modify it, through their representatives and the ballot box, from day to day, so that justice and liberty may ever more and more prevail.

The primary condition of civilized life therefore is a strongly developed sense of justice and respect for the liberty of others in the members of the community, which is reflected in the laws under which they live. But there is a secondary condition not less important, and that is that there should be a power which can enforce respect for the wishes of the community as expressed in the law on those who would disobey it. The sanction for the reign of law is force, and, if it were not for the existence of force behind the law, society would be speedily dissolved into its primitive warring elements, by the action of a comparatively few selfish and irresponsible groups. The security for the maintenance of peace, order, and liberty is primarily enlightened public opinion, but hardly less so, the fact that there is irresistible force, in the shape of the policeman, the judge and jury, and in the last resort, the army, to compel the wrong-doer, the bully, or the rebel to abide by the law and to respect the rights of others because he knows that crime will be followed by fines, or in serious cases by the loss of personal liberty by incarceration in prison. The characteristic of the civilized State is not the abandonment of the use of force. Its characteristic is rather that it forbids the use of force to the individual citizen except in extreme need of self-defence, but exerts it continually itself to uphold the law which guarantees to the individual freedom and justice. The difference between the most civilized and less civilized States is not in the possession of force, but the

manner in which they make use of it, and the degree to which the Government, which decides how and when the force of the State is to be used, is under the control of the people.

When we come to consider international relations we meet an entirely different state of affairs. The peace, liberty and happiness of mankind depends no less upon the goodwill, tolerance and justice which the nations manifest towards one another, and their readiness to subordinate their own selfish wishes and interests to the general welfare. There are also conventions which lay down the principles which should govern international relations, though they are vague, and do not touch fundamentals. But the essential difference is that in the international sphere there is no authority with power to ensure obedience even to the limited provisions of international law, to enforce respect for the obligations of treaty contracts, or to protect the weak from the arbitrary violence of the strong. As between nations there is no such thing as the reign of law, for law ceases to reign, if it can be broken with impunity. Hence every State has to take the law into its own hands, and maintain sufficient force to defend its independence and security from being disturbed by violence at the hands of its neighbours, or to insist that its citizens and its legitimate interests are respected by its less civilized fellows. The situation, indeed, in the international sphere is exactly analogous to that in the wild west of America before the authority of the State and the sanctity of the law had been properly vindicated. The lives, liberty and property of the individual then depended on the respect which the possession of a gun or revolver, and a known determination to use it in self-defence, would impose on the bandit or outlaw. The sanction of international right (for there is no such thing as international law) is war, or the possession of superior force coupled with the determination to use it.

The peace of the world, therefore, depends in the first place upon the Great Powers pursuing a foreign policy which

is scrupulously just, scrupulously respectful of the liberty of others, and scrupulously observant of the obligations of treaties and other international documents to which they have set their seal. And in the second place it depends upon the willingness of the most civilized and pacific Powers to maintain adequate force, and if necessary to use it, in defence of international right and justice, when they are wilfully assailed. The present war is due to the fact that Germany and Austria neglected the first truth and attempted to destroy liberty and overthrow international right in the interest of their own national aggrandizement, and that Great Britain, like other democratic powers, neglected the second truth, and failed to rise to the level of her responsibility as a great liberal Power, by declaring her intention of defending international right and justice, if need be by force of arms, in time to prevent the autocratic Powers from launching their attempt.

After the war the same essential conditions will obtain. It is, indeed, sometimes suggested that in future wars will be prevented by the creation of a concert of Europe or a concert of the Powers. But this plan, originally proposed in 1693 by William Penn, and often proposed since, has one fatal flaw. The only concert or council of the Powers which could guarantee peace, or abolish finally the competition in armaments, is one which could claim the obedience of all mankind, which was empowered to promulgate international law, and was possessed of irresistible power, with which to enforce obedience to it. Until nations are prepared to subordinate themselves and their fortunes to a body, in which they have but a fractional voice and whose decisions they cannot resist, the only way of preventing one or more of them breaking away and pursuing a selfish policy of its own is for its fellows to make it clear that, if it goes too far, they will restrain it by force. Until, therefore, an organic union of the world is in sight we come back to our earlier conclusion that the only guarantee for peace is a change of heart in Europe, coupled with a readiness on the part of the

most pacific Powers to defend the right by force. In the light of this conclusion let us now attempt to examine the terms of peace at which we should aim.

VI. First Condition of a Permanent Peace—A Change of Heart

THE necessary preliminary to any permanent peace in Europe is the conversion of Germany from her policy of domination. The eighteenth century was deluged in blood because the rulers and princes of Europe, freed by the wars of religion from any sense of inter-State unity or law, treated the world as an arena in which States strove endlessly for mastery and power by force and fraud. The horrors of the Napoleonic wars forced men to admit a common interest in peace, superior to their own selfish ends, and for fifty years the idea, if not the machinery, of the concert preserved peace in Europe. Bismarck reintroduced once more the eighteenth century standards. He admitted no claim higher than the interests of Prussia and of Prussianized Germany. Having forged the unity of Germany by the sword he based her station and position among nations on the fear she could inspire by the sword. And twenty years later, after a period for recuperation, his successor once more invoked the principle that Germany was a law unto herself, to justify a policy of expansion and mastery by force of arms. Inevitably the last vestige of the idea that there were European interests which should override national ambition finally disappeared. In 1909 Germany frankly threw her sword into the scale in order to compel the Great Powers to acquiesce in a forcible breach in the treaty of 1878, the last pan-European settlement. The only security for peace was thus the maintenance of a balance between the forces of aggression and the forces of defence.

The mainspring of this policy, which thus gradually brought Armageddon in sight, was the autocratic *régime* and the ideas which inspired it. The ruling classes who hold the reins of power are the natural heirs of Frederick the Great and Bismarck. Their primary aim is the maintenance of their own domination within Germany, and, like Napoleon, the chief method they have used to cajole the people into acquiescence and into voting for their demands has been to excite the passion for dominion also in their subjects. And the people, untrained to that self criticism and toleration which comes with democratic responsibility alone, have blindly obeyed. They have in turn assumed the attributes of autocracy themselves. Just as the rulers of Germany can tolerate no equals in power within the State, so the people of Germany can tolerate no equals in the outside world. They have been taught that it is their destiny to prevail and to impress German Kultur on the world and that for this purpose any means are lawful. Hence their support for the policy of dominating and dictating to Europe in 1905, 1909, 1911 and 1914. Hence, also, the absence of any criticism of the employment by their rulers of the methods of frightfulness, and of any expedient, however barbarous and inhuman, which can help them to success. The whole Germanic world, corrupted by its vicious political system, which destroys self-criticism, undermines responsibility, and which drives the few who have power to reckless war, is working as a single unit, with passionate determination, to impose its will by force, and to destroy the reign of liberty and justice throughout the world. The permanent cure for the evil is democracy. It would destroy the roots of Prussian militarism at one stroke. It would relieve the government of the necessity of winning success abroad as the alternative to revolution at home, for in a democracy power rests with the people, and no government can stay in power which does not respect its wishes. And what is still more important it would substitute responsibility for blind obedience as the primary duty of the citizen. Responsibility, indeed,

is the only school of liberty, and, until democracy is introduced into Germany, and its people, themselves possessed of political responsibility, can judge of what it means to others, they will never appreciate the enormity of the crime which they are committing against civilization, in allowing their rulers to launch them, with every engine of destruction that science can devise, against their inoffensive neighbours. Democracies are often impulsive and sometimes bellicose. They are more often blind to outside events and so provoke war by their unpreparedness and vacillation. But they can never be under that double impulse to wars of aggression, which comes from the combination of an autocratic government seeking for victory abroad as the security for its own power at home, and an irresponsible people taught that it is the highest patriotism to further their national destiny by blind obedience to their rulers' commands.

Democracy, however, cannot be imposed by the sword. It must come from within. Indeed, any attempt to interfere with the internal economy of Germany, as the result of victory, would be the surest way of delaying its advent. Our business in this war is not to reform Germany, for she only can reform herself, but to discredit for ever the policy of her rulers. For years the Germans have been taught to look outwards. By being made to realize that their rulers have brought upon them humiliation and disgrace, they must be made to look inwards. A critical survey of the Prussian *régime* and its promises, is the necessary prelude to any change in Germany, whether of policy or of constitution.

Thus the first and most essential of objects in the war is to compel Germany to admit utter and decisive defeat. We need not consider details, for on that all else hangs. Nothing could be more disastrous than that by signing a premature peace the slightest ground should be afforded to the rulers of Germany for proving to the German people that they have gained by their policy of armaments and

aggression, and that, if they will only continue to support them, they may yet gain all by another desperate coup. The prospects of a lasting peace depend upon the whole theory of the German State being irretrievably and utterly defeated, and to fail in our efforts, before that is accomplished, would be treason to the very cause of civilization itself.

Similarly the material basis on which the German and Magyar attempt rested must be destroyed. The map of Europe must be redrawn in such a way that it shall no longer be possible for a small autocratic clique to make use of the lives and resources of more than 30,000,000 people of other races—mostly Slav—to maintain and extend their own autocratic rule.

On the other hand, if the decisive defeat of Germany is the essential preliminary to any better state of international relations, it is hardly less important that the peace should not be vindictive. Whatever we may think of the penalties which should be exacted from the rulers of Germany for their conduct in the war, we must not blind ourselves to realities. Germany is and will remain a great and powerful State. There is no way of permanently altering her policy by force. Napoleon attempted to overthrow Prussian militarism, and to limit Prussian armaments in this way, and within six years Prussia took the lead in the continental coalition which overthrew his power. The true security against a renewed German menace is the disillusionment of the German people in their own rulers and methods, and the maintenance of adequate defensive force outside Germany, to make success impossible for a renewed policy of expansion by war. A peace which gave any ground for the belief that the aim of the Allies was the destruction of the unity of the German people, or the restriction of their legitimate liberty or their opportunity to develop on peaceful lines, would only reunite the autocracy and the people in a common hatred, and a common determination to redress the wrong. It would delay the advent of the real

cure for Prussian militarism—democracy—and it would render inevitable another war.

A just peace will be the best security for a long peace, and so far as Europe is concerned, it is not difficult to indicate its fundamental purpose. Its aim must be to draw inter-State boundaries in such a fashion that, if possible, in all Europe they shall be regarded as final, and that future changes will come from the voluntary agreement of the peoples and not by violence. If that could be achieved, the greatest single step towards a permanent peace in Europe would have been taken.

But even if, as the outcome of the victory of the Allies, the main European problem is settled for ever, on the basis that national liberty is to be mutually respected, and that territorial divisions corresponding with racial divisions are finally drawn, we have only settled half the problem. Perhaps the most potent of the appeals for men and money for armaments rested on the claim that Germany was entitled to her place in the sun. It is true that under the malign influence of her autocratic rulers Germany's idea of a place in the sun includes the mastery of her neighbours and the unjust and forcible imposition of her German will. But underlying this domineering spirit of aggression was another sentiment. The Germans believe, and believe rightly, that they are one of the great civilizing Powers of the world. Whatever their political faults may be, they have made a notable contribution to the civilization of mankind, in music, literature, in their methods of organization, in the thoroughness of their methods of thought. They look at the map and see that one quarter of the earth is included in the British system of civilization, that the whole of Central and South America is reserved under the Monroe doctrine for the exclusive influence of the United States, that Russia and the Slavs control half the Continent of Europe and half the Continent of Asia, that the French are paramount in North Africa, west of Egypt, and the Sudan; that even Japan, the youngest

of the Powers, is organizing an Empire in the East. And they ask, why has Germany always been thwarted whenever she has tried to expand?

The answer in the past is easy enough. In so far as we have opposed Germany and her efforts in *welt-politik* it has been because her desire for a place in the sun has been coupled with a passion for mastery and an arrogant use of force, which threatened the liberty of the world. It is no small part of the tragedy that the bullying methods of her autocratic rulers have been the direct cause of the opposition to Germany since Bismarck's day. By opening every negotiation with France with the threat that if she did not concede the whole German demand they would smash her to the ground, they forced England to side unreservedly with France, and the issues were settled not on grounds of reason and justice, but on a basis chosen by Germany, that of force. By attempting to get political control of Turkey and to turn commercial concessions to political ends, she compelled England—in the interests of the peace and safety of India—to a reluctantly hostile attitude towards the Bagdad railway. If it had not been for her provocative attitude, she could probably have secured by purchase or exchange the reversion of the vast Belgian Congo, as she had already secured the right to the greater part of the Portuguese colonies, if Portugal collapsed. In the past, therefore, it has not been the selfish jealousy of her neighbours, but the intolerable methods of her diplomacy, and the menace of her known policy of aggression, which have stood in Germany's way. Indeed, one of the most important, if least realized aspects of the war is that, if Germany were to win, backward humanity would in great measure fall under the influence of a power which conducts its colonies to-day on the principle that the government exists for the benefit of the rulers, and not of the ruled.

But the question in the future may be different, if Germany abandons her policy of expansion by force.

We must reserve the discussion of it to a future issue, for it is not merely one of "ringing in" versus "expansion." It hinges rather on the difference between an attitude of responsibility or of exploitation towards backward peoples. None the less it goes to the root of the permanent relations between Germany and her neighbours, and for this reason it is bound to be one of the most thorny, as it will be one of the most fateful problems, before the peace conference. For, if the Allies are victorious, it will arise at once over the disposition of the German colonies. The manner, and still more the spirit, in which they are dealt with, may be of the utmost importance. It may exercise a profound influence on whether the rulers of Germany are able to get support for a policy of revenge, and on the whole balance of diplomatic forces not so much in Europe as in the Far East. It is for this reason that an early conference between the British Government and the responsible ministers of the Dominions is so important. For if the British Government is to appreciate what is vital to the Dominions, and if the Dominions are to look at the problem with that breadth of vision and that understanding of world issues which alone can result in just and reasonable decisions, they must have faced the issues in detail and in time.

VII. The Second Condition of Peace—A Change of Policy

VICTORY on the battlefield, however, and the dictation of a just peace, will not in themselves guarantee permanent peace. Even if, as the result of efforts far greater than those we have at present put forth, we can impose the terms we desire, we must never sink back into that attitude of indifference to external affairs which was the

contributory cause of the war. The most perfect settlement will not, in itself, ensure lasting peace. We can no more expect that all nations will respect or even understand one another's views and rights unless compelled thereto, than we expect that all individuals will respect their neighbour's rights and feelings, where there is no law and no policeman. It is not a simple question of might versus right. The practical issue is whether there is to be might behind right, or might behind wrong. Until we reach the stage when the constitution of a real government of the world has entered the sphere of practical politics, the only security for international peace and liberty will be the determination of the most civilized Powers to uphold the sanctity of international agreements and right, in the first place by all peaceful means, but in the last resort by the sword.

The problems which will arise immediately after the war will, one and all, raise this question of the sanction behind international right. What, for instance, is to be the guarantee for the liberty of the small States? It has been sufficiently proved that paper guarantees are useless. No nation is ever again going to run the risk of suffering the fate of Belgium, by trusting to the Great Powers to preserve its liberty, subject to the liability of having its territory made the cockpit of war. No guarantee will count which does not mean that the guarantors are ready and able to defend the frontiers of the small States with cannon and with men. How then are we to secure the safety of Belgium and Holland, and prevent them from gravitating in terror within the orbit of German influence, if Germany is not decisively defeated, and resumes once more after the war her policy of force? Whatever the precise method may be it will depend ultimately on our armed resources by land and sea. Again, let us suppose that the Allies succeed, and that the result is the discredit of the German political theory, and a general change of heart. This would be followed by a great development of the machinery of international co-operation.

In this direction lies the best hope of progress towards unity and peace in the world. Regular meetings of an informal council of the nations are essential to the destruction of that ignorance and suspicion, which is the ground in which every chauvinist sows his seed, and to the development of that sense that the interests of humanity are superior to those of any people, which is the only corrective to national ambition. But international councils will be as useless in the future as they have been in the past, unless they produce a willingness among the most liberal Powers to back their policy in the last resort with force. Ambitious and aggressive Powers will refuse to attend the meetings, or to respect their decisions, as Germany did in the case of the Hague Conference in 1907, and will pursue their own selfish policy, unless they know that other Great Powers are ready to back their protests with action. And the best work which international conferences can do, the gradual elaboration of codes and treaties, which embody the civilized opinion of the world as to the manner in which the rights of humanity must override the interests of individual States, will be valueless, unless sufficient Great Powers are ready to insist on their observance, if need be by coercing the lawless State. It was precisely because Germany thought there was no sanction behind Belgian neutrality and the conventions which provide for the immunity of neutrals and non-combatants that she has subordinated every claim of justice and humanity to her own arrogant will.

The broad conclusion is clear. The prospects of permanent peace and liberty in the world will depend primarily on the justice of the settlement at the end of the war, but it will depend no less on the attitude of the chief civilized Powers towards external affairs. They must never again be misled by the easy doctrine that peace is maintained by keeping out of foreign entanglements, or inoffensive weakness and a steady shutting of the eye to hard unpleasant facts, for if they do, interested Powers will once more inaugurate a policy of expansion by force, in the hope that

nobody will be resolute enough to stop it in time. They must recognize, one and all, that the modern world is a unity, that events in one part react immediately and continuously on every other part, and that the peace of the world is preserved not by passive talk about it, but by the active upholding of liberty in every part by Powers which care about justice and liberty, and which are willing and able to uphold them, if need be by force of arms.

VIII. The Moral for England

THIS brings us back to the contributory cause of the war, the lack of decision in our own foreign policy. How is that to be prevented in the future? It was due, in part, perhaps, to the personal defects of the ministry. But it was far more due to the impossible task which has been laid upon them. How can we expect any one cabinet of men to be responsible for the conduct of foreign affairs, for the efficiency of the Army and Navy, for the good government of India and the dependencies, as well as for the multifarious duties of domestic government. No one body of men can deal adequately with the external problem, and at the same time have on its hands a constitutional crisis like that in Ireland, a constitutional problem like that of the House of Lords, the adjustment of the ever increasing difficulty of the relations between capital and labour, the framing and introduction of adequate measures of social reform, insurance, housing, the reconstruction of the agrarian system, land tenure, the development of education, the adjustment of the relations between local and central governments, and behind all and governing all the ever present problem of finance. And when we consider that all this business has to be transacted not in the serenity of great public offices, but through the machinery of debate in Parliament, and of occasional appeals, immensely exacting in time and energy, to the people at election time, the

system is obviously at fault. If you increase the number of the Cabinet, you destroy its unity and the power of the Prime Minister to control it. If you keep it small, you give the members an amount of work which they cannot possibly do. And what is true of the Cabinet is hardly less true of Parliament. The dangerous strictness of the party discipline is largely due to the fact that the individual member has not time to master a tenth of the subjects on which he is called upon to vote. He has no option but in his ignorance to obey the party whips. If it were not that we have been accustomed to the system for centuries, every sane business man in the country would decry it as the most criminal piece of bad organization ever exhibited on a national plane.

There is another aspect of the question. It is the fashion to decry democracy, and to contrast the efficiency and self-sacrifice of Germany with the want of preparation, the want of leadership, the indecisions of the policy of the United Kingdom. There is some truth in the charge. As compared with autocracies, whose power depends on a thorough understanding of the use of force and an instant readiness to employ it, democracies, whose attention is concentrated on internal affairs, are naturally at some disadvantage in conducting international relations. Knowing the force of public opinion at home, they tend to assume that it has the same sanction in the international sphere. Committed to the view that force should only be used in the last resort to coerce unruly individuals, or the most insignificant minorities, they assume that force will only be used in the foreign sphere with equal hesitation and regret. They are predisposed therefore to listen to the politician who utters pleasant reassurances, rather than to the statesman who tells them the unpleasant truth, and calls upon them to make the sacrifices and preparations which a recognition of hard facts entail. Democracies have failed under the onset of tyranny before in the history of the world from this cause. The British and the French democracies have come

perilously near to it in this war, and are not yet out of the wood.

But in our case it has not been so much that democracy has been at fault as that democracy has never had a chance. Under our centralized system the people are never really educated about the foreign problem, and they never have the chance of expressing a judgment about the policy which should be pursued. Parties in a democratic country with a single legislature are mainly divided on domestic issues—Education, Home Rule, the powers of the House of Lords, Tariff Reform, and so forth. Hence, except at times of crisis, the judgment of the constituencies is made upon these issues, and not upon those of foreign policy or defence. To avoid disaster, these subjects are treated as being in the main non-party. The only result is that they are pushed into the background, and get hardly any consideration at all. Criticism, the lifeblood of democracy, is almost impossible. If it comes from the Government side, it is made ineffective by the knowledge that, if it is backed by a vote, it will endanger the whole internal policy of reform which the party exists to carry. If it comes from the Opposition, it is equally ineffective, for the vote is of no importance, and the criticism itself is discounted on the ground that it is made in the interest of party gain. Under our present system there is neither effective publicity nor any means by which people and Parliament can express a clear verdict about foreign affairs.

This system was the biggest single cause why a Government, beset by internal difficulties, and a people no less preoccupied with them, failed to realize what was impending on the Continent, and were caught by an event, which, in fact, they feared, without any clear policy towards Belgium and France and without any clear plans as to how they were to meet the German aggression. And this same system is going to lead to disaster after the war, as it has led to disaster before it, unless we take the first opportunity of changing it. Let us look at the

terrific problems which lie before us. Let us assume that the Allies are victorious, and that a settlement is reached on the lines suggested in this article. During the years immediately following the war external affairs will require the most vigilant and continuous attention. If Germany does not abandon her aggressive policy and sets to work to plot revenge, the only safeguard will be the maintenance of such defensive strength as will make successful aggression impossible. If some other Power attempts the same game, the whole system of international relations will have to be altered to suit. If Germany abandons her policy of armed aggression, on what terms is she to be allowed to enter the Entente, which is the nearest approach to an armed league for the maintenance of the liberty of nations which we have yet seen? How are her external aspirations to be satisfied? What are the principles on which the law of nations is to be developed, and what are the obligations which we are to assume, in common with other liberal Powers, for ensuring that it is observed? There is also the whole question of the Pacific, and the alliance with Japan. Not less important is the problem of what reply should be made to the inevitable demands for a development of self-government in India and the Dependencies. And hinging on them all is the question of armaments, for on them will depend our security, our alliances and our influence for peace and liberty in the concert of the Powers. Is it conceivable that any single body of men, however competent and however fresh, can deal adequately with these delicate international problems, and handle at the same time, efficiently and in time, the terrible internal problems of the war itself, the discharge of troops, the care of the disabled, the whole complex readjustment of the national life and industry to peace conditions, the even more complex question of crushing new taxation, to say nothing of the legacy of political problems left unsolved from before the war; and that at a time when nerves are shattered, the voice of criticism and complaint is loud in the land, and the exhausting machinery of parliamentary discussion and

popular election, now still, is in operation once more? It is manifestly impossible. One of two things will happen. Breakdown, or a still further increase in the autocratic powers of the Cabinet, because to give them a free hand is the only chance of enabling them to muddle through.

For this evil there is only one effective cure, the division of the bodies which are responsible for external and internal affairs. There ought to be one body which is responsible for foreign affairs, for defence, and for the government of the Dependencies, with power to raise the taxation required; there ought to be another body to deal with internal affairs, education, labour problems, local government, tariffs, the land, and so forth, and with power to raise the taxation required. Each would have a cabinet responsible to it. Each would require to go at regular intervals to the electorate to endorse or reject the policy of the majority. In this way on the one hand the immense volume of the business of the country would be divided between two bodies of men—as it is in America and every British Dominion, though their problems of government are far less complicated than ours, and on the other it would be possible for Parliament and the people to obtain information about foreign policy and to control it on broad lines. Democracy may have its defects, but a system which purports to be democratic and which yet affords none of the safeguards of democracy is bound to fail. The present demand for the democratic control of foreign policy is absolutely sound. Owing to the excessive concentration of our governmental machinery, foreign policy has been secret, it has not been subject to criticism, and it has been disastrously timid because the public have been ignorant about the issues, and the Minister has never known whether his policy would have their support. So long as the present concentration continues, so long will our foreign policy be autocratic, weak and dangerous. No parliamentary committee on foreign affairs will really meet the need. It would do nothing to diminish the congestion of business, and it

would destroy that unity of responsibility which is the one element in our system of government which saves it from chaos and breakdown. The only cure is to divide the bodies which control internal and external affairs. There would then be both publicity and criticism of foreign affairs in the body which controlled the external ministry. And the people and their representatives would be able to give a verdict on the main issues of foreign policy free from the confusion of local affairs.

It is evident that there is another force pressing in the same direction—and that is the desire for full self-government on the part of the Dominions. They have been committed to war by the act of the British Government, and they have given the lives of their sons and the resources of their citizens for the common cause with not less alacrity than the British people. But they will never do it again. It is incredible that fifteen millions of the most civilized of men will continue to forego the very essence of self-government—the control of the policy which makes for peace or war—when they realize how much the present war is due to the exigencies of party strife in England and the inadequacy of the machinery of government of the Empire. They will discover that the autonomy which they possess is a sham so long as the essential attribute of sovereignty—control of the issues of peace and war—is concentrated at Westminster, and they will say, what Sir Robert Borden has already said, that the common control of foreign policy is the essential corollary to co-operation in common defence. There is no use in considering at this moment the method by which the Dominions are to share in the control of foreign policy. That must be reserved for consideration after the war is over. But it is obvious that Dominion pressure will also make in the direction of creating a separate body, free from the distractions of the English party system, to deal with foreign and Imperial affairs.

IX. Conclusion

THE purpose of this article is not to raise discussion about a *post bellum* policy, but to point out the evils which have caused the war, in order that we may be clear how they are to be cured. For the moment we have only one duty before us, to concentrate on the sole task of defeating Germany, and destroying the prestige of that domineering and autocratic spirit which has been the root of the war. Until that is done everything else must wait. For on success in the war itself all else depends. Germany and Austria-Hungary are fighting to establish an ascendency over Central and Western Europe by force of arms, as the stepping stone to a similar ascendency, based on fear, in the outside world. If the Germanic Powers win, national liberty in the Balkans, in Holland, Belgium, Denmark, and Switzerland will vanish, even if there is no formal annexation. In France and in Italy it will be seriously restricted. All the States of Europe, and those of the outer world also, instead of pursuing their own way free from apprehension and free from interference from outside will lie in the shadow of Germany, knowing that at any time she may insist on their subordinating their policy to her will, under threat of crushing them with irresistible military power. In resisting Germany and Austria-Hungary, the Allies are not fighting only for their own national independence, and for the liberation of many millions of Serbs, Croats, Slovaks, Poles and other races, who lie under the German and Magyar heel. They are fighting also for the overthrow of a principle which, if it were to come, would render impossible that progress of free nations towards concord and unity which is the only sure foundation of lasting peace.

EUROPEAN DIPLOMACY

BISMARCK TO SIR EDWARD GREY*

I. The System of Bismarck

THE events which changed the map of Europe in the twelve years 1859-1871 had a decisive bearing on the internal condition of the States whose international position had undergone a transformation during that period. In turn, the working out of their domestic problems during the following years was bound to react on their international position. A new basis had to be found for the mutual relations of the different nationalities of Austria-Hungary. The Republic in France and the lay Monarchy in Italy had yet to prove whether they were capable of withstanding the attacks of their enemies. In Germany a balance of power had to be established between the different parts, the adherents of Prussian centralization had yet to win their battle against Southern federalists and against Roman Catholic *frondeurs*. The issue of the internal struggle in any one of the four Great Powers might have opened up once more the whole "European problem."

Ever since 1871 Bismarck had feared lest a sudden political revolution in any one of the other three States should lead to a European war in which might have perished the German Empire of Prussian creation. He was conscious of the weakness of new political formations, of the enmities which their rise necessarily evokes and of the incentive to

* Contributed.

further changes which is contained in every recent change.* Most of all, he was afraid of a general Catholic upheaval. Every stride in his political advance had hurt the interests of Roman Catholicism; might not the Roman Catholic Church some day unite all her forces in a final struggle against him? Militant Catholicism in France, in Italy and in Austria might join hands with a national movement in Catholic Poland and with separatist movements in the Catholic South and West of Germany. Bismarck was conscious of having misled Russia in 1866 and 1870 by appearances of comparative weakness, and of having deceived English public opinion by promises of a Germany very different from that which arose out of the defeats of Austria and France. Could he still hope to see them stand by as inactive witnesses of a third Prussian victory, unless their own interests compelled them to do so?

Bismarck's achievements had not merely changed the frontiers between European Powers. Political combinations which for generations had dominated European diplomacy were now no more than historical memories. Austrian influence had been eliminated from Western and Central Europe, French influence had been thrown back beyond the Vosges. Germany and Italy had been for centuries the meeting ground and the battlefield of Habsburg and Bourbon, as national States they now arose a barrier between Austria-Hungary and France. England was now deprived of French support in the Eastern Mediterranean, Russia of all occasion for interference in Central Europe. The German Empire had arisen in the very centre of Europe, in its cockpit. Could Bismarck, like the Mikado in the play of Gilbert and Sullivan, make all the European rulers turn away their faces from where he stood with Germania?

He knew that he had never made friends with any other Power except at the expense of some unfortunate third

* There is an admirable discussion in Machiavelli's *Prince* of old and new States and also some remarks on precedent in revolution; " . . . sempre una mutazione läscia lo addentellato per la edificazione dell'altra."

party: hence wherever he saw two of them gathered together he suspected conspiracy. Some understudy might attempt to repeat his game, but this time at his own expense. As Count Shuvaloff put it, Bismarck suffered " du cauchemar de coalitions " and from the fear of isolation. He set out to create " common interests " between Germany and the different Powers and to sow dissension among them. During the years 1871-1878 the foundations were laid of the new order in Europe; with the Congress of Berlin, it begins to take shape.

Since the French disasters of 1870 and the downfall of the Bonapartist Empire, friendly feeling for France had gained ground in Great Britain. With a view to counteracting it, Bismarck in 1878 encouraged France to embark on a policy of colonial expansion. He hoped that it would divert the attention of France from European problems, that it would turn away her thoughts from the lost provinces, and that it would in any case tend to weaken her resources available for action in Europe; he knew, moreover, that French colonial expansion was bound to revive old Anglo-French rivalries. He then obtained England's consent for a French occupation of Tunis. Italy had looked upon Tunis as being within her own sphere of interests. She did not hurry about establishing any definite title to its possession, as she did not foresee the danger of being forestalled by France. Italian statesmen expected that England would not allow France to extend any further her coastline on the Mediterranean, they overlooked the fact that it was to her interest that both sides of the narrow sea-way between Sicily and Africa should not be in the possession of the same Power. Still, though Great Britain had consented to the occupation of Tunis, French expansion in Africa was bound to lead in the long run to a conflict of interests between the two Powers. In Italy the occupation of Tunis by France evoked a storm of indignation. It was described as a direct threat to Sicily. Hitherto

Italy had wavered between a Latin and a Germanic foreign policy. The popular sympathies in Italy were with France and against Austria. Italy's lay Monarchy felt as much afraid of the French Republicans as of the militant French Catholics; it saw its safest support and ally in Bismarck's strictly monarchical but anti-Catholic policy. The French occupation of Tunis put an end to the hesitation in Italian foreign policy. The fear of French supremacy in the Mediterranean made official Italy forget for the time being about the "Italia irredenta" which had remained under Austrian rule. Still an Italian Government could not have openly entered an anti-French alliance without first receiving a sufficient guarantee for the safety of the Italian shores. Italy had no fleet which could have been a match for that of France, and neither of the two Germanic States could have made good that deficiency in her armaments. But Bismarck needed Italy for a partner in the Triple Alliance. The connection between the Germanic Powers and Italy strengthened Austria as against Russia and weakened France against Germany. Austria could henceforth concentrate her military forces on one front, France had now to think not merely of the German, but also of the Italian frontier. Had Italy passed under the influence of France, England might have seen herself induced to conclude a compromise with the two Latin Powers and some kind of "Mediterranean understanding" might have arisen. The absence of embittered feuds between other Great Powers always meant, to Bismarck's mind, danger to the interests of Germany; he was now secured against that danger. The rivalry between Great Britain and France in itself constituted a guarantee for the safety of the Italian shores; at the renewal of the Triple Alliance in 1887 Great Britain gave an explicit promise to defend Italy against possible French attacks by sea. Thus Italy, free from the fear of French attack by sea, was enabled to become and remain the ally of the Germanic Powers.

Western Europe was divided into two hostile camps,

working together, by their very hostility, *pour le roi de Prusse*. It is this state of international antagonisms which Prussian statesmen describe as a condition of "independence" for the rest of the world.

The situation of Western Europe about 1887 might thus be summed up as follows: Whilst Great Britain protects Italy and thereby enables her to remain safely a partner in the Triple Alliance, "the leading statesman of Germany gives Italy, besides the help which is due to her by treaty obligations, all the assistance which his power and authority in Europe enables him to afford her. Nevertheless he follows out the old principle of leaving a free hand to the colonial ambitions of France. That keeps up the rivalries between France and England and between France and Italy in all their bitterness. Though Germany disposes of no power at sea, the wires of the situation in the Mediterranean rest in the mighty hand of Prince Bismarck."*

A year after the Congress of Berlin a defensive alliance was concluded between Germany and Austria-Hungary. It stipulated active help in case either of the two States should be attacked by Russia, and further contained the promise that should either State be attacked by a third Power, other than Russia, the other party to the treaty should observe towards its ally an attitude amounting at least to "friendly neutrality." If Russia were to join or in any way support the attacking third Power, this would be construed as coming under the first stipulation. In 1883 Bismarck entered into a "treaty of reinsurance" with Russia. Should either of the two States be attacked by another Power, the other party to the treaty promised to preserve an attitude of "friendly neutrality." What was the meaning of these two treaties?

In Austria-Hungary the direction of foreign policy had by 1879 passed into the hands of the Magyars; their chief

* Cf. Count Ernst zu Reventlow, *Deutschlands Auswärtige Politik 1888-1913*" (published in the spring of 1914), p. 14.

fear was of Russia, their chief preoccupation lay in the maintenance of the predominant position of Austria-Hungary in the Balkans. That was guaranteed to them by the alliance with Germany. By that guarantee Bismarck merely followed out Germany's own interests and made no sacrifice whatsoever; even before the Congress of Berlin and the conclusion of a formal alliance, he had warned Russia that he could not allow Austria's position as a Great Power to be destroyed or in any way endangered by Russia's predominance. Germany needed a strong and "independent" Austria-Hungary as a factor in the "balance of power." The alliance with Germany made it even more certain that Austria would play in the "Concert of Europe" the part which Bismarck wanted her to adopt. A formal alliance with Germany acted as a check on the anti-German party in the Austrian Monarchy itself. The old Viennese aristocracy which had not forgotten the humiliation of 1866, the clerical Catholics who hated Protestant Prussia and resented Bismarck's *Kulturkampf*, finally the rising Slav nationalities of Austria, the Poles, the Tchechs and the Slovenes, constituted a numerous contingent, which, if properly organized, might in time have become dangerous to Germany's Prussian future. The treaty of 1879 was concluded not by the nations of Austria-Hungary, but by the combination of two dominant minorities, the Austrian liberals who were primarily German nationalists, and the Magyars to whom 1866 had meant liberation and not defeat. In 1866 the Magyars had gained freedom and ascendency through Austria's disaster; moreover, they had, and still have, in common with Prussia, an anti-Slav interest. Their rule in Austria-Hungary strengthened Bismarck's position in Europe, the German alliance tended to secure their power in the Dual Monarchy. Further, her alliance with Austria secured Germany from the danger of an Austro-French combination; no union would have been more natural in those years than that of the two defeated Roman Catholic States which had once fought one another for the hegemony

of Europe and which now had met with the same fate at the hands of the same Power. But not only did the alliance with Austria protect Germany against a great Catholic coalition, it also secured to her Austria's help, should she have to fight a war on two fronts, against France and against Russia.

On the other hand, should a coalition of militant Roman Catholics and Slavs have gained the upper hand in Austria (and in such a coalition the Poles would have played a great part), Bismarck could have fallen back for safety on the Russian "reinsurance." Bismarck himself described the situation as follows: "There are no differences of interests between Germany and Russia. . . . On the contrary their common needs in the Polish question and the effects of the traditional dynastic union against revolution form a basis of a common policy for the two cabinets." This basis is weakened by the hatred which Russian public opinion feels against Germany. " Still the hostility of the Russian people against Germany is hardly stronger than that of the Tchechs . . . Slovenes . . . and Poles." Therefore in deciding in favour of an alliance with Austria, Bismarck was by no means willing to break off his connection with Russia, for, as he puts it, Germany has no security against a possible " shipwreck of the combination which has been chosen, though there is a possibility of checking anti-German movements in Austria-Hungary as long as German policy does not destroy the bridge which leads to St Petersburg. . . ." The mere fact that the breaking up of the alliance between Germany and Austria would have led almost automatically to the establishment of an alliance between Germany and Russia, formed a check on the anti-German tendencies of the Austrian Poles. For in such case the dissolution of the Austro-German alliance would have merely endangered the international position of Austria-Hungary, without in any way promoting the chances of Polish freedom. Finally the understanding with Russia afforded Germany further protection in case of a war with France.

But what benefits did Russia derive from the " treaty of reinsurance "? She did not require from Bismarck any promise of support against possible attempts by Austria to foment trouble among her Poles. In that matter Prussia's own vital interests afforded a sufficient guarantee. From the Russian point of view the " treaty of reinsurance " was directed, as Count Reventlow points out, primarily against Great Britain and only indirectly against Austria-Hungary. The conflict which at that time existed between British and Russian interests and policies both in the Near and in the Middle East, threatened to culminate at any moment in war. Says Count Reventlow: " The danger for Russia in 1887 as well as in 1884 came from Great Britain. A war between Russia and Great Britain was then, as later, an event which had to be expected and counted with in Europe. It would have been of supreme importance for Russia, in case that war had broken out, to be assured on her Eastern frontier and in the Baltic Sea of the friendly neutrality of Germany. Similarly her promise of neutrality gave Russia the assurance that Austria-Hungary would not exploit her embarrassment during the war in a way hostile to the Russian Empire."* In other words, faithful to the treaty of reinsurance, Bismarck would not have allowed Austria-Hungary to join Great Britain in any anti-Russian alliance. Had a war broken out between England and Russia over an Asiatic problem, Austria would have had to remain perfectly neutral. Thus Russia gained a free hand for a policy of aggressive Imperialism in Asia, for expansion in the direction of India and towards the Pacific coast. Similarly, as French colonial expansion affected her military resources available for Europe, so Russia's activity in Asia was bound to weaken her forces in the West, while it intensified still more her rivalry with England.

We do not even now know with certainty whether any provisions concerning the Near East were contained in the treaties of reinsurance, but Bismarck's *Reminiscences*

* *Deutschlands Auswärtige Politik 1888–1913*, p. 21.

throw light on the way in which he proposed to preserve the equilibrium in the Balkan Peninsula. "It would be better for Austrian policy," says Bismarck, "to withdraw itself from the influence of Hungarian Chauvinism, until Russia had taken up a position on the Bosphorus, and had thereby considerably intensified the friction between herself and the Mediterranean States—that is England, and even Italy and France—and so had increased the necessity of coming to an understanding with Austria *à l'aimable*. . . . The share which Austria has in the inheritance of Turkey will be arranged in understanding with Russia, and the Austrian portion will be all the greater, the better they know at Vienna how to wait, and to encourage Russian policy to take up a more advanced position. . . ." In short, Bismarck was prepared to push Russia forward in order to embroil her with England. Directly or indirectly, he expected us to do Austria's work.

Bismarck encouraged French and Russian expansion along lines on which their interests were bound to collide with those of Great Britain. Hostility and mutual suspicion between Great Britain and France, and Great Britain and Russia, secured for the members of the Triple Alliance, without any counter-consideration on their part, the support of England. English fleets remained the guardians of Italian interests in the Mediterranean, of Austro-Hungarian interests in the Balkan Peninsula. Germany enjoyed "splendid isolation" from liabilities and dangers, England from anybody's support for the defence of her own interests. Her own interests could lead to a collision with France or Russia only over colonial problems; had that event occurred, not a single Continental Power was in any way bound or likely to afford her any assistance.

In 1897, Bismarck's system of alliances and understandings, especially his treaties of "reinsurance" with Russia, came up for discussion in the German Reichstag. Baron Marschall von Bieberstein, then Secretary of State for Foreign Affairs, refused to enter into the question whether the latter had

ever existed, and limited his share in the debate to considerations of an exclusively " theoretical and academic " nature. His general view of the system was, that a statesman possessing the authority and abilities of Bismarck may have been able to govern and direct such a complicated machinery of agreements, but that it must be considered too involved for normal men and circumstances.

Bismarck's successor, Count Caprivi, the most liberal and most honest politician who ever occupied the post of German Chancellor, allowed the treaty of reinsurance with Russia to expire in 1890. According to Prince Hohenlohe, who in turn succeeded him, he acted therein as " trop honnête homme." As a matter of fact, the mere dropping of the written agreement made very little difference in the political situation. Bismarck's system survived in its essentials for almost another ten years. The relations of Germany with all the European Powers, excepting of course France, remained, on the whole, cordial; hardly any one of the other five Powers was " on speaking terms " with more than one other Great Power, while the relations of each Power with most of the others were inspired by intense jealousy or even open enmity. Each of them seemed prepared to face the hostility of almost the entire world. Great Britain, for one, in Count Reventlow's words, " was isolated and dependent on the Triple Alliance in a way which was the more discomforting, as in no political matter was she able to count on assistance from any other European Power." Nor could she count on any help from the Powers of the Triple Alliance, as is avowed by Bismarck and indeed Count Reventlow himself.

II. The Break-up of the System

BISMARCK'S system lacked the universal ideal basis which that of Metternich had possessed. Though an ultra-conservative at heart, Bismarck had been unable to uphold in international relations the fundamental doctrine of the conservative creed, the sanctity of existing rights. With the help of revolutionary nationalists he vanquished Austria, the embodiment of past history in politics; with the help of free-thinkers and radicals he fought Rome, the bearer of spiritual tradition. At heart he had never abandoned his Prussian conservatism of 1848, but he was a conservative only at home, abroad he was primarily a Prussian. In foreign politics, conservatism and revolution, established governments and striving nationalisms, came to be for Bismarck but means to be used for the realization of his Prussian ideal. Metternich and Nicholas I were capable of disinterested service to the principles of conservatism, even where the interests of their own States were not directly concerned. The system which Metternich established in 1815 to close the era of revolutionary upheaval, was based on a universal principle. Metternich claimed for it the rank of a "Weltordnung" (an arrangement of the world resting on the laws of nature). It survived intact and almost unchallenged for thirty-three years. Bismarck's system of alliances and understandings was, from the international point of view, a mere contrivance and never rose to the level of a principle. It could only be maintained owing to the conservative character which his foreign policy had assumed after 1871. As long as German foreign policy remained conservative the system of Bismarck survived; it could not survive once the policy resumed an aggressive tendency.

From 1871 onwards the preservation of the *status quo* became the aim of Bismarck's endeavours. France was not

to renew her past, the Slav nations were not to achieve their future. The clock of Europe was to stop at the hour of German victory. Bismarck understood what most French statesmen of the nineteenth century had failed to understand: that the rise of free national States, strong in their internal union and coherence, is not to the interest of nations which aim at dominion; that it is easier to influence or bully unrepresentative governments than to domineer over self-governing nations. The Eastward march of the principles of nationality was to go no further than Germany. Autocratic Russia, chaotic Austria, and even Turkey found a friend in Bismarck; he saw in their governments the safeguards of Prussia against the nations which they ruled and restrained; hence the conservatism of his international policy in Eastern Europe.

After 1871 Bismarck hardly wished for any further extension of German territory in Europe. He never willingly contemplated expansion outside Europe. He had refused in 1871 to claim Pondichery from France on the ground that he did not want to have any colonies at all.* In 1881 he declared that as long as he remained Chancellor, Germany would not engage in any colonial policy.† His own *désintéressement* enabled him to use colonial problems as a means of sowing dissension among the other Powers. In later days, when the pressure of various commercial interests on the German Government had become stronger, Bismarck had to give his assent to certain colonial enterprises, but he never allowed them to reach the dignity of a system or of a policy.

On January 18, 1896, the twenty-fifth anniversary of the proclamation of the German Empire, Wilhelm II delivered a speech setting forth the principles of "Welt-politik": ". . . The German Empire has become a world-Empire. Thousands of our countrymen dwell abroad in all the most distant parts of the world. . . . It is your business . . . to

* Poschinger, *Prince Bismarck as Economist*, I, p. 63.

† Poschinger, *Prince Bismarck and the Parliamentarians*, III, p. 54.

help me to bind this greater German Empire more and more closely to the old Fatherland."

The Berlin correspondent of *The Times* remarked on this occasion that "the conception of a 'greater' German Empire beyond the seas . . . has probably possessed the Imperial mind for some time past. Not only does this speech furnish a key to the unexpected action which Germany took last year in the Far East, but it lends special significance to the conspicuous interest which she has lately taken in South African affairs. The colonial possessions actually subject to the German Crown . . . would hardly seem at present to justify the title of a world-Empire. . . . In what hitherto unappropriated quarter of the globe is it to be carved out, or else how, and from whom, is it to be conquered?"

Indeed, from the very beginning German colonial policy wore an anti-British complexion. Great Britain appeared to the eyes of Germans as the effete and unworthy heir of great riches; she was fit to become their victim and prize.

From a very early date the planners of a German colonial Empire directed their attention to South Africa. German Imperialists claim Low-German nationality for the Dutch. To the British idea of a United South Africa within the British Empire they opposed the idea of a German colony extending across the Continent from Santa-Lucia Bay to the Lüderitz-Bucht. The Kruger telegram was neither the first nor the last expression of their aggressive anti-British policy in South Africa.

The anti-British character of German "Welt-politik" showed itself also in the courting of Britain's chief rivals, France and Russia. In 1893 Germany joined France in a protest against a contract which the British Government had concluded with the Congo State for the lease of certain districts to the West of the great lakes. In 1895 Germany supported Russia and France in imposing on Japan a revision of the treaty of Shimonoseki. Her policy in the Far East maintained thenceforth its orientation towards Russia.

The Break-up of the System

About 1900, German political thought began to develop openly the idea of a great Continental System under German leadership, destined to succeed where Napoleon I had failed, i.e., in the struggle against the British Empire. Germany was to become the champion of the rights and claims of the Continent against Anglo-Saxon " tyranny " on sea and Anglo-Saxon " monopoly " in the New World. The Continental nations had merely to be brought to understand their own interests and then to allow themselves to be organized and led by Germany. Great Britain still remained isolated.

German colonial policy differed widely from that of Russia or France; it failed to pursue clearly defined, and therefore limited, aims, and it was far more aggressive in its nature. The idea of conflict preceded in it the idea of acquisition, and the conflict was conceived as one of nations rather than of particular interests. The intrinsic value of any objects in dispute mattered little; their chief importance lay in that they embodied " Machtfragen " and were parts and symbols of the great " Welt-politik."

In his *History of Twelve Days*, of the days which preceded the outbreak of the present war, Mr Headlam draws attention to the change which the very idea of war had undergone under German influence. War is no longer waged for territories or rights, but is claimed to be a fight for national existence; it cannot end by either side arriving at the conclusion that the continuance of the war will not pay, it must be carried to the limits of what is called " annihilation." A war in which modern Germany is involved cannot end as did the world-struggle which we describe by the local designation of the Crimean War.

A similar difference exists between German and French or Russian colonial policy. We might have fought a colonial war with either France or Russia, without its affecting life in Europe to any considerable degree. We have always considered colonial wars in a curiously detached state of

mind; we failed and still fail, to see a connection between our national honour and every African sand-hill. British pioneers came many a time into conflict with the Portuguese in Africa, and no British cruisers were sent to threaten Lisbon. The resources of a world-Empire could not be called up and its authority brought into play over every single detail of its possessions. Much waste was caused by that attitude, and a fair amount of ignorance lay at its root, but it also contained a philosophy of growth. France and Russia stood in a relation of intense colonial antagonism to us for about twenty-five years. Yet neither of these two Powers conceived the idea of competing with us for dominion on sea, any more than we thought of arming on land for a war against them. It was left to Germany to discover that the road to every Asiatic valley, Pacific Island or African desert leads through London.

In the summer of 1897 von Tirpitz became Secretary of the German Admiralty. In 1898 the German Reichstag passed the first great naval programme, which was doubled in 1900. On that occasion von Tirpitz declared that Germany required a navy of such strength as would " in case of war, imply, even for the greatest naval Power, a danger to its very position as a power." The German Navy uttered threats against us before it had come into existence. The scene reminds one of a certain German morality-play which starts with Adam crossing the stage " on his way to be created."

The eight years 1897 to 1905 are the great period of re-shuffling in European international politics. During these years the system of Bismarck practically ceases to exist and the isolation of Great Britain comes to an end. It was a time of subdued wars, of silent events and of far-reaching decisions. Foundations were laid for the organization of the British White Empire, and the Crown Colonies were consolidated. Meanwhile the attitude of Germany towards Great Britain and Russia definitely lost its Bismarckian character of reserve and conservatism. Her naval policy

gained its full expression and her ambitions in Asiatic Turkey destroyed her past aloofness from Balkan affairs. That period witnessed the rise and fall of Russia's Pan-Asianism. At its beginning Russia turned away from Europe. An agreement was concluded with Austria-Hungary in 1897 for the maintenance of the *status quo* in Turkey; Prince Lobanow-Rostowski, then Russian Foreign Secretary, described it as a " protocole de désintéressement " on the part of the two Powers. The Balkan Question was " frozen." Eight years later, at the peace of Portsmouth, Russian aggressive Imperialism acknowledged its defeat in the Far East. In French history the eventful years begin with the incident of Fashoda, and end with the conference of Algeciras. The reconsideration of policies after Fashoda closes the period of Anglo-French Colonial rivalry, the Russo-Japanese War leads to a liquidation of Anglo-Russian differences. Bismarck's political contrivance, like most international systems born from upheavals, could hardly have outlived one generation. Great Britain could not remain much longer in her isolation, yet many political combinations other than the Triple Entente were still feasible in 1897.

Even German historians, in their saner moods, do not maintain that England from the outset adopted an attitude of hostility towards the growing German power. We watched the emphatic self-assertion of its rise with amusement and amazement rather than with dread. It impressed us in much the same way as the ferocious looks which German males try to cultivate, their bristling moustaches, their stiff, abrupt movements and the general violence of their speech and behaviour; they recall to our minds Cæsar's barbarians rather than Cæsar. We did not hate the Germans; the gulf between our character and theirs is so great as to prevent even hatred on our part. Had Germany put forward any definite, reasonable demands which might have served as a basis for negotiations, we might have arrived at an understanding with them. In the years between Fashoda

and the outbreak of the Russo-Japanese War, Great Britain had come to feel the strain of her isolation. After all, that famous isolation had never freed us from liabilities. We should have been drawn into the War of 1870, had either side violated the neutrality of Belgium. In 1875 we joined Russia in protecting France, when Bismarck, dismayed and almost frightened by her rapid recovery, was preparing to inflict on her a second and even more crushing blow. In 1878 we stood on the brink of war with Russia over Turkey; we continued to interfere actively in Balkan affairs during the next seven or eight years. When in 1888 a French fleet seemed to menace Italy, our Channel fleet was at once dispatched to the Mediterranean. We had liabilities, but no safeguards. The only reason why we were ever able to acquiesce in such a state of affairs was that at that time no one seriously threatened our national existence by questioning our predominance on sea. It is sometimes said that we always oppose the strongest continental Power. That statement is inexact; we never oppose it until it threatens to gather forces with which to dominate the European Continent as a prelude to a struggle against the Anglo-Saxons. Germany was the greatest Power on the Continent during the last twenty years of Bismarck's Chancellorship. Proportionately her trade was growing no less rapidly than it has grown since 1890. Yet no British statesman then thought of Germany as an enemy.

We can hardly hope to know as yet with certainty how far British statesmen about 1898 were prepared to go towards an agreement with Germany. Mr Joseph Chamberlain delivered about that time several speeches strongly advocating an alliance with Germany. On November 30, 1899, in his speech at Leicester he pleaded for a Teutonic League consisting of Great Britain, the United States of America, and Germany. " There is something," he said, " . . . which, I think, any far-seeing English statesman must have long desired, and that is that we should not remain permanently isolated on the Continent of Europe; and I think the

moment that aspiration was formed it must have appeared evident that the natural alliance is between ourselves and the great German Empire. . . ."* His pronouncements were usually more fateful than representative. Yet it can hardly be doubted that Great Britain attached considerable value to the friendship with Germany and Austria-Hungary in those days when Anglo-French relations were most severely strained and when Pan-Asianism dominated Russian politics.

" It was and is in no way correct," writes Count Reventlow, " to speak, in reference to that period, of hypocrisy in the endeavours which Great Britain made to draw closer to Germany. On the contrary, these endeavours were . . . very sincere. . . .† Prince Buelow had two reasons for refusing. A *rapprochement* with England would have led to an estrangement with Russia, which might have had a fatal influence on the Triple Alliance. In 1897 Russia and Austria-Hungary had come to an understanding concerning the Balkan Question which had hitherto been one of the chief sources of division between them; if Germany had at that moment turned away from Russia, a close Austro-Russian entente might have followed. " We might have pushed Austria closer to Russia than was desirable and we should have remained almost completely isolated on the Continent."‡ Prince Buelow was therefore careful, when speaking of co-operation with Great Britain, always to insert a formula " saving our faith " to Russia. Thus he declared in December, 1898, that there were different questions concerning which Germany could and did co-operate with England whilst " not damaging, but fully preserving valuable relations in other directions." In 1901, when the alliance between England and Japan was negotiated, Great Britain was prepared to accept Germany as a partner. Germany refused, because the alliance was

* See *The Times*, December 1, 1899.

† Reventlow, *Deutschland's Auswärtige Politik, 1888–1913*, p. 117.

‡ *Ibid.*

primarily directed against Russia. Had she accepted that offer, says Count Reventlow, the period of Anglo-German rivalry might never have set in, and also quite a different grouping of Powers might have been established on the Continent. In any case it is evident that it was not England which thought of isolating Germany and of challenging German supremacy in Europe, but Germany that sought to engage England in a struggle for supremacy outside Europe. She hoped to enter that struggle as the head of a Continental League.

After Fashoda, France had to make her choice between two enemies; she could not continue her anti-German policy, aiming at the recovery of the lost provinces, and at the same time engage in sharp conflicts with Great Britain over colonial problems. There were strong reasons in favour of a reconciliation with Germany. The position of France in Europe was difficult; her only ally, Russia, was becoming more and more preoccupied with Asiatic problems; and moreover the Franco-Russian alliance was of a strictly defensive nature. Anti-British feeling was running high in France and Germany was keen to obtain French support for the policy of a new Continental Blockade against England. The relative importance of the different reasons why the Franco-German *rapprochement* failed to become a reality will not be known for some time to come, nor will the initial stages of the Franco-British Entente. No doubt the memories of 1870 weighed heavier at the decisive moment than the French themselves would have thought possible in their rage at the hauling down of the French flag at Fashoda. The change in the person of French Foreign Secretary had some influence. M. Delcassé succeeded M. Hanotaux, then the most decided opponent of Great Britain in France; at the same time the distinguished French Ambassador M. Paul Cambon, whose work in London will remain for ever of the most far-reaching importance in the history of our own days, took up his post.

Still the main reason why France finally decided in favour of an entente with Great Britain rather than with Germany is best summed up in Prince Grigorij Trubetskoy's book on *Russia as a Great Power*.* "In Berlin," he says, "they made haste to take advantage of the new mood of French opinion, and, as it not unfrequently happens in the case of Berlin diplomats, the measure of their tact did not correspond with the degree of their zeal. The first impression in France soon gave way to more weighty considerations; a *rapprochement* with Germany might have very easily enabled the cabinet of Berlin to achieve its aim, which was to lay its heavy hand on the entire French policy; a German-French alliance would have become, to use an expression of Talleyrand, the alliance of a rider with his horse."

The settling of old controversies between the British Empire and France merely established, to our thinking, conditions which ought to be normal in international relations. But for German statesmen, who saw in the system of Bismarck the only normal condition of Europe, an understanding between England and France was a most disquieting incident. "Pursued by the *cauchemar des coalitions*," writes Prince Trubetskoy, "Germany saw in the Anglo-French *rapprochement* a conspiracy against herself and therefore decided to meet it with vigour. That was the aim of the Emperor Wilhelm's journey to Morocco, of the speech which he delivered at Tangier on March 31, 1905, and of the provocative attitude which German diplomacy had assumed towards France." Nothing was better suited to change a mere understanding into something approaching a defensive alliance than the arrogance with which it was assailed. Germany meant to prove to France that the friendship of Great Britain could not save her from German predominance. To avoid a war with Germany M. Delcassé

* Prince G. Trubetskoy's book appeared in Russian in 1911; it is one of the most remarkable books ever written on Russian foreign policy. Prince Trubetskoy has himself played a considerable part in recent Russian diplomacy, but yet remains an impartial observer and candid critic of events about which he knows more than he can possibly state in plain language.

had to resign the post of French Foreign Secretary. Not even Count Reventlow maintains that the Anglo-French agreement of 1904 had by its provisions concerning Morocco and Egypt in any way hurt German interests, but merely that M. Delcassé had not shown sufficient respect for Germany's leading position in Europe and had formed too high an idea of the value of England's support. "It would have probably proved more profitable for him had he not offended international forms, but had on the contrary kept German diplomacy in good humour. . . ."* Summing up the attitude of German diplomacy in 1905, he says: "We should have gone to war in defence of the honour of the German Empire, which had been offended by the policy of Delcassé, but not for rights in Morocco."†

The summoning of the Conference of Algeciras was in appearance a triumph for Germany. In reality, it marked her defeat. She found herself practically isolated among the Powers. Nothing was left of the system of Bismarck. In order to strengthen the position of France, British diplomacy had used its influence with Japan in favour of peace; Russia was "recalled to Europe." At the Conference, Russia worked hand in hand with Great Britain; their co-operation at Algeciras laid the foundation of the understanding of 1907. The United States and even Italy, at the decisive moment, voted against the German claims. By 1905 an equilibrium had been established between France and Italy in the Western Mediterranean and both Powers alike had now a common interest against letting any new Power establish itself on those shores. Meantime Italian interests in the Eastern Mediterranean, in the Balkans, in the Adriatic and the Ægean Seas, and in Asia Minor had increased in extent and importance, and not France, but the Germanic Powers, are Italy's chief competitors in the East. Thus the Germanic Powers found themselves isolated in the final reshuffling of Europe at the Conference of

* *Op. cit.*, p. 266.
† *Ibid.*, p. 268.

Algeciras. Germany raised the cry that she had been "encircled."

No doubt the fear of aggression by Germany had hastened the settlement of points of controversy between the other Powers. Yet no impartial observer can deny that the desire for a proper organization of international relations played a hardly less important part. The movement in favour of international peace secured by international agreements was growing throughout the world. Three great influences in modern life, education, capital and labour, were working together in favour of "international organization." British and American diplomacy were leading the way in that direction. Germany kept aloof from the movement; the State which under Bismarck had reached the condition of "satiety" complained, now that colonial expansion had become its great desire, of having been excluded from "a place in the sun." The question asked by the Berlin correspondent of *The Times* in 1896 naturally arose again and again: "In what hitherto unappropriated quarter of the globe is the German world-Empire to be carved out, or else how, and from whom, is it to be conquered?"

It was not so much the size of the German army, as the restless will behind it which determined the character of German militarism. It was Germany's opposition to "international organization" on the basis of the existing *status possidendi*, that made her the disturbing factor and hence the enemy of Europe; Prussian Germany had become once more the revolutionary of international politics; and as Metternich had put it a hundred years ago: "il n'y a pas de paix avec un système revolutionnaire." "*Militarism does not really depend on the army*," writes Dr A. H. Fried, one of the most prominent pacificists, in his *Diary of the War;** "its existence has its root in a certain attitude of

* See *Blaetter fur Zwischenstaatliche Organization* for March, 1915. It ought also to be remembered that Dr Fried is a German, and a patriotic German.

mind. . . . Militarism seems to me to correspond in the main to the contradiction that exists between the conception of an isolated and self-asserting State and its policy on the one hand, and on the other the tendencies to co-operation and mutual interdependence which at the present day rule the world." The older European States were trying to arrive at a saner and more economical arrangement of international relations; Germany, handicapped by her past history, refused to join in. "The phenomenon which has been described in Germany as the 'Encircling' was on the part of the foreign Powers no more than a natural attempt to attain a degree of strength necessary for the establishment of a policy of organization in Europe. As it could not be done with Germany, it had to be done without Germany in the hope that some day Germany also, which remained behind the time, would join that union for organization. This attempt was *not* in its intention hostile to Germany. . . . There had been no intention to 'encircle' Germany, but it was found with regret that Germany had put herself 'outside the circle.' . . . . Germany remained outside, strained her forces to the highest degree, and now we see the result raving blood-red through Europe: the World-War."

Even at the eleventh hour Sir Edward Grey was still dreaming the dream of a world-peace secured by international agreements. He wrote to Sir Edward Goschen in his despatch of July 30: "And I will say this: If the peace of Europe can be preserved, and the present crisis safely passed, my own endeavour will be to promote some arrangement to which Germany could be a party, by which she could be assured that no aggressive or hostile policy would be pursued against her or her allies by France, Russia, and ourselves, jointly or separately. I have desired this and worked for it, as far as I could, through the last Balkan crisis, and, Germany having a corresponding object, our relations sensibly improved. The idea has hitherto been too Utopian to form the subject of definite proposals, but

if this present crisis, so much more acute than any that Europe has gone through for generations, be safely passed, I am hopeful that the relief and reaction which will follow may make possible some more definite *rapprochement* between the Powers than has been possible hitherto."*

The system which Sir Edward Grey had taken over from his predecessor and developed resembled that of Bismarck's Chancellorship in only one respect; both statesmen aimed primarily at the maintenance of the *status quo* in matters which directly affected their countries. But whilst Bismarck had attempted it by sowing dissension among the other Powers, Sir Edward Grey tried to achieve it by means of international agreements and organization. Germany, dissatisfied with the existing distribution of power and possessions, saw in Sir Edward Grey's system not an endeavour to bring about world-peace but an attempt to strangle the growth of Germany, which was to take place at the expense of other and weaker States.

* *Great Britain and the European Crisis*, p. 78.

CANADA

I. The Political Situation

IN the actual test of war the Canadian regiments have not faltered. This we expected and yet we are both proud and sad that a toll of death so heavy as was exacted at Langemarck should be the fruit of valour. If there has been rejoicing over the messages of Sir John French and over the courage and endurance displayed by Canadian soldiers there has been no ignorant boasting or noisy exultation. We understand only that Canadians in contact with the best troops in Europe have not dishonoured the Dominion and the Empire. We rejoice only because they are not unworthy to stand beside the regiments of France and Great Britain. But we have no thought that the men of South Africa, New Zealand or Australia possess in any lesser degree the qualities which Canadians have displayed and we know that British and French and Russians have revealed just such qualities in many stern sorties and many desperate engagements. We did not need to be told as an old guide once said to a group of tourists on the field of Waterloo that "there be brave men everywhere." But the older nations have been tested in many campaigns while the volunteers of Canada have been engaged in peaceful pursuits and have practised war chiefly in seasonal training and holiday parades. This is why we had only faith without evidence, why we are glad that our faith was justified, and

why we feel just such a thrill of pride over the action of Canadians at Ypres as we felt when the "Sydney" captured the "Emden" and when South Africans under Botha resisted invasion and put down domestic revolution.

Nor is it remarkable that the heavy casualties in the Canadian regiments have produced a grimmer spirit in Canada and greatly stimulated recruiting. When all is said there is a religious fervour in the devotion of Canada to the Empire. It was chiefly in this spirit that the Canadian regiments were enrolled. It is in this spirit that any sacrifices we are making are regarded. It was whispered that native Canadians were not numerous in the first contingent from the Dominion, but the casualties among officers show that very many of these were Canadians and that they belonged to the most wealthy and influential families in the country. In this there is no glory that does not fall in equal degree upon the private soldier, but there is an answer to a species of unnecessary and ungenerous criticism to which thoughtless and uninformed Canadians themselves gave a certain sanction. There are now over 40,000 troops from the Dominion in England, in Bermuda, in Egypt and on the Continent, and many thousands under training. In all we have over 100,000 men under arms, the great bulk of whom are almost ready for active service. As Sir Robert Borden told Parliament, we have a far greater army than Wellington commanded at Waterloo. For war purposes we have appropriated $150,000,000. Against the organization of this army and against this huge appropriation for a young country there has been practically no protest in Parliament or from any section of the people. It is true that two Nationalist members of the House of Commons made perfunctory objection to the amount appropriated but even they perhaps were thinking chiefly of rash pledges made to their constituents. In Quebec recruiting has been active. The French daily newspapers, with the single exception of *Le Devoir*, support the war proposals of the Government as heartily as do their English contemporaries. Dealing with

the casualties along the Yser *La Patrie* of Montreal said:

> "On the complete list of casualties will appear, wrapped in a common glory, names of English and French-Canadians. Both Canadian nationalities faced the Empire's enemy with the same patriotic dash, the same disregard of peril, the same determination to win. They shed their blood together on the Empire's battlefield. This union is bound to bring other fruit than a direct military advantage. It should, within the Canadian border, tighten the bonds which unite the two races, dispel their last causes of misunderstanding and eradicate whatever prejudices still subsist between them. It should forever enlighten with respect to the sentiments of the French-Canadians those of our fellow-citizens of English extraction who are sometimes disposed to suspect us of disloyalty. This union of our sons on the battlefield proves the common devotedness of the two races to Canada, our country, and also their common bond of affection to the Empire, whose powerful and benevolent protection will help to achieve the glorious destiny that we predict for our country."

Here also is an extract from *La Presse*, the most widely circulated of French Canadian newspapers:

> "We are all proud of the high deeds accomplished by the Canadian soldiers in Belgium, but at the same time we mourn the death of those who have fallen on the battlefield for the noblest cause. Our sorrow is somewhat tempered when we realize that all those dear warriors and fellow citizens have died in the most gallant manner they could dream of. Glory to our first contingent. Glory above all to the dead and injured. Honour to all the brave men who have raised Canada in the eyes of the whole world."

The only criticism in English newspapers is that our

exertions are not adequate, that we should have at least 100,000 soldiers in Europe, that we should accept all recruits that offer and that we should urge the Imperial authorities to draw more freely upon the resources of the Dominion. As to this the Minister of Militia declares that as many troops will be provided as the War Office will accept. The gaps in the regiments at the front will be filled at once by drafts from Shorncliffe. The remainder of the second contingent is ready to embark. Recruiting has begun for third and fourth contingents. What will be the ultimate measure of our contribution will depend greatly upon the Imperial Government and no doubt between the British and Canadian authorities there is a complete understanding.

During the session of Parliament much partizan feeling developed. There was no division on the proposal to vote an additional $100,000,000 for war purposes. But the Opposition challenged the details of the budget. Hon. W. T. White, Minister of Finance, recommended a general increase of 7½ per cent in Customs duties and an increase of 5 per cent on goods from Great Britain. He also sought authority to increase postal charges and to impose stamp duties on cheques, and railway and steamship tickets. It is clear that the object of the Minister was to lay taxes which could not be evaded, which would assure a material increase of revenue, check importations and reduce the balance of trade against Canada and which incidentally would improve the position of Canadian manufacturers in a period of trade depression. The Opposition submitted an amendment urging greater economy and condemning the higher duties on British manufactures. It was suggested that the Government was using the fact of war to fatten the "privileged interests" and that to disturb the British preference savoured of treason. On behalf of the Government it was contended that as duties against foreign countries were raised by 7½ per cent and against Great Britain by only 5 per cent the British preference was actually enlarged by

2½ per cent. It was further insisted that since the duties on raw material for Canadian manufacturers were increased by 7½ per cent it was necessary in justice to domestic industries to lay higher duties on imports from Great Britain as well as from foreign countries. It was also argued that since direct taxation was the natural prerogative of the Provinces it was undesirable in a time of falling revenue to disturb their sources of income. There is this to be said for the Federal Government that under the conditions which prevail the Provinces must impose additional taxation. For example Ontario and Nova Scotia have laid a tax of one mill on the dollar on all assessable property. Doubtless the other Provinces will also have to adopt somewhat revolutionary fiscal expedients.

Beyond the quarrel over the tariff there were charges of "graft" and waste in war contracts. Much evidence was taken before Parliamentary Committees and undoubtedly irregularities were disclosed. It was proved that boots of doubtful quality were supplied by a few manufacturers. Excessive prices were paid for drugs and binoculars. There were dubious transactions in the purchase of horses. But nothing that was disclosed brought discredit upon the great body of Canadian manufacturers or involved Ministers in deliberate wrongdoing. Moreover Ministers assisted to make the investigations complete. There was no attempt to prevent disclosures or to shield offenders. One or two dealers were compelled to make restitution. Against other suspected persons the Department of Justice will initiate prosecutions. Two Conservative members of Parliament involved in doubtful transactions were sternly condemned by the Prime Minister from his place in the House. Since Parliament adjourned a purchasing commission of able and reputable business men, with Hon. A. E. Kemp of Toronto as Chairman, has been appointed to superintend all purchases of war supplies for the Canadian, British and Allied Governments. Upon the whole it cannot be said that the Government was seriously

discredited by the revelations. The Prime Minister by his resolute and unequivocal action probably strengthened himself in the regard and confidence of the country. Many abuses attach to the patronage system as it has existed in Canada. It was perhaps inevitable that in outfitting the first contingent there should have been a degree of waste and extravagance. We have known nothing of war, and it was a great task to organize an army of 100,000 and dispatch 40,000 or 50,000 troops to Europe. It may be that we have legitimate cause for congratulation that greater scandals were not exposed and greater waste not disclosed. At least the Government did not block investigation or reveal any disposition to protect jobbers and plunderers.

It may easily be understood, however, that the controversy over the Government's tariff proposals and the action of the Opposition in forcing inquiry into war contracts inflamed partisan feeling in Parliament, and produced much acrimonious debate in the newspapers. The Government Press contends that the Opposition has shown no consideration for Ministers in a time of unexampled trial and difficulty while the Liberal Press insists that the Opposition has sought only to check waste and jobbery and to prevent fiscal changes detrimental to the Mother Country and to the consumers of Canada. In such an atmosphere it is not remarkable that the project of a general election should be revived. There is no doubt that when the war came the Government was contemplating dissolution. There was serious thought also of a general election six months ago. But many voices protested against a contest between the parties during the war. These protests continue and clearly enough feeling against an election is not confined to the Liberal party. But it is doubtful if those who protest will prevail. Ministers favourable to an appeal to the country recall the defeat of the Naval Aid Bill and other important ministerial measures by the Liberal majority in the Senate. They point out that over twenty

Western constituencies have no voice either in the Commons or the Senate. They remind the country that twice the Upper Chamber has rejected measures sent up from the Commons to give the West adequate senatorial representation, and they suggest that the only object is to retain control of the unrepresentative chamber. It is declared by the Government but denied by the Opposition that when the seats for the Commons were redistributed a year ago with such absolute justice that not a single detail was challenged by the Opposition there was an understanding that immediate increase of Western representation in the Senate would be sanctioned. It is said further that if not held in 1915 there must be a general election in 1916, that there is no assurance that the war will be over before Parliament must be dissolved, and that it has been almost the invariable practice ever since Confederation to dissolve when four sessions of the Houses have been held and before the full constitutional term expires. This was the practice of Sir John Macdonald as also of Sir Wilfrid Laurier. The Liberal Government dissolved Parliament in 1900 during the war in South Africa. During that war there was also a general election in Great Britain. Since the war in Europe began there have been general elections in New Zealand and Australia. What reasons, it is asked, can be advanced against a general election in Canada that were not just as potent in the other Dominions? As further justification of an election it is pointed out that probably in 1916 there will be an Imperial Conference to consider terms of peace and other questions of supreme significance to the Empire. It is necessary, therefore, say the champions of the Government, that Ministers should speak with the authority of direct popular sanction and with reasonable certainty that proposals to which they may agree will not be rejected by a hostile Senate as was the emergency naval programme. It has to be remembered that not for twenty years have Conservative Ministers represented Canada in an Imperial Conference. There is conflict between the two

Canadian parties on great features of Imperial policy. With approval of its war appropriations and its attitude towards the Empire a Conservative Government would speak with assurance and confidence in London. Finally it is contended that a state of war prevails between the parties, the Government is embarrassed by constant criticism and attack, and that since a general election cannot be long delayed it is desirable to have the contest over so that the energies of Ministers may be wholly devoted to the prosecution of the war and their attention centred upon the Imperial problems which will demand consideration when peace is restored.

On the other hand the leaders of the Opposition insist that they have supported with zeal and ardour the strictly military measures of the Government. They say that they should be free to examine details of Administration. They point out that neither in Parliament nor in the country is there any division of opinion over the war or any necessity to ask for approval of war expenditures or the action of the Government in organizing and equipping armies for service in Europe. They contend that the Government seeks to trade in Imperial feeling for partisan advantage but that with the long and increasing roll of casualties, with mourning in many households, with hospitals filled with wounded, and with young Canadians still seeking the recruiting stations, to plunge the country into a political contest would be indecent and intolerable. All the sound argument is not upon one side or the other, nor will there be freedom from partisan controversy if Parliament is not dissolved. A general election, however, seems to be imminent, although it cannot be said that public feeling so far as it has been expressed is favourable to a contest.

II. The Economic Situation

THE time is not ripe for a final or even an adequate consideration at the present moment of the effects of the war upon economic conditions in Canada. We are at present in an intermediate stage between the first shock of the crisis and the changes that must come after peace has been secured. In any case it is a matter of great difficulty to decide how much of our present position we must attribute to the over-expansion which preceded the war, and how much we owe to the actual shock of the conflict. The process of liquidation that began in 1912, and which was active in 1914 when war was declared, has been visible under slightly different forms ever since. It is quite probable that if peace had been maintained this liquidation might have been interrupted by a temporary return of industrial and financial activity. It is not by any means true that a full liquidation always immediately follows a period of inflation. For example, the crisis in the United States in 1907 was followed by a partial liquidation, but the real settling up did not occur until 1910. In Canada, however, the war has precluded a return of prosperity, and the continued liquidation is reflected in the position of the Canadian banks, which now show a decrease of $70,000,000 in the current loans between July, 1914, and February, 1915. Gold and securities have been materially increased and savings bank deposits, although between August and November there was some evidence of withdrawals, remained in February almost precisely as they were in July. Perhaps the most striking point in our external relations was the unduly large surplus of imports. This position, under the stress of war conditions, has almost entirely changed within the last two or three months. Nevertheless the state of Exchange between Canada and the United States still remains abnormal, New York Exchange being still worth not much

short of three-fourths of one per cent premium. However, with the disappearance of the surplus of imports and the continuance of the sale of Canadian securities to the United States this condition will disappear. Since the war began Canada has sold to the United States in the neighbourhood of $70,000,000 of securities. It must be remembered that we have not only had to deal with the gradual shrinking surplus of imports, but also with the interest on our external debt, which averages in the neighbourhood of $10,000,000 a month, and in addition to that we have had to meet a large exterior expenditure involved in paying and maintaining some fifty thousand soldiers in Europe. The opening of navigation even as soon as this spring will release a very considerable amount of wheat, and the proceeds of its sale must be added to our export values. With the large area of wheat that has been planted this last season we should, under favourable conditions, have an additional amount of export material over that of last year with which to pay nearly the whole of the interest on our external debt, and as a result, even if the sale of securities to the United States should not continue in the same or greater volume, the financial position of Canada in regard to the outside world should by next autumn have become entirely sound. Whether the market in the United States for Canadian securities can be in any way adequate to take the place of the London market would seem very doubtful. In the sales made during the last few months we have been favoured by several special circumstances. In the first place, the establishment of the central banking system has released very large funds, and, in the second place, trade in the United States has been very dull, with the consequence that only small demands for money have been made for commercial purposes. It is not likely that this last condition will last for very long. A considerable amount of the surplus funds created by the central bank have already been absorbed in other foreign loans, and if the New York Money Market should seriously take up the financing of its South

American connections it may be more difficult in the future for Canadian securities to be sold at favourable rates in the United States.

In regard to the internal economic condition of Canada, it is perfectly natural that the newer parts of the country should be the main centres of anxiety. Several cities in the west have been somewhat embarrassed by the extravagant assessment of city values, and too much haste to proceed with municipal improvements ahead of actual requirements. They have lost and are losing population, and the collection of taxes on their high assessment values has been somewhat difficult, but on the whole these towns appear to be meeting the situation with courage, show no disposition whatever to consider the question of a default on their interest, and in many cases are beginning the process of cutting down their assessments. Although last year prices for grain stuffs were high, it must be remembered that the crop was small. Still the principal and interest on farm mortgages are being surprisingly well met. It seems clear that land speculation has not seriously affected the rural districts, and the farmer is showing various indications of the possession of means. Moreover, the small towns and villages are thought to be in a fairly sound position. If, therefore, the large area of grain planted for this season should meet with favourable conditions, and the crop should be as large as we may fairly expect, the effect on the whole west must be very beneficial indeed, and it is quite inevitable that the western cities will get their fair share of the benefits accruing. It is very interesting to notice that throughout the whole country there is a growing evidence of the importance of primary production. The long tradition, literary, economic and financial, that has favoured industrial enterprise at the expense of agriculture seems to be drawing towards a close. Certainly there is a great deal of mere fashion and sentiment in the desire of the young man in the country to drift into the town. A general change of sentiment in this respect, quite apart from any real alteration in conditions, may have

a very important effect on the relation in the future of municipal and rural populations.

In a country like Canada, advancing with rapidity, it is not possible to maintain a correct balance between the various activities. For the moment railway and industrial construction have gone perhaps far ahead of immediate requirements. It should be the business of Canada during the next few years to restore a proper balance, and with the assistance of properly directed immigration this may be accomplished in a surprisingly short period.

III. The Bi-Lingual School Question in Ontario

ATTENTION has already been directed in The Round Table to the controversy which has arisen in the Province of Ontario over the use of the French language in the schools. Some three years ago the Government decided, as the result of a careful inquiry, that in the schools where French was used too little care was being taken to give the pupils an adequate knowledge of English. It drew up, therefore, new regulations requiring that English be taught from the beginning of the school course, and be the language of communication and instruction after the first two years. Special inspectors were appointed to see that the enactments were enforced. The Government did not propose, however, to remove French from the schools. It might remain the language of communication and instruction during the first two years, and could be retained as such even later where circumstances in the judgment of the inspectors required it. Moreover, after the first two years, it was in all cases a compulsory subject in the curriculum, to be taught for not more than one hour a day. These regulations were accompanied by measures to improve the training in both languages of those teachers who were to be engaged in English-French schools. The whole policy was intended to better

the position of English in the schools without destroying French.

The regulations have not, however, commended themselves to several of the school boards administering French-English schools. They have refused to adopt the regulations and to receive the special inspectors, urging as among the reasons for their action that too little French is allowed, whether for purposes of communication or of instruction, and that since the regulations apply only to schools where French has " hitherto " been taught, new schools may not enjoy even these privileges. Even the forfeiture of the Government grant, which the action of the boards involves, has not induced them to comply with the Government's policy. In consequence some 190 out of the 325 French-English schools are at present deprived of provincial funds. The most powerful of the boards thus opposing the new regulation is that in the City of Ottawa, which controls the Separate or Roman Catholic Schools. Among these schools are many frequented by French-Canadian children, and since a large part of the board consists of French-Canadians, the Government's measures have been resisted, with the result that all the Separate schools are denied financial assistance from the provincial treasury. Of the schools, however, a number are used and supported by English-speaking Roman Catholics. These people have no quarrel with the Government's policy, but they are brought by the action of the school board into opposition to the Government and see their schools crippled. They have been much embittered by their experience, the more so since the board recently dismissed the English-speaking teachers in its employ. Many of them have removed their children from the Separate schools, and some of them have taken legal proceedings against the school board to restrain its chairman from dismissing teachers and to prevent it from borrowing money on the taxes and property of all the Separate school ratepayers. Thus the first test which the Government's regulations were given before the Courts

came not from any direct appeal against its action, but from the protest of the English-speaking minority in Ottawa. The Courts hitherto have sustained the claims of the minority and have also declared the regulations valid as coming within the powers of the province.

The situation in Ottawa illustrates the peculiar twofold controversy created by the growth of the French-Canadian population outside the Province of Quebec, and especially in Ontario. Early in the history of Ontario many French-Canadians found their way into different parts of the province. Some of them were assimilated by the English-speaking population, just as so many English and Scotch settlers had been assimilated in Quebec. Others retained their language and had it taught in their schools. As early as 1851 they obtained from the Council of Public Instruction the privilege of engaging teachers who could give instruction in French. By 1860 the French certificate of qualification from Lower Canada was accepted in Upper Canada, and five years later the use of French text-books authorized in Lower Canada was permitted. Dr Egerton Ryerson, famous in Ontario history as the founder of the public school system, was responsible for the decisions which thus established the French language in Upper Canada. French was an official language of the country which since 1841 had been united under one government. Hence Dr Ryerson was of the opinion in 1857 that " it was quite proper and lawful for the school trustees to allow both languages to be taught to children whose parents might desire them to learn both." In 1861 he was ready even to admit that teaching in English need not be provided for an English minority in a school section. The inquiry came in this form: " In a school section where the majority of the inhabitants are French, and all the trustees and teachers French, can the English portion of the school section compel the trustees to furnish the means of education for their children, that is to say, a teacher able to teach in both English and French? " Dr Ryerson replied: " The

law allows French and German as well as English to be taught in the schools; and as the law does not compel the trustees to employ a teacher who can teach German or French where a portion of the inhabitants speak the one or the other of these languages, so it does not compel them to employ a teacher to teach English where a majority of the inhabitants and of the trustees are French or German. It is a defect in the law, and there is no remedy for the case you mention until the law is amended in that respect." These arrangements survived even the revolution which Confederation effected in the Constitution of Canada. They were still further developed in 1872 and again in 1883 and 1888, when the County Councils within whose jurisdiction there were French or German settlements were authorized to appoint examiners in the French or German language.

By 1885, however, it was becoming clear both to the English and French-speaking populations of Ontario that these local liberties were resulting in too great a neglect of the English language. Hence in that year a regulation of the Department required that English be taught in all schools. In 1886 the county of Russell requested that a better professional training be furnished for French teachers, and three years later a model school for this purpose was established to serve the counties of Russell and Prescott. The work of the school and the examinations were conducted in English, though French Grammar, Composition and Reading had a place among the regular subjects taught. At the same time a convention was inaugurated for the benefit of the teachers in the English-French schools of these two counties. In 1889 the first commission to inquire into the position of English in all the English-French schools was appointed. It emphasized the difficulty which trustees experienced in finding teachers who could speak both English and French. Commissions appointed in 1893 and 1895 for special areas noticed the same difficulty. Teachers fitted to discharge the double task were not yet available, and, even if they had been, the compara-

tively poor school districts might not have been able to engage them. One of the hardest problems in education, that of teaching two languages effectively, confronted the least organized and more remote parts of a new community.

It is little wonder that the bi-lingual school experiment as it was tried between the 'eighties and the end of the first decade of this century was not very successful. Moreover, the strain put upon it constantly increased because the French-speaking population grew rapidly in numbers during this period. Settlers poured from Quebec into Eastern and New Ontario, until to-day this race numbers in Ontario over 200,000. In these circumstances the supply of teachers qualified to instruct in English and French proved entirely inadequate. The schools in those districts in which the majority of the ratepayers rapidly became French-speaking naturally fell under French influence. Teachers were not available to give an adequate instruction in both languages. It was easier for teachers, trustees and inspectors alike to let French dominate the school curriculum. There remained in the schools only enough English to prevent them from being as effective as might have been possible in French alone. Meanwhile those people of English speech who were being surrounded by the incoming French-Canadians found greater and greater difficulty in securing an English education for their children. The result was dissatisfaction on their part, and finally, in 1911, a protest against the condition of the schools. The rest of Ontario had been indifferent to the growth of the French-Canadian population and to the relations between the two languages. The protest, however, roused general attention. It led to an inquiry by the Government and to the present regulations.

The controversy occasioned by the bi-lingual schools in Ontario is, of course, meat and drink to those persons who are incapable of holding other than the most extreme opinions. A number of French-Canadians have carried on an active propaganda for the extension of the French race and the French language in Canada. For them the spread

of the French settlers into Ontario, where they replace an English-speaking population, has had almost the character of a crusade. Canada is to be the home of French civilization on this continent and is to draw at least into spiritual communion with itself the French-speaking portions of the American Republic. Hopes have been entertained and at times expressed that the French element might grow strong enough to maintain its independence within the present Dominion, or, if that situation were not satisfactory, apart from it. By all enthusiasts thus devoted to a rather narrow conception of their own race and its future, the institutions and politics of Canada and of the British Empire, and indeed the affairs of the world, are viewed solely in their bearing upon the fortunes of the French-Canadians. History, public issues and foreign relations are seen through the spectacles of a particular race and creed. Even the great war is regarded with little approval because it does not fit in with the plans of this section of French-Canadians. It seems likely to strengthen the ties which bind the parts of the British Empire, and to carry French Canada into the current of world affairs. The narrower schemes, the cultivation of an intensive local patriotism may thus be endangered. Hence to the surprise of nearly every one in Canada, these zealots are unmoved, despite their professed devotion to everything French, by the sufferings of France and Belgium. They are ready to defend the soil of Canada, though the soil is quite safe, and its defence would not materially assist the Allies, but declare themselves under no obligation to enter the real theatre of war. The lot of their compatriots in Ontario remains their one concern, and with what must appear an utter lack of taste, when their own attitude is considered, they describe the French Canadians in Ontario as *les blessés*, and those responsible for the present regulations as *les bôches*.

Over against these extremists must be set that section of the English-speaking population which sees in the growth of the French race and language in Ontario a real danger,

and which would prohibit the teaching of French in Ontario schools. That Ontario is and must remain an English-speaking province is a first principle with these persons. They are willing (though with none too good a grace) to let Quebec be French, but propose to concede nothing further. The Empire wrought by the people of English speech must not be undermined. These sentiments are very familiar, especially after conventions and gatherings of those peculiar lodges and societies which set up their own special brand of loyalty as the only test of patriotism.

It is a reasonable and safe conclusion that the true settlement of the present controversy lies somewhere between the views of these extreme schools. They live in a world of racial antagonisms. Yet a society like the British Empire must and can rest only upon the principle of good will and conciliation between races. There must be room within such a varied and extensive community for the most divergent racial types, and these types must have freedom, otherwise they will never give a willing and complete devotion to the larger State. Canadians, therefore, should accept it as an axiom that the French-Canadian population must be free to retain its individuality. This freedom can scarcely be limited to Quebec, for the population has already gone far beyond that province, and to treat Quebec as a reserve is only to impose a narrow and harmful isolation upon a valuable element in the community. Moreover, no policy which is repressive or even appears such to those affected by it can be successful. All experience points to the failure of efforts to deprive peoples of their language. The extensive experiments in this direction conducted by Prussia and Hungary have not even success to justify them. We shall do well not to consider a similar course. It could only have the effect in Ontario of driving French-Canadian children into private schools which would be beyond Government control altogether and might easily fall below the accepted educational standards.

These two principles should be capable of application

in Ontario. They do not mean that the population must be sharply divided into two camps, the one purely French, the other purely English-speaking. The French population in Ontario has always professed its willingness to learn English. English can therefore be taught in the French schools. How and when it is to be taught, so as not to impair the French language, is a problem for experts and is not insoluble, if we may judge from the experience of other parts of the British Empire. The present regulations are themselves an attempt to meet it, and may be successful if they can secure the confidence of all parties. Should they not win this confidence, every opportunity must be given for the consideration of amendments in them. Particular details and a special form of words must not stand in the way of good relations between fellow-citizens, and no administration should be prevented by a fear of appearing inconsistent or by a sense of dignity from trying by every means to remove a grievance. It is probable that if once gathered around a common council-board the representatives of the different interests could easily and quickly reach a settlement. The position of French in the English-speaking schools must also be considered. At present it is limited to the secondary schools and is taught too much out of relation to its presence as one of the official languages of Canada. Its use should be extended for practical and educational reasons, so that a larger part of our English-speaking population might command another of the great languages of the world.

That after some such fashion the present controversy will reach its end may reasonably be expected. Nearly every one is approaching these matters in a better spirit. Local disputes are dwarfed by comparison with the great struggle which the people must wage in common. The extremist of English speech finds himself more in sympathy with civilizations other than his own, and especially the French and the Belgian. His opponent cannot deny the value of the services which are rendered by a varied and

comprehensive State such as the British Empire. At least the value of these services is apparent as never before to the French population, and those few French-Canadians who still appear to question it, like M. Bourassa and M. Lavergne, are rapidly losing their influence with their own people. Appeals to narrow, selfish, not to say cowardly, provincialism fall on deaf ears. The splendid tradition of the French race on this continent is having its effect, and as the war progresses no element in the Canadian population will play in it a more heroic and self-sacrificing part.

AUSTRALIA

I. The Imperial Conference

THE question of summoning the Imperial Conference for its appointed meeting in 1915, discussed in the last number of The Round Table, has received some attention in Australia. Responsible opinion appears cautious in the matter, and anxious to wait awhile. A leading politician in the Commonwealth, whose opinion will carry great weight whenever a decision comes to be taken, can see nothing but embarrassment and possible danger in the present discussion of the delicate questions arising out of the changed position in the Pacific. Ultimately, of course, there must be discussion and with it, doubtless, some plain speaking on matters wherein the Imperial Government and the Australian Governments may not readily be at one. For this reason, Dominion representatives should accompany the British delegates who attend the Peace Conference, when that stage is arrived at. But as yet the whole situation is too uncertain, the object of the war on our part not sufficiently near achievement, for it to be wise to enter upon discussions which must be based on conjectures and possibilities rather than upon accomplished facts. Nor, in the opinion of the same statesman, is the present the time for "the re-adjustment of our relations with Great Britain." "War is not the normal condition of civilization. But Imperial Federation must deal with the more prosaic requirements of a Government whose constituent parts are

scattered all over the earth. Let us deal with this matter when we are not obsessed with this one idea of war!"

On the other hand, old and not agreeable memories are aroused by the knowledge that, in some quarters at any rate, the Pacific has been indicated as the appropriate field of concessions by Great Britain, a suggestion which has stirred some Australians to a desire for vigorous protest. On the subject of the necessity for preliminary discussion and agreement among the accredited representatives of the several British Governments in advance of the international conference, there is probably no difference of opinion in Australia: the only question really is as to the time—now, or when the end is more clearly in sight.

II. Federal Politics

SINCE the general elections of September 5 last, when the Liberal Ministry of Mr Cook was defeated and the Labour Ministry of Mr Fisher succeeded it, there has been a Parliamentary session during which the Treasurer's budget was disclosed, legislation for new taxation was carried, and Supply was passed. The detailed consideration of the estimates was, however, held over until a session which is to commence in April next. Two vacancies have occurred by death, both in the House of Representatives, each of them in the representation of the State of Victoria. Both of the deceased were members of the Labour party, and one of them, Mr Arthur, the member for Bendigo, a rising barrister, and a man universally respected both in the House and in the country, was Minister for External Affairs in the present Government.

At the by-elections to fill these vacancies, the Bendigo seat was retained by Labour, but the other vacancy, in the Grampians Division, was gained by the Liberals. In both cases the majority at the poll was a narrow one, and although

the Labour majority in the House of Representatives was reduced thereby from 13 to 11 in a total of 75, it cannot be said as a result of these elections that there is any real evidence of a change of political feeling on the part of the electorate, although such change is naturally claimed by some sections of the Liberal press.

The Grampians Division is ordinarily regarded as a fairly safe Liberal seat, and at the general elections was won by Labour largely on account of the personal popularity of the Labour candidate. Its reversion to the Liberal party at his death, consequently furnishes no real evidence of general change of opinion on the part of the community. Party feeling, although subdued in consequence of the war, is not absent, but all parties are anxious to assist the Government in every way to secure the adequate representation of Australia in the fighting line.

The matter of preference to unionists was one of the burning questions at the general elections in September last and was specially made so by the Liberal party, who urged, as one of the important reasons for excluding Labour from the Treasury benches, the fact that if the Labour party were returned this "iniquitous principle" would be enforced. Under these circumstances, and in view of the substantial majority which the Labour party received in the House of Representatives, and its overwhelming majority in the Senate, it is not a matter for surprise that the party should hold that the verdict of the country was in favour of such preference. Under the preceding Labour Government the principle was enforced to a considerable extent, but its field of operations has been enlarged since Labour's return to power in September last. The mode of application to which strongest exception has been taken has been the stipulation in Federal Government contracts that preference to unionists must be given by the contractor.

The development of this policy has been exemplified in a striking way; firstly, in Victoria, in regard to the fitting out of transports for the Navy Office by the State Government

Shipyards; and secondly, in Queensland in connection with the erection by the State Public Works Department of buildings for the Federal Department of Defence. The Governments of both these States on being pressed by the Minister for Defence to give preference to unionists in carrying out the works, refused to do so, with the result that the work was taken out of their hands and other arrangements made by the Commonwealth Government for its completion.

Another matter of great interest in the field of Federal politics is the proposal to construct a cross-country line of railway from Port Augusta in South Australia to Brisbane. Up to the present the matter is little more than a suggestion but the line is strongly favoured by the Prime Minister, who states that its main purpose will be strategic, but that it will in addition assist in the opening up and development of valuable country, besides shortening considerably the distance by rail between Perth or Adelaide on the one hand, and Sydney or Brisbane on the other. It is estimated that the cost of the connection will be £6,500,000.

The first half of the financial year 1914–15, which ended on December 31, 1914, included the first five months of the war. In consequence of this, and of the prevailing drought, it was very generally thought that there would have been a marked shrinkage in the Commonwealth revenue. The results, however, which the Federal Treasurer has been able to disclose are very satisfactory, and though the Customs receipts were somewhat inflated by heavy withdrawals from bond in anticipation of tariff amendment, the fact that Customs and Excise revenue for the half year exceeded that for the corresponding half of 1913 by £130,000 was one not very generally expected. A feature of the return is naturally the relatively heavy expenditure on Defence, and whilst this item (including Construction of Fleet) was represented by £1,568,000 for the six months ended December 31, 1913, the corresponding item in 1914 was represented by no less a sum than £6,241,000.

III. The Australian Imperial Expeditionary Force

ACCORDING to official statements recruiting for the Expeditionary Forces is progressing satisfactorily, and nothing in the nature of a regular recruiting campaign has yet been found necessary. The various contingents which have already left or which are now being trained or organized are specified below, but this list does not of course necessarily comprise the full force which will be sent from the Commonwealth.

In addition a further Infantry Battalion has already been offered by the Minister for Defence and arrangements are being made to send a flight corps to India.

The total and strength of the forces which will have left Australia by April will be about 52,500 men of all arms.

1st Contingent: 19,463 men of all arms—In Egypt.

Hospital Division: 1st, 2nd and 3rd Field Ambulance, 762 men; 1st Light Horse Field Ambulance, 118 men —In Egypt.

2nd Contingent: 10,259 men—In Egypt.

Motor Transport Corps: Ammunition Park, 471 men—In England. Supply Column, 245 men—In England.

3rd Contingent: 8,611 men of all arms—Left Australia in January.

4th Contingent: Including first reinforcement 12,184 men of all arms—To leave in about April.

Bridging Train: Royal Naval Reserve men, 311 in all.

Monthly Reinforcements: 4,636 men of all arms.

IV. The Australian Note Issue

SINCE the commencement of the war the issue of Australian notes by the Commonwealth Treasury has been very largely increased, and the Commonwealth Government, by means of Orders in Council, in accordance with the

Australian Notes Act, has taken power from time to time to increase the maximum which may be outstanding at any one time, the latest maximum so announced being £30,000,000. Complete bank returns are now available for the quarter ended December 31, 1914, and these indicate that with the increase in issue there is an increasing proportion held by the banks. Notwithstanding this, the amount in the hands of the public has grown considerably, owing largely to the efforts of the banks and the Treasury to substitute note circulation for gold circulation wherever and whenever practicable.

The following statement of the position for each of the quarters of 1914 furnishes an interesting view of the trend of matters in connection with the note issue and circulation.

Quarter ended	Average amount of notes for Quarter			Proportion in hands of Banks
	Held by Banks	In hands of Public	Total Outstanding	
	£	£	£	per cent
March 31, 1914	5,170,000	4,650,000	9,820,000	52·6
June 30, 1914	5,040,000	4,670,000	9,710,000	51·9
September 30, 1914	5,840,000	5,060,000	10,900,000	53·6
December 31, 1914	8,790,000	6,750,000	15,540,000	56·6

The returns available up to the present indicate that for the quarter ending March 31, 1915, the average amount outstanding will fall but little short of £24,000,000, an increase of about 8½ millions for the quarter. What amount is held by the banks it will be impossible to say until the complete bank returns become available in May, but it

appears probable that the proportion will be found to be in the neighbourhood of 70 per cent. In connection with this question of note circulation it is of interest to observe that the amount in the hands of the public for the December quarter represents approximately 27s. per head of population. In addition to this there were bank notes in the hands of public not yet withdrawn to the amount of about 1s. per head, giving a total note circulation of 28s. per head.

Under the bank note system the maximum note circulation in Australia per head of population was reached in the December quarter of 1885, the average note circulation for that quarter being £4,650,000 and the average per head of population 34s. 8d. At the same proportion, the present population of Australia could maintain a note circulation of upwards of 8½ millions.

The latest returns relative to the Australian Notes Fund indicate a gold reserve of 40·16 per cent as compared with the statutory reserve of 25 per cent. In this connection it may be noted that in accordance with the Notes Act interest earned by the investment of the Fund is paid to the credit of the Fund for the additional security of the issue, so that reserve and investments together at any time represent a considerably larger sum than the total amount of notes outstanding.

On March 1, 1915, the amount of notes outstanding was £25,232,000 while the gold reserve was £10,133,000 and the amount of investments £15,987,000. Reserve and investments thus totalled £26,120,000, or £888,000 in excess of the amount of notes outstanding. The investments (Commonwealth and State Government securities) as at March 1, 1915, were earning interest to the amount of £612,000 per annum.

V. Governmental Regulation of Prices

OF the numerous questions more particularly affecting Australia which have arisen out of the war probably none has excited more general interest than the action taken to control prices and supplies of commodities during war time. The Acts passed by the Governments of certain of the States to regulate prices led in turn to the passing of further Acts for the compulsory acquisition of wheat supplies, involving an alleged infringement of the right of free trade between the States, a right guaranteed by the Commonwealth Constitution. In this way constitutional issues of an important character have been raised and these are now occupying the attention of the High Court. Though an Act for the regulation of prices and the prevention of " cornering " supplies was passed in Western Australia as early as August 8 last, the action taken in this direction by other States was not initiated until after a conference of Federal and State Ministers had been held in that month for the purpose of discussing the financial position and other questions raised by the war. Already there had been a marked increase in the prices of certain commodities, more especially imported articles, and there was evidence in a few instances of attempts to benefit in this national crisis by the withholding or cornering of supplies. In each of the States there was a general realization of the existence of a grave emergency, which rendered it impossible in the public interest to leave the food supply of the community any longer to the ordinary service of private trade. Thus it was decided at the Inter-State Conference that each State should introduce uniform legislation for the purpose of controlling prices. As a further outcome of this Conference a Federal Royal Commission was appointed at the end of August to collect information and

report upon such matters as the supply of foodstuffs and of other necessary commodities and any other important matters relating to conditions of trade and industry arising from the war. Though not explicitly stated in the Commission it was intended that this Federal body would act as a co-ordinating authority in regard to the actions of the State Commissions to be appointed under the expected uniform State legislation. However, this whole plan of action miscarried; the legislation passed by the States varied in several important features, while there has been an almost complete absence of co-ordination in the operations of the Commissions and Boards appointed in the several States to fix prices. The work of the Federal Commissioners was brought to an end soon after the advent of the Labour Party into power in September last and no new appointments were made.

The following statement shows the Acts passed in each State:—

(a) With a view to fixing prices;
(b) For the supplementary purpose of collecting information as to stocks of commodities; and
(c) For the compulsory acquisition of commodities.

The Bills introduced in Tasmania and passed by the House of Assembly were rejected by the Legislative Council.

COMMONWEALTH OF AUSTRALIA

Acts and Bills of State Legislatures Relating to Fixing of Prices and Compulsory Acquisition of Commodities.

State	Acts for fixing Maximum Prices	Acts for investigating Quantities of Supplies, etc.	Acts for compulsory Acquisition of Commodities by States
New South Wales .	Necessary Commodities Control Act, 1914	Necessary Commodities Control Act, 1914*	Wheat Acquisition Act, 1914. Meat Supply for Imperial Uses Act, 1915
Victoria .	Prices of Goods Act, 1914	Foodstuffs and Commodities Act, 1914	†
Queensland .	Control of Trade Act, 1914	—	Meat Supply for Imperial Uses Act, 1914
S. Australia .	Prices Regulation Act, 1914	Foodstuffs and Commodities Act, 1914	Grain and Fodder Act, 1914
W. Australia	Control of Trade in War Time Act, 1914	Foodstuffs Commission Act, 1914	Grain and Foodstuffs Act, 1914
Tasmania .	Control of Necessaries of Life Bill, 1914‡	Foodstuffs Commission Bill, 1914‡	—

* In New South Wales the same Act provided both for fixing prices and for collecting returns of quantities of commodities.

† No Act passed; Ministerial arrangements made with exporters for reservation of meat supplies for Imperial purposes. Also by Ministerial direction the Government railways refused to carry wheat for inter-State consignment.

‡ Not passed.

The first State in which any prices were actually regulated by the Government was New South Wales, where the price of wheat was fixed on September 15 last at 4s. 2d. per bushel. In arriving at this price the Commission expressly stated that it was influenced by the fact that the wheat stocks were largely in the hands of shippers, who might export them without regard to the interests of Australia, and that the price was fixed primarily for the purpose of enabling the Government to step in and seize supplies in the hands of shippers. At this date the price demanded in Sydney was 5s. 3d. per bushel, while the export parity of the London price was 4s. 7d. At a conference between the New South Wales, Victorian, and South Australian Commissions, held immediately after the price was fixed in New South Wales, it was agreed that in determining the price of wheat, the holders of stocks should not be allowed to pocket any unreasonable profit at the expense of the general community. It was recognized also that one of the most important circumstances affecting the question was the drought. Although the price fixed in New South Wales referred only to old season's wheat (1913–14) and to wheat sold for consumption within the State, the position in the other States, where no prices had then been fixed, immediately became complicated. In these States the ruling prices of wheat were considerably in advance of 4s. 2d. and the immediate effect was to check business on the wheat markets, sellers not being clear where they stood, whilst buyers were naturally unwilling to purchase at a price in excess of that at which they might be forced to sell, if the other States came into line with New South Wales. On the other hand it was thought that if the various States decided upon different prices, serious complications in regard to inter-State trade might ensue. The immediate effect within New South Wales itself, however, was that holders of wheat would not sell at the fixed price and the Government took drastic steps by seizing a large quantity of wheat in the

possession of the State Railway Department, the price paid being 4s. 2d. per bushel.

On October 16 in view mainly of the droughty conditions and the poor outlook for the harvest the New South Wales Commission increased the price by 4d. per bushel in Sydney and Newcastle, leaving the original fixed price 4s. 2d. to operate in other parts of the State. These prices did not apply to the produce of the incoming harvest. Maximum prices were also fixed at various times by the Commission for flour, bread, bran, pollard, gas, and for wines, spirits, beers, and other drinks sold in licensed houses. On December 11 the Wheat Acquisition Act came into force in New South Wales, and as this Act provided for the compulsory acquisition of any wheat within the State at a price of 5s. per bushel (subject to certain variations), the proclamations fixing the price of wheat under the Necessary Commodities Control Act were annulled on January 6.

In the meantime, in Victoria, where a Liberal Government is in power, delay in giving effect to the agreement of the Inter-State Conference had been caused by the action of the Legislative Council in holding up the Bill constituting the Prices Board. The Council after various adjournments adopted an amendment which would have practically stultified the working of the Bill, and returned the Bill twice to the Assembly. At length, in view of the resentment and indignation expressed in the Assembly and the weight of public opinion, the Upper House surrendered after the Bill had been delayed for nearly one month. It is commonly believed that this section of the Legislative Council influenced a considerable number of Victorian votes in favour of the Labour party at the Federal Elections. In view of the facts that a conference had already been held and certain common principles adopted for the determination of the price of wheat, it might have been expected that uniformity would have resulted. But the New South Wales Commission

and the Victorian Board apparently held irreconcilable opinions as to facts—since they had professedly agreed as to principles—and the position created was anomalous and absurd as shown in the following statement:—

	Wheat per bushel.		Flour per ton.	Bread.
	s.	d.		
New South Wales	4	2	£9 10	3½d. per 2 lb. loaf
Victoria	4	9	10 10	7d. ,, 4 lb. ,,

Thus while the price of bread was practically the same in both States, wheat was 7d. per bushel and flour £1 per ton dearer in Victoria than in New South Wales. This immediately affected the question of inter-State trade, for the difference in prices would obviously induce the Victorian millers and bakers to buy their wheat or flour in New South Wales.

On November 17 the price of wheat in Victoria was fixed on the recommendation of the Board at 5s. 6d. with certain modifications as to freight, while the price of bread was not to exceed the usual retail price of flour at £11 17s. 6d. per ton. This raising of the price of wheat did not, however, bring any relief to the situation, while it only further aggravated the complaints of the consumers. Holders still refused to sell and under the Victorian Act there was no power of seizure. The next step was that on December 3 the Orders-in-Council fixing the prices of wheat, flour, bran, and pollard were rescinded.

The Board reported in making its first recommendation (that the price should be fixed at 4s. 9d.) that the advance in price since the outbreak of war was due to three factors, viz.:—

(a) The prospective bad season.

(b) The war, and

(c) The fact that a great proportion of the wheat then in the State was owned or controlled by a few persons and firms.

Any advance due to the latter two factors had, it was alleged, been eliminated. This allegation is not, however, easy to understand, since the price fixed, 4s. 9d., was on the parity of the existing London market price of 47s. per quarter. Moreover the difficulty in separating the increases due to the three factors appears to be insuperable. In its second report (that the price be increased to 5s. 6d.) the Board reported that it was convinced that the war had practically ceased to affect the price of wheat in Victoria, that the large holdings had been considerably reduced but that on the other hand the effects of the drought had been intensified. In its third report (that the fixed prices be rescinded and a free market restored) the Board stated that the conditions had again materially altered, the effects of the war having become a negligible factor, there being no extensive holdings of wheat, whilst the fear of a serious drought had been confirmed. Strong disapproval was expressed in many quarters at the abandonment of price regulation and it was remarked that it was significant that the Liberal Ministry abandoned regulation in the interests of the consumers only a few days after the State general elections had been held. On the other hand it should be pointed out that by December it was apparent that in Victoria (unlike New South Wales) there would be a large deficit in the wheat supply, and it was urged that the Government could not have made the necessary arrangements for importation from other parts of the world except at a large loss, had the market not been left free to regulate itself by the price at which wheat could be imported. The force of this contention is not clear. It is true that the Government would have been faced with heavy losses had it been compelled to import at the increased world's price and then to sell at the lower rate of 5s. 6d.; but this in itself did not constitute an adequate reason for the entire abandonment of price regulation. Since December the price of wheat in Melbourne has increased enormously.

In Queensland the policy adopted by the Boards con-

stituted under "The Control of Trade Act" has been very different from that adopted in other States, inasmuch as prices, in some cases both wholesale and retail, were fixed for a larger number of commodities (including groceries, meat, and other foodstuffs, patent medicines, and tobacco) the grades or qualities of many of these being particularized in considerable detail. No price was, however, fixed for wheat. In December and February the prices fixed for all commodities (except meat in the Northern and Central Districts) were rescinded, the view put forward being that trade had resumed its normal course and that no person would be likely to accumulate stocks with a view to increasing prices.

In South Australia the policy adopted in regard to the actual fixing of prices was in direct contrast with that in Queensland, no prices whatever having been fixed. The prices of several commodities were investigated by the Commission, which, however, decided that no case had been made out for intervention.

In Western Australia wheat was the only commodity for which the price was fixed, the price being declared in Perth in October at 4s. 2d. As in other States, the question of fixing prices for various other commodities was considered, but it was decided that the existing prices were not unreasonable and that, as regards imported commodities, the increased manufacturers' cost at home, higher freights and insurance rates, the increased cost of some raw materials, and in certain cases the effect of the increased tariff brought into effect by the Federal Labour Government in December rendered some increase in the retail selling prices unavoidable. Under "The Grain and Foodstuffs Act 1914" the price of unimported wheat was fixed at 7s. 4d. f.o.b. Perth, Geraldton, Bunbury and Albany.

All the States in which Acts for controlling prices were passed have now practically abandoned the attempt. In New South Wales, Victoria, and parts of Queensland the prices of only a few commodities are now fixed. All the Acts

are, however, still in force and the Commissions still in existence, and it has been stated authoritatively that should any manufacturer, merchant, or dealer endeavour to take advantage of war conditions the Commissions would take the necessary action to prevent oppression.

Though the Acts have therefore not been productive in so far as the actual fixing of prices is concerned it is commonly believed that their general moral effect in restraining exploitation has been substantial. This view is to some extent borne out by the fact that, on the average, prices of food and groceries have not advanced in Australia to nearly so great an extent as in other countries, although the gravity of the situation has been accentuated in this country by one of the most severe droughts ever experienced. On the other hand the opinion of many competent observers is that the whole effect of the regulation of prices, as carried out by a set of different unco-ordinated authorities, has been pernicious, inasmuch as it has prevented operations in the world's markets to secure supplies for Australia at an early stage when prices were comparatively low. This criticism is directed more particularly against the manner in which the arrangements were conducted in Victoria, where there was a considerable shortage in the wheat supply. The wiser policy would have been for the Commonwealth Government to have immediately stopped all export of wheat* and for the State Government to have promptly imported wheat themselves, instead of arbitrarily fixing the price at a time when the world's price was rising, thus effectually stopping the grain merchants from importing. The result has been that the State Government had eventually to employ the grain merchants to import for them at an enormous advance.

* It was not until September 8, 1914, that the export of wheat and flour to places other than the British Dominions, except with the consent of the Minister for Trade and Customs, was prohibited by Proclamation by the Governor-General. On September 23 the exemption of the British Dominions was withdrawn.

VI. The Wheat Seizures

IN view of the difference in the prices of wheat fixed in New South Wales, Victoria, and Western Australia, and the absence of intervention in South Australia and Queensland, it is not surprising that serious complications soon arose as to inter-State trade in that commodity. Early in December when the price of wheat in Sydney was 4s. 6d. and in Melbourne 5s. 6d. large quantities of grain passed over the border from New South Wales to Victoria. Mainly for the purpose of putting an end to this export of wheat from New South Wales, the Parliament of that State on December 11 passed a "Wheat Acquisition Act," which provided that by notification in the *Gazette* any wheat might be acquired by the Government. The price to be paid was 5s. per bushel (subject to certain modifications as to freight) with such additional compensations as the Prices Commission might determine. Under this Act all wheat in the State was compulsorily acquired on December 24, the *Gazette* notification expressly exempting "wheat now actually in transit to the States of the Commonwealth of Australia other than New South Wales." The Government of Victoria, being informed that wheat was being taken by rail from that State to the Government of South Australia, directed the Railway Commissioners to stop such transport. In South Australia a shipment of wheat destined for Tasmania was seized by order of the Government and on November 12 the South Australian Grain and Fodder Act was passed. Under this Act a Board was constituted and empowered to acquire any grain and fodder in the State. In its main features this Act was the precursor of the New South Wales Wheat Acquisition Act, and under its provisions the Government has acquired from farmers over 300,000 bushels of wheat. In Western Australia the Grain and Foodstuffs Act became law on January 22, 1915, its

main provisions being identical with those of the Grain and Fodder Act of South Australia. The Board has announced its intention to acquire all non-imported grain in Western Australia, fixing the price of wheat at Perth at 7s. 4d. per bushel. The Western Australian Government also detained wheat destined for South Australia. The object of these Statutes and official Acts was, of course, to preserve all available supplies to each respective State.

In view of the fact that inter-State trade is declared absolutely free under the Commonwealth Constitution, three test cases in which wheat (which was later held to have been the subject of inter-State trade) had been seized by the New South Wales Government were brought before the Inter-State Commission by the Commonwealth. By a majority decision of the Commission the New South Wales Wheat Acquisition Act was declared to be *ultra vires* and therefore invalid. This case is notable as being the first heard by the Inter-State Commission in its judicial capacity as a Court of Record. The finding of the Commission has been suspended in order to permit of an appeal, which is now before the High Court. For the present, therefore, there is no change in the operations of the Wheat Acquisition Board.

VII. Industrial Tribunals in War Time

IN Australia, where Arbitration Courts and Wages Boards play so large a part in the determination of wages, hours of labour, and other conditions of employment, the effect of the war on the deliberations of such industrial tribunals is a matter of general interest and far reaching importance.

In this connection it must be noted that in so far as the duration of awards is concerned there are in force in the different States two distinct types of determination. For example under the law in force in New South Wales, a

determination by an Industrial Board covers a definite period specified in the award, and lapses at the end of that period, thus requiring a further determination at such time in order that a legally enforceable award may be in existence. On the other hand in Victoria a determination by a Wages Board is of indefinite duration and remains in force until repealed or amended by a subsequent determination.

On the outbreak of war, the Chairman of several Industrial Boards in New South Wales expressed the opinion that for a time the consideration of applications for new awards should be deferred. In opposition to this, other Boards held that there should be no break in the continuity of their functions and that applications for new awards should be considered as usual.

This want of uniformity in the attitude of the Boards, led to a ruling by the Judge of the Court of Industrial Arbitration that, in the absence of exceptional circumstances, applications to Boards or the Court for increases in wages should, for the time being, be suspended and that existing awards should accordingly be renewed for a short time. This pronouncement was made by Mr Justice Heydon on November 30, 1914, but was considerably modified if not actually reversed in a ruling given by him on January 25, 1915. In this latter ruling, which came into operation on February 1, 1915, authority was given to the Boards to consider claims for increases, but it was stipulated that in all such cases account should be taken of the existing state of things and the effect of the war upon both the industry itself and the community. By adopting this course the Judge thought that the same result (viz., no increase in wages) might perhaps be brought about as under his former pronouncement, but that the new manner of attaining that result could be less open to the imputation of unfairness which had been brought against his original ruling.

In addition to the question of whether applications for new awards should be entertained, that of higher rates of pay for broken time came under consideration, and in several

instances, with the consent of both parties, Industrial Boards have suspended the operation of the clauses of existing awards relating to the payment of increased rates to casual or regular employees working less than full time.

On the day on which news of the Declaration of War between England and Germany reached Australia, August 5, 1914, a request was made to the Premier of Victoria by certain firms working under the Determination of Wages Boards that during the course of the war the Ministry should order the suspension of such determinations. In reply the Premier stated that the Cabinet could not for a moment take into consideration such a proposal. He suggested that, if any slackness in trade occurred and the employers found that they could not work six days a week they should work five or four as they were perfectly entitled to do under the Factories Act.

On August 27, 1914, in his capacity as Minister for Labour, the Premier of Victoria suggested that, during the present crisis, Wages Boards should refrain from meeting except for the purpose of amending such literal errors in their determinations as practical working experience had shown to exist. This, it was stated, was not intended to prevent existing Boards which had not made a determination from doing so, but meant that where determinations were in existence the Minister would decline to sanction their amendment, except as indicated above. It was further stated that no new Boards were being created in Victoria, and that as far as lay in his power the Minister for Labour would hold things in abeyance.

On the question of higher rates of pay for broken time an amending Factories Act passed in Victoria early in November last provides that the higher rates for casual work do not apply if the employee works in any week for more than half time.

In Queensland the industrial position which is controlled by the Industrial Peace Act, 1912, has some interesting features. In a review of the situation, the Judge of the

Industrial Court stated that in callings for which there was no Industrial Board in existence the majority of the employers and employees in such calling in any locality could enter into an industrial agreement and have it sanctioned by the Court, the agreement being thereupon deemed to be an award of the Court for all purposes of the Act.

Where, however, there is an Industrial Board in existence, a compulsory conference must be called and the power of the Court is limited to instances where an industrial dispute either exists or is threatened. Under these circumstances it was pointed out by the Judge that two courses were open under the provisions of the Act, to a majority of employers and employees desirous of amending an award:

1. To apply to the Governor-in-Council to suspend and appeal against the award with a view to the proposed amendment.
2. To apply to the Court themselves for an extension of time for appealing against the award, and if this be granted to apply to have the award varied as desired.

In an appeal for variation which came before the Court in accordance with the first of the above alternatives a provision was made in the award authorizing proportionate payment for broken time, and the mode of procedure followed was commended by the Judge as the desirable method of meeting the situation. He stated that in all such cases during the war the Crown should appear as appellant, since it had access to complete information and was interested in securing the general welfare of the community.

In South Australia and Tasmania proposals were made to suspend existing determinations of Wages Boards, but no action was taken in this direction. During the last three months of 1914, however, no new determination was made by any Wages Board in either State.

In the case of Western Australia several matters of importance in this respect have arisen. One of these is an

arrangement in the brewing trade at Kalgoorlie that, in the event of a general disruption of trade through the war, the existing industrial agreement should be varied by mutual consent of both parties so as to keep as many men as possible employed. Similar arrangements have been made in other industries, including the timber trade and railways.

In the Commonwealth Conciliation and Arbitration Court an appeal for a variation of the weekly wage provided in the Felt Hatters' Award was refused on the ground that it had not been shown that the industry had been materially affected by the war in the direction of reducing the value of the work of the employees.

To sum up it may be said that the attitude, since the outbreak of war, of the industrial tribunals of Australia, has been that—

(i) Of maintaining as far as possible the *status quo* in matters generally.

(ii) Of moving slowly in regard to new determinations.

(iii) Of relieving restrictions where existing in respect of broken time, so as to enable short time for all hands to be substituted for reduction of hands.

Australia. March, 1915.

The South African article arrived too late for inclusion in the current issue of THE ROUND TABLE.

NEW ZEALAND

I. The Political Crisis

OUR political crisis after lasting for three months is still undecided. As mentioned in the March Round Table, the results provisionally declared on the evening of the General Election (December 10) indicated a tie; but after some surprising fluctuations the outcome of the official scrutinies and recounts which were held during the succeeding fortnight was to give the Massey Government a majority of 2, the figures being:—Government 41, Liberals 32, Labour 7. Though these figures would only leave the Government a majority of one after the election of a speaker, they were generally considered, in view of the overshadowing of all domestic issues by those of the war and the universal repugnance to a second General Election, to justify Mr Massey in holding on till the ordinary meeting of Parliament in June. Unfortunately, however, for the Government, their supporter, Mr Statham, who had recaptured the Dunedin Central Seat from a Labour candidate on the recount, refused to retain the seat on the chivalrous ground that it had come to him through an official blunder which had invalidated a number of his opponent's votes. The by-election thus necessitated prolonged the uncertainty till January 25, when Mr Statham's victory saved the Government from the embarrassment of a tie. By this time, however, no less than four Election Petitions had been lodged, two by each party. One of these was aimed at a Maori, who, though not the official Government candidate at the

election, is classed, none too confidently, as a Government supporter; but the attack has failed. In the other three cases some knotty law points are involved which have been reserved for the Court of Appeal. The result at the time of writing (March 20) is still undetermined.

Whatever may be the result of these petitions, some greater change than they are at all likely to produce will be needed to give either Government or Opposition a working majority. The law's delays have allowed time for the cooling of election passions and for the consideration by the combatants of the special call which a unique situation makes upon their patriotism; but there is unfortunately little evidence that the politicians have profited by the breathing space thus provided. The public is practically unanimous in objecting to a dissolution. In the 33 years which have passed since the dissolution of the Parliament which passed the Triennial Parliaments Act an extraordinary dissolution has been unknown; and it is difficult to believe that the rule is to be varied at a time when the ordeal of the Empire would render such a course not merely an inconvenience but a calamity. The politicians are at one with the public in deploring a dissolution, and in approving the general idea of a co-operation between the parties by which the necessity would be avoided. But how this is to be effected nobody has yet been able to suggest, and among the politicians themselves there is a general incredulity as to the possibility of the solution which they admit to be desirable.

The dividing lines between the Reform Party and the Liberals as revealed in their election programmes and their election speeches were far from clear-cut. The land question, which was a great source of strength to the Reformers at the General Election of 1911, has spent its force. The Liberals, who were then divided in their opposition to the proposal for a wide and retrospective extension of the Crown tenants' right of purchasing the freehold, have accepted the legislation of the late Parliament on the subject

as an accomplished fact which cannot be re-opened. The only important measure of the Government which the Liberals desire to repeal is the Act that places a large part of the Public Service under the control of a Commissioner who is responsible to Parliament but not to the Government. On the other hand, the Reformers have not attacked any of the capital measures of the Liberal regime but have on the contrary in many cases extended their scope. With regard to the future the programmes of both parties have much to say, but nothing that amounts to very much. They differ in regard to naval policy—a matter which is unfortunately of much less interest to the rank and file on both sides than to the leaders—but the issues which separate the parties and impart bitterness and heat to their differences are mainly of an administrative and personal character. There are no such fundamental differences of principle as would justify the Reform Party or the Liberals in continuing their quarrels in the presence of a national danger which was felt to be imminent.

It may indeed be said that the differences in principle between the Reformers and the Liberals are trivial in comparison with those which distinguish the latter from the Labour Party. Thoroughgoing Socialism is the creed of both sections of the Labour Party, and two of their seven representatives in the House belong to the revolutionary section which in politics is known as the Social Democratic Party, and on its industrial side as the Federation of Labour.

There was a very close co-operation between Labour and Liberalism at the General Election. The arrangement was inspired on the part of the Liberals by exactly the same motives as the support given by the Reform Party to Socialist candidates in two or three constituencies in 1911. In each case deep-rooted differences of principle were ignored by a party whose immediate object was to get its chief opponents out of office. But the revival of the old Liberal-Labour alliance after the Federation of Labour had involved the country in a lawless and perilous strike was a

circumstance of which the Reformers, undeterred by their own previous lapses from virtue, did not fail to take the fullest possible advantage. The severity of their denunciation of these tactics, the bitterness of the resentment thus aroused, and the complete dependence of the Liberals upon the Labour vote, if they were to have any chance of success, have greatly augmented the difficulties of the co-operative settlement to which the country looks for an escape from the present deadlock. Had the Labour Party maintained its independence as it had done in the preceding Parliament, a Liberal-Reform understanding would have been a much simpler matter, but that single experiment in isolation has induced the Labour Party to revert to the arrangement which prevailed under Ballance and Seddon. An Opposition caucus held within a fortnight after the General Election was attended by all the Labour members, elected Sir Joseph Ward as leader, and gave him a free hand. The Opposition will thus be a much stronger fighting force than in the late Parliament, but for the purposes of co-operation with the Reform Party Sir Joseph Ward will find it far less tractable than if the Liberals had stood alone.

II. " Business as Usual "

MR ANDREW FISHER, the Prime Minister of the Commonwealth, who paid us a visit in January and made an excellent impression, referred in one of his speeches to the wonderful fact that, though the greatest war known to history was raging, its ravages were practically unknown on this side of the world. Not only has New Zealand, like Australia, escaped the ravages of the war, but to an even greater extent than Australia she has escaped its inconveniences. In August and September, when patriotic enthusiasm was at its height, there was also a considerable dislocation of business, for the enthusiasm of those days

was accompanied by a natural apprehension as to what was coming next. The result was an "economy panic" which was gradually dissipated by returning confidence as the Allies' retreat from Mons was followed by the Germans' retreat from Paris. Business resumed its ordinary channels to a very large extent, and has been steadily improving ever since. One reason for the steady improvement is that the war has been a boon to the staple industries which are the pillars of the country's prosperity. The total or partial closing of rival sources of supply has brought to our farmers and runholders prices for their wool, mutton, butter and cheese which have gladdened their hearts. The year 1914 was a "record" year for our exports of produce, with a total, excluding specie, of £25,984,717, and the increase of £3,406,827 over the previous year was mainly the result of higher prices.

Some indirect benefit from these big profits necessarily reaches the towns, but urban industry has received no corresponding stimulus of a direct character from the war, except for the share that it has had in the provisioning and equipment of the troops and their transports. The town-dweller has on the contrary suffered from the same rise in prices which has benefited the countryman, and he has also had to bear the principal share of the inconveniences arising from the retrenchment of the well-to-do in their expenditure on luxuries, the indisposition of many investors to tie up their money for long periods, and the consequent shrinkage of industry and enterprise. "Nothing less than a universal rise in wages of 20 to 25 per cent would give the workers anything like justice," said a Wellington Labour leader on March 12. "The workers should insist on getting their share of the high prices which were doubling the income of the producers, merchants and shipping companies." The Arbitration Court which practically declared for the *status quo ante bellum* in a ruling given on August 6 has now been asked by some of the Labour Unions to reverse this decision and allow matters to be re-opened, on the ground

that the rise in prices has reduced the purchasing power of wages by at least 2s. 6d. in the £.

The one essential article of which the rise in price has been most serious is wheat. New Zealand has long since ceased to export wheat on any considerable scale, but since the war she has had the novel experience of importing it. Under the Regulation of Trade and Commerce Act of last session the Government, with the help of a Royal Commission, has from time to time endeavoured to fix maximum prices for both wheat and flour, but the results have not been satisfactory, and with the local harvest in sight, and on the ground that the farmers should not be deprived of their legitimate profits, the effort was formally abandoned on February 8. The enterprise of the Government in purchasing supplies of wheat in Australia and Canada totalling about 1,585,000 bushels is generally recognized as having been more effective in checking the tendency of wheat to touch extravagant prices. Nevertheless the price of bread has steadily risen, and the price of the four-pound loaf stands at 10d. to-day as against 7d. before the war. The prices of meat and other necessaries have also risen seriously, though to a much smaller extent; and the estimate of 8½ per cent submitted to the Arbitration Court by a Labour advocate as representing the increase of the cost of living during the first five months of the war does not appear to be more than 1½ per cent in excess of the fact.

From the standpoint of the retail trader the least satisfactory report on business conditions since the first few weeks of the war has come from Auckland, which for some years has led the Dominion in the rapidity of its progress. The result of inquiries made by the *Auckland Star* which was published on March 12 was to show a general decline of business in the Northern city. The salient points have been summarized as follows:—

> Drapers state that their experience is a satisfactory one, but their customers are buying a cheaper article than hitherto and

more of them. Hotelkeepers state that a decided falling off has occurred in the amount of liquor consumed. One of the reasons they think is that so many wage-earners have left for the front, and another is that numbers of men have caught the spirit of economy. "It means," said one, "that the people are more careful and prudent than they were before. I don't think that it is because the spending power of the community is necessarily less. The cost of living is certainly a little greater, but wages have not decreased." The hotelkeepers agree that the falling off in trade is more pronounced with regard to spirits than to beer, which is less expensive. According to a wholesale tobacconist, the tobacconists have also experienced a falling off in business, more especially in respect of fancy lines. Retailers state that in any but "bread and butter" lines, business is considerably below normal.

Wellington has had a more fortunate experience. Of the wholesale trade and financial conditions Mr Harold Beauchamp, as Chairman of Directors of the Bank of New Zealand and director of a large mercantile house in Wellington, can speak with authority, and his testimony is as follows:—

Trade may be said to be in a healthy condition. There has been an improved demand for all standard lines, and no falling-off in purchases. After all, these conditions are only to be expected so far as Wellington province is concerned and New Zealand generally, having regard to the splendid prices which are being realized for all descriptions of produce. There is no disposition on the part of the people to purchase goods of inferior quality. Just at present, owing to congestion at the docks in London, brought about by the shortage of labour through enlistment of employees, there is a difficulty in respect of shipments. If it were not for this we might expect to see great improvements with respect to goods manufactured in the United Kingdom, since we are unable to obtain any merchandise from enemy countries....

Further, having regard to the considerable falling off which has taken place in the value of our imports and the great increase in the value of exports, there will in the next few months be a very wide margin between these two sets of figures, the result of which will be a further financial ease in New Zealand. On the whole, I think, the public may regard the situation as being quite hopeful.

The retailers of Wellington tell much the same story, as

the following representative opinions taken from the *Evening Post* of March 15 will show:—

> Drapers in a big way of business said they had little to complain of, and one dealer who does a big volume of trade with the working class said his business was, if anything, better. The people were asking for lines of good quality, and were even buying what might be regarded as luxury lines. At one time there was a little falling-off in trade, due solely to delay in obtaining new shipments of goods. "The people who could afford to buy," said another, "are the only ones inclined to keep their purse-strings tight. At first there was a slump in business, but that has gradually diminished, and now things are just about normal. There is no extravagance, but people are still buying our best quality goods."
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> The same gentleman spoke of slowness of trade in the furnishing department, the people being inclined to make a carpet last a little longer and keep the money for a new sideboard till they knew whether it would be required for other purposes. On the other hand, one furniture manufacturer complained that he could not get his orders out quickly enough.
>
> The manager of a jewellery and silversmiths' establishment said that the Christmas trade has not been quite so good as usual; but the sales now were very encouraging. The trade went down with a bump in August and September, but had recovered since. There might be bad business later, but it would not be a panic.

So different is Wellington's experience from that of Auckland that the Wellington business man believes that Auckland's depression is due to the reaction following a land boom rather than to the war. Wellington made the acquaintance of a "slump" of this kind about six years ago, and it may be that Auckland is faced with the same bitter experience to aggravate the effects of the war.

III. The Imperial Conference

EVEN if there had been no other objections the deadlock alone would probably have prevented the Dominion from supporting the proposal for holding the Imperial Conference at the usual date. Had the Conference been

summoned, it is indeed difficult to see how under existing conditions we could have been represented. When the absence of a single man might deprive a Government of its majority, it could hardly be expected to send its leader and his first lieutenant away for four or five months. If the Prime Minister could have paired with the Leader of the Opposition and taken him as a co-delegate to the Conference the position would perhaps have been different. The unstable equilibrium of our politics might then have established a valuable precedent for the improvement of the Constitution of the Imperial Conference. Both the representative and the educative value of the Conference would be greatly increased by the inclusion of Oppositions as well as Governments. In two of the Dominions the party that was in power four years ago is in Opposition to-day; in a third a double change has put it out of power and in again. Thus in two Dominions the personal connection of their Ministers with the Imperial Conference has been completely severed, and in a third it was temporarily severed but restored. Such breaches are inevitable, even in those countries where the Parliamentary term is not shorter than the interval between one Imperial Conference and the next, but there would be a much better guarantee of continuity if Oppositions were represented on the Conference. The voting power would still be properly confined to responsible Ministers; but the educative process would be of great value for the delegates who had no official authority and through them for their respective parties. In some cases the opportunity that a Prime Minister would have of consulting his Leader of Opposition while the Conference was proceeding might have a material effect in smoothing the path of a new proposal. Against these advantages there seems to be no more serious set-off than the risk of local party differences occasionally intruding to trouble the air of an Imperial Conference. And the general effect of broadening the basis of representation from parties to nations must be to strengthen the authority of the Conference and enlarge its

usefulness. In 1909 when preparations were being made for New Zealand's representation at the Defence Conference the suggestion was made that Mr Massey as Leader of the Opposition should accompany Sir Joseph Ward, and it was understood that the Ward Government would have given Mr Massey an invitation if assured that he would accept it. Whether Mr Massey or Sir Joseph is in office when the summons to the next Imperial Conference arrives, it is to be hoped that he will see that the other is given the chance of going too. Under present conditions the call to unity that comes from the war and the need for forbearance that is dictated by the close balance of parties would facilitate a course which, if its results were satisfactory, might become of general observance.

An unfortunate result of the party deadlock is that, though individually the politicians share the determination of the people to see the war through and to take a fair share in its responsibilities, there has been a lack of the vigorous initiative needed to realize this aspiration. No attempt at all has been made to estimate the resources of the Dominion relatively to those of the United Kingdom or the Empire and to provide men and money to match the estimate. Yet how otherwise is our fair share in the responsibilities to be assessed and undertaken? It is in a much less scientific style that we have gone to work—a haphazard and hand-to-mouth fashion worthier of the impulsive and piecemeal methods by which the Empire has been built up and governed than of our own desire for an equitable participation in the burdens of the war. There has been no refusal or reluctance on the part of the people to do whatever has been asked of them. It is the requests that have fallen short, and the absence of any reasonable standard of measurement is one cause of the shortage. The number of men provisionally fixed for our Expeditionary Force as the result of the discussion between Mr James Allen, our Minister of Defence, and the Imperial authorities at the beginning of 1913 was 8,000. In the first six months of the war we had provided

about double that number, but of these only the 1,300 men sent to Samoa and a brigade of artillery and a battery of howitzers dispatched with the main force were really in excess of the 8,000 limit. The others represented the reinforcements required to keep the two forces at their full strength. The original estimate was that 25 per cent of the main force should be dispatched every two months, but that figure has now been reduced to 15 per cent or 1,800 men. The last two contingents of reinforcements have proceeded on this basis. It is plainly unreasonable to assume that compliance with the standard fixed in time of peace, when the Expeditionary Force allocated to the United Kingdom must have been about 160,000 men, is an adequate discharge of our duty when the Empire is engaged in a life-and death struggle which has already increased Britain's contribution to 3,000,000 men. Yet this is practically what our Government are doing. They tell us that we have found the 8,000 men nominated in the bond and even a thousand or two more, and we are left to infer that we are eminently profitable servants having done all, and perhaps more than all, that our duty demands.

At the outset of the war New Zealand's contribution of 10,000 men was a very creditable one, representing as it did the equivalent of 450,000 men for the United Kingdom, 70,000 for Canada and 50,000 for the Commonwealth; and the ease with which the result was achieved fully justified the foresight of Mr Allen in organizing the Expeditionary Force in the face of much wild criticism two years ago. But our quota has remained stationary while the others have advanced, so that even measured by the standard of what others are doing we are falling behind. What is wanted is that somebody who can speak with authority should say exactly how many men the Empire needs within say the next six, twelve and eighteen months, and that each of the Governments concerned should undertake its fair share of the burden. An Imperial Conference acting in concert with the Imperial Defence Committee would not have taken long

to settle the quotas, and there is not a Dominion that would not have eagerly responded to the call. But New Zealand at any rate is resting for the present upon an obsolete schedule and waiting for a call from the Imperial Government which may never come.

The present constitution of the Empire, however, no less than its past history makes it better that the Dominions should offer than that the Mother Country should ask for help in such a case. It is not really the Mother Country that needs help but the Empire, of which the daughter States are just as much a part as she. It is not mere sentiment that has brought them into the field. The appeal to the sentiment of the Dominions has been fortified by a clear recognition of the fact that their fate is staked upon the issue just as completely as that of Great Britain, and that for them as for her the struggle is a matter of life and death. A sense of gratitude is really therefore as much out of place on her side as a sense of merit on theirs, but in both cases the feeling is natural since practically the whole burden of the common defence has hitherto fallen upon the shoulders of Great Britain. The action that the Dominions have now taken is the final proof that they have passed from tutelage to partnership, but the footing of partners demands the equitable apportionment of burdens to benefits, and this has not yet been attained. The colossal sacrifices that the United Kingdom is making in the common cause should be a sufficient call to the Dominions to play the man and take their full share. Measured by this standard New Zealand's performance makes but a poor showing.

According to Mr Asquith's statement to the House of Commons on March 1 the British Government is spending £1,500,000 a day on the Army and £400,000 a day on the Navy. This represents an annual total of nearly £700,000,000 or about £15 10s. per head per annum. As against this Mr Massey's estimate in November of our War expenditure was £2,000,000 a year, but in March he tells us that the rate has increased to £3,600,000 a year. The present rate

is thus about £3 10s. per head for New Zealand as compared with £15 10s. per head for the United Kingdom. On the British scale we should be expending £40,000 a day on the war; our actual outlay is less than £10,000 a day. And while the British people have submitted to such drastic measures as the doubling of the income tax our own Ministers have not only allowed the first six months of the war to pass without any extra taxation, but even assured us that no extra taxation will be necessary. The imminence of the General Election afforded some excuse for the reluctance of the Government to invite the country to face the facts last year, but the suggestion that we would provide an additional £2,000,000 a year for unproductive expenditure at a time of financial stringency and falling revenue without extra taxation was not worthy of the reputation of the Government for prudent and sound finance. On March 2, however, Mr Allen warned us that a surplus was not to be expected and that a War Tax would be necessary. He gave no indication of the form that the new taxation was likely to take, and the settlement of the question will give party feeling an excellent opportunity for making mischief. In the towns the imposition of a duty on exports finds considerable favour. While the consumer, as already explained, is suffering from a general rise in prices, which was estimated at 6·9 per cent up for the first six months of the war, the producers are profiting from the same cause to an unprecedented extent. The town-dweller who suffers from dear food and tight money is looking with envious eyes on the big prices that the countryman is getting, and he favours a duty on exports as a means of reducing the inequality as well as a convenient source of revenue. There is obviously a good opening here for strife between town and country, and class may also be set against class if the opposition adopts from its left wing the idea that taxation of this kind should be a monopoly of the rich.

The war produced a temporary suspension of party hostilities only to let them loose again with something worse

than their previous violence when the first few weeks of scare were past, and it provides us now with no guarantee against the intrusion of party and class passions into the adjustment of the finances of the war.

It would of course be pedantic to suggest that, because Britain has increased her expenditure by 350 per cent and doubled her income tax, we should do the same. It is even possible that good reasons may be given why we should not send as many men to the front in proportion to our population as she has done. So far the only reason suggested is that it is of more importance to the Empire that we should keep up our supplies of meat and wool and dairy produce than that we should find what on the scale of the warfare in Europe would be but a few more men. The export figures already quoted indicate that there is no risk of a decline in the agricultural and pastoral industries which are at all times the mainstay of the country; but if these were likely to suffer, it would be a simple matter to discriminate in the future selection of recruits and to get them from other sources. Hitherto the Defence Department has got all the men that it has needed with a minimum of organized effort. The need for more men has only to be plainly put in order to evoke a response worthy of our place in the Imperial partnership and of the intense patriotism of our people. What is wanted is less talk about the last shilling and the last man and a more determined effort to make the immediate provision that will prevent the necessity of translating this heroic talk into action.

(P.S.) Since this article was written the Prime Minister has made a statement which goes far towards putting his Government and the Dominion right with the Empire. Addressing the New Zealand Club at Wellington on March 18 Mr Massey referred to the Dominion's war expenditure as amounting to £300,000 a month and as certain to increase, and proceeded as follows:—

> "We have to face it. I don't think it's too much. I doubt if we are doing enough. Personally, I would like

to do more, and if the Imperial authorities would indicate some direction in which we can do more, I am quite sure the Government and the people of New Zealand would be glad to accede to the request."

Though a definite offer of something more would have been better still, this frank acknowledgment that we are not doing enough is very welcome.

The Prime Minister's failure to take the obvious and easy course of offering more men has been interpreted to mean that men without equipment are useless. Here as in the Mother Country equipment is already a much more difficult problem than personnel. But as the War Office is still asking for more men and recognizes the difficulty of filling their places in peaceful industry as a serious one, why should not New Zealand forward by passenger steamers volunteers for whom she cannot herself provide to be trained and equipped at Home? This, however, is a matter for argument and conjecture. What is certain is that in placing our resources at the disposal of the Imperial authorities Mr Massey has taken a course of which the patriotism of the Dominion approves, and delicacy should no longer restrain them from making the suggestions which he invites.*

New Zealand. March, 1915.

* On April 17 Mr Massey said that the War Office had accepted another offer of the New Zealand Government. This was additional to the reinforcements required to maintain all the forces at full strength.

NATIONAL DUTY IN WAR

I. The Root of Discontent

THE events of the past three months make it unnecessary to demonstrate further how great is the effort which lies before us, if liberty is to be saved in Europe. Now that Russia has been forced to evacuate not only Galicia, but Poland, every citizen of the Empire must be able to see for himself that the war is likely to be a very long business indeed, and that the cause of Liberty will triumph only if we put forth our whole strength. Germany has produced no Napoleon. But in the forty years that her General Staff has spent in working out the theory of the conquest of Europe she has created a military system and a national organization unequalled by those of any of the Allies. By comparison we are all somewhat amateur. It will, therefore, be by our endurance, our courage and our numbers rather than by any superiority in generalship that we must reckon to win the war.

Till recently nobody fully realized these facts. In consequence as a nation and as an Empire we have so far failed to approach the problem of organization for war in the spirit of absolute subordination of the conditions and controversies of peace to the supreme necessities of war. It is this failure which is the root cause of the dissatisfaction and unrest which have manifested themselves in the body politic in the last few months. In one sense we have nothing to be ashamed of. The spirit and bravery of the individual have been beyond all praise. The figures for voluntary enlistment, the endurance and courage of officers and men by

land and sea, the long hours spent by workers, male and female, in factory and workshop producing munitions of war, are an answer, final and conclusive, to the charge of degeneration in the national stock. Nor have our actual performances in the field fallen short of what either we ourselves or our Allies had good reason to expect. It would probably have been impossible by any other method to have produced a larger army, better trained and better equipped, and of better material, in so short a time. The task of the fleet has been discharged with such silent efficiency that people are inclined to forget that it may yet be the most decisive achievement of the whole war. Yet there has been some national failure of method or purpose in the war, though it is difficult to see exactly where it lies. It cannot be ascribed to delay in achieving military success, or to a shortage of munitions. Both of these might have induced disappointment, but not the uneasy conscience which afflicts us to-day.

The general nature of the trouble is well indicated in a letter written from the trenches in Gallipoli and received a few weeks ago

"I write to voice that which I think many of us are feeling now, and more will be before we get much nearer the end of these times, and that is the wonder whether there are to be found anywhere the men who will at last rise to the required greatness and take hold of our poor blind-eyed country and lead it, when its eyes are opened at last. I think many regard, as I do, this change of government as a pity, while fully recognising that it was necessitated by our system. What we want is not a change of government, but a change of system, and this last move smacks very strongly of an attempt to pour the new wine, which is already running (for those who have the eyes to see it) from this great treading of the wine press, into the old skins, and they patched at that. Out here our view, both physically and mentally, is apt to be bounded by the sea and the summit of Achi Baba, but we do not altogether forget there is something beyond. If there is any possible influence which could be exerted to show the nation at last what it is really fighting for, there might be more hope of a near end, and at least something would be done. If the nation could only realize that it is not fighting so much against German militarism, or for Belgium, or for anything else, but just

against itself, against all that which has kept us where we are, instead of the living Empire we ought to be, there would be more hope. Unless we first cast the beam out of our own eye it is no use shrieking at the size of the mote in the eye of another nation, and until we do it all our struggles and the heavy price of manhood we are paying will really be as vain as they sometimes appear. Our light at present is a peculiarly thick darkness, and great because so few seem to know that it is darkness and has been darkness even when we thought it light."

We propose to consider this diagnosis in two parts. First, as it concerns our conduct of the war, and second as it concerns our national mode of life. In substance the criticism of our conduct of the war amounts to this, that as a nation we have not yet risen to the full level of our duty in this supreme crisis of the world, that we have spent much time in abusing the sins of Germany, while we have dealt lightly with our own, that we have criticised our own Government unmercifully, and have changed it, but that we have not yet begun to make the sacrifices and incur the discipline that are necessary if we are to support our own brothers and our Allies at the front to the utmost of our power. That individuals, and an immense multitude of them, have sacrificed their all, but that as a community we have not pulled ourselves together, nor abandoned absolutely the shibboleths of peace, nor accomplished fully the three things which really matter in war: the organization and disciplining of the whole population for the purpose of the war, the absolute suspension of every hindrance, however dear to capital or labour, which impedes the work of national supply, the husbanding of the resources of the nation by a rigid enforcement of public and private economy. That people are still left to serve only if they choose and when they choose, that industrial service is rendered by many employers only if they are handsomely paid for it, that trade union regulations restrictive of output are still enforced, that strikes occur, and that, throughout, money is squandered lavishly as if nobody could be expected to do his duty without being paid for it,

and paid extravagantly at that. In consequence that, while one section of the nation is enduring hardships and making sacrifices greater than any in English history for the sake of their fellows, the rest are still living at their ease, seeking pleasure and enjoyment as usual, and wasting resources which are vital if we are to make certain of victory for our cause.

It is easy to lose sight of the immense amount of hard and efficient labour which is being put forth amid the confusion and turmoil incidental to the sudden transformation of the industrial, social and political life of a democratic and unwarlike State. When all has been said and done our effort has been prodigious considering our unpreparedness for war. But still in this charge there is fundamental truth. We are now fighting the war with only half our national strength. One half of the nation, and that the smaller half, are submitting themselves to discipline and to separation from relatives and friends, are suffering untold hardship, pain, and, in great numbers, are giving up their lives for their friends, while the other half are making no equivalent contribution to the common cause. That is broadly true and, inasmuch as it is true, it must be changed. We owe it to ourselves, to our brothers at the front, and to our Allies to put our whole national strength into this war. What does this involve ?

II. Service for All

THE first and most obvious step is to introduce a new spirit into the conduct of public affairs. In ordinary times the real ruler of the country is public opinion, slowly evolved under the ceaseless hammer of political controversy, and slowly passed into law through the ponderous machinery of Parliament. The Government of the day is composed of party leaders primarily concerned to carry

into effect a certain programme of reform, and the people obey them because they are part of the constitutional machinery rather than because they command any authority in themselves. War introduces us to a new world. Speed and efficiency, secrecy and the withholding of information useful to the enemy, are essential to success. Public opinion is, therefore, dethroned, for it has neither time nor material with which to formulate sound judgments. This imposes upon both Government and people a totally new set of responsibilities. It requires of the Government a new quality of leadership, and of the people a new kind of loyalty and obedience.

The Government for the time being is in the position of dictator. It alone has full knowledge. It is freed from criticism of the usual destructive and embarrassing kind. Unless it takes upon itself to act on its own initiative, unless it proposes, regardless of popularity or outcry, any and every measure which it may consider necessary to win the war, unless it insists on prompt and complete obedience to the national law, it is failing to discharge the functions of a national executive. In time of war the primary duty of the Government is to govern, and this is a responsibility which it can neither escape nor share.

But if the Government is to act as it should the people on their side must give it loyalty and obedience, and that means that they must voluntarily put themselves under orders till the end of the war. No body of men can co-operate for a common purpose if each one is free to work or not as he chooses, and to choose what work he should do. They must elect an executive committee and give it the power to allot the work between all according to a single plan of action and according to their several capacities. Each must then do his appointed task faithfully and punctually. Only so can a machine be made to work, whether it be human or of steel. Only so can an army manœuvre so as to defeat its enemy. And only so can a nation make war to the utmost of its capacity. If it means business in the war it must,

freely and of its own accord, submit itself to the irksome restraints of national discipline. Mr Lloyd George, speaking on July 29th, enunciated this principle with great clearness :—

We have [he said] but one question to ask ourselves—we of all ranks, of all grades, and all trades. Are we doing enough to secure victory, because victory means life for our country ? It means the fate of freedom for ages to come. There is no price which is too great for us to pay that is within our power. There is too much disposition to cling to the amenities of peace. Business as usual, enjoyment as usual, fashions, lockouts, strikes, ca' canny, sprees—all as usual. Wages must go up, profits must also improve, but prices must at all costs be kept down. You will forgive me, I am sure, for speaking quite plainly. No man must be called upon to serve the State unless he wants to ; even then he has only to be called upon to do exactly what he would like to do—not what he is fit for, not what he is chosen for, but what he himself would like to do. A man who could render more service by turning out munitions must be allowed to go to the front if he prefers to, and the man who would be better at the front must be allowed to stay at home if he feels more comfortable there. Freedom, after all, implies the right to shirk. Freedom implies the right for you to enjoy and for others to defend. Is that freedom ?

War is like a fever, a deadly fever in your veins, and the rules which are applicable in health are utterly unsuited to a fever. Restraints which would be irksome, stupid and unnecessary when a man is healthy are essential to save his life in a fever. What is the use of the patient saying : " I must have meat as usual, drink as usual, in fact more than usual, because I am thirstier than usual. I have a high temperature, so I am more parched than usual; there is a greater strain on my strength, so I really ought to have more than usual. If I want to go out, why should I be confined to that little bed ? Freedom above all." " But you will die." " Ah!" he says, " it is more glorious to die a free man than to live in bondage." Let Britain be beaten and discredited and dishonoured, but let no man say that any Briton during the war was ever forced to do anything for his country except that which was pleasing in his own sight. Ah ! Victory is not on that road.

If we are to exert our full national strength in the war, we must decide to act much more as if we were an army than as if we were free and independent citizens obedient

as in peace only to a law of our own choosing. Both Government and people must learn something of the spirit of the Army itself, where the leaders recognize that they, and they alone, are responsible for policy, and issue orders knowing that they will be obeyed, and the rank and file realise that they cannot stop to discuss the wisdom or otherwise of particular instructions, but that they must obey them promptly, however dangerous or exacting they may be. In this war the larger half of the army is in the mines, the workshops, and the fields at home. If the national effort is to be successful as a whole, it will be because our leaders are resolute and strong and because every section of the people, at home or in the field, carries out that fraction of service which falls to its lot with loyalty and determination to the end.

III. Military Service

THIS raises at once the contentious subject of military service. In order to mobilize the whole available manhood of the country for military purposes, should we resort to compulsory methods of enlistment? To this question there can only be one answer. Whether or not it is required the Government, which knows the facts and the need, alone can decide. But if it judges such a measure necessary, then we have no option but to give it the powers it asks. The function of the community in the matter is not to force the hand of the Government one way or the other, but to make it understand that it is willing to accept any method of enlistment for military service which it considers necessary to win the war.

There has, in the past, been much misunderstanding about national military service of this kind. On the one hand it has been treated as though it involved the permanent introduction of Continental conscription. The measure

which may be necessary in order to complete the mobilization of a national army, by far the greater part of which is already voluntarily enlisted, ought not, and indeed cannot, have anything to do with military organization after the war. That is an entirely separate question, and it is one which will be determined not by any Acts we may pass now, but by our success or failure in the war itself. The one thing which would make conscription certain would be the triumph of the Prussian ideals of force and war.

On the other hand, compulsory service has been objected to on the ground that it is inconsistent with the free principles of the British Constitution won in long centuries of struggle. This objection is based on a misapprehension. It implies that what is proposed is that an arbitrary Government should begin to coerce an unwilling people by force. That is impossible in a democratic country. No Government could survive, even in war, which proposed to undo in any way the constitutional work of the last two hundred years and put power back permanently into autocratic hands. National military service involves an act of a totally different kind. It is one which only the people themselves can enact. It can be brought into force only if the people declare by a deliberate Act of Parliament that, as a nation, they authorize the Government to take the necessary steps.

Such a measure, however, though voluntarily accepted by the nation, and imposed by popular consent, does involve two things. It ends temporarily the voluntary system, so far as military service is concerned, and with it the fundamental merit of the system, that it places the responsibility for judging where his duty lies, and for doing it, squarely on the individual—a responsibility usually only exercised in national affairs at the ballot box. It also involves a temporary interference with the normal liberty of action of the citizen. But there are times when it is necessary to sacrifice liberty temporarily in order that it may be pre-

served in the long run. Every soldier who has enlisted in this war has sacrificed his personal liberty, and subjected himself to a most irksome discipline, in order that a great cause may be served thereby; and in a national crisis it may be necessary for a whole people to do the same. The state itself is not organized on the voluntary principle. People are not given any option about obeying the ordinary law. The State, liberty, civilization itself, would cease to exist unless the law, representing the common judgment about social relations and social rights and duties, were binding on all. And the State cannot fight a war in which its honour and its very existence are at stake unless its citizens are willing to make military service of the State no longer a matter of individual judgment, but a duty binding by law on any whom the Government may select, directly the Government considers it necessary.

IV. Industrial Service

THE principle that we should act under orders tothe end of the war applies no less to the industrial than the military sphere. It applies to every department of national supply—to the agriculturist, to the transport worker, to the skilled factory hand, to the employer and his machines, to casual labour. The activities of 45,000,000 human beings can be co-ordinated and directed to a single end only through the impalpable cohesion which willing and loyal service gives. Discipline in essence is prompt and exact obedience to orders. And in war-time the nation, if it is to do its work properly, must, no less than the army, put itself under discipline.

But on the industrial plane it cannot be done by law. The Government cannot give orders to every individual as to how he should employ himself to the end of the war.

National service in industry must be introduced primarily by public opinion. The national unity of Germany or France, their efficiency and spirit, their subordination of all questions of person or class to the supreme business of war, is not due to statutes or to fear of punishment, but to a self-imposed national discipline, directed and encouraged by Government, but in its essence of popular origin. And in this country unity and efficiency will only come through national discipline similarly self-imposed. It is not until every worker, every employer, every farmer, resolves to do whatever will serve his country best in this the day of its trial, whatever it may cost, that we shall get efficient organization and inner peace.

This spirit is specially difficult to introduce in the industrial sphere. Unfortunately the war has caught the British Isles at the crisis of the struggle between capital and labour. Industry itself has become a sort of trench warfare in which positions are won or retained only after long and desperate fighting. In consequence, to a large proportion of the population duty to the State has been almost forgotten in the more pressing claims of duty to their class. Suddenly another and more real war has intervened, with an imperative demand on both sides to abandon their strife and bend all their energies to increasing the output of supplies. This they have so far been unable to do. The ill-feeling between employers and labour is not abated ; neither side will make much advance towards compromise, and, in consequence, strikes still occur, and the output of supplies is grievously delayed. In the industrial sphere there is as yet no united front to the foe. It is not the purpose of this article to assess the blame. It is manifestly shared by both sides. And fundamentally the reason is the same. The war is not to be allowed to endanger the positions they occupy on the industrial battle-ground. The rights of property are not to be seriously infringed, the rights of labour are not to be seriously impaired even during the war. Neither side, in fact, is willing to make the sacrifices which must inevitably

be made if they are one and all to do their own full duty in the war.

It is obviously difficult for two armies to suspend their quarrel and to substitute spontaneous and energetic co-operation for competition and suspicion. It is, therefore, the business of the State to lay down the terms of a temporary settlement which, by guaranteeing to each side as far as possible the essentials of their own positions after the war, will justify it in calling upon both to combine to increase the output of munitions to the utmost possible extent till victory is won. The principles of the settlement are not difficult to see. On the one hand, all special war profits, of whatever kind—that is, profits over and above the average of the pre-war rate—must be diverted from private pockets into the coffers of the State, so that every man should feel that if he is working harder, he is working for the State and not for private gain. On the other hand, the right to strike and regulations restricting output must be abandoned, so that the output can be increased to the maximum which efficient organization and hard work can give.

No settlement, however safeguarded, can be expected to restore pre-war conditions when the war is over. The war itself is changing them permanently. The totally new economic world in which we shall soon live will change them still more. With the best will in the world things can never again be as they have been. But even if they could, the risk that both sides will incur of losing something of what they have fought for all these years, by absolutely suspending their own industrial battle for the war, is precisely the sacrifice which they ought to make for the sake of their fellows and their Allies and the cause for which we stand. So long as we look at the problem from the point of view of our own interests we shall never do our duty. Those who have gone to the front have offered their all. It is for those who are left behind to offer no less. It is not until we approach the industrial problem in the spirit that

we will do whatever will most help to win the war, that difficulties will vanish and the straight and narrow road which leads to victory will become plain.

V. Economy

THERE is a third sphere in which we have already to go on national service. Victory in this war will depend not only on men and munitions. It will, as Napoleon found, depend even more on money. We have hardly begun to recognize this truth in practice. We are spending more than the other nations and getting less. In another article the problem of economy is examined in greater detail. Its conclusion amounts to this, that we cannot assume that we shall be able to last out the enemy unless we get far more for our expenditure than we do to-day, and unless we effect ruthless economies in our private expenditure, especially on imported supplies.

The first aspect of the problem is mainly for the Government. They alone can decide where economies can be effected in our public expenditure. Not the smallest cause of waste is the prevailing idea that everybody and every locality has a right to make as much profit as they can out of the tremendous outlay of public money that is now going on. That idea is quite inconsistent with any true principle of national service. If national service were carried into universal effect everybody would serve the country for a living wage according to their own standard of living, till the end of the war. But while any such drastic revolution as that is out of place in the middle of war, some steps can be taken towards it. Large savings, at any rate, can be made at the expense, not of the comforts of the soldier, but of the profits of the stay-at-homes, by a ruthless cutting down of billeting rates and contract prices, and by careful economy of supplies everywhere.

The second aspect of the financial problem is for ourselves. The Government has already declared that drastic personal economy is necessary partly so that the savings effected may be invested in the war loan, partly so that, by reducing the quantity of foreign imports, we may lessen also the bill we have to pay abroad. It is for us now to carry these orders out. If we are all to do our share to help to win the war, we must set about economizing in every possible way ourselves. In this all have a part to play. No economy is too small, whether it be in food, material like petrol and tyres, or luxuries, for it not to affect the balance of trade. And no sum withheld from expenditure on some private pleasure is too small to invest in the national loan. In the aggregate the effect will be immense, and our conduct for the rest of the war may determine whether we are able to last out to an end which is decisive. Months ago the Germans began to work for victory in this way. We have now to make up for lost time by still greater resolution in the task.

Finally, in order to enforce economy, as well as to ease the industrial position, drastic new taxation may be necessary. This may mean—it probably ought to mean—the sweeping of all special war profits over and above the average pre-war rates into the coffers of the state, a tax on wages, a still higher income-tax, and new duties on such articles as tea and tobacco imported from abroad. Of the actual measures necessary and the complementary steps which may be needed to deal with the unemployment drastic economy may cause, the Government must judge. It is for us to accept the burden cheerfully and without complaint.

VI. Imperial Co-operation

THERE is one other matter, only indirectly connected with the main subject of this article, but relating to the practical conduct of the war, to which we must refer.

This war is not merely England's war: it is the Empire's war. The Dominions are not sending troops merely to help the Motherland. They are sending them because they are no less determined than we are to overthrow Prussianism, to liberate Belgium and France, and to secure the future of the British commonwealth as a whole. We sometimes forget that the British commonwealth is one state, and that all its self-governing parts have an equal interest in its fortunes, an equal title to share in its counsels, and an equal responsibility for its welfare. Even though our own constitutional machinery is defective, we must not blind ourselves to the fact that, so far as the issues of peace and war are concerned, the Imperial Government speaks for the Dominions as much as for the British Isles. They cannot shirk that responsibility by pleading the absence of adequate representative machinery—at any rate, if they have not availed themselves of the machinery of consultation which already exists. Nor can the Dominions, if they are to act as really self-governing communities, absolve themselves of their responsibility both for the conduct of the war and for the terms of peace, by pleading that they have no means of controlling Imperial policy if they on their side do not avail themselves of the constitutional machinery which already exists. The British commonwealth is one state comprising five nations. It is at war for its life. No practical man can doubt that the governing nations of which it is composed should keep in the closest touch both over the conduct of the war and the negotiation of peace. No real co-operation is possible by letter or cable. Complete understanding can only be arrived at as the result of personal consultation by responsible men meeting together at the same time round a common table. No such consultation has yet taken place. That in itself shows how little the communities of the Empire have thrown their whole collective strength into the war. If they are ever to do so, such a conference cannot be long delayed.

VII. Liberty and Discipline

THE writer of the letter quoted at the beginning of this article clearly did not refer only to the change of heart and method which was needed if the nation was to exert its whole strength in the war itself. His criticism went deeper. He implied that there has been a sickness of long standing in the body politic which is the root cause of our present-day difficulties, and which must be cured if our national health is to be permanently restored. This diagnosis, in its main contention, it is also manifestly impossible to dispute. The quarrel between capital and labour would not have reached its present bitter intensity, nor should we have drifted to the very edge of the precipice of civil war, if all had been well.

In its essence the disease is a decline in our sense of public duty and of the sanctity of the law. Having overthrown tyranny within our own borders, and extended the power of control over public policy on a wide franchise, we have grasped at the privileges of liberty and forgotten its responsibilities. The doctrine of the liberty of the individual has been preached to the point that he is often held to have the right to disobey any law of which he disapproves. The duty of the citizen to serve the whole of the rest of the community has been overlaid by his loyalty to caste or class. The nature of the state—the foundation of all civilized life—is no longer understood.* It has even been discredited through a shallow association with the Prussian perversion of the idea. In consequence the principle of service, of obedience to the law, which is the basis of the state, which alone can give unity, coherence and well-being to a great community, has grown weak. Hence the state itself is weak and unhealthy through lack of that selfless spirit which is its inspiration and its life.

* See another article on this subject in this issue entitled "The End of War."

The greatest problem of democracy is to combine liberty with self-discipline. An autocratic State gives to its people organization, efficiency and power for any ends it may have in view, but at the terrible price of undermining the sense of responsibility in the community and of converting its members into blind and obedient servants of another's will. All Europe is fighting the evils of the system, where a narrow military and aristocratic caste, inheriting the traditions of Bismarck and Frederick the Great, worshipping dominion and power, regardless of honour, ruthless of human suffering, has organized the inhabitants of two great empires as the means by which they are to seize for themselves supreme power. There can be no peace for us until the attempt of tyranny to establish its power where liberty before has reigned has failed. Democracy suffers from the opposite danger. In its distrust of autocratic power it forgets that corporate discipline and individual service are as necessary to the healthy life of every community of men as liberty itself, and that when it has overthrown the hereditary authority which imposed them it has to discipline and organize itself. This war, in one of its aspects, is a spiritual conflict between liberty and tyranny, between the principle of right and justice as the foundation of international relations and the principle that might is right, in which truth is on our side; in another it is a contest between the idea that the primary duty of the citizen is to give loyal and unselfish service to the community of which he is a part and the idea that the primary right of the individual is freedom to ignore his duty to the community if he chooses, in which truth is with the Germans. How discipline and active service of the state is to be combined with democracy it is not the purpose of this article to suggest. It is manifest that we have hardly begun to solve the problem of creating either the spirit or the machinery necessary to the full working of the principle of self-government. To destroy the power of a king and transfer it to an electorate is obviously only the

first step, and the machinery created to enable an autocrat to control his subjects is obviously not that which will best enable a community to govern itself. But these are questions which must be reserved till after the war.

Meanwhile we can begin to cast the beam out of our own eye by building up the foundation on which all healthy democracy must rest—a strong sense of our responsibility as citizens and of our duty to serve the community of which we are a part. The chief difficulty in the way is not organization or even our enemy, but our reluctance to put pressure on ourselves. Once we have made up our minds to do that, the battle is half won. For in grappling thus manfully with ourselves there will be born that spirit of unity and high courage which, once alive, will not only carry us to victory in this war, but which will be the sure foundation of a better world when peace is come once more.

THE INDUSTRIAL SITUATION

I. Mutual Ignorance

DURING the last three months a very considerable advance has been made in the work of organizing the industrial resources of the nation for war purposes. A new Department of State has been created for the purpose, with the quickest and most inventive mind in the Cabinet at its head, and he has set himself not only to organize but to inspire. Yet perhaps the most important development of the period, in the industrial sphere, is not the creation of the Ministry of Munitions or the increase in the output of war material, but the clearer understanding that has been gained as to the nature and conditions of the industrial problem that has still to be faced, of the attitude of the working classes towards it, and of the spirit and temper in which alone, as is pointed out elsewhere in this issue, we can hope to solve it.

The omissions and mistakes of the earlier period of the war were due on all sides, not to deliberate lapses of public spirit or to lack of good will, but to a bad industrial tradition, to want of foresight, and, above all, to ignorance—to the mutual ignorance of the different parties involved in the problem. The Government, the employing class, and the trade unions all failed to foresee the unprecedented

requirements of the situation and the need for joint action which those requirements created. When the war broke out mutual good will prevailed on all sides, and a truce was called to all industrial disputes. But the distrust and misunderstandings of years cannot be dissipated in a moment, nor can new habits of action be adopted when no attempt has been made to frame a new common policy. The aspirations engendered by the vague atmosphere of mutual good will which existed at the beginning of the war were inevitably frustrated by the mutual ignorance which underlay them, and by the absence of any effective machinery for common action in the public interest. As the months went on old difficulties reappeared and new causes of friction emerged. The prices of coal and foodstuffs began to rise, and the Government disappointed the expectations of workpeople by declaring itself unable to regulate them. Questions arose about the demarcation of labour and the validity of Trade Union rules in face of the urgent necessity for the largest possible output. These and other problems, some of which were discussed in the June number of THE ROUND TABLE, had not been foreseen by any of the three parties, and each failed to understand the motives and attitude of the others in regard to them. Each side, as it now appears, was over-suspicious, and rated the public spirit of the others too low. Perhaps the chief development of the last three months, in spite of certain appearances to the contrary, has been the growth of a broader and more generous spirit and of a deeper sense of the underlying unity of the nation. Thoughtful men of all parties are now willing to recognize that the State has a paramount claim, in the industrial as in other spheres of the community's life, over the services and possessions of its citizens. It is a development which has still far to run, for English life has long been based on the contrary principle, and Ministers themselves have still old habits and heresies to unlearn. It is a long step from the atmosphere of " Business is Business " to the full accept-

ance of national service.* But at least a beginning has been made, and the mass of the people, which has grasped the need, is waiting anxiously to see it more fully embodied in action.

But this gradual change of atmosphere cannot be understood without a review of the events which have accompanied it. It will be best, therefore, in this account of the industrial situation during the last three months to begin with a record of the principal events, leaving for a final section a discussion of their significance.

II. The Munitions of War Act

THE outstanding industrial events of the last quarter are three in number. The first is the creation of the Ministry of Munitions of War and the appointment of Mr Lloyd George at its head. The second is the passing of the Munitions of War Act and the setting up of committees, tribunals and other machinery in connexion with it. The third is the sudden outbreak and equally sudden ending of the Welsh Coal Strike, to which the Coal Prices Act may be regarded as an appendix.

The Ministry of Munitions of War was created by an Act of Parliament passed on June 9, a week or two after

* The Government's idea of public spirit is, perhaps, revealed in the following quotation: "With a drop in the output so great and with the demand for coal being maintained at such an abnormally high level in war time, it is quite clear that the producers of coal, had they been so minded, would have had the market at their mercy. The coal owners are pretty shrewd business men, and if they find offers coming along week by week at increased prices, it is more than we can expect of human nature that they should refuse these offers made to them." These words were spoken by Mr Runciman in the House of Commons *during the coal strike*. For "coal" read "labour" and you can see the position as it might present itself to miners, engineers and other bodies of workmen accustomed to bargain with their labour. Mr Runciman added artlessly, in reply to an interruption: "All business men are anxious to get the largest amount they can for what they have to sell. This applies to every section of the community—*employers and employed alike*."—*Hansard*, July 19, 1915.

Mr Lloyd George had been designated as its chief at the formation of the National Government. The history of the events that led to the reconstruction of the Government and the appointment of Mr Lloyd George to his new position has not been disclosed. Each of the two changes might very well have come about without the other, and the inner connexion between them must for the present remain a matter for conjecture. But the public had known for some months past that Mr Lloyd George had been greatly preoccupied, despite his other absorbing duties, with the question of munitions. His speech at Bangor on February 28, during the strike on the Clyde, was the first intimation to the country of the seriousness of the problem. His active share, a few weeks later, in bringing about the agreement with the Engineering Trade Unions, no less than his well-known tact and skill in the handling of thorny subjects, marked him out as the man for the new post. His appointment was well received by all sections of opinion in the country, and this favourable impression was confirmed by the very frank and businesslike tone of his first speech in the House of Commons after his appointment.

As controversy has since arisen as to the extent of the powers conferred upon the new Minister, it is worth while recalling the main provisions of the Ministry of Munitions Act. The powers conferred by it are very wide in scope. The expression "munitions" is declared to "mean anything required to be provided for war purposes, and include arms, ammunition, warlike stores or material, or anything required for equipment or transport purposes, or for or in connection with the production of munitions." This makes it perfectly clear that the Minister has power to deal not only with armaments in the narrow sense of the word, but with the manufacture of khaki and boots and jam, the building of huts, and the laying out of camps, with the railways, the docks and shipping; in fact, with any form of production or distribution carried on in connexion with

the war. As will be seen in a moment, the Munitions Act, in its present working, only covers a relatively small part of this field; but it is important to recognize the wide scope of the powers entrusted to Mr Lloyd George should it be thought wise to make use of them.

The relation of the new Ministry to the War Office, the Admiralty, and the Board of Trade, from which its functions were carved out, is left in the Act to be decided by Order in Council. The creation of a new Department at any time is a difficult matter, as may be remembered from the experience of the early days of the Health Insurance Commission, but it is very much more difficult in time of war. It is not as clear as it might be that these difficulties were carefully thought out beforehand, or that this reflection has borne fruit in a businesslike delimitation of the activities of the four Departments and of the activities of the different branches of the new Ministry itself. Certain matters are left subject to the concurrent jurisdiction of more than one Department—a notorious administrative pitfall—and others seem in danger of being overlooked altogether. The new Department has enlisted the services of a number of very able men, but, so far as can be seen, their responsibilities have not been clearly defined, and it is doubtful whether their powers are commensurate with their capacity. There are also indications that the Circumlocution Office methods of some of the older Government offices have been introduced into the office which Mr Lloyd George promised was to be entirely free from red tape.

The first work of the new Department was to deal with the labour question, which, in spite of the March agreement between the Government and Engineering Trade Unions, was still in a dangerously unsatisfactory condition. The almost studied vagueness of the agreement and the absence of a sanction for the carrying out of its provisions made some further agreement, backed up by the institution of effective machinery, inevitably necessary. Con-

ferences again took place between Mr Lloyd George and the Trade Union leaders. This time both sides knew one another better, and, more important still, knew the needs of the situation better. They realized that it was necessary to " get to business." The result of their deliberations was embodied in a Bill put forward in Parliament in the middle of June, which became law, as the Munitions of War Act, on July 2.

The Munitions of War Act is the product of Englishmen feeling their way in a crisis. That is tantamount to saying that it is neither comprehensive in its range nor heroic in its objects, but that it embodies important new principles in a tentative and somewhat illogical form. As the scope and effectiveness of the Act have been widely misjudged as a result of its temporary association with the mining industry, it seems necessary to summarize its main provisions.

The Act consists of three parts. The first part provides for compulsory arbitration for all disputes in trades covered by the Act. Strikes and lock-outs are declared illegal except after a three weeks' interval, and failing a settlement through the Board of Trade. The penalty incurred by a striker is fixed at a maximum of five pounds for each day or part of a day during which the offence is committed, while an employer is liable up to five pounds a day for every man locked out. The trades covered by the Act are defined as all trades directly engaged on munitions work (which is here given a narrower definition than in the Ministry of Munitions Act), but a clause also provides that this part of the Act may be extended by Proclamation to differences as to conditions of employment " on any other work of any description " " on the ground that in the opinion of His Majesty the existence or continuance of the difference is directly or indirectly prejudicial to the manufacture, transport, or supply of munitions of war." It is worth noting in this connexion that in the case of the munition trades, in the narrow sense of the word, compulsory arbitration was introduced

as part of an agreement arrived at by the Minister of Munitions after consultation with the Trade Unions concerned. In the case of the trades to which power is taken to extend the Act by Proclamation no such agreement was arrived at. The leaders of the miners and the cotton operatives, who have always been strenuously opposed to compulsory arbitration, in fact, expressly refused to enter into such an agreement. It is therefore misleading to speak of the failure of the recent Proclamation under the Act in South Wales, however deplorable in itself, as though it involved the failure of the compulsory provisions of the Act as a whole.

The second part of the Act deals with the organization of the munitions industry. Power is given to the Minister to take over " any establishment in which munitions work is carried on." Such works then become " controlled establishments " subject to special provisions as to limitation of employers' profits and control of persons employed. All proposals for changes in the wages or salaries of workmen or managers must be submitted to the Ministry of Munitions. The suspension of certain Trade Union rules is provided for in a clause stating that " any rule, practice, or custom not having the force of law which tends to restrict production or employment shall be suspended in the establishment." This clause is subject to a schedule guaranteeing that such departures from Trade Union practice shall be for the period of the war only. All profits of controlled establishments exceeding by one-fifth the standard amount of profits are to be paid into the Exchequer. The standard amount of profits is fixed as the average net profit for the two completed financial years of the establishment prior to the war. Arrangements are made to refer difficult cases to a referee or board of referees. Further clauses deal with the employment of the Munition Volunteers enrolled through the appeal made by the Trade Union leaders, and secure continuity of work by putting a stop to the " pilfering " of munition workers by competing

employers. It is made an offence against the Act for anyone to engage a workman employed within the previous six weeks by a controlled firm without a certificate from his late employer or the Munitions Tribunal. This interference with the workman's freedom of movement and of contract is safeguarded by the grant of an appeal to the local Munitions Tribunal, on which the chairman is assisted by a labour assessor or assessors.

The most important clause in the third part of the Act relates to these Munition Tribunals. They are to be of two kinds, called general and local, for major and minor offences, and are to consist of a chairman appointed by the Minister (in practice a lawyer of standing), assisted by an equal number of employers and labour representatives as assessors, appointed by the Minister of Munitions from a panel drawn up for the purpose. Provision is also made for the payment (including compensation for loss of time) of all members of these munitions and arbitration tribunals, but not of Munition Committees. Finally, the Act is declared to apply for only as long as the Ministry of Munitions continues to exist, but the liability of employers for carrying out their engagements as regards the restoration of Trade Union rules and the re-engagement of workmen now with the colours is extended to twelve months after the conclusion of the war.

As regards the working of the Act, it was intended, as Mr Lloyd George told the House of Commons, to administer it in the different industrial areas of the country through local committees on which employers and workpeople would both be represented. These committees, on which it was hoped to secure the best available business talent of the localities, would mobilize the resources of the district and decide, in accordance with the circumstances of each district, on the best means of setting them to work. In some places, as in Leeds, the institution of a new national factory would seem best; in others, the conversion or co-ordination of existing facilities. Mr Lloyd George visited Manchester,

Liverpool, Bristol and other centres in order to give these local committees a send-off.

The Act thus deals, as the reader will realize, if he refers back to the June number of THE ROUND TABLE, with practically all the special difficulties which had arisen in the preceding months, though it would be too much to say that it disposes of all of them satisfactorily.

How is the Act working? What effect is it having on the output of munitions, and on the mutual relations of Trade Unions, employers and Government?

It is too early to deliver a general judgment, nor did Mr Lloyd George, in his latest statement to the House of Commons on July 29, attempt to do so, but certain comments can be made which may be of interest. Mr Lloyd George told the public that his main work so far has consisted "in speeding up existing contracts and in opening up fresh sources of supply." Contracts were to be speeded up by the fuller employment of the existing machines, no less than four-fifths of which, he declared, were not working at full capacity. "We had a census of all machinery in the kingdom and we found that only one fifth employed on Government work was used for night shifts." The "yawning gap" thus created "between promise and performance" he hoped to bridge over by the enrolment of fresh workers, partly skilled men released from the colours, partly others enrolled through the Labour Exchanges, or as munition volunteers. He stated that 40,000 men and women, nearly half of them skilled men, had been "added to the labour available in works connected with armaments."

This estimate would seem to exclude the munition volunteers enrolled through the Trade Union appeal. As could be read between the lines of Mr Lloyd George's speech, the practical value of that scheme had still to be demonstrated. No less than 100,000 men had been enrolled, but in the case of 80,000 of them there had been protests from their employers, and the work of testing their qualifications

and setting them to work must necessarily be slow. It may be added that the difficulties connected with the working of this interesting scheme were enhanced by the provisions guaranteeing the workman in no case less than his previous rate of wages together with special travelling and subsistence allowances. These provisions, which were assumed to be necessary in order to attract workmen, conflict with the practice of private employers, who pay their workers the district market rate irrespective of their private circumstances. Involving as they do in many towns the differential treatment of the volunteers, they have naturally acted as a disturbing factor in the workshop, and have thus been prejudicial to the employment of the volunteers themselves. The weakness of the volunteer scheme has in fact been its appeal to mixed motives—to patriotism and self-interest combined. It may be urged that this mixture of motives also operates in the case of military enlistment. But there is a difference here which is overlooked. The soldier-volunteer, from whatever motives he enlists, gets a uniform rate of pay whatever his previous earnings; once in the Army he becomes part of a regiment and is quickly absorbed into a new atmosphere. In the case of the Munition Volunteers there is no similar opportunity of developing corporate feeling. The appeal is addressed to their individual self-interest rather than to their patriotism, and they find themselves put to work as individuals or in small groups, differentiated and to that extent divided from their fellow-workers, the real corporate body of the industrial army. The attempt, therefore, to create a special class of soldiers of industry composed of individual volunteers was exposed to peculiar difficulties, and these have not been surmounted in the working.

Mr Lloyd George also announced the setting up of sixteen national factories, and the forthcoming establishment of ten large new arsenals in different parts of the country. He also spoke appreciatively of the work done by the Liquor Traffic Central Control Board in munition and other areas.

This opens up a subject too wide for treatment here. Briefly it may be said that the drink question seems now in a fair way to being handled on sensible and sympathetic lines, which are being appreciated by the public. The spirit of grumbling criticism adopted in Mr Churchill's White Paper, which workpeople greatly resented, has been abandoned, and the published figures for convictions for drunkenness in 1914, which show a decline in the last half of the year over the whole country, justify, in so far as the extent of drunkenness can be estimated from the convictions, the change of attitude. An attempt is being made to introduce experimental schemes of a positive rather than of the purely restrictive character hitherto associated with "Temperance Reform" in this country, and canteens and other facilities are being provided in the yards and workshops throughout the scheduled areas.

The local Munition Committees, or Armament Output Committees, as they are called in some places, are, of course, the most vital element in the working of the Act. It is too early yet to form a judgment on their work, but attention must be drawn to one point which is not reassuring. Mr Lloyd George in his statement makes no mention at all of these local committees, on which, in accordance with the arrangement arrived at at the local conferences in June, both employers and workpeople were to be substantially represented. He speaks instead of the "Management boards of business men" in the various areas "whose business it is to organize the whole of the available machinery for increasing the output of shell and other material." The Management Boards here spoken of are, in fact, the Executive Committees of the local Armament Output Committees, and, as such, care should naturally have been taken to make them as representative as their parent bodies. Mr Lloyd George's words suggest that this is not the case, and that the labour element is, in fact, being excluded from them. It is easy to understand how this could come about in

the case of a body of keen employers familiar with the organizing work to be done, accustomed to act together, and eager to get speedily to business. But if persisted in it is likely to exact a heavy price in the loss of the mutual confidence and co-operation on which the whole scheme must ultimately rest. It should be the special business of the Ministry of Munitions to supervise the working of the local committees and their executives and to secure that their substantially democratic character and their harmonious atmosphere remain unimpaired.*

Little information has as yet been officially supplied as to the working of the Act as regards the limitation of profits and the taking over of "controlled establishments." This is unfortunate, as this is a crucial point in the Act and widespread suspicion and misapprehension seem to exist on the subject. But the regulations on the subject were issued within a week of the passing of the Act and it is understood that in fact a large number of firms in the engineering and allied trades have been taken over, in addition to the machine-tool makers, who, as Mr Lloyd George announced, have been taken over *en bloc*.† The

* On this point see a statement by Mr J. Binns, the organizing secretary of the Amalgamated Society of Engineers for the Manchester area, in the *Manchester Guardian* for July 30: "It was possible that the spirit in which the men were working was affected by the fact that they had relinquished the old Trade Union safeguards and had no tangible assurance that they would be restored. They had representatives on the Armaments Output Committees, but not on the Management Boards. The argument of the employers, supported by the Government, was that questions of management did not concern the workers. But when the workers were surrendering conditions which they counted among their rights they had a claim to know first-hand and officially what new conditions were being set up. The men feel that there is a want of mutual confidence." Similar evidence comes to hand from Edinburgh, Sheffield, and other towns in the West Riding. At Birmingham, on the other hand, Labour representatives have been among the most active and helpful members of the Management Board.

† Since this was written the Ministry of Munitions has announced that 345 establishments had been declared "controlled" up to August 6. How small a proportion this is of the total number of firms engaged either wholly or partly on war contracts can be seen by referring to the lists of such contracts, running into many thousands, published in the *Board of Trade Labour Gazette*.

provisions as to limitation of profit are, however, not retrospective, so that profits made during the first eleven months of the war are subject to no special limitation. Workmen contend in this connexion that it will need the most careful Government enquiry and audit to prevent evasions of the limitation clause. The armament firms, on the other hand, might contend that it is unfair that the limitation should apply only to them and not to all other industries and services carried on during war time. Both these points of view, if the Chancellor of the Exchequer's hints are to be trusted, will be met in the forthcoming Budget. This suggests an obvious criticism. If it were always intended to deal with profits made during the war as a whole, it is difficult to understand why a beginning should have been made by the Munitions Department on a small fraction instead of leaving the whole matter to be dealt with comprehensively by the Treasury experts. There is nothing to be gained by taking two bites at a cherry.

One other important point remains to be dealt with: the working of the compulsory provisions of the Act—the provisions, that is, for securing the prevention of strikes and lock-outs and minor breaches of rules, and especially of disputes arising out of Trade Union regulations for the demarcation of labour.

Major and minor munition tribunals have been set up in various parts of the country to enforce these provisions, one representative of employers and one of labour sitting as assessors to advise the legal chairman. As was anticipated, there has been no difficulty in applying the compulsory provisions of the Act in the case of breaches of rules by individuals, which are punishable by a fine not exceeding £5, without power of imprisonment in default of payment. Nor is there likely to be any trouble with employers, for if fines are no deterrent to them the fear of being deprived of Government work is sufficient to keep them within the law. It is the cases in which trade unionism

is involved which present the points of interest and difficulty. Very few such cases have come before the tribunals as yet and, in view of the unfamiliarity of the procedure, the sentences have been nominal in character, but their handling has not been entirely reassuring. In Glasgow, at any rate, where the most important cases have so far been heard, the Court seems to have had a difficulty in securing the respect of the workmen. It is always difficult to win authority and prestige for new forms of procedure; yet, unless the munitions tribunals secure this the Act will not recover from the initial discredit with which its use in South Wales has invested it.

The facts of the first case tried at Glasgow are worth recalling, as they are typical of the kind of difficulty with which the tribunals will have to deal. The Fairfield Shipbuilding Company, a controlled establishment, found themselves short of coppersmiths. They applied to the local Armaments Committee requesting it to arrange for the firm to employ plumbers at certain of the coppersmiths' work. This request was granted after six weeks' delay, the committee stating that the Secretary of the Coppersmiths' Society, provided he was notified of the arrangement, would not make any objection. The latter was then notified of the proposed action, but he at once declined, by telephone, to accede to it. He was again appealed to, but failed to reply. After ten more days' delay the plumbers were set on. Thirty coppersmiths at once came out on strike. The case came before the munitions tribunal, where the President of the Coppersmiths' Society contended that the Fairfield Company had violated the Act because no opportunity had been given the men for consultation before the action was taken. This plea, which was a *tu quoque* rather than a defence, obviously read into the Act something not contained in it, but at the same time it points to a procedure which it would have been wiser to follow: there is an important distinction between notification and personal consultation. But on the point at

issue the company were clearly in the right, and, after a somewhat noisy hearing, the Court fined the men 2s. 6d. each, which the Union at once promised to pay, on the astonishing ground that they regarded the men's actions "as quite legal." The employers at the same time agreed not to continue to employ plumbers on the disputed work, while the Union promised to endeavour to get the necessary labour, but displayed no great alacrity in doing so. The men agreed to return to work.*

This case, in its main facts, is a familiar instance of a "demarcation dispute." It illustrates the men's tenacious insistence on maintaining the integrity of their craft, and the way in which this may operate to hinder urgent work and limit output. This craft-loyalty found expression during the hearing in an outburst from one of the strikers which is worth quoting. Mention having been made of the war, he rose and exclaimed:

> "I think this will finish it. I am as much a patriot as any man in this room. We have been looked upon as unpatriotic in this matter. I have seven relatives both in the trenches and on the sea. No man dare tell me that I am sacrificing their lives by remaining out. I am standing for the Trade Union cause—a perfectly legitimate proceeding."

The outburst is as sincere as it is palpably illogical. It illustrates the conflict of two loyalties. The speaker refuses to admit, though it stares him in the face, that his craft-loyalty has in fact jeopardized the lives of his kinsmen. His feelings, which do him credit, blind him to the stern logic of facts. Yet his words may serve to

* The case is fully reported in the *Glasgow Herald* of August 3. It is worth noting that the Coppersmiths' Society does not seem to have been represented at the Treasury Conference. At least two other cases have been tried at Glasgow since, fines of 5s. per man being inflicted in each case. See the *Glasgow Herald* for August 10.

remind us that the insistence of Trade Unionists on the maintenance of their old rules and practices is not due to inability to make sacrifices or to mere laziness, but to a mistaken idea as to where their primary duty lies, to want of imagination as to the urgency of the need for their work, and to ingrained suspicion of the motives of employers. Until "equality of sacrifice" has been not merely promised, but carried out, this suspicion will be difficult to eradicate.

III. The Welsh Coal Strike

IMPORTANT and far-reaching as the effects of the Munitions Act may be, unquestionably the industrial event which has loomed largest in the public eye during the months under review has been the strike of coal-miners in South Wales. If it came as a shock and a disappointment, and even with a sense of stinging shame, to the public at home, its effect on the other belligerent peoples and on the world as a whole was perhaps even more pronounced. It must have lowered, if only temporarily the reputation of the workers of this country for those very qualities of common sense, reasonableness, fair play, and public spirit which are generally attributed to the inhabitants of these islands. To refuse to supply the Navy with the essential conditions of its activity and to continue in this attitude in express defiance of an Act of Parliament might seem in any other country but our own to be the plainest proof of disloyalty and to invoke the spectre of civil war. But this is an illogical country and South Wales is not the least illogical part of it. The action of the miners cannot be interpreted without an understanding of their state of mind: and that will be arrived at best by a bald narrative of the facts connected with the dispute.

The South Wales coal-field had been working under a

three years' agreement, made in 1910 and renewed from year to year. Under this agreement wages were calculated upon a "standard" drawn up in 1877 and 1879, and it was from this standard as a basis that "sliding scales" of wages were drawn up according to the selling price of coal. There is thus a direct connexion for the miners between wages and coal prices. Under the 1910 agreement, however, definite maximum rates were laid down, and by March of this year, owing to the abnormal rise in coal prices, these maximum rates had been reached. The miners felt themselves to be in the position of not profiting by the increased prices, which they held to be very exorbitant, but standing to lose heavily by the slump which they believed must follow after the war. In this, as in other labour questions, the fear of being victimized after the war in consequence of the suspension or non-provision of safeguards during the war is the crux of the worker's attitude.

The terms of the new agreement for 1915 had been freely discussed in mining circles from 1912 onwards. On March 31 the miners' leaders gave three months' notice to terminate the existing agreement. A new agreement was then proposed. The chief feature in it was the demand for a new standard, 35 to 50 per cent higher than that of 1877–79, a change based upon the increase in prices during the interval. This new standard would not in itself effect a change in wages, but would leave the way clear for the workmen to make a claim, under the usual procedure, for a rise in wages based on the increased selling price of coal.

To these demands the coal-owners returned a simple *non possumus*. Only one conference took place between the two parties during the three months, and at this the spokesman of the coal-owners refused to consider the proposals in detail on the ground that they were wholly unacceptable. The miners also offered to withdraw their demands for a completely new agreement and to accept a war-bonus, provided the owners would guarantee not to advance prices to the public; but this offer met with no

better fate. Thus a deadlock was reached and the only way out lay through the Government.

It was not, however, till the last week in June, the last week of work under the old agreement, that the Government took up the negotiations. Pending Mr Runciman's offer of terms the men agreed to work on day-to-day notices from July 1. On July 1 Mr Runciman's terms were announced. They granted the new standard, but were unsatisfactory to the men on some points, and obscure of interpretation both to owners and men. The Government was, therefore, requested to supply interpretations in writing. These were handed to the miners' leaders late on July 9, and a special meeting of the Executive was held on the 10th to consider them. The Executive agreed to recommend that the terms should be accepted, with certain modifications, as a basis of negotiation and that the men should continue to work from day to day, but they coupled this with an expression of their dissent from one clause of the " interpretations," " as it might involve the possibility of the perpetuation of the old standard rates as the basis of the new standard."

The next step was for the Executive, or Cabinet, of the men to submit their policy to their Parliament—in other words, to a meeting of the delegates of the whole Federation. This was done on Monday, July 12, and next morning the public learnt, to its consternation, that it had been decided, by nearly a two-thirds majority, to cease work on the Thursday unless the full demands were granted. It was further decided to inform Mr Runciman of the decision and to let him know that the Executive were ready to negotiate on the original proposals.

Next day, on Tuesday, July 13, a Proclamation was issued by the Government bringing the dispute under the compulsory arbitration clauses of the Munitions Act. This seems to have been done in the belief that the delegates were not truly representative of the opinion of the coalfield. Whether this was so on the Monday it is difficult to

say; if so, it certainly ceased to be so after the Proclamation, which stiffened the backs of the men and increased the feeling of resentment at the Government's conduct of the negotiations. On the Thursday the whole coal-field was idle. The Miners' Federation of Great Britain appealed to the men to resume work from day to day. But, in spite of this appeal, and in face of the opinions of seven out of eleven members of the Executive, including the two best-known "advanced" men, a second delegates' meeting on the Thursday reaffirmed Monday's vote by practically the same majority. Meanwhile the coal-owners had informed the Government that they held themselves in "readiness to co-operate with them in any way the Government may think desirable to ensure a continuance of work."

The next step lay with the Government. It was widely felt that, as the men were now openly defying the law, the Government could hardly capitulate to them and that the best way out would be for the Government to create a new situation by taking over the Welsh coalfield. This was, indeed, the logical sequel of the application of the Munitions Act, for it was generally recognized when it was framed that its compulsory clauses presupposed State control of profits as a basis and that it would be impossible to coerce bodies of men to continue at work for private profit. The Government, however, preferred to discredit the Munitions Act rather than to nationalize the coalfield. On Monday, July 19, after a Cabinet meeting, Mr Lloyd George, Mr Runciman and Mr Henderson visited Cardiff to confer with the miners' leaders. Next day Mr Lloyd George met the owners, and the whole day was taken up with a series of conferences. By the evening agreed terms were submitted to the miners' Executive and they unanimously decided to submit them for acceptance to the delegates next morning. On Wednesday, July 21, the delegates accepted the terms, and by the evening the men were streaming back to the pits.

The new terms, the acceptance of which the Government

formally undertook to secure from the employers, satisfy the men's demands, with one exception. They provide for a new standard 50 per cent. above the 1879 standard, together with a minimum wage of 10 per cent. upon it. This important concession was not embodied in Mr Runciman's award. The vexed question regarding the minimum rates of surface workmen was also settled in the men's sense. Another point of importance to the men is that the new agreement is only to apply to workmen who are members of the South Wales Miners' Federation, although employers are not likely to drive non-unionists into the Federation by paying them lower rates. The one important point on which the men accepted a compromise was as to the duration of the agreement. The men had asked for a three years' agreement, whereas it now runs for not less than nine months after the close of the war.

A few brief comments may be made on the foregoing story. All the parties made mistakes. It is useless to attempt to apportion the blame. It is our habit in this country to make bad mistakes and then heroically to retrieve them. But though it may have been more heroic not to try to prosecute 200,000 resolute workmen than to secure obedience to the law of the land, the evil consequences remain. The tragedy is that if, according to the peace standards of bargaining adhered to by Mr Runciman and the coal-owners, the men's demands were reasonable, as we are now told they were, the men should only have secured proper attention for them by action which has done infinite harm to their good name.

Meantime, something can be said to explain the psychology of the story. The atmosphere of the Welsh coalfield is somewhat different from that of the colliery districts of England and Scotland. Life is less settled and homely and dignified than in such old-established centres, for instance, as Durham and Staffordshire. There is not the same traditional basis of good feeling and common life, and more of an almost American sense of bitterness, especially among

the younger generation, against the masters. Nor are the bleak, raw, straggling villages along the Welsh valleys, peopled by comparatively recent immigrants from the rural districts of Wales and South-West England, calculated to foster the love of country. The leaders who were responsible for the stoppage of work are not selfish or grasping, or even ambitious, as this world goes; they are fanatics who cannot, and will not, see anything beyond the little world in which they live and for whose improvement, so obviously needed and so much neglected by those who had the power and position to effect it, they are working with a devotion worthy not of a better but of a more comprehensive ideal. Their disastrous narrowness of vision is itself the product of the conditions which they are so determined to remove.

IV. The Coal Prices Act

THE question of the price of coal has been intimately bound up, not merely with the attitude of the South Wales miners, but, as was pointed out in the last issue of The Round Table, with the labour unrest generally. In the early months of the war labour bodies repeatedly appealed to the Government to fix maximum prices for coal, and later Mr Smillie, the President of the Miners' Federation of Great Britain, definitely stated that if the Government had introduced a Bill limiting the price of coal, adding to that a declaration that all surplus profits would be taken, the miners would not have asked for any increase of wages whatever. It was not, however, actually till the outbreak of the Welsh strike that the Government eventually introduced legislation on the subject, which became law, as the Price of Coal (Limitation) Act, on July 29. In his opening speech on the Bill Mr Runciman

gave somewhat unconvincing reasons for the delay in introducing it, adding that the necessity for it last winter was " perhaps greater than now." He defended the singling out of coal for special legislation on the ground that coal is a purely British commodity and that, " whereas we cannot control the world's price of wheat with any benefit to Great Britain, we can control the British price of coal, because it is produced in Great Britain." He then gave figures to justify the attempt made in the Bill. He stated that the price of household coal in London last winter was 9s. above the corresponding price of the previous winter and estimated the average increase of summer prices over 1914 at 6s., adding that the total extra cost of production was not more than something over 3s.* He proposed, therefore, to fix the maximum selling price at the pit's mouth at not more than 4s. above the price paid on the corresponding date in the year ending June 30, 1914. The Bill in its original form was not to apply to existing contracts, a great many of which are made at the end of June, but, in response to protest, Mr Runciman gave way so far as to include within its scope existing contracts for coal supplied for domestic purposes or to local authorities or gas, water or electric companies. In this form it was finally passed, its fiercest critic, Sir A. Markham, graciously admitting that it had been changed into " a real living Bill." But in its final form it still made no attempt to deal with retail prices, and the public is left with no security against famine prices next winter beyond the assurance given on behalf of the leading coal merchants by Sir Edwin Cornwall that " they will work in harmony and co-operation with the Board of Trade to control the price and limit the profits " of coal dealers in London and the South of England.

* Sir Arthur Markham, a proprietor of several collieries, described this estimate in the debate as " perfect nonsense. If you split the amount in two you are getting nearer the truth."

V. Fair Play and National Service

IT remains to draw a brief moral for the future from these various events. The obvious reflection, which is already being made by shrewd observers overseas, is that the war has brought into fierce daylight the sins and shortcomings of the long and thoughtless peace that preceded it. Democracy, national service, patriotism, have been battle-cries in the past, but we are only now coming to see what they really mean. And, what is more, we are only now beginning, under the stress of circumstances, to believe in them. It is for the Government to confirm this faith and to allow it the opportunity of bringing forth good works.

The people of this country, whether rich or poor, are not consciously selfish, but they are and will remain stubbornly independent of spirit, inured to well-tried modes of corporate action and impatient of anything which does not seem to them "fair play." They are not wanting in patriotism—our unprecedented volunteer armies exist to prove it—but they are not accustomed to apply the national touchstone to industrial issues, for ignorance, suspicion and memories of conflict alike prevent it. England, for all the essential unity of its life and spirit, is not, socially speaking, one nation: it is at least two nations, and, till the war, thanks to an industrial system which segregated the rich and the poor in class reserves, these nations had all too little opportunity of meeting on equal terms and on common national work. If we are reaping the harvest to-day of our old jealousies and divisions, of generations of wilful ignorance and narrow and callous exclusiveness, it is not the poor but the rich who have profited by them in the past and are chiefly to blame for them then and now. It is one of the vices of the poor to be good imitators.

The war is undoing the work of a century of commercialism and laying the foundations of a real national unity.

Despite sporadic appearances to the contrary and the instinctive objection of Englishmen to patriotic display, that spirit exists to-day. The new armies are mainly working-class armies, as Mr Crooks and Mr Tillett can testify, and the 250,000 miners are reputed among the best of the new soldiers. What is needed at the moment is a closer knowledge of working-class feeling on the part of the Government than it has hitherto displayed and a more rigid and widespread application of those principles of equal sacrifice and national service which have been so widely proclaimed. The only possible obstacle to perfect harmony between all classes now is the Englishman's inveterate sense of fair play.

But fair play, by itself, however English a watchword, is not enough; for, after all, it is a watchword for times of peace and leisure. There is little fair play at the front. Death is no respecter of persons. The great emergencies of life make short shrift of individual and class interests and of this or that demand for special treatment. Great occasions make a call for equality of sacrifice: they do not and cannot make promise of equality of compensation. For good or for evil all of us in this country, rich and poor alike, are members of one another, and an injury to one, whether at the front or in the workshop, is an injury to all—not merely to the interests of all, but to the good of all. If this sense of national unity and of the primary duty of unselfish service has grown weak in a century of comfort and security, of individual profit-making and collective bargaining, this is no cause for despair or even surprise, but simply for facing our duty as we now see it. We had come to think of the State as a medley of groups and classes, of parties and sects, of business firms and Trade Unions, of competing Government Departments, each with an all-absorbing loyalty and activity of its own, acquiesced in by an all-embracing but too indulgent Government; we had even grown accustomed to the spectacle of civil war within the state, to the ceaseless struggle between Capital and

Labour and to threatened outbreaks in other quarters. We had seen section after section of the community laughing at the majesty of the law and playing light-heartedly, like fractious children, at disobedience and anarchy. But we have learnt now that the state is not a distant Olympian god, that can permit men to work and to play, to compete and to quarrel, without care or concern, but a real living partnership in the best and the deepest things in our life, the great common interests which bind men together in civilized society—a partnership, as our greatest political writer put it, "in every virtue and in all perfection," and one which subsists, as so many British homes are feeling to-day, "not only between those who are living, but between those who are living, those of our dead and those who are to be born." If that spirit of partnership can be applied, not piecemeal or in words alone, to the great industrial task that still lies before us, then victory is indeed assured, and not victory alone, but a new basis of national unity which would better even victory itself.

ENGLAND'S FINANCIAL TASK

I. England and Germany: An Allegory

ONCE upon a time there were two rich men who fell into a dispute as to the nature of wealth and which of them was the richer. They both possessed large estates of land, mines, and factories, and both had many retainers and employees. But there was this difference between them. The one had the bigger estate and more than one-third more the number of employees; the other had a smaller estate and fewer employees, but he had inherited from his father great personal wealth in the form of investments and securities of all kinds, on the income from which he had been accustomed to live very comfortably. The first man claimed he was the richer, because he had a larger estate and more servants ; the second because, while his estate was smaller, he had always had a larger income to spend than the first. They decided to settle the dispute in a peculiar way. They agreed to enter upon a shooting competition. Whichever could shoot away most shot and shell for the longest time in his park without exhausting his resources was to be adjudged the richer. One condition, however, was agreed upon. Since the first man had much the larger estate, he was to find, if he could, within his estate all the materials for his guns and shells; whereas the other with the smaller estate was free to buy materials, if he could, from his neighbours.

The first man, realizing that he must rely wholly on his own resources—for he knew that his estate could do no

more than produce the barest necessities of life for himself and his employees, if at the same time it were to produce also a sufficient quantity of guns and shells—arranged immediately that all his employees should be turned on to producing either guns and shells or the necessaries of life. There were many who were, in normal times, producing comforts and luxuries for himself or attending to the estate in one way or another. Every one of them was turned on to shell-making. It is true that this meant that the estate went largely to ruin. No improvements were made; no fences, gates, buildings, or roads repaired; life became harder and harder for those living on the estate. But they were accustomed to obedience and discipline, and they did not grumble. Meanwhile, by dint of all—men, women, and children—working their hardest, they produced just enough to live on and clothe themselves with, while all the rest of their energies were devoted to making guns and shells for their employer. The latter had only one doubt in his mind. Could the estate continue to find indefinitely all the raw materials necessary to make the guns and shells required? If it could, then it was clear to him that the length of time he could last out would depend wholly on the spirit and determination of his people, on their willingness to go on producing guns and shells, and on their readiness to undergo privations.

The second man proceeded on a different plan. He was quite certain from the start that he could easily win. He had always been so much richer than his competitor. The latter had never had much spare capital, and had always put whatever money he made back into his estate; while he, on the contrary, had always had money to spend on his own and his employees' comforts and even to lend to his neighbours. Besides, he thought himself very clever at having made the condition that his competitor must buy nothing from his neighbours. He did not believe all the necessary materials could be found on the estate. If his belief was correct, he must undoubtedly win.

He did not, therefore, at first trouble to disturb the ordinary way of life of more of his men than he could help. He did not think it either necessary or desirable to cut them down to the bare necessities of life like his competitor or to stop the ordinary work of keeping up and repairing the estate. His men had always been used to good living, and it might be too sudden a change for them to bear cheerfully.

A good many of his men were, therefore, still employed on the usual work of the estate and also on making a thousand and one things, not necessary indeed to life, but still comforts to which he and his people were accustomed. This meant, of course, that, while his estate was kept up and life went on as usual, the number of men he could turn on to making guns and shells was reduced. This, however, did not trouble him, since he intended to buy from his neighbours more than enough to make up. He was always accustomed to trade largely with his neighbours and to exchange a large portion of the produce of his estate with their produce. He continued to do so now, and, in fact, bought more and more largely from them, not only guns and shells but everything else. This he did not find quite so easy to do as usual, since, although not nearly to the same extent as his competitor, he had had to turn a good many of his men off their ordinary productive work on to gun and shell making, and therefore he had not as much produce as usual to exchange with his neighbours. But this, too, did not trouble him. He had a very large number of stocks and shares which his father had left him, and, though he was sorry to part with them, he intended to sell them gradually to his neighbours and so find for a long time to come the money he wanted.

Time flowed by. It seemed that his competitor's estate was somehow providing all the materials necessary. It had become a regular arsenal. There was no one who was not engaged in either making clothes, guns, or shells, or in growing foodstuffs. The competition was going to be

longer than he thought. But what with his own guns and shells and those he was buying abroad, he would certainly, he thought, have as many as his opponent. Gradually, however, it became evident that things were not going to turn out exactly as he had expected. He found that a lot of his stocks and shares were not the kind his neighbours wanted to buy. Meanwhile he had ordered from them enormous quantities of guns and shells and had, unfortunately, actually increased the amount he usually bought from them in the way of food and articles of luxury. He began to wonder what he would be able to offer them in exchange, if his opponent was to manage to go on for a long time. His estate was producing less, not more, since many of his men were shell-making, and although he had still much wealth he had not disposed of, he could forsee the time when he would have come to the end of his saleable securities. His neighbours would then certainly make difficulties about supplying him. They would not give him their goods before actually receiving his in return and would refuse to give him credit. He thought of asking them to make arrangements whereby they should wait until after the competition was over for payment, but he was not sure whether they would agree to trust him so far, since both he and his opponent were obviously squandering their wealth in an absurd manner. What was he to do? He still believed his opponent would before long run out of raw materials and would get so disturbed about the neglect of his estate as to want to stop. But he could not rely on that. Meanwhile his own employees were not producing enough shells by themselves to keep up the competition. Nor was his estate capable of producing enough food by itself alone for the livelihood of his employees. He had not insisted on increasing the production of his estate, because it had always seemed simpler to buy from his neighbours. It would be awkward now, if he were pushed for the means to buy what he wanted. He might at a pinch always have enough produce to exchange to buy

the food he must have. But would there be enough to buy shells as well? Obviously, if he went on as he was, and the time came suddenly when he could buy no more guns and shells from his neighbours, he would be in trouble. He must clearly make a change. He must insist on all his employees consuming as little of the produce of the estate as possible. They must live on the barest necessities, in order that he might have more over to exchange with his neighbours for the things he must have for them. He must take off their work all the men who were engaged in producing things which were not absolutely necessary, and put them on to making shells or increasing the production of food or cloth. If he had started earlier he could have done all this more easily. It was not yet too late, though much valuable time was lost. But all depended on whether his employees were ready so drastically to change their mode of life, and to suffer and to continue to suffer the hardships and privations which were bound to follow. On that and that alone everything hung. It was clear that, if the struggle were to be prolonged to the point of exhaustion, wealth would be measured and victory determined not only by material resources, but by energy, singleness of mind, abstinence, and endurance.

II. The Two Financial Problems

THE war is becoming a war of exhaustion. As each month goes by the financial aspect of the war and its financial and economic results will come more and more into prominence. The balance will incline more and more in favour of those countries whose resources are greatest, which can find to the largest extent within themselves the means of sustaining the struggle, and which have learnt by self-discipline and organization to direct all their national energies at the highest pressure towards the

objects of the war, to eschew all production and all expenditure, whether national or personal, which tends to divert energies and savings away from national ends towards meeting the mere luxuries, the comforts and unessential wants of individual citizens. All the nations at war are growing rapidly poorer. A nation cannot, any more than an individual, continue for ever in reckless and wasteful expenditure. Yet for a self-contained nation, which can produce enough to meet at least the barest wants of the civilian population and to provide munitions of war, complete exhaustion can be long postponed. A nation, which is not self-contained, is in a different case. If it must buy from abroad, it must pay for what it buys in something which the selling nations value, whether goods, gold, or securities. If it can produce exports to pay for its imports, or if it can find liquid and saleable capital, such as its holding of foreign securities, sufficient to meet its debts, well and good. It it cannot, the time will soon come when it will be difficult and may become impossible for it to purchase from abroad. It will then be faced by the question whether it can by an economic revolution, both industrial and agricultural, compel itself to produce within its own borders all or nearly all it wants to maintain the struggle. Such a revolution has been forced by our Fleet upon Germany and Austria. Economic and financial stress is bringing face to face with it more than one of the Allies.

The financial problems before all the belligerents are, speaking broadly, identical. The first concerns particularly the respective Governments. They are incurring huge expenditure; their credit is being more and more strained; how are they to raise from their people the immense sums required? The second concerns the financial position of each nation as a whole, including its Government, in relation to other nations. Most belligerent nations, the Allies to an enormously greater degree than their opponents, are buying from foreign countries far more than

they can pay for by the ordinary means at their disposal. They usually pay by exports. But their exports have to a great extent ceased. How are they to pay? The question is of vital importance. A man who buys what he cannot pay for is a bankrupt. If, finding himself near Queer Street, he can effect a revolution in his way of life and live on his own resources he can recover. If he cannot live on his own resources and yet cannot pay for what he must have his position is clearly not enviable. A nation is not different.

III. Internal Expenditure

LET us consider first the problem of our internal expenditure. Not long after the war started Mr Lloyd George said that our daily expenditure on the war was £750,000, but that this was a diminishing rather than an increasing figure. A few days ago Mr Asquith stated in Parliament that during the first seventeen days of July the Government's expenditure amounted to £54,190,000, or well over £3,000,000 a day. So much for official forecasts. Even now our expenditure is increasing day by day. We are buying more shells and paying more for each shell; we are enlisting more men; we are lending more and more to other nations; in every direction our expenditure is going up. It is not the least unlikely that in a short time it will be £4,000,000 a day, or at the rate of £1,460,000,000 a year. If we estimate that our expenditure in the next twelve months will not rise higher than £3,500,000 a day —though it almost certainly will—our annual expenditure will be about £1,300,000,000. As our revenue is estimated at well under £300,000,000, we may safely assume that we shall have to raise £1,000,000,000 by loans each year, and probably more. In other words, we have to repeat every six months the tremendous effort of the recent war loan.

Every six months the nation must lend the Government another £500,000,000.

Let us repeat again the salient figures on this subject, quoted in the December and June numbers of THE ROUND TABLE.

The annual income of Great Britain is estimated roughly at £2,300,000,000. About £1,900,000,000 is spent on living expenses and maintenance of the nation's plant. The balance of £400,000,000 represents savings, devoted in normal times either to the betterment of plant or to investment abroad. Now, if all betterment and investment abroad are stopped—and they cannot be entirely—and if the nation's income remains as large—which is hardly likely—there remains £400,000,000 out of income for war expenses. If we take our war expenditure, over and above our ordinary expenditure of £200,000,000, at £1,100,000,000, we are left with a deficit of certainly not less than £700,000,000 to be met either out of capital or out of current savings. If it is met out of capital, that capital must either be liquidated by being sold to foreigners or its owners must be able, by borrowing against it in this country, to turn it into "money," which they can lend to the Government, a process likely to end in a dangerous inflation of credit. Already the banks' deposits in this country were on June 30 not far short of £200,000,000 higher than on June 30, 1914, representing mainly not increased wealth, but inflation of credit. The Government is spending on the war more than half the nation's whole gross income. Nothing like this has ever been known before. It has been estimated that in the Napoleonic times expenditure probably never rose beyond one-sixth of the national income.

The war expenditure of all the belligerents is gigantic, and for all of them, therefore, the most rigid economy is necessary to escape exhaustion. But for two reasons it is more vital for this country than for any other. Both our total expenditure and our foreign obligations are un-

doubtedly greater than those of any other country. It is true, on the other hand, that we started with a much larger supply of available liquid capital, but at the present rate we are rapidly exhausting that portion of it which is saleable. We are quickly exchanging such capital as other nations will purchase—*e.g.*, our American securities—for shot and shell.

It is necessary to emphasize the essential difference between expenditure incurred within this country and expenditure incurred in foreign countries. If the Government has to pay £1,000 to an American for shells, then the American takes £1,000 out of the country and we have the shells. In a week or two the shells have been used and the country is £1,000 poorer. If, on the other hand, the Government pays an Englishman £1,000 for shells, then, though the shells are used as before, the £1,000 is still left in this country and can either be re-lent to the Government or expended on the Englishman's own private purposes. The fact that this country pays every soldier 1s. 2d. a day, while the German soldier only receives 2½d. and the Frenchman only ½d. a day, does not mean that the country, as apart from the Government, loses in wealth nearly a shilling a day more than Germany for every soldier under arms. But it does mean that there is an enormously greater transference of wealth from man to man. It does mean that in this country there is far greater temptation to extravagance and increased consumption, which must above all things be avoided. Whether the 1s. a day extra we pay is lost to the country depends on whether the soldier saves it to lend it to the Government or squanders it. The same is true of the contractor, the shipowner, the shell-maker, and every other man in the country who is making money out of the war. The money going to him has been taken either by taxation or loan from those who had it. It cannot be got from them again. If the Government is to go on finding the money it wants, it must be re-lent by those to whom it has now gone. If, as it goes

from hand to hand, its new possessors continually use it in increased consumption, they are unconsciously betraying their country. They are weakening it and reducing its resources. No man who is better off as the result of the war has the right to spend the money he has gained on anything but the needs of the state. It is his duty, in fact the least he can do, to lend it again to the state. He could not complain, indeed, if his profits were taken from him by taxation. To lend all they can to the state is the duty of all those—and their number is legion—who are better off as a result of the war—whether they are contractors or shipowners, or working men or soldiers, or their dependents. England is far more generous to her soldiers than any other country. She cannot continue in this policy unless the whole population—soldiers and their dependents included—respond by economy and saving. Every day not less than £2,000,000 is paid by the Government in the form of payments to contractors, pay to soldiers, separation allowances, and in countless other ways. If those into whose pockets this huge stream of wealth flows save and lend it again to the state, well and good. But, if they spend it on themselves, they are doing no less harm to their country than the man who runs away in battle. Economy is vital, if the Government is to find internally the money it requires. What matters is the actual consumption of goods. The country should be consuming far less than usual ; yet as a matter of fact it is consuming more.

IV. External Expenditure

OUR second and still more pressing problem is that of meeting our foreign obligations. How are we to meet our huge external debts and to help our Allies, none of whom can do so without our aid, to meet theirs ? It is a problem about which there is much misunderstanding. Yet the right solution of it is vital to us. A

nation, which has incurred debts to another nation, can only pay those debts by giving in return something which the creditor nation considers intrinsically valuable, whether in services or commodities. It can export goods to it or sell it securities, or it can perform valuable services for it, for which it gets paid—*e.g.*, in the form of freights or banking commissions, or it can send gold to it, or, finally, if its credit is good, it can borrow money from it to pay temporarily what it owes. In any case it must balance its account somehow in one of the above ways. Whether it is or is not finding difficulty in meeting its obligations is invariably reflected in the foreign exchanges. This problem of the exchanges is to most people a baffling mystery and it is not intended in these pages to try to elucidate it. It is sufficient to say that to the extent a nation in general buys from other nations more than it sells to them, to that extent the exchanges become unfavourable to it. They are an automatic reflection of its position and credit. Take England and the United States as an example. If their debts balance, exchange is at par, or in other words £1 is worth $4.86⅔ cents. If America owes on balance money to England £1 is worth more than $4.86⅔ cents; if England owes on balance money to America, it is worth less. £1 at the date these pages are being written is worth only about $4.70 cents, and its value has recently been rapidly falling. Take another instance. Russia has now a very unfavourable exchange. £10 are worth usually only about 97 roubles; they are worth now about 149 roubles, or about 52 per cent. more. The exchanges are, in fact, unfavourable to all the belligerents. The practical results of an unfavourable exchange are of vital importance. In the first place the more the exchange moves against a country, the more it has to pay for its imports. Russia is paying 52 per cent. more for everything she imports. If a certain kind of shell she is buying from England would have cost her before the war £10, she is paying nearly £15 now. Austria is paying nominally 30 per cent. more,

though in actual fact her complete lack of credit must make foreign trade practically impossible. Germany is paying about 14 per cent. more, France about 6½ per cent., we between 3 and 4 per cent.

But it is not only this extra cost that matters, though that is in itself a very great burden and involves, too, a corresponding rise of prices internally. An unfavourable exchange is a sign that the country in question is finding difficulty in paying. If it continues to buy beyond its means of payment, it finds greater and greater difficulty. Its credit becomes more and more strained, and foreign nations more and more doubtful whether it is wise to trade with it and whether it will be able to meet its obligations. Foreign purchases of any description become more and more difficult and finally impossible. The debtor nation is then thrown back entirely on its internal resources.

This process has commenced with all belligerent nations. Germany and Austria have indeed been forcibly thrown back on their own resources by the British Fleet. In Germany purchases are far smaller than ours and yet the exchange is about 14 per cent. against her owing largely to the fact that we have stopped practically all her exports. Russia's position is, as already stated, still more unfavourable. At the best of times Russia's balance of trade is against her and is equalized by loans. Now her exports have practically ceased and yet imports are absolutely necessary to her. It is obvious that her difficulty in paying is so great that foreign trade and purchases abroad must now present the most acute difficulties. Yet her needs in the way of munitions are admittedly tremendous. Clearly, since she cannot herself make all she wants, it is hardly possible she can satisfy those needs, unless we can help her financially. In a lesser degree France and Italy are in the same case. There are indications, however, that France is growing more self-supporting. France has always been famed for her recuperative power. It is due not only to the richness of her soil and the rigour of her people, but to their habits of economy as well.

The burden on us is therefore exceedingly heavy, and it is vital that our strength should be sufficient to bear it. It does not matter much to Germany what her exchange goes to, so long as she is not buying much from abroad. Her whole war policy is directed towards and based on self-sufficiency. But not so the Allies. Their war policy is based largely on the purchase of munitions, and even food, from abroad. They are relying on these munitions, and, if the financial position becomes such that they cannot pay for them, the foundations of their policy disappear. It will be a matter of the greatest difficulty for them so to alter it as to become self-sufficient. It may be said, therefore, that, like a pyramid resting on its apex, the external financial position of the Allies rests on the American exchange with this country. It is vital to all the Allies that every means should be used to maintain it.

Let us, then, examine our position. In 1913, the last normal year, England imported about £150,000,000 more than she exported. She balanced this sum and, in addition, lent another £200,000,000 abroad by means of what are called her invisible exports—*i.e.*, interest due on foreign investments, freights, banking commissions, and other smaller items, which must therefore have amounted in total to about £350,000,000. In the present year her balance sheet is far harder to estimate. Based on the figures of the first six months, her imports will exceed her exports by nearly £400,000,000 instead of £150,000,000. It is not to be expected that interest, freight and commission due to her will remain at £350,000,000. Let us suppose they are £300,000,000. This still leaves a balance against us of £100,000,000. But there are two items of unknown amount to add. One is our loans to our Allies and Dominions. Mr Lloyd George some months ago estimated these at £200,000,000. Presumably a great deal of this has already been lent. What we are lending now is unknown, but the total is certain to be large ; though it is to be remembered that much of these loans are spent in this country, and

therefore does not give other nations a drawing power upon us. The other item relates to Government imports. The official figures for imports are stated not to "include certain goods which at the time of importation were the property of His Majesty's Government." Presumably this cryptic statement must be interpreted as meaning that all the Government's purchases abroad are excluded from the account. If so, that must mean an addition of many millions to our figures for imports. Thus it is quite impossible to determine what is our true debit balance. It will certainly not be less than £200,000,000. It may be vastly more. How can this great balance be squared? Let us clear one current misunderstanding out of the way. It cannot be squared or even reduced one penny by any number of loans in this country. The British Government have just raised an internal loan of £600,000,000. That is a wonderful feat, but it has not helped us by one penny to meet our debts to America. It has not reduced our imports or increased our exports. It has given us nothing more of value to exchange with America. It is no good the British Government offering America a credit in the books of the Bank of England. The Americans want something valuable in America. The only ways of paying our debts are either to sell our foreign securities or to induce America to lend us money, or to send her gold, or last and most important, by rigid economy and by increased production in our own country to cut down our imports to the lowest possible figure, to increase our exports, and so reduce the debit balance against us.

To pay our existing debts we must certainly sell a great deal of our American securities. This is, of course, equivalent to the reduction *pro tanto* of our capital wealth. Unfortunately, too, it reduces in future the amount due to us in the form of interest from the United States. Our holdings of foreign securities are generally estimated at nearly £4,000,000,000. But it is most misleading to assume, as Mr Lloyd George has done, that all

this is liquid or available wealth. Far from it. The United States are practically the only people in the world who are now large buyers of securities, and they will only buy American securities. Out of our £4,000,000,000 only about £600,000,000 are invested in the United States, and a good deal of this amount is probably unrealizable. This source of wealth, therefore, is by no means inexhaustible.

Borrowing in America depends not on us, but upon the Americans. To what extent it can be done and on what terms is uncertain, and any such operation requires a combination of great courage and skill on the part of our financial authorities. Rich as we are, we shall before long be spending £1,300,000,000 or £1,400,000,000 a year. No country can continue at that rate and not strain its credit. In fact our credit, as evidenced by the American exchange is suffering already. Much depends on the political course of events. The entry of the United States into the war on our side would enormously lessen the financial strain. America's most valuable contribution to victory would undoubtedly be to lend freely some of her vast financial resources to the Allies. So long as she continues neutral, the difficulties in the way of an adequate loan are great, for the American people have never been very favourably inclined towards foreign securities of any kind. What is absolutely essential, if we are to borrow in the States, is that we should neglect no means of maintaining our credit undiminished.

This brings us to the consideration of our policy in connection with gold exports. In ordinary times, to ship gold is the normal way of balancing accounts and keeping the exchanges level, and it is necessary to inquire whether that is a function which gold cannot still be allowed to fulfil. It is desirable first of all to consider the gold resources of the Allies. The Bank of France has a reserve of £174,000,000, or more than she had a year ago; the Imperial Bank of Russia has £162,000,000, or only £2,000,000 less than a year ago. Our position, too, is very strong, though, as in other things, we

have not taken the trouble to organize our strength and show it to the world. A gold reserve is only useful when the world sees it. The international banker looks at the gold reserves of the great national banks and at nothing else. He looks at the returns of the Imperial Bank of Germany and sees a reserve of £114,000,000; he looks at the Bank of England returns and sees £59,000,000. He does not know that we have £29,000,000—far more than is wanted—as a reserve against our currency notes; that the Joint Stock Banks have, it is reported, between £30,000,000 and £40,000,000; that there is a huge untapped reserve in the pockets of the people. He probably forgets that we receive yearly about £40,000,000 of newly mined gold from the British Empire; he certainly forgets that our Dominions have their own gold reserves; that the Australian banks, for instance, hold £40,000,000.

The first task of our Government therefore—a task on which they have not started before a very serious situation has already arisen—is to mobilise our gold reserves, and so strengthen the Bank of England. It would then be apparent how strong our position is, and it would be clear that, if this country, France, and Russia followed a concerted and harmonious policy with regard to the export of gold, there would be exceedingly little danger of any undue weakening of our reserves.

As it is, opinions seem to differ as to the extent to which we ought to allow our gold to be exported. Opinions, indeed, even among high authorities, are often very vague as to the exact reasons why we collect these huge stores of gold, and what we ought to do with them when we have got them. It is very difficult to dissociate gold from the idea of hoarding, and there have always been people who believe that the best thing to do with gold is to sit upon it. Yet it is generally recognized that one at any rate of the reasons why we collect all this gold is that we may use it in case of need for maintaining the exchanges. It may be, and no doubt is, an extremely difficult matter to hit upon a policy

which will combine all merits. We have got to maintain our credit both at home and abroad. Rightly or wrongly a large gold reserve is viewed throughout the world as the main condition of financial strength and credit. The Bank of England therefore must at all times maintain a gold reserve sufficient to satisfy both the population of this country and all foreign countries as to its unshakable strength. It naturally, therefore, regards with some anxiety the possibility of large exports. Yet at the same time it is equally vital to its own credit and traditions and to the position of London as the financial centre of the world, as well as to the existence of our foreign trade, that we should allow our gold to be used to help us to meet our debts. For the Bank of England to sit on its reserve would be the last of our proud and ancient claim that London is the only free gold market of the world. It must never be forgotten that the whole fabric of British credit, and the whole position of London in the financial world, is built up on the traditional policy of the free gold market. If that policy is once abandoned—and unfortunately, without making any great effort, the Government have already allowed the situation to get out of hand—our position is fundamentally altered. Not only is our credit shaken, but our difficulties in recapturing after the war our former pre-eminence enormously increased. There is no half-way house between being a free gold market and not being a free gold market. When the American exchange falls to a certain point, then every international banker knows that gold should normally flow from here to New York. If it does not, then he will have reason to suspect that we are frightened of letting it go, and immediately he will become apprehensive as to our credit. He knows that if gold is not allowed to go, there is nothing to stop a continuous fall in the exchange. This general apprehension will increase the difficulties of meeting the situation. It will make more remote the possibility of raising large enough sums in America to relieve the strain. All this

has indeed, unfortunately already been allowed to happen. There is every reason to suppose that a bolder policy than has been pursued would have been a better one. The country should let gold go when the financial conditions warrant it. It is true that we might lose a good deal of gold. But we can afford it much better than we can afford the shattering of our credit, which the opposite policy involves. The difficulties of insurance, and the risks of carriage, are in themselves a barrier to our losing any very large quantity in a short time. The worst policy of all would be to put such obstacles in the way of gold export as seriously to damage our credit, while at the same time taking no active and determined steps to mobilize all our gold resources in this country, and to insist that France, Russia, and even Italy, shall bear their proportion of the exports. We are bearing their financial burden, and it is both just and necessary they should aid us. To maintain the exchanges is as vital to all the Allies as men and munitions. If there were a collapse in the exchanges, neither they nor we could purchase what we require. Thus it is the plain duty of our Government to bring this all-important part prominently before our Allies and to insist for the sake of all that they should share in certain proportions in supplying the gold needed. If a comprehensive policy to this end were agreed upon, the Allies could well afford to export far more gold than the United States are likely to wish to absorb. It is said, indeed, that America does not want gold. She has £180,000,000 already, and is afraid that additional imports may lead to an undesirable inflation and speculation. All the more reason for sending it. The Americans, like other nations, act from self-interest. The huge orders we are placing in their country are directly to their own advantage. If they do not help us to finance them there will be no alternative for us but to send them gold. If they do not want gold, it is for them to devise other means of rectifying the position.

But it is not enough only to ship gold. We must have

a comprehensive plan and at the same time take every other possible measure to fill up the deficit in our national balance sheet. We must sell our securities, produce more in this country, and consume less. As it is, we are unfortunately helping to make the task not easier, but more difficult to accomplish. It is not as if, while ordering great stores of munitions, we were buying less in other directions. We are buying more, very much more in value, since all prices have risen enormously, and more even in quantity. In the official returns of the Board of Trade it is shown that among other items we imported this June *increased quantities* of the following articles of food and drink as compared with June, 1914. The increases were as follows: oranges, over 22,000 tons; cocoa, over 6,000 tons; coffee, over 7,000 tons; tea, nearly 3,000 tons; tobacco, 5,000 tons; pepper, over 1,600 tons; cheese, over 3,000 tons; rice, 28,000 tons; onions, 700,000 bushels, as well as over £3,500,000 more meat. In July we imported nearly £900,000 of tobacco more than last July. Some of these increases are no doubt due to Army supplies, but they are certainly striking figures to any who may think the cry for economy is overdone. There is, it is true, false economy as well as wise. As matters stand, while Germany is somehow or other managing without her usual imports of over £500,000,000 a year, we are importing even more than usual. No selling of securities, no export of gold can keep pace in the end with our present extravagance. It is essential that we should consume less, so that we may have more to export and less to import. The time is inevitably coming when our artificial prosperity will vanish and we shall be forced by bitter necessity into the path of wisdom. But if we wait until we must before we cut deep into our habits of extravagance, we shall rue it not only during the war, but in the collapse which will come after it is over.

V. Conclusion

SIDE by side with the armed struggle in the field there is going on another silent, invisible struggle which in the end may be equally decisive—the struggle of exhaustion. The resources of any nation, however rich, engaged in this terrible contest must be taxed to the uttermost. The richer and stronger the nation, the greater the burdens it must shoulder. Germany must support Austria and Turkey; we must support Russia, Italy, and even France. Without our aid in meeting their external obligations the financial power of these countries to make purchases abroad would be seriously crippled already; and it will become still weaker in the future, unless we continue to aid them. The burden is the greatest ever assumed by any community, and our strength, which we have not properly husbanded, is showing signs of overstrain. Yet there is little to show that we appreciate the imperative duty it imposes on every one of us. Abstinence, saving, self-sacrifice in their daily lives, these are not yet resolves which war has evoked in the masses of our people. There are many, it is true, who are already feeling the pinch of higher prices. Yet to vast numbers the war has brought greater affluence and wider opportunities of spending which they have not refused to grasp. We are neither an imaginative nor a saving people, and it is not to be expected that we should realize and carry into action hour by hour in our daily life the irksome, but imperative, practice of economy, just when unexpected means of spending have been placed in our hands. Thus at a time, when it is vital that we should consume nothing that is not absolutely necessary, our imports of many articles are bounding up. By some means, if not by voluntary effort, then by compulsion and taxation, this increased consumption must be checked. Undoubtedly the Government must impose heavy taxation on all imported articles. They

must tax the rich heavily, but they must tax the masses of the people, too ; for it is in the consumption of the bulk of the population that economies will tell. The rich man must give up his motor-car, and his cigars; but the poor man, too, must be sparing in his tea, coffee, sugar, and tobacco. Of late years luxury and self-indulgence have permeated every class of the nation. Our whole standard of life has been altered. Cannot we manage to go back now even to the standard of ten years ago ? Compare the year 1903 with 1913. Within that period, after deduction of re-exports, our imports of tobacco had gone up from 82,000,000 lbs. to 162,000,000 lbs.; of cocoa and chocolate, from 48,000,000 lbs. to 88,000,000 lbs.; of tea, from 260,000,000 lbs. to 307,000,000 lbs.; of sugar, from 1,700,000 tons to 2,200,000 tons, or an increase of 500,000 tons; of wheat, from 4,400,000 tons to 5,200,000 tons. These are a few items, and since 1913 the increases have gone on growing. But the Government must do more than tax. They must show by example that they realize the urgency of economy. They must cut down their own expenditure, and rigidly suppress the appalling waste and extravagance which has been too apparent in many quarters.

The Government have already started a campaign throughout the country to advocate among the people the urgent need of economy. Let them press it on by every means in their power. Let them enlist voluntary help in every district to aid their officials' efforts, whether it be by the formation of local committees or by the assistance of the trade unions, the co-operative societies, the friendly societies, or any other bodies ready to lend a hand.

But, when all is said and done, what is most needed is that all British men and women should realize in their hearts and imaginations that here at home they themselves by their own conduct from hour to hour and day to day, by their abstinence or by their extravagance, by their hard work or by their slackness, are directly and pro-

foundly helping or hindering their country's cause, and are either consecrating or making of no avail the sacrifices which their husbands, sons, and brothers are making in the bloody fields of Flanders and the Dardanelles. If a man consumes less, so that we may have less to import, if he works hard, to produce either food or goods, so that we may have more to export, he is making it by so much easier for us to buy munitions both for ourselves and all our Allies, and he is helping to preserve our store of gold and our credit and financial power. If he is wasteful, extravagant, and slack, he is cutting at the tap-root of our strength, and bringing nearer the day when we shall no longer be able to give our Allies the vital help they need, or even perhaps buy for ourselves the munitions and food which are essential to us.

Let us remember that, while so many are fighting in the trenches and can no longer aid in producing what is required, it behoves all of us who are left behind to work doubly hard for the nation's sake. There are many millions of patriotic souls in this country who lament keenly that they can do so little to help those who are offering their lives to their country, but something they can all do. Let them work their best every hour of the day, and let them impose on themselves some real daily act of abstinence. If every man who smoked tobacco in this country were told that, by everyone abstaining from smoking for a year, we could afford to buy, in order to aid our cause, £8,000,000 more of guns and shells than we otherwise could, how many would refuse ? Yet that is the truth, and it is true not only of tobacco, but of every other luxury we import. If every man, woman, and child saved only 1s. a week, it would amount to £120,000,000 a year. Small acts of abstinence practised day by day by the whole population may seem to many mean, useless, and even ridiculous; yet, if our people had the imagination and the strength to carry them out, our whole financial burden would be enormously lightened. It is in the vivid and continuous personal

realization of this fact, and in its application to our own lives, that we too often fail. If this war is to be a war of exhaustion, then that people will win which can bring to its aid the greatest energy, abstinence, and endurance.

THE END OF WAR

I. A Light that was Darkness

IN these days, when the mind of the civilized world is almost wholly preoccupied with war, it is well, at times to lift our heads above the din and turmoil of the conflict and make sure that we are struggling in the right direction. It is difficult to resist the effect of an ever-growing familiarity with the callous brutality and carnage of war. It becomes almost impossible to conceive of any other world than one in which nations are for ever at war. The purpose for which battle was joined tends to be forgotten in the increasing concentration on the terrible work of killing the enemy. Victory becomes an end in itself. Let us, therefore, look dispassionately at the antecedents of the war and the issues which are at stake in it. Only so shall we avoid the danger of a peace which is no peace because it does not remove the real causes of the war.

The most obvious, as it is the most awful, fact of the moment is that some 10,000,000 men are being deliberately killed or maimed a year, and that the civilized world regards the sacrifice, with its even greater toll of loss and suffering to those at home, as necessary and justifiable. This is not to say that we did wrong to enter the war. We should have utterly failed in our duty if we had stood aside when Belgium was betrayed and the independence of France attacked. And we shall fail in our duty if we make peace before the liberty of Europe is secure. War is not the greatest of evils. Slavery or the loss of liberty is a greater. But it does mean that there has been something wrong

with humanity that it should drift into the situation in which such sacrifices and suffering are the price to be paid for the triumph of right. If we are to form any sound judgment about peace we must keep that fact clearly in mind.

It is not difficult to define where the trouble lay. The root of it was that the civilized nations were so selfishly absorbed in their own welfare that they felt little or no responsibility for the welfare of others. The Germans, falling more and more under the influence of the immoral gospel that might makes right, have acquiesced in the domination of a military autocracy, the very incarnation of selfish nationalism, because it promised them world dominion in return for docility and obedience; and they are now sacrificing countless lives in an attempt to trample on the rights and liberties of other nations as the road to supreme power. The Western Powers have failed in a different way. Their selfish nationalism has taken the less evil but hardly less disastrous form of thinking only about their own peace and liberty, and of repudiating, under the plea of avoiding foreign entanglements, any responsibility for maintaining right and justice in international affairs. As a result they refused to concern themselves seriously in times of peace with the problem of how the reign of law and liberty was to be ensured throughout the world, and they are now spending untold lives and treasure in re-establishing them by force of arms.

If we look honestly at the question, who is responsible for the war, we can only decide that both sides, and indeed many non-combatant nations as well, must share in the blame, though the degree and quality of their guilt profoundly differ. The whole world has been dominated by a national bigotry, not unlike the religious bigotry which deluged the world in blood a few centuries ago, in its cynical indifference to all that did not affect itself. It has been the central dogma of this nationalism that it is the first duty of the national state to consider its own interests.

In consequence, national egotism has racked mankind in war ever since the Reformation destroyed the slender sense of unity given to Europe by the Papacy and the Holy Roman Empire. The horrors of the Napoleonic wars temporarily eclipsed its prestige, and first the machinery and later the tradition of the Concert of Europe preserved peace by creating a "European sense," until Bismarck restored a purely self-regarding nationalism as the basis of international relations. Competition has ever since ruled the policies of the Great Powers. Mankind has been conceived of not as a unity, but as a collection of states, separated by racial pride and intolerance, and striving endlessly for themselves. And every people, thinking primarily of their own interests, some of expansion and dominion, others of enjoying their possessions in selfish indolence, have based their external policy on indifference, envy, or suspicion, backed by military force. Such a society must end in war, and until the national intolerance which rules it is abandoned it will continue to produce war.

Whatever the issue of the war, therefore, however decisive the victory of the Allies, the prospects of a permanent peace after the war depend upon a reversal of policy all round. Not only must Germany abandon her immoral political principles and her overweening military pretensions, but her opponents must abandon also their selfish indifference to everything that does not directly affect their own safety and interests. Victory, even a decisive victory, for the Allies will be fruitless unless it leads to a fundamental change of heart.

That change of heart is not difficult to see. It is that civilized man should deliberately recognize, in action as well as in theory, that the claims of humanity must override the interests of any race or nation. The ideal of the service of humanity must definitely triumph over the ideal of the service of a single nationality or state. If every people were to adopt as the first principle of their public policy that it was their business not only to forward liberty,

justice, and right within their own borders, but to combine with others in forwarding them throughout the whole world, the root of war would have been destroyed. It would be impossible for any such people to set out to overthrow the liberty of other nations, or to tear up international agreements in the interest of their own aggrandizement. Nor would it be possible, if one community were thus led astray, for all the others to pretend that it was not their business to combine to uphold liberty and right, if need be, at any cost to themselves.

The touchstone, therefore, by which we must judge of what our own action in this war should be, and by which we must judge also of every proposal for peace, is one—the welfare of humanity as a whole. We cannot, indeed, see the war in the true perspective until we conceive of it primarily as a civil war. And we shall not see how to end it or how to bring about universal peace until we realize that we must apply to the international sphere the same principles which give unity and peace within the state. Before, however, we can consider the practical outcome of this conclusion we must give some consideration to the nature of the state itself.

II. The Nature of the State

ALL wars take place between states. Any other form of bloodshed is either rebellion, or slaughter for the sake of plunder, or simple murder. Hence it is sometimes said that the state is the enemy to be destroyed. This view shows an imperfect apprehension of the nature of the state. The principle of the state is essential to the final abolition of war.

The state is a community of human beings organized on the basis of mutual service. Its essence is that its members surrender their title to act entirely as they please, and

subordinate themselves to laws designed to promote the general happiness and welfare. Law defines the rights and duties of individuals to one another and to the community as a whole. It substitutes right and justice and the principle of service for competition and brute force as the basis of social life. It is thus the framework of society. Without it civilization and individual liberty would disappear. Hence obedience to the law is the essential condition of membership of a state. It is an obligation deliberately incurred by a man or woman on becoming a naturalized citizen of a state, and it is an obligation which is assumed to have been incurred by every child on attaining the age of reason.

But though the duty of obedience to the law is the fundamental characteristic of all states, there is an immense difference in the methods by which the law is framed. In the most backward communities, where knowledge and the sense of responsibility are weak, the business of framing the law is left in the hands of an autocratic emperor or prince. His edicts, supplemented by the traditional and inviolable customs of religion, govern the life of the community. These, as is natural, are usually rigid, inequitable as between man and man, and designed to preserve the power of the autocrat quite as much as to promote the welfare of the people, but they command obedience because to entrust a monarch with absolute power and authority is the only practicable alternative among the ignorant and irresponsible to the worse evils of foreign invasion or the anarchy which would follow if the people were left to rule themselves. Membership of such a state confers the blessings of comparative law and order, but liberty is imperfectly realized, because the individual has no responsibility for framing the law under which he lives, and because he obeys it rather through fear of the consequences of disobedience than through any positive recognition that the first and most important of the duties that the individual owes to his neighbour is to uphold the law.

In the most advanced communities, where the sense of service has developed into a strong sense of responsibility for the general welfare, the task of framing the law has been taken into the hands of the citizens themselves, who amend it from day to day and control through their elected representatives the executive government which administers it. In such communities not only is the law far better adjusted to the needs of the whole body of citizens, but true liberty is realized in the sense that the citizens are able themselves to determine the laws which govern the conditions of their social life. Democracy is only possible when the sense of social service is well developed in the people, and when they habitually act not so much under a fear of the consequences of disobedience to the law, but under a high sense of their responsibility for contributing by their conduct to the public welfare.

But every state, however backward or however advanced it may be, alike rests on the fundamental principle that the law is supreme. It is this characteristic which gives rise to the common opinion that the state rests on force At first sight it looks as if this were the case, for membership of a state, whether he admits it or not, divests the citizen of the right of independent action in contravention of law, and in practice physical force is habitually used through the law courts and police to compel citizens to obey the law. But force is not the real basis of the state, as is clear if we keep in mind its essential nature as a community of human beings dedicated to the service of one another. The real foundation of the state is the assumption that every adult citizen is willing to co-operate with his fellows in promoting the common happiness and welfare, that the first and most important service he can render to them is to abide by the decisions of the majority about the conditions of social life, as registered in law, until he can persuade them to amend them, and that he is ready in the last resort to serve them by laying down his life to protect their independence, their unity or their laws.

In a perfect state, in which this conception of citizenship was fully and universally recognized, force would never be employed; the sense of responsibility and the recognition of the obligations of citizenship would be so strong that individual conscience, backed by public opinion, would be a sufficient sanction for the reign of law.

But, unfortunately, no community has as yet reached that blessed condition. There are always individuals who for one reason or another, through their own fault or other people's, are not willing to base their lives on the principle of mutual service. There are those who would murder or steal, or who would evade the decisions of the courts, or escape their obligations to service or taxation under the law. Against all these force is habitually used. And the justification is that in their own interests, and the interest of the community which they are pledged to serve so long as they claim membership of it, they cannot be allowed to destroy the foundation of the state, without which liberty and a civilized life are impossible. A lawless man is a man who has repudiated his primary duty to his neighbour, and has forfeited the privileges of liberty given to him by membership of the state. He is, therefore, put under restraint until he is adjudged fit for freedom once more. Like a child or a fractious invalid, he is put under discipline in order to teach him how to control himself freely as a citizen of the state. The function of force, says Mahan, is to give time for moral ideas to take root, and the use of force to prevent ignorant or lawless individuals from destroying the reign of law is universally recognized to be necessary and right.

Sometimes, however, it happens that it is not individuals only that resist the law, but considerable minorities. And the motive in such cases is never crude selfishness, but usually differences based upon profound conviction about the justice of the law. Immediately this happens, an issue is presented to the citizens immensely transcending the

original dispute. It is no less than the existence of the state itself. There cannot be two laws within one state, and unless the two parties can agree there is no alternative between the majority preserving the unity of the state by imposing obedience to the law on the minority by force and the state being split in two. The division of a state is the greatest of all evils which can happen to a community, for it involves a repudiation of the mutual duty of service, which can only be fully discharged by membership of one state. Hence it practically never happens except at the price of civil war in which the resolution of the majority and their belief in the supreme importance of the unity of the state are insufficient to secure victory. In the Anglo-Saxon world the unity of the state has twice been put to the test. The tragedy of 1783 can only be fully realized when one considers what the union of the United States and the British Empire as one democratic commonwealth would have meant to the peace and liberty of the world in these days. And the supreme insight of Abraham Lincoln can only be appreciated if we ask ourselves what America would now be like if the United States had been divided into a number of separate sovereign communities, which, like those of Europe, had no other method of settling their disputes than diplomacy or war. But civil war, which almost invariably occurs when the unity of the state is challenged, is not the fault of the principle of the state itself. It is due to the fact that the essence of that principle—dedication to mutual service—has been so lost sight of that the majority have attempted to maintain or pass laws binding a minority unjustly, or that the minority prefer to repudiate their duty to their fellows rather than to obey the law until they can persuade the majority to amend it.

The real nature of the state can, perhaps, best be understood by considering what is meant by the statement that the state must be able to use force to protect itself. At first sight this suggests the sudden enlistment of some

blind irresistible material agency to coerce an individual into obedience. In its essence the force applied by the state is nothing of the kind. The force of the state rests ultimately on the willingness of a sufficient number of citizens to undergo taxation, privation, and in the last resort personal suffering and death to uphold the reign of law. Force is in reality the final outcome of the principle of service; it is action by the majority to protect the unity of the state, and the civilization and liberty which it exists to foster. In ordinary times this aspect tends to be lost sight of behind the police machine. But it is seen in the duty which rests upon all citizens to join in a hue and cry after a malefactor, and still more in the duty which rests upon them in time of war to place their lives and their property at the disposal of the state if it requires them to defend the liberty and institutions of the community as a whole.

Half the evils from which human society suffers are due to an imperfect apprehension of the principle of the state. In Germany the idea of mutual service has been lost in the conception of obedient dedication to an impersonal abstraction misnamed the state and controlled by a military caste. In England it has weakened to such an extent that many believe that they have the right to disobey laws that they dislike, and that the state has no right to protect itself by bringing home to them by force their primary duty as citizens, obedience to the law. The first mistake leads to wars of ambition and conquest totally unwarranted by the conception of the state. The second leads to the destruction of the basis on which the civilized life alone can rest. The true position is clear only when we remember that the state is the community and nothing but the community; that the welfare of the state is neither more nor less than the welfare of its citizens; and that the existence of the community depends upon the prompt discharge by the citizens of their duty of service, first by framing on just and equitable lines the law which embodies the principles of

their social life, and then obeying and upholding it at any personal sacrifice to themselves.

Aristotle defined the state as "that association which is supreme and embraces all the rest." That is true. It is the noblest of human fabrics, for it rests and can only rest on the basis of the absolute dedication of its citizens to the service of one another. It is, indeed, the practical manifestation of the second great Christian commandment: "Thou shalt love thy neighbour as thyself." Without the state that commandment could not be fully realized. For the state is the only medium whereby a human being can discharge his practical duties in this world to all his fellows. As an individual a man can only serve his immediate friends and associates. As a law-abiding citizen, and still more, if he is the citizen of a democratic state, as a voting and deliberating citizen, he helps to frame and uphold the law which governs the life of the community and is the condition of civilization, which creates and finances the corporate machinery, which educates the young, protects the weak, and succours the sick, the aged, and the infirm, and which through its foreign policy can benefit or injure countless millions beyond its own borders. Dostoievsky, the great Russian novelist, says that the true Christian is one who feels a sense of responsibility for all mankind. If so, the true Christian must also be a good citizen, for it is only as a citizen of a state that he can fully discharge his duties to all the world.

Why, then, is the state the cause of war?

III. The World State

IT is easy to see why wars take place between states. States are communities so organized that the citizens can discharge in a high degree their duty to one another. But the citizens of a state are not similarly organized so as to serve the citizens of other states. Peoples, there-

fore, and their governments tend to look at all inter-state questions primarily as they affect themselves, and without much sense of responsibility for the welfare of the inhabitants of the other states concerned. This is in itself a preliminary occasion of war, as it creates in both parties a temper of suspicion, envy, or grievance, which makes agreement difficult. But wars are not usually due to conflicts of selfish interest, but to a difference of opinion as to the rights to which each side considers itself justly entitled. Such differences are always liable to arise. However accustomed we may be to thinking of the world as consisting of a number of separate sovereign nations, humanity is essentially one. What one community does must, sooner or later, react on every other community, and is therefore a matter of concern to them. The policy of one Power, therefore, a policy framed in its own national interest, but which it believes itself absolutely entitled to carry through, is always liable to affect vitally the welfare of another people. It may be that the belief of one, that it has the right to demand for itself a larger share in the direction of the world, involves the destruction of the full independence of another, as has been the case with the policy of Germany in the last twenty years. It may be that the right of free immigration claimed by Asiatics at this time would, if conceded, fatally impair the chances of building up a civilization on European lines in the Dominions of the British Commonwealth, and in America. These are matters fundamental to the welfare of the communities concerned. They cannot be settled by arbitration, for no people will allow its essential destinies to be settled for it by an unrepresentative body, however impartial. Political problems of this nature can only be determined by an authority which is at once representative and responsible, and which can ensure that its decisions have the force of law. No such authority exists, and, therefore, the question has to be settled by negotiation and bargaining between two or more parties, each looking at it from the point of view of its own welfare, and profoundly

convinced that it is entitled—nay, that it is its duty—to do so. Agreement must necessarily be extraordinarily difficult. And if agreement is found impossible, and if indefinite delay and arbitration are inadmissible, as they usually are in the fundamental political issues affecting the liberty or civilization of a state, there is no other course open but for each side to establish the triumph of its own principles by war.

When once war has broken out, it is rendered all the more bitter and prolonged by the fact that the citizens of each state have no option but to combine together in fighting their opponents. Individually they may disapprove of the war. They may feel an acute sense of sympathy with their opponents, and that a settlement might be reached beneficial to all concerned if only the consideration of the issue could be lifted above the purely national plane. But whatever they may wish to do themselves, the only law which binds them is the law of their own state. And if the state to which they belong comes into conflict with another state, despite all their efforts to prevent it, it is still the best service they can render to mankind to obey the law which puts them to war, whether they approve of it or not. For the preservation of the state itself, which disappears directly the duty of obedience to law is questioned, is the highest of all human interests. Nothing can compensate mankind for the destruction of the institution which alone is based upon the principle of absolute dedication to the service of others.

The cure for war is not to weaken the principle of the state, but to carry it to its logical conclusion, by the creation of a world state. That alone will end war. And it will end war because it will extend the obligation of service from a race or a nation to mankind, because it will create a responsible and representative political authority which will consider every problem presented to it from the point of view of humanity and not of a single state or people, and because when that authority has embodied its decision in a law, it will be able to call upon the citizens of the whole

world to obey it, and, if need be, to enforce obedience to it on those who would dispute it. So long as the world is divided into separate states, war will continue, for when they disagree, as they are certain to do, in the same sincere way that the inhabitants of a single state disagree, there is no machinery for settling the issue by a decision based on reason and justice, such as a majority vote, and then binding on all the individuals of both parties alike. Neither international conferences and councils, nor Hague tribunals, nor arbitration treaties, will suffice to prevent war. They are all desirable as keeping before the public mind that the interests of humanity transcend those of any state or nation, as providing machinery for settling minor disputes, and as contributing towards the ultimate goal of bringing about trust and a better understanding among men. But in the long run they will one and all fail because they stop short of the essential step. They none of them destroy the obligation of human beings to obey the laws of their own national state, which, being conceived in the national interest, may direct them to act in a manner inconsistent with the welfare of another community and may, therefore, lead to war, and substitute for it the obligation to obey their own rulings or commands. It is only when men have so far disciplined themselves to the service of humanity that they are willing to lay aside their racial or national exclusiveness and unite themselves in one state, and thereby submit themselves to a law framed in the interest of the whole world, which they will not only have no right to disobey, but rather an infinite obligation to uphold at any cost to themselves, that wars will cease.

The creation, then, of a world state, based upon the dedication of all its members to the service of one another, and under the reign of one law, is the necessary antecedent condition to universal peace. Such a state must override all others. Indeed, it will be the only state. For no man can be a citizen of two states or obey two sets of law where they conflict. Beneath it there may be an indefinite

number of national units as at present, but the supreme law will be the world law, overriding national law where it conflicts with it and binding on all the inhabitants of the globe. Every national government will have power to raise police forces, and militias, perhaps, to back up the police in suppressing social disorder, but not armies and navies on a national scale. The governing authority of the world state as constituted by law will alone be entitled to maintain what military force it may consider necessary to prevent national or other minorities from repudiating their obedience to the world law and plunging mankind once more into the welter of organized international strife.

It is evident, even to the most casual glance, that the final abolition of war by the creation of a world state involves the most tremendous change. Before it comes within the range of practical politics at all, there are three main difficulties to be overcome. In the first place, there is the spirit of national bigotry among the Great Powers, whether it takes the form of an arrogant determination to dominate other peoples, or the form of a selfish repudiation of all responsibility for the welfare of the rest of mankind. Before it can be constituted, Germans, English, French, Americans, and Russians must feel themselves primarily human beings. They must forgo their national independence to the degree that in all external matters the policy by which they will be bound will be framed by an authority in which they themselves have but a fractional voice. They must agree to surrender their own national armies and navies, and to witness supremacy by land and sea pass into the hands of a new government, which will use its power as it considers the interests of mankind require.

In the second place, there is the difficulty of machinery. How is a world government to be constituted ? If all states were monarchical in form, it would be possible to choose an Emperor of the world and make his edicts law, even to subject princes. If all states were democratic it would be

possible to elect representatives from all peoples and let a majority vote decide the law and rule the executive. But the modern world shows no such uniformity. There are no kings in America and France. There is no democracy in Germany and Russia. The democracies of the British Empire would obey the personal edicts of no emperor. The Emperors of Germany and Russia would not bow to the authority of any world Parliament so long as they do not bow to the authority of their own people. It would seem that democracy must make some headway before any joint government for the civilized world can come into being.

Thirdly, there is the most serious difficulty of all—that of the backward peoples. Much of the world is still incapable of governing itself politically—that is to say, it is incapable of maintaining those elements of order, justice, and personal liberty necessary to civilized life. The tribes of Africa, for instance, have so slight a sense of the obligation of mutual service that they have been unable to form a state at all. There are many other peoples politically so backward that the reign of law and liberty is, to say the least, doubtful. For instance, in Mexico and Persia it may at any time be necessary for some civilized Power to step in, as they have done in Egypt and the Philippines, and sweep aside a condition of misrule which is a scandal to the world, which renders impossible internal progress, and which endangers international peace. Finally, there are states which, while able to govern themselves, are certainly not fit, as yet, to control the destinies of their more advanced neighbours and of civilization itself. Turkey, for instance, is one, and China another, and some would add many other names to the list. What is to be the place of these communities in a world state ? Those who are to-day so far incapable of governing themselves as to be under the tutelage of civilized states could be transferred to the world government to administer until they were sufficiently educated to govern themselves. As to the rest,

it is not so easy. On the one hand, the direction of world affairs would have to be in the hands of the most civilized peoples, for the progress of the world would not be assisted by transferring power from responsible to irresponsible hands. On the other hand, to deprive the intermediate peoples of the responsibility of self-government would be to set back the hands of the clock of progress. It would seem, therefore, that their external relations, and such of their internal acts as affect the rest of mankind, would have to be controlled from above until such time as they were fit to be admitted to a share in the responsibility for world policy.

This raises the final crux: who are to be the original controlling members of the union, and how are the other self-governing states to be made to accept membership of the world state on subordinate terms? The process would almost certainly be piecemeal. It might begin with a voluntary union of the most liberal states. This union, having risen above the purely national plane, would direct its policy under a strong sense of responsibility for the welfare of all nations. While it would respect their legitimate freedom and interests, it would not hesitate to maintain the sanctity of international right and liberty, and of international law as defined in agreements, if need be, by force of arms. For it would recognize that to allow the triumph of wrong by force is a worse evil than to use force to uphold the right. To such a union other Powers might gradually and voluntarily join themselves until it eventually embraced the whole world.

This is to enter the realm of speculation. But the appalling suffering of the last year is sufficient to warrant us in exploring any road which may give promise of universal liberty and universal peace. Moreover, far-fetched as the idea may seem, it has a practical example already in existence. The British Commonwealth is a perfect example of the eventual world commonwealth. It is one state in which one law is supreme. It is based on the

principle that it exists to serve the welfare of all its members, and that all these members have the primary duty to obey the law and to serve their neighbours in any way that the law prescribes, even to the point of sacrificing life and property for the state. Yet it contains more than a quarter of mankind and more than a quarter of the surface of the earth. Its peoples are in every stage of development, from the blanketed savage of Africa, through the intermediate civilizations of India and Egypt to the advanced democracies of the Dominions and the British Isles. It is able to give full play even among its governing communities to differences of race, and to a vigorous and healthy nationalism. The French and the British in Canada and the Dutch and the British in South Africa have found it possible to combine on the basis of a common citizenship of Canada and South Africa. And the four self-governing Dominions have been able to develop a national consciousness and pride, not less strong, though far less bigoted than that of France or Germany, and yet find it compatible with membership of a still greater state. It is only a question of time for these nations, without sacrificing one jot or tittle of their own autonomy, to assume their share of the responsibility for directing the policy of the commonwealth as a whole.

What is already a fact for a typical section of mankind is ultimately possible for all mankind.

IV. Practical Steps

THERE will, then, be no end to organized warfare until mankind is united in one state. But this goal, while it must be the ultimate aim of every man who has the welfare of humanity at heart, is out of the range of practical politics. Moreover, to think over-much about ideals is often dangerous. It tends to make men forget

that the way to reach the horizon of their hopes is to concentrate mainly on making the road immediately ahead, remembering the distance only as a guide to direction, and as an inspiration to a brave heart. What are the steps towards it which are immediately within our reach? The first is to prevent the triumph in Europe of the Prussian doctrine that might is right, and then to end the war on terms which will unite rather than estrange mankind. The second is to realize the principle of the state within our own communities far more consciously than we have done in the past. It will not be until the world has expelled the evil of national intolerance from its international relations, and has made healthy the political life of the states of which it is composed by the practice of mutual service, that the foundations will have been laid on which the edifice of a world state can gradually be reared.

It is not the purpose of this article to consider these steps in detail. But certain general principles are clear. There can be no peace until the evil doctrines of the Prussian autocracy, the gospel that might is right, that there is neither honour nor justice between states, that any inhumanity, however frightful, and any treachery, however base, is permissible so long as it serves a national end, have definitely failed to extend their dominion in Europe. It is this gospel which is the greatest foe to universal peace in the world to-day. It is founded on envy, hatred, ambition, and distrust of the people, and is the prime breeder of war. Until it is discredited there can be no peace for the Germans or the world. We need not consider how it is to be destroyed in Germany itself. That can only be accomplished by the Germans themselves. But the surest way of bringing about a change of heart among them and of turning their eyes from the alluring vision of foreign dominion to the evil which reigns in their own midst is to prove that the fatal promises of autocracy can never be fulfilled, and that the spirit of liberty and justice,

once aroused, is able by its endurance and self-sacrifice to overcome the utmost efforts of the will to tyranny and power.

But this is only the first step. If the Germans have to relinquish their principles of tyranny and aggression, we on our side also shall have to make a change. The inhabitants of the British Commonwealth, like the inhabitants of the United States, have forgotten the true nature of liberty. They have treated it as an end in itself. This it is not. It is only justified as the means to the better service of others. Instead of remembering this they have exalted its very opposite, the repudiation of all responsibility for others, into a creed under the specious titles of national isolation, the right of every nation to go its own way, non-intervention. In entering this war we have been forced to abandon that view, for war is intervention of the most violent kind. But we must clearly realize that if we are to have lasting peace we must abandon it for ever.

The final settlement, if it is to be lasting, must not be the mere triumph of one armed will over another, but rather of the nature of a pact solemnly affirmed among the peoples, as the beginning of a new era, and the end of the era which produced the war. It must be one which all nations, and not the victors alone, chastened by the war and sore perhaps at the loss of some cherished national ideal, yet recognize to be essentially just and conducive to the welfare of mankind. Further, if the principle that the welfare of humanity is to override the interest of any state, the condition of lasting peace, is to rule supreme in human affairs, there must be some method whereby all the states of the world can take counsel together and enter into common responsibilities for the world's affairs. If the Prussian theory, that states exist to fight and master one another, and that the globe is an arena of conflict, not of peace and harmony, and the opposite theory that states can be kept as watertight compartments each going its own way, are not once more to resume their sway, they must

be replaced in some practical way by the reign of law. That law must define the rights and duties of states to one another, must provide a method by which the law itself can be altered from time to time, and must have some sanction behind it. Until we are ready for a world state, such law can only be defined by voluntary agreement among states, and it will have the force of law only in so far as the signatory Powers bind themselves to compel observance of its provisions, if need be, by force of arms.

The long-drawn agonies of the Napoleonic wars brought Europe to the same point a century ago, and the Concert, the first attempt to make the claims of humanity override the interests and ambitions of princes and peoples, was the result. The Concert was a compromise between two ideas, between the vision of a universal union, vaguely based upon the principles of the Christian religion—a sort of shadowy world state—set forth by the Emperor Alexander of Russia, and embodied in the Holy Alliance, and the less ambitious but more practical scheme of Pitt and Castlereagh for a Grand Alliance, in which all the Great Powers should mutually undertake to protect one another's security and guarantee a general system of public law throughout Europe. The first idea would have authorized any interference warranted by the supposed general interests of Europe. The second would have involved a precise definition of the purposes, limits and methods of interference by the signatory Powers in the internal policy of any Power having an external effect. The Concert was founded on neither idea. It was little more than a grand council of the Powers, which met from time to time to see if they could agree about the common handling of European affairs. In seven years it had proved incapable of agreeing either upon the principles upon which the European polity should be conducted or the methods and purposes of joint intervention. Great Britain decided " to revolve in her own orbit " and became an apostle not only of democracy, but of the principle of international isolation and non-interven-

tion. The Holy Alliance "narrowed and hardened into a close league, of which the object was to crush out, within the limits of its sphere, all motions towards national independence and constitutional change." Thus the first serious attempt to ensure peace between sovereign states failed.

The problems to-day are fundamentally the same as they were a hundred years ago, except that they now concern not Europe alone but the whole world. There will be no less difficulty in agreeing upon the principles which should govern the relations of sovereign states, and no less difficulty in defining how and when intervention should take place. Unless the Great Powers will determine to create a new and better Concert embracing all people and based upon the reign of liberty and justice between nations, the world will gradually sink, as it did after 1815, into a selfish nationalism, which is as certain to produce war in the coming century as it has produced it in 1866–71 and at the present day. Somehow or other we must overcome these difficulties, and that at bottom depends upon the change of heart brought about by the war. If every Great Power will look at the problems from the point of view of humanity they are soluble. If they look at them from their own national standpoint alone they are not.

In determining, therefore, to see the war through till justice and liberty prevail, let us also determine that when the time for settlement comes we will abandon our old shibboleths and look at foreign problems with new eyes. If we are to play our part in bringing into being a new world, we have not only to assume responsibility for framing and amending laws defining international rights and duties, we have also to assume the right and duty of interfering with other nations when their policy threatens to disturb the peace of the world by infringing those laws, and to recognize that other nations have no less a right and duty of interfering with us for the same reasons. That may not be at all to our taste. It will be especially difficult to deal justly with our foe, to join with the Germans on equal

terms in the deliberations of the Great Powers. Yet that is essential to a lasting peace. It has been one of Germany's greatest grievances against her neighbours that they have never admitted the right of the youngest of the Great Powers to share in the settlement of all world problems. And it is true that for some years the British, the Americans, the French, and the Russians have claimed to settle the destinies of practically the whole earth between them. That has been due to the intolerable policy of the Prussian autocracy, which, aiming at creating a military empire on the ruins of the liberty of others, claimed that every international question should be settled in their own way, and made friendly negotiation and settlement impossible. Yet German interest in world policy in itself is fundamentally healthy and sound. No great civilized people can afford to stand aside and see the destinies of the world settled over their heads. When once the spirit of Prussianism has been exorcised, and Germany herself recognizes the principles of equality and liberty among nations, other nations must admit her to a Concert of civilized Powers on equal terms. Moreover, the creation of such a Concert will mean discussing with all Powers many matters connected with sea-power and land-power, exclusive spheres of influence, and even of economic policy, especially in dependencies, which have hitherto been regarded as the sacred preserves of soverign states. The ultimate union of the world will be a pool in which all civilized nations will share equally in the powers and responsibilities of the whole. The peace and unity of the world will be assisted only in so far as all nations begin to approach international questions in that spirit now.

It is not, however, only in the field of external policy that we can contribute towards the ultimate goal of universal peace. Plato says that wars occur when states are internally diseased. The more they are distracted within, the more they come into conflict without. As we have seen, this has certainly been true of this war. The

German people have misapplied the principle of the state. They have not regarded the state as a community organized on the principle of mutual service, but as something outside and above it, an idol controlled by an autocratic military caste, whom it was their duty unquestionably to obey. We have gone to the opposite extreme. In our passion for individual liberty we have almost forgotten the principle of the state altogether. It is no longer a commonplace that it is the first duty of the citizen to serve the community of which he is a part. The claims of the state have been disputed by party and by class. It is this falling away from the duty of service which has been the root of all our troubles. In domestic affairs, the privileged classes, while more solicitous for the welfare of the state, have shown but little readiness to share their privileges with the rest. The working classes, while striving to remedy the injustices of their social and economic position, have given but little thought to the welfare of the community as a whole. Hence, in politics, just because the appeal has been more and more to self-interest and less and less to duty, party strife has increased until it brought us to the verge of civil war. In foreign affairs we have given far less thought to our responsibilities as the greatest world Power than to securing peace for ourselves on the cheapest terms. In our anxiety to avoid the discipline and sacrifices which the true guardianship of liberty entails in a still imperfect world, we preferred to talk about peace instead of grappling decisively with the problem of how to preserve it. Hence we drifted unwilling and unprepared into war. And selfish individualism has been no less the secret of our difficulties in the war itself. Our want of organization, our muddling through, our industrial difficulties, our extravagance, are due to the decline of that high spirit which only waits to know its duty before it sets to work upon it, and which regards the service of its fellows as an honour rather than a trade. We have won liberty, as the Germans have still to do, but we have yet to learn

that liberty, if it is to survive, must evoke the same qualities of discipline and self-sacrifice which have been the strength of Germany in this war. These qualities have been bred in the Germans by meek submission to autocratic rule. We have now to develop the same qualities in our own democracy of our own accord.

The great lesson of the war for us is that we must revise our conceptions both of liberty and of the state, and that we must restore responsibility and service to their proper places in the national life. We must recognize that responsible and orderly obedience to laws of our own choosing, and to a government elected for its high sense of public responsibility rather than for its promises, is the primary condition of internal harmony and progress, and of friendly relations with the outside world. Once we begin to look at every internal problem from the point of view of how best we can each individually serve the state of which we are a part, they will all become easy. The danger of civil war will disappear. The acerbity of the industrial struggle will diminish. The relations between all classes will exhibit less jealousy and suspicion and more of the cement of friendliness and equality. Even the fundamental constitutional problems of our great amorphous state, in Ireland, between Great Britain and the Dominions, in India, if we face them in the spirit of doing what is best for the welfare of all the myriad peoples who inhabit it, great as they are, will not be insoluble. And similarly with external affairs, once we begin to look at them from the point of view of how best we can serve humanity at large, we shall be tempted neither by ambition nor selfish ease. We shall see that we must incur obligations to other nations for the maintenance of liberty and justice in the world, and that if we are to fulfil them we must be strong. Weakness has never done anything for the world. It is only if we are strong, strong through unity and self-discipline, that we shall be able to break away from the fears and suspicions which have ruled us in the

past, and direct our foreign policy towards the construction of an international system which will promote the progress and welfare of all mankind.

At bottom, the problem of peace is the problem of service. The rupture of peace comes from the existence of envy, hatred, malice, and selfishness in the heart of man. If we are selfish in our private lives we shall be selfish in our public policy. If we cannot realize the principle of the state in our own communities, it is no use thinking that we can uphold it for the world. The practical step, therefore, is not so much to belabour Germany, but to overthrow her false gospel, by imitating of our own accord the discipline and self-sacrifice of her citizens. And when as a result we have proved that liberty and self-discipline can be combined, when we can say that we approach to the perfect state because we have unity, peace and the joy that cometh with cheerful service within a commonwealth which embraces a quarter of mankind, then we shall speak with authority to other peoples, and by our example prove that the dream of universal peace and the federation of man in one state is no dream, but within our grasp.

AMERICAN PUBLIC OPINION AND THE WAR

"England is pretty well understood here; not a saint by any means forgetful of her own interests, but on the whole drawing nearer all the time to the moral perfection which her leaders proclaim, and advancing the civilization of the world in a way that America can understand."—EDMUND VON MACH, *What Germany Wants* (Boston, 1914), p. 4.

I

IF we look upon the state merely as an aggregate of individuals and not as a political entity, it is obviously impossible to construct any simple formula that will accurately describe its opinion on any given subject. For rarely do two individuals agree on all the facts and on the relative amount of emphasis to be laid upon each of them. Students of social psychology ever since the days of Rousseau have, however, pointed out that the sum total of these varying individual judgments does not constitute the active opinion of the community. This effective public opinion, which determines the action of the democratic body politic, is the fundamentally important force. But even that is not always easily ascertainable and capable of concise delineation. This is especially so in a country of such huge proportions and of such varying stages of economic development as is the United States; and here the difficulty is further aggravated by the still fluid character of its civilization. The *vox populi* speaks at times in delphic tones, and only

rarely are its words uncompromisingly explicit. The existing world crisis is one of those rare occasions when American public opinion is unmistakable. It is wholeheartedly and overwhelmingly on the side of the Allies.

During the first months of the war, long before the German submarine campaign against commercial vessels, visitors from London, Paris and other European centres to the United States noted with surprise the intensity and depth of this sympathy with the cause of the Allies. Seldom has the American people been so fundamentally stirred and aroused. This keen sympathy was primarily due to moral considerations and, only in a minor degree, to a recognition of the fact that England was fighting America's battles. According to a common platitude, which mental inertia allows to remain unquestioned, every people has the government it merits, but the American people is of far greater worth than the sordid nature of much of its political life seemingly indicates. Despite considerable gross materialism, there is a huge fund of idealism that finds incomplete expression. Unknowingly, America has taken to heart the exhortation that Dante has placed in Ulysses' mouth:

> "Considerate la vostra semenza:
> fatti non foste a viver come bruti,
> ma per seguir virtute e conoscenza."

Like their cultural forebears in Britain, the American people is essentially non-militaristic; and, while recognizing that war is not always avoidable, it demands that every effort should be made to secure a peaceful solution of differences before recourse is had to the ordeal of battle. This aversion from war is not due to lack of virility, but to a recognition of the fact that war has been a constantly diminishing factor in social evolution and that, as civilization has advanced, brute force has more and more yielded to justice and reason in the adjustment of the affairs of mankind. History teaches the unmistakable lesson that

the trend of development is towards the integration of ever larger and larger political entities, based not upon force, but upon the consent of the governed, and allowing the fullest possible autonomy to the component parts. As this development has proceeded, wars have inevitably become less and less frequent. The Kantian conception of an ultimate world-community is implicit in American political ideals, even though the proverbial man in the street might not be able to formulate it explicitly.

Hence, when in August of 1914 the greater part of Europe became a human slaughter-house, a shudder of mingled horror, dismay and despair ran from the Atlantic to the Pacific. The average American knew little of European affairs and had regarded the huge armaments that were being accumulated there with something akin to pitying contempt for peoples that thus wasted their substance. But when the explosion occurred in Europe there was in America a spontaneous outburst of righteous indignation at what was regarded as a heinous blow to progressive civilization. The evidence in the case was eagerly studied and discussed; and, as this pointed ever more and more conclusively to Germany as the arch-culprit, the exasperation was directed against those classes in that country that had brought Europe so gratuitously to this sorry pass.

This feeling was further intensified by the invasion of Belgium. The wanton dragging of an unwilling and innocent country into the destroying maelstrom and the almost unbelievable fate that subsequently befell its prosperous people, fair fields and picturesque towns have gripped the mind of the American people more firmly than any other fact. The resentment aroused against Germany by these acts was kept alive, and even further increased, by the ruthlessly severe character of the subsequent military operations. Prior to the Bryce report not much stress was laid upon individual atrocities, for it was realized that these are to some extent inevitable, and, furthermore, that wars always produce a plentiful crop of such ghastly tales whose

only foundation is often merely the super-heated imagination engendered by a period of great emotional stress. But the cruel suffering inflicted upon the civilian population of Northern France and Belgium at the express command of the invading authorities aroused from the very beginning many who were sceptical about some tales of individual atrocities, whose general truth Lord Bryce's weighty authority has, however, since firmly established. The policy of taking hostages and their indefensible treatment, the slaughter of civilians on a large scale in retaliation for the acts of some exasperated individuals in following the wholesome instinct of defending their honour and home, the compelling of Belgians and French to give information disadvantageous to the military forces of their country, the use of civilians as protecting screens, aroused a storm of indignation. This naturally has not been allayed by the conduct of military operations against non-combatants, from which no direct and but slight, if any, indirect military advantage could be expected.

This policy of systematic terrorism is repugnant to America's humanitarian spirit. The climax was finally reached when the German submarines sank merchant vessels without regard to the lives of their crews and passengers. The sinking of the *Falaba* in April, especially, was condemned in vigorous and unmeasured terms by the Press. The sinking of the *William P. Frye* and the torpedoing of the *Gulflight* aroused far less feeling, even though these were American vessels, because mainly a property loss was involved. But when the *Lusitania* was sunk off Ireland, with the loss of over one hundred Americans, indignation knew no bounds. This act confirmed the opinion of America that Germany, as a political organism, was a pariah among nations, recognizing neither the laws of God nor of man.

No less uncompromising than its condemnation of German actions is America's attitude towards the political and moral philosophy from which they are supposed to

derive a sanction. The German doctrine of the morally self-sufficient state, the creed that might makes right, the glorification of war and the tendency to regard military efficiency as the infallible coefficient of a nation's worth, the view that *raison d'état* supersedes the public law of Europe and that " necessity knows no law " are abhorrent to the American conscience. In German eyes these doctrines were an all-sufficient justification for their actions, but to their intense surprise they failed to carry conviction elsewhere. The war revealed in a flash that German political thought and ethics were out of harmony with those of the balance of the civilized world. Many an American steeped himself in German writings in a futile attempt to envisage the question from the German standpoint. Charles Francis Adams's experience after such a course of reading is typical. Shortly before his death this distinguished historian described it in the following pregnant sentences:

> " The result has been most disastrous. It has utterly destroyed my capacity for judicial consideration. I can only say that if what I find in those sources is the capacity to think Germanically, I would rather cease thinking at all. It is the absolute negation of everything which has in the past tended to the elevation of mankind, and the installation in place thereof of a system of thorough dishonesty, emphasized by brutal stupidity. There is a low cunning about it, too, which is to me in the last degree repulsive."

When, finally, Germany was astounded to find that these doctrines were anathema maranatha to the American public, her champions changed their tone. But the mental garb assumed out of a belated and half-hearted recognition of the importance of what the Fathers of the American Republic called " a decent respect for the opinions of mankind " fitted awkwardly. There was something robust and

genuine about the original attitude, while the insincere after-thoughts, clumsily expressed and buttressed by specious reasoning, carried no conviction and aroused scorn and contempt.

This antipathy to war as the negation of civilization, this abhorrence of the political doctrines that made it unavoidable, this condemnation of Germany's course in ignoring all the dictates of international law and morality that to any extent interfered with her purposes, are the prime causes for America's fervent desire that German arms be defeated. In addition, however, it is being more fully recognized that upon the issue of the war depends the future of free government. As the Emeritus President of Harvard has insistently pointed out, " more and more, as time goes on, this war develops into a conflict between free institutions and autocratic institutions."* Every day an increasingly large number of Americans realize more fully that were the British Empire to fall, upon them primarily would rest the onerous burden of defending the cause of freedom. And, as they look back upon the past, they ever more clearly perceive that it was not so much the Monroe Doctrine as British sea-power that has protected South America from Germany's vaguely defined, but alarmingly extensive, ambitions.

This anti-German sentiment of the United States does not apply to the German people as individuals, but to them as a political group and especially to those classes that have proven false leaders. The sincere hope is entertained that defeat will purge Germany of militarism and of autocracy, and that the path of liberalism, so prematurely and so unfortunately abandoned in 1848 under the malign genius of the Hohenzollerns, will again be trod. The attitude of America is, however, far from being conditioned solely by this anti-German sentiment. It has certain distinct positive elements. The traditional friendship for France as the ally

* Charles W. Eliot, *National Efficiency Best Developed under Free Governments*, in *Atlantic Monthly* for April, 1915, p. 436.

of the revolutionary days and the sympathy with a sister republic cannot be overlooked. But far transcending this in importance is the ever-growing friendship between England and America. In the course of the by no means gentle paper polemics that the war has evoked in America this factor is largely ignored, because it is realized that sympathy due to consciousness of kind is not only no argument, but exposes the American champion of the Allies to the charge of prejudging the case. Under the surface, however, this unexpressed and largely subconscious sentiment is a potent force.

Until the past two decades the relations between the United States and England constituted a curious series of misunderstandings that kept the kindred peoples apart. The War of Independence, which in many of the colonies assumed the character of a civil war, left a legacy of bitterness such as only conflicts of that nature can generate. Before it could disappear this feeling was implanted in the next generation by the war of 1812. After the conclusion of that difficulty, which ushered in a period of one hundred years of peaceful relations, there remained outstanding many unsettled matters resulting from the fact that the British Empire is an important American Power with great territorial and economic interests both on the continent and in the Caribbean. These differences were all settled peacefully, and on the whole equitably, leaving little or no aftermath of ill-feeling. The prospect of sincerely harmonious relations was, however, again deferred by the Civil War. The path of a neutral during an internecine war, in which both belligerents are firmly convinced of the righteousness of their respective causes, is beset with grave perils, and England did not escape the inevitable consequences of her fundamentally impartial conduct. Both North and South resented her neutrality, and this feeling profoundly influenced Anglo-American relations until a very recent date, and is still an element that cannot be totally disregarded.

A marked change in the feelings between England and the United States set in after the settlement of the Venezuelan dispute in 1896, which brought home to the consciousness of both peoples the tragedy involved in a war between them. The cordial approval by England of America's conduct during the Spanish-American War, while the rest of Europe was besmirching the course of the United States, paved the way for an ever-increasing friendship which to-day rests upon an apparently unassailable basis. To some extent this sincere friendship is due to a new writing of American history. The older American historians were intensely provincial and tended to disparage the motives of all who to any extent opposed the nation's desires and interests. As England was virtually the only European country with which for physical reasons the United States could and had come into contact, she figured as the arch-enemy. Distrust and dislike of England were regularly inculcated in the schoolroom. The present generation of historical scholars has, however, abandoned this narrow view-point; and, in bringing American history into line with the broad sweep of historical development, they have shown that there were two sides to most of the questions that formerly seemed to Americans to be purely unilateral. This process of re-interpreting American history from an objective and cosmic standpoint is still far from completed, but it has already profoundly affected the attitude of the public and of the teachers of the youth who in the next decades are to manage the affairs of the nation. In addition the generation which personally felt aggrieved at England's attitude during the Civil War has all but passed away, and the old-time rancour appears only sporadically, and chiefly in post-prandial oratory. The historical past has for most men only an academic concern and cannot arouse the same vivid interest as their own individual experiences, and the fundamental fact is that the present generation has no personal grievance against England.

With this broadening of the historical standpoint has also

largely disappeared the view once so prevalent in America that Europe is the home of effete monarchies and that a republic is the only justifiable form of government. Americans have learned to distinguish between the outer form and the inner spirit, and have awakened to the fact that not all republics are democracies while some monarchies are. This realization was largely due to the growth of liberalism and democracy in Europe, especially in England, which forced Americans to recognize that they were not unique and that other people under different governmental forms were possibly just as free. With this recognition disappeared a powerful barrier. And simultaneously another is also being gradually broken down, as economic conditions in the new world are even more closely approximating to those of the old.

This solid friendship between England and the United States rests upon the immutable fact that there is a fundamental unity among English-speaking peoples which sharply distinguishes them from all others. During the first three-quarters of the nineteenth century there was a tendency to minimize this essential similarity and to emphasize the more superficial points of divergence. On the side of England there was not infrequently a note of supercilious condescension which aggravated the American tendency towards overbearing self-assertiveness, so characteristic of the youth of all nations. Above all else, the American did not want his country to be considered a lesser England. But with its vast increase in wealth and power the United States occupies an assured position which cannot be imperilled by a frank recognition of the true origins of its civilization. Although attempts had been made to demonstrate that other influences were predominant, all competent scholars agree that American political institutions are derived directly from English practices and that the spirit animating the political framework is basically the same as in England. "An intimate like-mindedness," such as connects the two countries, is, as Prof. Dunning has well said, " the indispensable factor in

permanent international amity."* Under these conditions it would indeed be surprising if the effective public opinion of the United States were not whole-heartedly in favour of the Allies, even if the country were not convinced, as it is, that Germany has deliberately and gratuitously plunged all Europe into the most destructive war known to history. When the children are carried away with their elders the sentiment must have deep roots. In a little New England town, whose college is named after an amiable British statesman who had charge of colonial affairs in the troublous days preceding the American Revolution, the children of the academic body shortly after the outbreak of the war spontaneously inserted the Allies among those for whose welfare they daily prayed.

While the effective public opinion of the United States favours the Allies to an overwhelmingly preponderant degree, it is by no means unopposed; and, when we come to the individual judgments of this minority, there are myriads of gradations ranging from extreme Anglophobia through apathy to unqualified German partisanship. Apart from the foreign-born whose place of nativity is usually, though not invariably, the controlling consideration, and their children, who to some extent are influenced by their parents' origin, there are not a few dissentient voices among Americans of English-speaking stock, exclusive of those of Irish origin. In a number of instances these champions of the German cause are apparently influenced by personal considerations. Some, like Beyers in South Africa, have wives of German extraction; others have enjoyed the hospitality of the Hohenzollern Court. An explanation for the attitude of some of the latter may possibly be found in Maxse's epigram "The Hohenzollerns know how to stoop to conquer, and have a positive genius in spotting a snob." Besides, America also has its Shaws, who never feel at ease if in agreement with the majority. In many other instances it is the professional interest that is the determining factor. A scholar

* W. A. Dunning, *The British Empire and the United States*, p. 352.

trained in German political science admits as valid the unlimited claims of the absolute and morally irresponsible state. A profound lawyer steeped in German jurisprudence sees in Germany's defeat the downfall of his pet doctrines. A specialist in city government finds his argument in the admittedly admirable municipalities of the Fatherland. Possibly more than any other profession is the medical fraternity sympathetically influenced by the excellent work done by Germany in its especial line. Similarly, in American army circles a considerable number are swayed by admiration for the German military machine. In the Navy this element is seemingly far less, for the indefensible behaviour of Diederichs to Dewey at Manila has not been forgotten.

In general these scattered adherents of the German cause base their arguments on German efficiency, which, once admitted, is illogically held to be conclusive proof that the other nations are inefficient, and should not stand in the way of the super-state's demands. In addition there is a fairly widespread belief, which has gained some currency through constant reiteration by the leaders of the German propaganda, that Germany's legitimate aspirations for expansion had been selfishly and deliberately blocked by England. Neither facts nor dates are advanced to substantiate the contention, but the general argument has made some impression. Furthermore, a not inconsiderable number of Americans have no sympathy with British imperialism, and do not understand the essential nature of the British Empire. Others again, fortunately few, look forward with pleasure to the disruption of this Empire, because "manifest destiny," as they interpret its message, demands the union of Canada with its southern neighbour. Some, moreover, see visions of a future Slav menace and dread any increase in Russian power.

Apart from the not inconsiderable number of Americans who hold such and similar views, there are some who, following President Wilson's behest, as they understand it, are, or have been—for their ranks are thinning as the

exchange of notes over the *Lusitania* outrage continues—really neutral, or rather indifferent as to the outcome.

Some of these even make of their apathetic neutrality a virtue. Others, again, largely under the influence of economic determinism, regard the conflict as the inevitable clash of blind economic forces over which man has no control. They refuse to apply moral criteria in judging the protagonists; and, in a fatalistic spirit, are prepared to welcome no matter what outcome as a biologically just decision. Of more significance than this small group of doctrinaires are those who have not been able to reach a decision. Some are genuinely puzzled, but others are constitutionally so intent upon keeping their minds open that they are never able to close them, and drop all ideas and facts that have ever passed the portals. A few again claim that contemporaries never have sufficient facts to warrant a confident judgment, and that, even if they had, their very closeness to the events debars them from seeing the truth. The logical result of this argument is that no one is justified in taking a firm stand in any great world crisis. In point of fact, it is doubtful whether the true antecedents of any previous conflict of this nature were ever so well known to contemporaries as are those of this one. The error in the claim, that too close proximity precludes accurate vision, is patent. There is inevitably some difference between the contemporary verdict and that of history, primarily because the historian judges in the main by results and, in his tendency to worship success, is prone to overlook those moral considerations that are the chief concern of the participants in the events. The causes of a war are not infrequently far different from their results, which are often the accident of military fortune, and did not come within the purview or purpose of those responsible for the conflict. It by no means follows that, because certain territory was acquired as the result of a war, a desire to secure this land was in any degree at all a cause of the war. Many such examples could be cited from the history of the British Empire, and an

equally typical case is the Spanish-American War, whose results were far different from what was anticipated by the statesman solely intent upon freeing Cuba from Spanish rule. Similarly, the meaning of a war's outcome in the broad sweep of historical evolution will probably not be clear to contemporaries, and may not even be revealed to posterity until many generations have passed. The contemporary cannot base his verdict upon an outcome that he cannot foresee nor upon the problematical ultimate significance of this issue as viewed by the more or less distant future. He may to some extent be legitimately influenced by his own fallible forecasts of these results, but as a reasoning and moral being he is primarily called upon to found his judgment upon the actuating motives of those engaged in the war and upon their method of conducting it.

For these and probably other reasons that have escaped notice there are discordant notes among the otherwise practically unanimous support accorded to the cause of the Allies by those Americans who have no ties of blood with any of the other belligerents. It remains to consider the attitude of the foreign-born population, which in 1910 numbered 13,515,886 out of a total of 91,972,266. Of these 2,501,000 were Germans, 1,175,000 Austrians, 496,000 Hungarians and 1,352,000 Irish. For present purposes, obviously the two most significant groups are the first and the last. Since the notable decrease of emigration from Germany during the past two decades the number of these natives of the Fatherland has been steadily declining as a result of death's constant harvest, and is now probably nearly two hundred thousand less than the two and a half millions registered five years ago. Moreover, their average age must be somewhat beyond life's meridian. The same is true of those born in Ireland who, at the high-point in 1890, numbered 1,872,000, but had decreased by more than five hundred thousand in the following twenty years. On the other hand, the number of Austrians and Hungarians is steadily increasing. In 1880 their aggregate was only

136,000 ; in 1890, 304,000 ; in 1900, 637,000 ; in 1910, 1,671,000. The influence of these comparatively recent arrivals from Austria-Hungary is, however, far less in proportion to their numbers than in that of the Germans, who, in general, have a well-established economic position. Moreover, according to the census of 1910, of the 1,279,000 males of German birth over twenty-one years of age, 889,000 were naturalized and thus entitled to vote, while only 186,000 natives of Austria-Hungary had up to then acquired this privilege. A large proportion of the Irish have also become naturalized—406,000 out of a total of 598,000 males of the voting age.

The German-born population of the United States is widely scattered, but the great bulk is in the Eastern and North-Central States, especially in New York, Illinois, Wisconsin and Pennsylvania. Two out of every three Germans live in urban communities; and in a number of cities, such as New York, Chicago, Cincinnati, Milwaukee, St. Louis and Indianapolis, they constitute a conspicuous and influential element. But nowhere in the United States do they form compact bodies isolated from the general life of the country as they do in Southern Brazil, especially in the state of Rio Grande do Sul.* It is usually assumed that these natives of Germany are to a man uncompromisingly in favour of their country of origin, but this is a purely gratuitous assumption. Even before the sinking of the *Lusitania*, which made many a German-American renounce all spiritual affiliations with the Fatherland, there was far from unanimity. The leading German in America, the dean of the American medical profession, Dr. Abraham Jacobi—Carl Schurz's life-long friend and like him a refugee from Germany after the failure of the liberal movement of 1848—at the very outbreak of the war denounced Germany's course. It is true that he is of the Jewish race, and it is a fact of considerable significance that a large proportion of the Jews in America who were born in Germany are in favour of the Allies, while their

* F. Garcia-Caldéron, *Les Démocraties Latines de l'Amérique*, p. 269.

descendants are practically unanimous on this side. Another prominent New York physician of German nativity and Jewish race is also outspoken in his condemnation of Germany, and his wife, of the same origin, despite a German decoration received for services as a volunteer nurse during the Franco-Prussian War, cordially supports him. Prior to the *Lusitania* outrage practically no prominent Germans, other than those of the Jewish race, publicly denounced the course of Germany. To the uncritical mind such a course savoured somewhat of disloyalty. But many a German had his grave doubts, and many, many more were not deeply interested in the fate of a country from whose militarism and bureaucracy they had sought refuge in America. Moreover, it must not be forgotten that the average German, as Prince von Bulow has pointed out, is not endowed with much political ability, and does not take the same intense interest in public activities as that political animal, the Anglo-Saxon. Nothing but good has hitherto been said of the German immigrant. He has proven himself a valuable citizen, but mainly in a negative sense. He is sober, industrious and law-abiding, and, in general, has lent his support to the cause of progress, but he has not been an influentially active agent in the political life of the country. Thus it must not be assumed that those vociferous and vehement vindications of Germany and assaults on the Allies, whether in book form, in the press, or on the lecture platform, represented accurately the opinions of all German-born even before the *Lusitania* tragedy. Since then the German propaganda has altered its tone; and, while it may not have undergone a change in heart, many German-Americans have.

In contradistinction to the Germans, who, in addition to lack of capacity caused presumably by inadequate experience in self-government in the old country, had to contend with the disadvantage of a foreign language, the Irish have taken a far greater part in American political life. Many came to this country with a deep hatred of England, and they used

their not inconsiderable influence in "twisting the lion's tail" whenever a favourable opportunity offered. But, as a result of the change in England's policy manifested in many important measures from the disestablishment of the Irish Church in 1869 to the Home Rule Bill of 1914, which not only gratified the political desires of the Irish but brought comparative prosperity to its agricultural life, the feelings of the Irish in America have changed considerably. Apart from some irreconcilables, who may or may not be members of the Ancient Order of Hibernians and similar organizations, and who exert considerable influence on certain organs of Irish-American opinion, the bulk of the Irish-born do not favour the German cause. They may not like England, but the Kaiser cannot gain their support. When Bernhardi before the war wrote of a possible alliance between the Irish and the Germans in the United States, he merely made one of those characteristic German miscalculations which are always the result of a close study of statistical material and a dense ignorance of the human factors that they represent. His fellow-chauvinist, Count Reventlow, showed at that time far keener insight when he insisted that Germany could not rely upon any political advantage from the presence of a large German element in the United States.*

In this welter of varying and conflicting individual opinions the most difficult of all factors to gauge is the attitude of the children of the foreign-born. It is not necessary to go back beyond that generation, for the grandchildren have become so thoroughly Americanized that in not infrequent instances they do not know in what country was their ancestral home, and in practically every case their grandparents' original nationality does not influence their view-point. Of the Irish of the second generation there were in 1910 3,152,000, but of these 1,010,000 had only one parent born in Ireland, the other

* Graf Ernst zu Reventlow, *Deutschland's Auswärtige Politik* (2nd ed.), p. 217.

being American by birth. The corresponding figures for the German immigrants' children are 5,781,000 and 1,870,000. These figures do not include those whose parents were both foreign, but of different nationalities. Of such there were in 1910 439,000 one of whose parents was a German, but in about forty per cent. of these instances the other was either British, Irish or French. The attitude of these native groups of foreign and partly foreign parentage is an important consideration, as their numbers are large. One thing can be confidently affirmed, that when American interests and rights are plainly involved their allegiance to the country of their birth will be unqualified. Prior to the series of outrages culminating in the sinking of the *Lusitania* the great bulk of Americans only very dimly perceived this connection, and even then it is very doubtful if more than a small minority of those of the second generation were influenced by the place of their parents' nativity.

This is an inevitable result of the American system. The "melting-pot" fuses the child into an approximately uniform type. Any divergence from the normal is looked at askance, and hence the immigrant's son is prone to "out-Herod Herod" in his Americanism. He resents the slightest intimation that he is not as thorough and as good an American as his neighbour. He keeps his father's native country in the obscure background, because he realizes that it is a bar to success in so far as it may establish the existence of possible differences between him and his fellows. In this connection there arises an important, but much misunderstood, point. American civilization is by many regarded as an amalgam of the civilizations of the various countries from which its diverse population has been derived. Extreme nationalists are prone to insist that the United States has no especial cultural affiliations with any one European country. Philosophical idealists, who would fain have American civilization be a composite of the best of all nations, take the same view. But, unfortunately for them,

their wishes are not in accord with fundamental facts. Ever since Darwin demonstrated the potential adaptability of the primitive Fuegian to civilized conditions, it has been recognized that race is far more a cultural than a physical fact. If one could altogether eliminate the consciousness of outward physical differences, as can be done to a preponderant extent in so far as the Caucasian is concerned, it might even be termed a purely cultural fact. There is no scientific evidence that those psychological and mental traits that are deemed the peculiar attributes of Englishmen, Frenchmen or Germans are inherited in a physical sense.* If a number of German new-born were transferred into a purely English environment they would, unquestionably, provided neither they nor anyone else at any time knew anything about their origin, turn out as typical Englishmen as a similar number of native-born who were subjected to the same social and educational influences. To a great extent this is what has happened in the United States. The immigrant brought his own standards from Europe, but his children acquired the typical American view-point from their environment. The main agency has been the free-school system, which tends to produce uniformity of type. The barriers that cut them off from the civilization of their parents' country were on the one side social compulsion, because divergence from the normal was a handicap ; on the other differences of language which debarred the English-speaking child from understanding his father's original countrymen. The important part played by language has been admirably explained by an American anthropologist, Daniel G. Brinton.†

> " An individual is a mental slave to the tongue he speaks. Virtually, it fixes the limits of his intellectual life. His most violent efforts cannot transcend them. Here the group, the ethnic mind exercises tyrannical

* *Cf.* Franz Boas, *The Mind of Primitive Man*, p. 116.

† D. G. Brinton, *The Basis of Social Relations*, p. 167.

> sway over him. So also do the contents of his tongue. I mean by this that incalculable potency broadly called literature, spoken or written—the oratory, romance, poetry, philosophy, history, and science—which is his daily mental food all the years of his conscious life. In this maelstrom of the opinions of others his own individuality is generally submerged; he loses it in the struggle, and his own talk becomes but the echo of that of others of the group."

Thus, to the extent that there are not clearly defined physical characteristics, such as marked differences in the colour of the skin that establish and perpetuate sharp cleavages in mankind, race is fundamentally a question of language. Hence, in spite of the fact that the population of the United States is composed of many European strains, there is an essential unity in so far as the Caucasian elements are concerned. This unity of language has given to those born in America a common mind, and this mind does not differ in essentials from that of England. For the English language that cuts off the son of the immigrant from his father's nationality binds him in an indissoluble mental and spiritual union with the other English-speaking peoples. In spite of the political separation, the civilizations of England and the United States have been developing along parallel, and even on converging, lines. As has been well said by Professor Hart,

> " the standards, aspirations and moral and political ideals of the original English settlers not only dominate their own descendants, but permeate the body of immigrants of other races."*

Over a hundred years ago, before scientific investigation and study had revealed these vital sociological facts,

A. B. Hart, *National Ideals Historically Traced*, p. 46.

Wordsworth's inspired insight seems intuitively to have divined them:

> "We must be free or die, who speak the tongue
> That Shakespeare spake; the faith and morals hold
> Which Milton held."

This fundamental fact is not generally realized either in Europe or in America, and probably even fewer recognize to what extent the United States is dominated by men of Anglo-Saxon descent. Some twenty years ago Senator Lodge made a study of the distribution of ability in the United States, using as his material Appleton's "Cyclopædia of American Biography," of which the concluding volume had appeared in 1889.* This work aimed to list all Americans of eminence as statesmen, soldiers, clergymen, lawyers, writers, scientists, or in any other capacity, and contained 14,243 biographies. Of these 12,519 bore British names,† 659 German and 589 Huguenot. A similar table was prepared, omitting all those whose ancestry went back farther than the immigrants after the year 1789. This list contained 1,271 names, of which 860 were British and 245 German. These results are confessedly defective, in so far as Senator Lodge traced the descent only on the paternal side, and, as is well known, many contend that ability is more often transmitted through the mother. Moreover, eminence is not synonymous with ability; other factors are just as influential, and in many instances even more so. But, if these tables do not prove the superior ability of the English-speaking races and their descendants, they conclusively demonstrate their supremacy in all prominent fields of

* Henry Cabot Lodge, *Historical and Political Essays* (Boston, 1892), pp. 138 *et seq.*

†

English	10,376
Scotch-Irish	1,439
Scotch	436
Welsh	159
Irish	109
	12,519

activity. Had this study been made on the basis of later material, there might be some changes, but recent investigations plainly show that the result would be essentially the same.*

In discussing the results of his tabulations, Senator Lodge stated his belief that " in proportion to their numbers the Huguenots have produced more and the German fewer men of ability than any other races in the United States." " I think there can be no doubt as to the Germans," he continued, " for their immigration was larger than any other in the colonial period except that of the English and possibly of the Scotch-Irish." The explanation offered is convincing. The Germans settled in compact groups in only three of the thirteen colonies, and, by retaining their language and customs for approximately a century, kept themselves more or less separated from the balance of the community. As was complained in colonial days, " being ignorant of our language and laws, and settling in a body together," they constituted " a distinct people from his Majesty's subjects." As an inevitable result they handicapped themselves in competing for those prizes of life which to a great extent depend upon the support and confidence of the public as a whole.

These investigations of Senator Lodge and others made subsequently prove two things beyond peradventure of doubt: (1) The overwhelming predominance of the British stock in the upbuilding of the United States and its present ascendancy in directing the affairs of the nation; (2) That those immigrants and their children have best succeeded in the United States who have become most speedily and completely Americanized, and that only under such

* " The parents of American men of science are thus predominantly British-American, with an admixture of nearly 8 per cent. of Germans and about 5 per cent. from other nationalities."—J. McKeen Cattell, *The Families of American Men of Science*, *Popular Science Monthly*, vol. 86, p. 505. Practically the same percentage is revealed by a study of those prominent in the present political life of the United States. See Sinclair Kennedy, *The Pan-Angles*, p. 37.

an eventuality can they expect a free field for the development of their potential abilities. Both of these facts are vital in the existing situation.

II

The political influence of the various racial and religious groups in the United States is far less than is generally supposed. Frequently some recognition is given to these groups in the over-elaborate electoral tickets that are presented to the voters, but the prospective offices thus assigned are usually of minor importance, and, as a rule, both parties use the same device to secure votes. Thus to a great extent this appeal to racial or religious clannishness neutralizes itself. Moreover, it is always made covertly, for the open solicitation of votes on the ground of such affiliations is resented and is apt to repel more votes than it attracts. The practice is universally deprecated, but its inherent viciousness has led to less evil results than might be supposed; for, while a man's race or religion may help to secure the suffrage of some, he would stand no chance whatsoever of election if there were the slightest doubt of his loyalty to American institutions. The mere suspicion of a tendency to subordinate American interests to those of any other country would sound the death-knell of all political ambitions. Racial and religious considerations have affected the election of office-holders, usually the unimportant ones; not infrequently have they influenced the attitude adopted towards such minor questions as the regulation of the liquor traffic in a specified locality; but they have not, and doubtlessly never will, affect the decision of those fundamental questions that determine a nation's destiny. Although extremely tolerant and proud of the fact that their country has been a haven of refuge

for so many from different climes, the ruling forces in the United States will not for a moment countenance the efforts of a small minority, driven by an alien patriotism, to sway the councils of the nation. Such an attempt acts like a boomerang and inevitably unites the majority in one harmonious and crushing opposition. Thus the German propaganda in the United States has not only proven a complete failure, but it has in addition actually decreased whatever political influence the German-Americans may have had before the war. This was signally illustrated in a municipal election held in Chicago during April of 1915, in which the German-Americans unwisely injected the war issue. The opposing candidate was elected by a majority of unprecedented size.

Thus the small German-American minority will not only not determine, but will scarcely affect the attitude of the United States, and the more raucous and vehement are its denunciations of the cause of the Allies, the more firmly and harmoniously will the overwhelming majority be united in opposition. At present the most vital question, both for the United States and for the future civilization of the world, is whether the sentiments of this majority will be translated into action. Will the United States abandon its policy of self-centred isolation and assume its share of the burden in maintaining "the public right" of the world? This result may come about either from the voluntary recognition of previously ignored obligations, or under the compulsion of irresistible events, and possibly the traditional policy of aloofness from the affairs of Europe may be continued. Quién sabe? Political prophecy is gratuitous folly, as its pitfalls are visible to all. The determining factor will be public opinion, and this opinion will be influenced by the future course of the war and its outcome.

Students of modern democracy from de Tocqueville through Bryce to Ostrogorski have commented in detail upon the unquestioned rule of public opinion in the United

States. In Lord Bryce's words, "it is the central point of the whole American polity." The situation is the very antithesis of that in modern Germany, where, as Dr. Walther Rathenau informed a French journalist, they are not "in the habit of reckoning with public opinion." "With us," he added, "it does not count for anything. Opinion has never had any effect on a policy. . . . It is, therefore, very difficult for us to grasp the mechanism of a public opinion that intervenes in everything, and reigns in politics, in administration, in the army, and is even allowed access to the courts of justice." The supremacy of an unfettered public opinion in the United States has those obvious benefits that are associated with a democratic system, but, in accordance with the dualism inherent in all things, it inevitably has certain concomitant disadvantages. Public opinion has been, as it were, invested with a certain *jure divino* authority, and its judgments are proclaimed infallible. Hence it has a tendency to become tyrannical. "The citizen under a democratic *régime*," writes Ostrogorski, "however enterprising and bold he may be in private life, is, in public life, without initiative, timorous, and, to be plain-spoken, cowardly." * Democratic statesmen and politicians, instead of educating and directing public opinion, tend to follow it blindly, and, as Gustave Le Bon points out, they betray "une crainte de l'opinion qui va parfois jusqu'à la terreur et ôte toute fixité à leur ligne de conduite." † This is essentially true of the United States, where subservience to public opinion is especially conspicuous. With the spread of democratic ideals, particularly the doctrine of equality, the absence of real leaders has become increasingly marked, and the opinion of the average man largely determines the actions of "the servants of the public" in Washington and in the state capitols. The ever-decreasing part played by

* M. Ostrogorski, *Democracy and the Organization of Political Parties*, II., pp. 631, 632.

† Le Bon, *Psychologie des Foules* (2nd ed.), p. 137.

constructive leadership in determining the public opinion of the United States has the inevitable result that its judgments are usually of a negative character. Public opinion expresses itself in uncompromising terms in opposition and negation, but it is obviously unable to formulate a creative policy. The politicians are as a rule fairly well able to gauge what the public does not want, but they grope around tentatively until they are sure of public approval in devising measures that will meet this negative sentiment Hence any departure from traditional policy must be preceded by a period of more or less prolonged incubation. In the existing war public opinion is unquestionably on the side of the Allies, but it is largely passive, and does not know what, if any, action the United States should take in this crisis of civilization. Prior to the *Lusitania* tragedy no one of the so-called leaders of American opinion, except Roosevelt, advocated positive action. All others cautiously evaded discussion of the question and remained on the apparently safe ground of America's traditional policy of self-centred aloofness from European affairs.

The American may not be quite as conservative as the Englishman, but he also has his traditional policies whose wisdom he is extremely loath to question. One of these is the foreign policy inherited from the Fathers of the Republic. In his farewell address of 1796 Washington said in words that have never been forgotten:

> " Europe has a set of primary interests, which to us have none, or very remote relation. Hence she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns. . . . Our detached and distant situation invites and enables us to pursue a different course."

Shortly thereafter, in his first inaugural address, Jefferson followed the same line and announced the precept: " Peace, commerce, and honest friendship with all nations, entangling

alliances with none." This principle of abstention from interference in European affairs forms one of the cornerstones of American foreign policy. The other was definitely laid only in 1823 when the Monroe Doctrine was formulated, but it was a logical consequence of the former action. As early as 1808 Jefferson stated that the object must be "to exclude all European influence from this hemisphere"; and, twelve years later, he emphasized "the advantages of a cordial fraternization among all the American nations, and the importance of their coalescing in an American system of policy totally independent of and unconnected with that of Europe."* Three years thereafter, when consulted about the historic declaration that Monroe and Adams were preparing, Jefferson wrote: "Our first and fundamental maxim should be never to entangle ourselves in the broils of Europe. Our second, never to suffer Europe to intermeddle with cis-Atlantic affairs."

These two principles have been steadfastly adhered to by American statesmen, and are regarded as inseparable corollaries. The Monroe Doctrine has been developed to meet the new conditions and amounts to a quasi-protectorate over a large portion of Central and South America. When challenged directly or indirectly, the people stand as a man behind the Government defending it. Similarly, the principle of non-interference in European affairs has been maintained intact. At the Hague Conference of 1899 the American delegation made the following declaration:

> "Nothing contained in this Convention shall be so construed as to require the United States of America to depart from its traditional policy of not intruding upon, interfering with, or entangling itself in the political questions or policy or internal administration of any foreign state; nor shall anything contained in the said Convention be construed to imply a relinquishment by the United States of

* John W. Foster, *A Century of American Diplomacy*, pp. 440, 441.

America of its traditional attitude toward American questions."*

This reservation, which significantly joined together the policy of non-intervention and that embodied in the Monroe Doctrine, was again repeated at the Hague Conference of 1907. In the interval, the United States also enunciated this policy in another connection. The American representatives signed the Algeciras treaty without assuming for their country " obligation or responsibility for the enforcement thereof "; and the Senate, in ratifying the treaty, added the further reservation that attendance at the Algeciras Congress was " without purpose to depart from the traditional American foreign policy which forbids participation by the United States in the settlement of political questions which are entirely European in their scope."†

Of these two cardinal maxims of American foreign policy the one that is regarded as most essential is the Monroe Doctrine, whose fundamental aim is to prevent any European Power from acquiring fresh political interests in the American hemisphere. The policy of non-interference in European affairs, however wise it may have been in the days of weakness, is nowadays not adhered to primarily for its inherent soundness, but because it is regarded as a safeguard against European interposition in American matters. As Secretary Olney said during the Venezuelan imbroglio

* Roosevelt has taken the position that the Administration evaded its duty in not protesting against the violation of Belgium's neutrality because the Hague agreements, to which the United States was a party, were infringed by this action of Germany. He deplores the fact that his country " lost a chance to gain a moral ascendancy that would have been a powerful influence for the best interests of humanity." In timidly shirking its duty, according to his view, the United States " lost its great opportunity to take an effective stand for peace and against lawless international violence."—Theodore Roosevelt, *The Need of Preparedness*, in *The Metropolitan* for April of 1915. In answer it has been frequently contended that the reservation quoted in the text debarred the United States from protest. This reservation, however, referred only to the convention for the pacific settlement of international disputes, and not to that defining the rights and duties of neutral states.

† J. H. Latané, *America as a World Power*, pp. 264, 265.

of 1895–96, "American non-intervention in Europe implied European non-intervention in America." American abstention from interference in European concerns is regarded as a compensatory equivalent for Europe's non-action in American matters. The crucial point is the Monroe Doctrine. Despite the high authority of John Bassett Moore,* who contends that both England and Germany during the course of the Venezuelan difficulties, from 1895 to 1902, explicitly recognized this doctrine, there has been no general or direct acceptance of it by the European Powers, and it still can be questioned by any one of them without being guilty of inconsistency or bad faith. Were the situation otherwise—and it is conceded that there are many grave reasons from the European standpoint why it should not be so, unless both the rights claimed under the doctrine were limited by a self-denying ordinance guaranteeing to all nations equal commercial privileges and at the same time also the obligations complementary to the asserted rights were fully assumed—the United States would probably not cling so tenaciously to the traditional policy of aloofness. Were it not for this deterrent, the United States would probably ere this have assumed its due share in determining those issues that are shaping the future of the world. In fact, the Spanish-American War marked a turning-point in its history, and the somewhat vacillating and inconsistent policy pursued since then may in some part be attributed to the underlying fear of invalidating the Monroe Doctrine by undue activity in other than the American sphere.

Prior to the war of 1898, American relations with European countries, apart from Great Britain, had been primarily concerned with the negotiation of treaties of commerce and extradition, with efforts to secure recognition of the American doctrine of expatriation, with endeavours to establish the rules of international law on an explicit and humane basis, and in general with the advancement of the comity of nations. All the European movements for national

* J. B. Moore, *American Diplomacy*, p. 164.

unity and independence and for democratic liberalism enlisted cordial sympathy. This was especially true in the case of the struggle of the Greeks for independence and in that of the Hungarians under Kossuth to secure emancipation from Austrian rule. In the general sense that these endeavours and sympathies imply, the United States has always been a world-power, but it became one in a much fuller sense when, as an unforeseen consequence of the war with Spain, it acquired possessions in the Pacific and in the Caribbean and assumed new and far-reaching responsibilities. This newer attitude was clearly expressed in 1898 in President McKinley's instructions to the American Peace Commissioners at Paris about the retention of the Philippines:

> "Without any original thought of complete or even partial acquisition, the presence and success of our arms at Manila imposes upon us obligations which we cannot disregard. The march of events rules and overrules human action. Avowing unreservedly the purpose which has animated all our effort, and still solicitous to adhere to it, we cannot be unmindful that, without any desire or design on our part, the war has brought us new duties and responsibilities which we must meet and discharge as becomes a great nation on whose growth and career from the beginning the Ruler of Nations has plainly written the high command and pledge of civilization."

This newer attitude toward world-affairs was not only revealed in the assumption of responsibility for the politically uneducated in the Philippines, but also in the policy adopted toward the Chinese question and in the extension of the scope of the Monroe Doctrine. The policy of the "open-door" in China as explicitly formulated by Secretary Hay and the participation in the concerted military action of the European Powers during the Boxer Rebellion

of 1900 were conspicuous manifestations of the emergence of the United States as a world-power. Similarly, the Monroe Doctrine was expanded in that the United States in a measure recognized its obligations to secure civilized conditions in Spanish America. But this assumption of fresh responsibilities in the Far East and in America was accompanied by renewed formal assertions of the policy of non-intervention in European affairs.

In recent years there has unquestionably set in a reaction against this newer policy which followed in the wake of the Spanish-American war. To some extent, as has been pointed out, this may be attributed to an underlying dread of weakening the Monroe Doctrine. There were, however, additional factors. The Philippine insurrection and the subsequent guerilla warfare of two years, with its many unsavoury features, proved a sore disappointment and dampened all enthusiasm. In addition, the economic advantages anticipated from the control of these islands proved illusory. And, finally, the disputes with Japan about the attitude of California toward immigration from that country, emphasized the fact that not only were the Philippines of no economic benefit, but their possession might become a grave military disadvantage. Furthermore, the hopes for a great expansion of America's trade in China came to naught, and it was gradually realized that the mere assertion of the "open-door" policy would have no effect unless it were plainly understood that words would, if necessary, be backed by deeds.* From this eventuality America shrank. It was to a great extent this same aversion from the use of force that gave to President Wilson's

* In April of 1915 a semi-official representative of Japan, Dr. Toyokichi Iyenaga, laid his finger upon the weak point in America's foreign policy. In the course of a public address he said: "I dare say that Japan will be mighty glad to enter into a stronger compact than that (*i.e.*, the Anglo-Japanese Alliance) with the United States, if the latter Power is ready to go to the extent of spilling blood and spending dollars instead of ink and paper for the upholding of China's integrity and the open-door. It is up to you to say." *New York Sun*, April 29, 1915.

Mexican policy some measure of the far from general approval that it has met. This policy was based upon the fundamentally sound doctrine that every country is entitled to a fair chance of working out its own salvation, and that, as Mexico for decades did have a stable government, that was no reason to assume that order would not once more emerge from the strife raging there. If Wilson erred, it was on the right side, for undue precipitancy would have been unwarranted. But by the summer of 1914 an ever-increasing number in the United States had reluctantly reached the conclusion that the limit of forbearance had been reached and that Mexico had had more than ample opportunity to redeem herself. The outbreak of the European War, however, gave pause to these advocates of energetic action.

III

The reaction against the policy that had been inaugurated in 1898 was in full swing when the Great War broke out, and its horrors increased America's already strong antipathy to war. Under the presidential system of government, as it prevails in the United States, responsibility is far more concentrated in the hands of one man than under the British parliamentary system, and the action of the Government is to a preponderent extent determined by the President's personal outlook and his individual reading of the public mind. Judging by past utterances, President Wilson is far from a believer in the policy of isolation. No one welcomed the change in attitude of the United States toward the affairs of the world after 1898 more uncritically than he. In his days of academic seclusion, before he had assumed the responsibilities of office, he wrote thus of the new era: "The great East was the market all the world coveted now, the market for which statesmen as well as merchants must plan and play the game of competition, the market to which diplomacy, and if need be power

must make an open way."* Those who rate President Wilson as a peace-at-any-price man misread his career and misunderstand his nature.

For nine months after the outbreak of the war the American Government adhered strictly to both the spirit and the letter of the neutrality they had proclaimed. When, at the outset of the war, the Belgian Commission officially brought to the President's attention the woes of their country, and the Kaiser at the same time alleged infractions of the rules of war by the Allies, he replied in identical terms to both. When the rights of Americans were to any extent infringed by the actions of the belligerents he called them to account in accents varying with the gravity of the offence. He wisely distinguished between human rights and mere property rights, between international morality and international law, and did not base his protests upon the narrow technical arguments of the legal mind. His note to Germany on the announcement of the proposed submarine campaign against commerce was an uncompromising statement that the measure had no basis in international law and that Germany would be held to "strict accountability" for American losses occurring in consequence thereof. His note to England on the Order in Council establishing a blockade of Germany was in an entirely different tone, as the measure not only did not run counter to international morality, but was in more or less general conformity with American precedents during the Civil War. Like Lord John Russell, when the North was blockading the Confederate States, he did not press the case on technical grounds, but realized that the ultimate, not the simulated neutral, destination of the cargoes was the essential factor. But to the extent that this British measure of reprisal against Germany's illegal submarine warfare went beyond the spirit of preceding practices there was no waiver of American rights. So evenly did

* Woodrow Wilson, *A History of the American People* (New York, 1902), v. pp. 294–300.

President Wilson hold the scales that no one, unless possibly his confidential intimates, knew what his personal views were. Every public utterance was couched in cryptic language, and he apparently went out of the way to baffle those seeking to penetrate his private thoughts and feelings.

In general, this neutral attitude of the Government met with public approval. There were some, it is true, who thought that the United States had missed a splendid opportunity for the establishment of international right upon a firmer basis by not protesting against Germany's initial blow to civilization when Belgium was invaded. But even many of these conceded that so unprecedented a step on the part of a neutral would have demanded more than unwonted courage, and that no one could have predicted Germany's subsequent wholesale violations of international morality and the rules of war. This neutrality could, however, no longer be maintained when, on May 7, a series of outrages culminated in the loss of over one hundred Americans through the torpedoing of the *Lusitania* off the southern coast of Ireland. Public feeling ran high, and the intense indignation was reflected in the masterly note of May 13 sent to Germany. Despite the most courteous and restrained language, there was no possibility of misunderstanding its categorical terms. The acts of the German submarines were described as " absolutely contrary to the rules, the practices, and the spirit of modern warfare " and " the rights of American shipmasters or of American citizens bound on lawful errands as passengers on merchant ships of belligerent nationality " were firmly insisted upon. In addition, however, the Government did not limit their contention solely to American rights, but somewhat ironically assumed that Germany accepts, " as of course, the rule that the lives of non-combatants, whether they be of neutral citizenship or citizens of one of the nations at war, cannot lawfully or rightfully be put in jeopardy by the capture or destruction of an unarmed merchantman." Similarly, the indictment of the submarine campaign on

commerce did not refer solely to its effect on Americans, but on others as well. "The Government of the United States, therefore, desires to call the attention of the Imperial German Government with the utmost earnestness to the fact that the objection to their present method of attack against the trade of their enemies lies in the practical impossibility of employing submarines in the destruction of commerce without disregarding those rules of fairness, reason, justice, and humanity which all modern opinion regards as imperative." The note was tantamount to a demand upon Germany to abandon her submarine campaign, unless it were strictly limited to acts that did not endanger the lives of non-combatants, for the American Government expressed their confident expectation that the German Government "will make reparation as far as reparation is possible for injuries which are without measure, and that they will take immediate steps to prevent the recurrence of anything so obviously subversive of the principles of warfare."

Fifteen years ago, when modern Prussian diplomacy was pursuing its characteristically tortuous course in disturbed China, Secretary Hay wrote that the German Government "is generally brutal but seldom silly." This sweeping verdict, with possibly some modifications in the adverbs to fit the special instance, was again justified by the unduly belated reply of Germany to Wilson's lofty appeal to her better self. It was in every respect unsatisfactory. It ignored the essence of the issue, and merely raised some minor technical points that not only were totally irrelevant, but in addition were in great part based upon allegations of such patent falsity that it is extremely doubtful if the German Government could have been ignorant of this fact. It is true that this reply was only preliminary in nature, being ostensibly designed to secure a common agreement on certain facts prior to further discussion, but the American public saw in it only the evasion of a plain issue and an attempt to defer settlement

by dilatory tactics. Here again German diplomacy manifested its inept subservience to military considerations, with the usual result that potent moral advantages were sacrificed to doubtful strategical benefits. Had the German Government frankly and fully conceded the justice of the American contention and undertaken to prevent the recurrence of what President Wilson stated were "injuries without measure," there would in all probability have set in a strong revulsion of feeling with a much less hostile attitude in America towards Germany.

This opportunity was, however, definitely lost. Whatever sympathy with Germany still persisted had been completely alienated and even the voices of the pro-German propagandists were silenced. All thinking America was anxiously intent upon Washington's reply. After considerable delay, due apparently to the incomprehensible tergiversation of Secretary Bryan, this answer was sent on June 9. Its tone was surprisingly amicable. The case of the *Nebraskan* was not even mentioned, nor was any attempt made to drive some of the arguments to their legitimate conclusion. The German acknowledgment of liability in the cases of the *Gulflight* and the *Cushing* was accepted without pointing out, as might and possibly should have been done, that in both of these instances it was mere chance that considerable loss of life had not occurred, in which event no adequate reparation would have been possible. Nor was advantage taken of the German explanation of the torpedoing of the *Gulflight*—that the German submarine commander had not seen the American flag until the missile had left the tube—to point out that this was a conclusive demonstration of the correctness of President Wilson's contention that these vessels were not adapted for operations against non-combatant trading ships. In the case of the *Falaba*, the German argument was completely traversed and the principles of international law and morality applicable in this instance were tactfully, but firmly, expounded. After these preliminaries, the *Lusitania* matter was discussed. The various

allegations of the German Government were denied on the strength of official knowledge; and it was further pointed out that the German contentions about the carriage of contraband by this ship and the alleged explosion of that part of its cargo subsequent to the torpedoing were "irrelevant to the question of the legality of the methods used by the German naval authorities in sinking the vessel."

Germany's technical arguments being thus disposed of, President Wilson took up the broad issue involved, "and once more, with solemn emphasis," called "the attention of the Imperial German Government to the grave responsibility which the Government of the United States conceives that it has incurred in this tragic occurrence, and to the indisputable principle upon which that responsibility rests." The Government of the United States, the note continued, "is contending for nothing less high and sacred than the rights of humanity," and for those well-established rules of procedure against commercial vessels upon which "every traveller and seaman had a right to depend." The representations of the preceding note were then "very earnestly and very solemnly" renewed and assurances were asked that measures be taken to assure the safety of "American shipmasters or of American citizens bound on lawful errands as passengers on merchant ships of belligerent nationality."

At its first reading, this note appears to be an anti-climax to its predecessor, but a study of its carefully worded terms reveals no weakening of the American contentions. Its tone, though deliberately friendly, was firm, but every effort was apparently made to render it easy for Germany to make the necessary concessions. Thus no request was made for a prompt response. Advantage of this loop-hole was taken by Germany, and America waited week after week for the German reply. Apparently, this delay was in part due to the hope that in the interval the outraged feelings of the Americans would become calmer and that their attention might be diverted from this grave

issue by complaints of specific commercial interests against some features of the British blockade of Germany. To a certain extent, this expectation was realized. The complaints of the American importers from Germany and Austria and those of the cotton exporters became ever more insistent, but the feeling aroused was practically limited to the comparatively few directly affected. In spite of the disingenuous efforts of German partisans and of some chauvinistic Americans to place all and every violation of international law upon the same plane, there is in the minds of the thinking part of the American public no confusion of the vital distinction in the two cases. Violations of the international code range from the venial to the heinous. As has been well said, America may have a civil action against England, but against Germany her case is of a criminal nature. The average American is not able to express this distinction so aptly, but his ordinary common-sense enables him intuitively to perceive that there is a fundamental difference in the issues involved. Similarly, the calmer attitude towards Germany was somewhat illusory. America was content to allow Germany to take her time in replying, provided no more outrages occurred. The atmosphere was tense until the details of the sinking of the *Armenian* had been ascertained. If the submarine campaign had led to the further loss of innocent American lives, as it did in the case of the *Lusitania*, a crisis would rapidly have been reached. There was, and still is, an almost universal desire to keep out of the war, and everything tending towards a peaceful solution of the difficulty was eagerly welcomed by the bulk of the people.

On July 10, the long-awaited German answer was printed in the American press, and met a unanimous verdict of unqualified disapproval. Its account of the general situation leading up to the submarine campaign, apart from its gross distortion of the facts and their causal sequence, was totally irrelevant. Not only was the sinking of the *Lusitania* not disavowed, but it was justified on untenable grounds and by specious reasoning. No one of the American

contentions was admitted. In general, its failure to accept the binding force of well-established and hitherto unquestioned rules of international law and morality, and, in particular, its patently insincere professions of regard for the principles of humanity, again aroused in the nation those feelings of indignation that had inevitably been somewhat calmed in the two months' interval since the *Lusitania* tragedy. In viewing the situation as a whole, this crucial point should, however, not be overlooked, that in this interval German practice, at least in so far as Americans have been concerned, did largely conform to the contentions of the United States. The future is, in the main, contingent upon whether this practice be continued or the German assertion of their purposes be ruthlessly executed.

What will be the outcome of this deadlock cannot be predicted at the time these lines are penned. Primarily, it would seem to depend upon Germany's military leaders, who are apparently in supreme charge of affairs, but the element of chance may prove to be the decisive factor. For the semi-blind monsters of the deep may at any time strike an unwitting blow, for which America cannot, without complete self-stultification, accept any proferred amends. But, whether the issue be peace, non-intercourse or war, the *Lusitania* has had one vitally important result. Before it occurred, American public opinion was definitively and overwhelmingly on the side of the Allies, but as a body politic the United States was neutral. The tragedy off the Irish coast made America, for the time being at least, a party to the controversy and morally, if not physically, ranged her with the Allies. Moreover, in asserting American rights, President Wilson has specifically upheld those of other neutrals and of the belligerents as well. His action was a radical departure from America's traditional policy, and it will be difficult again to return to the haven of self-centred isolation. The war has conclusively demonstrated to an ever-increasing number of Americans that they cannot disassociate themselves from the affairs of

Europe, and that the United States must assume its share of the world's international burdens. This is not only manifest in President Wilson's attitude in the *Lusitania* controversy, but in various concerted movements that have been inaugurated under private agencies since the war. In the first place, there has been started an organized movement for greater preparedness in naval and military matters, whose fundamental idea is that the United States must be ready to defend itself and its policies against any possible future assailant. There is no aggressive element in this widespread movement, but merely a belated recognition of some of the vital facts of *Realpolitik* that this war has forced upon American consciousness. The leaders of this propaganda do not mention any specific nation as a possible menace, but their followers have mainly in mind a possibly unchastened and undefeated, though not victorious, Germany seeking to restore her fortunes and prestige by annexing the rich states of southern Brazil.

This movement for greater national preparedness is based upon the premise that the United States is bound to be drawn farther and farther into the arena of world politics, unless cherished principles and vital interests are to be cravenly sacrificed. Similarly, the many proposals that eminent Americans have made for securing the peace of the future predicate the abandonment of American aloofness from European affairs. The device that apparently so far has made the most effective appeal is the establishment of an international police force, in which, naturally, the United States is to take a part. It is difficult to see how such a force could be established and how, when once instituted, it could work effectively. More practicable is the plan that was inaugurated at a largely attended meeting at Philadelphia on June 17, under the auspices of ex-President Taft, President Lowell of Harvard, and many other men of influence in the community. At the banquet preceding the meeting Mr Taft did not balk at the essential issue, but categorically asserted that the time had arrived when

the United States could no longer adhere to its traditional policy of non-interference in European affairs, but must assume those international obligations that fell to the lot of every great nation. Similarly, Dr Lowell asserted that "we might as well go home to-night if we continue to hold that what happens in Europe is no business of ours."* This movement is not concerned with the existing war, but its aim is, after the conclusion of peace, to form a league of nations to enforce peace. The members of this league are to agree to submit all justiciable disputes arising between them to a judicial tribunal for judgment, and all other unsettled questions to a council of conciliation for recommendation. While no obligation is to be assumed to enforce these decrees or recommendations, on the other hand the members of the league are to bind themselves jointly to use their economic and military forces against any one of the signatory Powers resorting to armed force before submitting his case to these international tribunals.

Just as the life of a self-centred individual becomes devitalized, so a state that holds itself aloof from the affairs that are determining the future of civilization becomes narrow and provincial. Its course can be changed and its outlook altered by many factors, such as the disturbing impact upon it of another state or by the voluntary assumption of hitherto ignored duties and responsibilities. As has been pointed out, such factors are now tending to change the traditional foreign policy of the United States. In addition, other forces, of an economic nature, are working in the same direction. The longer the war lasts, the more important are bound to be its economic effects upon the United States. As a vast store-house of raw materials, whose price has in general been considerably enhanced by the abnormal demand resulting from the war, as the only great producer of manufactured supplies whose output has not only not been curtailed but in many fundamental

* For similar statements of both of these men, see *The Independent* of June 14, 1915, p. 460.

industries greatly stimulated by the necessities of Europe, the United States will inevitably accumulate a huge international credit balance. Although this will probably not be sufficient to change it from a debtor to a creditor nation, this indebtedness cannot be liquidated merely by a balancing of national accounts. Apart from all other considerations, the inertia of the individual investor is an insuperable obstacle. Unless the United States is willing to forgo the enormous profits derived from supplying the belligerents, which would be inconceivable stupidity, loans of more or less long duration will have to be made to the Allied Powers. Similarly, some of the financing of neutral countries, formerly done by London, will be undertaken on an increasingly large scale, even though it may be only temporarily, by New York. The American capitalist, at present distrustful and ignorant of foreign investments, will gain a broader outlook. American finance will lose its provincial character and become internationalized; and, as a result, greater interest will be taken in the affairs of those countries that owe the United States money. This in turn will necessarily affect American foreign policy and tend to broaden its scope.

Only the foolhardy rush into the pitfalls of political prophecy, and no one can predict what part the United States is yet destined to play in the titanic conflict that is devastating Europe. Whether neutrality be preserved, or one more nation be added to those bent upon thwarting Germany's plans of military world-dominion, depends upon factors that cannot be gauged because the element of chance enters too largely into them. If the die is cast for war, it will be a sad, but stern, America that reluctantly draws the sword, for comparatively few in the United States realize to what an extent their future depends upon the defeat of German ambitions. On the other hand, a daily increasing number perceive that the United States cannot in the future remain aloof from those questions that are determining the course of the world's history. The out-

grown traditional policy, which hitherto had received the unquestioning support accorded to a fetish, is admitted by many to be obsolete. Apparently it is to be discarded. While consciously there is no movement for the future alignment of the United States with any one European Power, those forces that are driving America to assume its share of international obligations will, should they prevail, range it on the side of those nations that are fighting for the liberties of Europe. The existence of common political traditions and ideals will inevitably, in such an eventuality, draw the United States more intimately to England than to any one of the other Powers. Whether the already existing cordial relations between the two kindred countries will in that event merely result in future diplomatic co-operation, or will crystallize into a more or less formal alliance, lies on the knees of the gods. One thing, however, is certain. If the latter consummation is to be realized, it will be greatly facilitated by the reorganization of the British Empire and the creation of an organic commonwealth in which the self-governing colonies shall have their due share in guiding foreign affairs. For the great dominions, whose social conditions approximate more closely to those in the United States than do those of the parent country, constitute a vital link in the strong chain binding England and America. Sentimental considerations play an important part in human affairs. An alliance with the British Commonwealth would make a deep appeal to many Americans who would be apt instinctively to recoil from contracting such ties with Great Britain as head of the British Empire.

New York. July, 1915.

NOTE.

The American note in reply to the German note of July 8, and published on July 23, is considerably stiffer than its predecessors. It states that the Government of the United States finds the German reply "most unsatisfactory, because it fails to meet the real differences between the two Governments, and indicates no way in

which the accepted principles of the law of humanity may be applied in the grave matter in controversy, but proposes, on the contrary, arrangements for the partial suspension of those principles, which virtually set them aside." It then discusses at some length the reasons why it cannot accept the German contentions. " Illegal and inhuman acts, however justifiable they may be thought to be against an enemy who is believed to have acted in contravention of law and humanity, are manifestly indefensible when they deprive neutrals of their acknowledged rights, particularly when they violate the right to life itself. If a belligerent cannot retaliate against an enemy without injuring the lives of neutrals as well as their property, humanity as well as justice and due regard for the dignity of neutral Powers should dictate that the practice be discontinued. If persisted in, it would, in such circumstances, constitute an unpardonable offence against the sovereignty of the neutral nation affected. . . ." " The Government of the United States and the Imperial German Government, contending for the same great object, long stood together in urging the very principles on which the Government of the United States now so solemnly insists. They are both contending for the freedom of the seas. The Government of the United States will continue to contend for that freedom from whatever quarter it is violated, without compromise and at any cost. It invites the practical co-operation of the Imperial German Government at this time, when co-operation may accomplish most, and this great common object can be most strikingly and effectively achieved. . . . In the meantime the very value which this Government sets upon the long unbroken friendship between the people and Government of the United States and the people and Government of the German nation impels it to press most solemnly upon the Imperial German Government the necessity for the scrupulous observance of neutral rights. This is a critical matter. Friendship itself prompts it to say to the Imperial Government that repetition by the commanders of German naval vessels of acts in contravention of those rights must be regarded by the Government of the United States when they affect American citizens as deliberately unfriendly."

CANADA

Canada and the United States

FOR a century there has been peace between the United States and Canada. In both countries the fact has produced much fervent oratory and placid moral unction. It has bred the notion that there is a superior ingredient in North American democracy. There is a common disposition to ascribe the war in Europe to a meaner civilization in all old world nations than that which prevails on this continent. Yet fifty years ago the United States had barely emerged from one of the most bloody civil wars in human history. The nation believes and the world agrees that the war was fought to extend the boundaries of freedom, and that the conflicting ideals of North and South made the war inevitable. Twenty years ago the United States drove Spain out of Cuba and the Philippines. It is believed that McKinley was reluctant to make war but could not resist the martial spirit of American democracy. The people became convinced that there was injustice and oppression in Cuba. So convinced, the teaching of the pacifists was powerless to avert the conflict. The Venezuela message inflamed the temper of the American people. In protest a flame of wrath swept across Canada. But British statesmen were immovable, and by deliberate negotiation and wise counsel checked the fever of passion and restored good feeling between the Republic and the Empire. It is not, therefore, through inherent virtue in North American democracy that peace prevails on this continent, but because by tradition and policy the United

States eschews the quarrels of Europe and has intimate international relations chiefly with Great Britain. When causes of friction have developed between Ottawa and Washington, the Mother Country has wisely mediated to adjust differences, and possibly what was momentarily denounced as subservience to the United States stands in the retrospect of history as the true practice of responsible statesmanship.

Through the war Canadians have a better understanding of the relation of the United States to the Old World, and the long obligation of Canada to the Mother Country. There was a school of thought in Canada which exalted the Monroe Doctrine. It was furtively believed that no European quarrel could threaten our security. There was a vagrant notion that if Great Britain should become unequal to our protection, the Government at Washington would at least guard us against molestation by any nation of Europe. Now we understand that if the British navy were destroyed or seized by Germany, the United States would be practically powerless to prevent the assertion of German suzerainty over Canada. Possibly the American fleet and army could prevent any ultimate subjugation of the Republic, but there would be no reserve of power at Washington for the protection of the Dominion. As to the long future, speculation would be futile, but the immediate consequences of a German triumph are apparent. So we understand as never before that our commerce crosses the seas under protection of the British navy, and Western grain growers who were told to depend upon box cars rather than Dreadnoughts realize that they would face ruin if their products could not reach the world's markets. It is fair to add, however, that no mercenary considerations enter into the calculations of Western farmers. Throughout the war the Western Provinces have manifested an abounding Imperial patriotism. It is certain that they would not shrink from any sacrifice, even temporary exclusion from British markets, if that should be involved in the ordeal of

battle. Moreover, the temper of the American communities on the Prairies is indistinguishable from that of the Canadian and British elements. But the Western farmers have had a revelation of the value of the navy which must strengthen their devotion to the Imperial connection and simplify complex Canadian and Imperial problems.

The general attitude of the Press of Canada towards the United States has been conciliatory and moderate. There was argument that by virtue of the Hague Convention Washington was required to protest against the violation of Belgian neutrality. There are those who exalt Roosevelt and depreciate Wilson. But even the element which contends that the United States cannot honourably escape intervention admits that the signature of Washington to the Hague Convention is qualified by assertion of the traditional American policy against interference in the quarrels of Europe. No doubt this qualification affects the value of the Presidential signature to international Conventions, but it also acquits the American Government of guilty inconsistency or moral obloquy. We may contend that the authority of the United States in world affairs is reduced and that beyond this continent the country exerts only moral pressure, but it is doubtful if the logic of the American position can be successfully challenged.

All this many Canadians admit, perhaps with reluctance, but with no sense of grievance. We have no doubt that the preponderence of American sympathy is with Great Britain and the Allies. We are impressed by generous recognition of the valour of Canadian soldiers in battle. We see that the British position is explained and defended by many of the most influential newspapers in the United States with knowledge and authority, with uncompromising courage and rigour, with power and conviction. Still, a Canadian passes into a different atmosphere when he crosses the border. He finds that among the people the war is a subordinate interest. There is much indifference and unconcern. There is no general feeling that the freedom and inde-

pendence of the United States are vitally involved in the conflict. There is respect for the action of Canada, but a curious wonder over the intense Imperial patriotism which possesses the people. One is told by Canadians in the United States that any open expression of sympathy with Great Britain is strongly resented by the German element. German Americans, however, recognize few restraints and exercise great freedom of utterance. They strive continually to influence American opinion. They are truculent in speech and attitude. Thus while many of the great American newspapers, as has been said, give open and powerful support to the cause of the Allies, a restraint is observed by the elements that sympathize with Great Britain which the German communities do not practise.

For all this there are various explanations. There has been a free distribution of German literature throughout the country. There has been deliberate stimulation of German feeling by emissaries of the Fatherland. There is the jealous anger of a minority over the common conviction among Americans that the war was precipitated by German arrogance and lust of conquest, and that the ultimate triumph of the Allies is inevitable. But since it is manifest that the activity of German agents arouses resentment, probably the British people could do nothing wiser than practise reticence and discretion. So in Canada there is reserve in the utterances of public men and newspapers. It is felt that any attempt to dictate American policy would be offensive and dangerous. We would only supply ammunition to the agents of Germany and embarrass the forces which so staunchly resist German pressure.

Notwithstanding the destruction of the "Lusitania" there is no general expectation in Canada that the United States will be directly involved in the European conflict. There is doubt if the United States could bring much immediate military strength to the Allies. It is believed that the American navy is one of the best sea forces in the world, but there is no American army proportionate to the

size of the population. Canadians, therefore, think of the relation which has developed between the United States and Germany chiefly as a domestic American problem. They are confident that Washington will not tolerate organized raids upon the Dominion. They are certain that neutrality will not be broken to the disadvantage of Great Britain. So much that is favourable to Great Britain has been said by American newspapers and leaders of American opinion that regard for the Republic has been strengthened in the masses of the Canadian people. But Canadians do not feel that Washington is immediately powerful to affect the result in Europe. They are merely concerned that the moral dignity of the United States should be vindicated by unequivocal reprobation of Germany's contempt for the basic standards of civilization and insolent abrogation of the law of nations.

II. Some Aspects of the Financial Situation

THE Minister of Finance, when explaining the fact that somewhat fewer munition orders had been placed in Canada than the manufacturers had hoped for, alluded to the difficulties of the Exchange situation. The allusion may at first appear obscure, but in reality the relation between the placing of orders and the rates of Exchange is comparatively simple. The expenditure of munitions has been so great that all the allied Powers have found their own industrial systems quite incapable of providing the necessary supply. Gradually no doubt in all these countries, and certainly in England, manufacturing will be so organized as to meet the requirements. In the interval the Allies have distributed large orders outside their own territories, and, of necessity, mainly on this continent. The resulting vast importations have exercised an important influence on Exchange rates, as can best be under-

stood if the Exchange situation at the beginning of the war is taken into account.

The first effect of the war on Exchange drawn on England was to drive the rates up to almost a prohibitive price. In the early days of August Exchange on London in New York sold as high as $6 to the £. The debts owing to England by almost all trading countries were very large, and as money was immediately required in London these floating debts were rapidly called in. Consequently the demand for Exchange on London became suddenly out of all proportion to the supply. The situation in the United States proved so acute that it became necessary to provide a large amount of gold to supply remittances to London bankers. This reached a total of about $120,000,000. Owing to such an arrangement and to a gradual diminution of the floating indebtedness immediately available for remittance to London, and of the floating supply of American stocks held in England, the rates began slowly to decline. By about December 18 Demand Exchange on London was obtainable in New York at about parity, and from that date the decline in price was more or less continuous until in June it reached the lowest figure yet recorded of about 4·75¾.

Up to a certain point the causes of this fall were mainly the two just mentioned, but as time went on the main reason for the continued and violent decline was the enormous shipments of munitions of war. Several months ago it became quite evident to the British Government that some provision must be made for modifying the effect of these imports by the establishment of credits in the United States in some form or other. The same necessity was recognized by the other allied Powers placing orders in the United States. Consequently there are now associated with the large orders arrangements for either a large credit of money or an actual sale of securities. This plan is perfectly feasible at the present time in the United States for the reason that at present that country is in a

position both to lend considerable sums of money and to buy large quantities of securities. Consequently it is inevitable that in these circumstances the British Government and the other Allied Governments must give more business proportionately to the United States than to Canada, where such arrangements on a large scale are not feasible.

Perhaps we may here point out once more that it is absolutely vital, not only to England but to the whole British Empire, that Exchange on London should not be allowed to get entirely out of hand. The work that Mr Lloyd George is now doing in trying to bring about a position in Great Britain where the whole of the munitions of war can be produced at home is, of course, the final corrective for this situation. In the meantime the plan at present adopted is the best and the only palliative.

It is hardly necessary to emphasize the fact already stated that we are not in a position in Canada to finance great orders for munitions in the way required by the allied Powers. The banks must not, and the public cannot, buy great sums of foreign securities; the banks because it would be highly improper for them to invest deposits in foreign securities, thereby locking up vast funds which by the very condition of their being should be kept liquid, and because they have no right to invest in securities that, as the war goes on, are liable to material fluctuations in value; the public, quite obviously, because their power of buying securities is extremely limited, Canada being a borrowing and not a lending country.

The interests of Canada are closely involved in the maintenance of a more or less stable Exchange situation, as can be shown by reference to one great commodity alone which has to be handled, and can only be handled, by sale in the main to the British market. The great crops which we are anticipating this autumn, including as much as 250,000,000 bushels of wheat, will necessitate the sale of a vast amount of Exchange on England during the

coming autumn and winter. It is quite true that the discount on British Exchange, which shippers of foodstuffs to Great Britain must face, must also be faced by exporters from the United States, so that the former will not suffer in a competitive sense so far as the United States is concerned. Yet if, as a result of carelessness on the part of the British Government in dealing with the great problem of munitions, the Exchange market should become disorganized, the Canadian wheat grower might be confronted by a very serious situation indeed.

Furthermore, should the wheat crop be as large as many people anticipate, very large sums of money will be required from the banks to carry over through the winter that very large proportion of the wheat crop which cannot be handled before the close of navigation. It is absolutely essential that the banks should keep their funds liquid so as to be able to meet this vital national necessity. The smoothness and facility with which vast amounts of natural products on this continent have been handled in the past has, perhaps, closed our eyes to the extreme intricacy of the machinery by which it has been done. The American cotton crop alone involves some $700,000,000 or $800,000,000, and under ordinary circumstances even the American banks would find it difficult to finance this vast sum without the assistance of the London acceptor. That their position this year is different, owing to the profitable business in munitions, is quite probable, but the difference is not true of Canada. It would be neither normal nor natural for a young borrowing country to be able to supply the actual cash necessary for handling vast amounts of grain which has all, or very nearly all, to be disposed of in a short time. Hitherto the British bankers have facilitated the financing of Canadian crops in a variety of ways—through credits to English millers, Canadian millers, and exporters. Another useful means available to the Canadian banks in ordinary times has been the sale of their sixty day bills on London in anticipation of the crop; this latter transaction was

automatically covered within the period of the bill's currency by the actual sale of the grain. Unfortunately, in the existing circumstances it is quite likely that the sale of sixty day bills on a very large scale will be impracticable, and, even if sales on the necessary scale could be made, bankers would regard advance sales at present rates very dangerous speculation, for the reason that a possible return of normal rates at the maturity of the bills would involve them in an Exchange loss so large as to more than cancel any profit made in the original transaction.

The problem of Exchange is closely related to that of dealing with what is still Canada's greatest product—wheat. Hitherto, whatever the size of the crop or its quality, there has been at least no difficulty in selling it or financing it. In one of Sir George Paish's interesting and suggestive pamphlets he points out how a large proportion of Great Britain's financial activities have been concentrated upon the construction in the great new areas of vast systems of railways and other forms of transportation machinery, mainly because Europe must be fed. Together with this development has grown up a most delicate and intricate financial system by which all the vast amounts of products derived from these new countries thus made available have been financed each season with the greatest smoothness and facility. Even last autumn, although the war broke out just before the great American crops were ready for the market, there was comparatively little friction in their financing or, except in respect of cotton, their marketing. This year an entirely new position has arisen. For the first time since international exchange was an important factor in world commerce the exchange value of the English £ is seriously disturbed, and its fluctuations have come to be of such a nature as to make the handling of the great wheat crop a matter of unusual difficulty. In ordinary years the position of wheat and flour dealers is comparatively simple. An ascertainable market is established for wheat for immediate delivery. The cost of freights

of all descriptions can be estimated to a fraction. The monthly expense of carrying wheat, including interest, insurance and storage, is about 1¾ cents per bushel, so that, given the price of October wheat, for example, there is no great difficulty in arriving at the approximate value for May wheat. This method of calculation permits of the large sales and purchases for future delivery without which the handling of the vast amount of wheat grown each season on the American continent could scarcely be possible. Without these sales the miller cannot make his calculations, and the distribution of wheat deliveries over the whole of the year becomes a matter of confusion and uncertainty. Yet with the prospect of fluctuations in the price of European Exchange, which might easily run from 2 per cent. to 5 per cent., or even more, it is clear that something must be done to bring about an adjustment of the basis of sales arranged in October and perhaps consummated in May. At a meeting held by the millers and flour exporters in Chicago a few days ago some suggestive resolutions were adopted, one of which is as follows:

> "In view of changed business conditions caused by the European war, the millers and exporters of flour assembled in Chicago, July 16, 1915, consider it necessary to change former terms of sale, and agree that during the continuation of present conditions terms of sale to European countries should be based on American reimbursement, or demand draft, sight draft, or three days' sight with through bill of lading attached."

Of course, the idea of this resolution is to throw the onus of risk on the buyer of flour or wheat. Whether this can be done is not certain. Another suggestion was that, in regard to sales made in October for later delivery, the rate of Exchange at the time of sale should be regarded as an interim rate only, and an adjustment as between the buyer and seller should be made on delivery, in this way perhaps dividing any difference that might occur.

The difficulties which the Exchange situation creates for the shipper are increased by certain necessary war regulations. For example, the Canadian Government requires that in each case of shipment the name of the consignee should be given before any shipment is allowed to go through the United States. Of course, it is clear that this regulation presses hard upon shippers of Ontario wheat, who usually are in the habit of sending to Buffalo and other American points small consignments of autumn wheat, which are there gradually accumulated until a sufficient number of car-loads are ready to make a full consignment, or who might wish to hold for higher prices. In such cases it will easily be seen that at the time of shipment it is quite impossible for the Ontario shipper to say who the consignee will be, and it is almost equally difficult for the consignee in the United States at that time to say what the destination of the cargo is to be. In the West the regulations create a situation different, but no less formidable. The most convenient point for storing the wheat not held during the winter in the North-west itself has been found to be at the head of the Great Lakes, or their eastern end, where the holder of wheat has the option of forwarding by various routes through almost any shipping point in the United States, by water or by rail as the season requires, or to Montreal or Lower Province ports. The more channels there are through which wheat can be shipped, the greater the opportunities for the shipper of reaching his market and of profiting by the competition in rates. The present regulations threaten to block all routes through the United States. The final transportation problem is that of securing a sufficient number of ships to carry out from Montreal whatever amount of wheat can be arranged to reach there through the Great Lakes before the close of navigation. This matter is engaging the attention of the large shippers and of the Government.

III. The International Joint Commission.

PEACEFUL methods of adjusting differences between states are for the present overshadowed. Still in any period of reconstruction they must again receive consideration. It may be useful, therefore, to examine an attempt on the part of the Empire and the United States to settle by means of a Joint Commission questions affecting the latter country and Canada, which might otherwise occasion serious controversy. The attempt has a special importance because of the place occupied by Canada in the British system. Canada is an outpost of the Empire in the New World. Whenever the relations between Canada and the neighbouring republic have been disturbed the strain upon Imperial diplomacy has everywhere increased. If, on the other hand, Canada maintains a good understanding with the United States, the English-speaking world is less likely to be divided even by other issues.

The preservation of friendly relations on this continent was long made difficult by disputes over the boundary line. To determine it was a very long and troublesome business, as everyone knows. Once fixed, the line for more than 2,000 miles runs through great bodies of water and everywhere traverses rivers and streams which have their course in both countries. Any obstruction or diversion by one country of any part of such boundary waters may seriously affect the navigation, water power, irrigation, or sanitary interests of the other, while, on the other hand, the wise use of these waters has and will become increasingly important by reason, to cite only one instance, of the growing value of water power. Such use can follow only upon combined action and joint control, which in turn cannot be obtained except through an International Commission possessing suitable powers. One of the earliest suggestions of a Commission to deal with International

waters was made at a meeting of the Irrigation Congress of the United States, held in New Mexico, in 1895, where a resolution was passed asking for steps to be taken "for the appointment of an International Commission to act in conjunction with the authorities of Mexico and Canada in adjudicating the conflicting rights which have arisen, or may hereafter arise, on streams of an international character." The Canadian Government adopted the suggestion, and in 1896 the British Ambassador at Washington informed the Government of the United States that Canada would be glad to co-operate in the appointment of an International Commission. No action, however, resulted until six years later, when the River and Harbour Act was passed by Congress in 1902, requesting the President to invite Great Britain to join in the establishment of an International Commission, to be composed of three members from the United States and three representing Canada, "whose duty it shall be to investigate and report upon the conditions and uses of the waters adjacent to the boundary lines between the United States and Canada, including all of the waters of the lakes and rivers whose natural outlet is by the River Saint Lawrence to the Atlantic Ocean, also upon the maintenance and regulation of suitable levels, and also upon the effect upon the shores of these waters and the structures thereon, and upon the interests of navigation by reason of the diversion of these waters from or change in their natural flow; and further to report upon the necessary measures to regulate such diversion and to make such recommendations for improvements and regulations as shall best subserve the interests of navigation in said waters." The International Waterways Commission thereupon established was limited to the consideration of the waters above mentioned and to the preparation of reports and recommendations. It possessed no final authority. Still within these limits its work proved most valuable. Its reports cover a large variety of important subjects, such as the diversion and division for power

purposes of the waters of the Niagara River and of the St. Mary's River at Sault Ste. Marie, and the effect of the Chicago Drainage Canal on the level of the Great Lakes System, while the final delimitation of the boundary under the Treaty of Ghent was also entrusted to this Commission. Its investigations proved, moreover, as early as 1907, that certain principles as to the use of boundary waters ought to be determined in advance as applicable to all questions which might arise, and that a body with larger powers would be required, such as only a Treaty arrangement between Great Britain and the United States could provide. Thus the Waterways Commission prepared the way directly for the present International Joint Commission.

The Treaty creating the latter Commission was finally approved in 1910, and will last until terminated by either country on one year's notice. The six Commissioners, three representing each of the High Contracting Parties, were appointed two years later. The Commission took into its care the boundary waters between the United States and Canada. Without its approval (Articles III. and IV.) no obstruction, diversion, or use of boundary waters or of waters flowing from boundary waters can be made on either side which affects the natural level or flow on the other side. Applications to make changes which will have this result must first receive the authority of the Government concerned and then be brought before the Commission, which, assisted by counsel for both countries and for interested parties, deals with the case, as would a Court in either country, in accordance with certain fixed principles as to equality of rights and so forth laid down in the Treaty (Article VIII.) and with power to impose indemnity and remedial works as a condition of its approval. The decisions of the Commission are final. No appeal against them can be taken either by an individual or a Government. Thus there rests with an international body an authority over properties and rights which might

otherwise have been regarded as distinctively national; and when the extent and value of the boundary waters are taken into account, the sacrifice of its own jurisdiction by each of the contracting parties will appear so much the more remarkable. These waters, forming almost half of the long boundary between the two countries, represent possibly the greatest asset which either community possesses.

The final authority which the Joint Commission exercises over this area is most significant, and, should it be asserted satisfactorily, may serve as a precedent whenever the interests of two or more communities are being entrusted to international bodies. It is true that like such other bodies the Commission does not command police and armies with which to enforce its decisions. No international board possesses the power of constraint which every state retains as against its own citizens. Still wise decisions carry weight. They form habits in those who obey them. Custom is the forerunner of law, and there is still hope that international custom may slowly take shape, until under its growing influence we become ready to frame a genuine international law. A body like the Joint Commission is really creating international custom.

In this connection the remaining functions of the Commission also deserve attention. The Treaty provides (Article IX.) "that any other questions or matters of difference arising between the High Contracting Parties involving the rights, obligations, or interests of either in relation to the other or to the inhabitants of the other along the common frontier between the United States and the Dominion of Canada shall be referred from time to time to the International Joint Commission for examination and report, whenever either the Government of the United States or the Government of the Dominion of Canada shall request that such questions or matters of difference be so referred." In this instance the report of the Commission is not to be taken as a decision or as an

arbitral award. Yet the Article is a wide one. It covers a great number of possible differences, such as have in the past occasioned trouble between the countries and might do so again. If reference were made to the Commission, passion might not rise, or, if already risen, might subside, and an examination might remove a grievance or prepare the way for an agreement on the part of the Governments. The same hopes were subsequently embodied in the Treaties for the Advancement of Peace entered into in 1914 by the United States with Great Britain and other countries. It is clear at least that the Treaty creates an obligation on the Governments to use the Commission in these cases, and further, that if one Government wishes to refer a matter the other is bound to accept the reference.

Even larger scope is given the Commission under Article X. of the Treaty: "Any questions or matters of difference arising between the High Contracting Parties involving the rights, obligations, or interests of the United States, or of the Dominion of Canada, either in relation to each other or to their respective inhabitants, may be referred for decision to the International Joint Commission." Here every limitation as to the questions that may come before the Commission may be said to be withdrawn. Still the reference can be made only with the consent of both parties—the wishes of one are not enough—and this consent includes specifically that of the Senate of the United States, a body which has not been largely endowed with an "international mind." On the other hand, when reference has been agreed to, the Commission has power not merely to make an examination and a report, but to present a decision or finding. Should the Commission be equally divided or otherwise unable to render a decision or finding, an umpire will be chosen in accordance with the procedure prescribed at The Hague, and the umpire shall have power to render a final decision.

It is clear that by the constitution of the International Joint Commission very complete machinery has been pro-

vided for the removal of difficulties between the United States and Canada. The Commission can prevent any misuse of the common waters. On the request of either country it can examine into any question concerning the frontier. With the consent of both countries it can decide any question arising between them. It is not a self-acting body, however, so that its value will depend upon outside circumstances, as well as upon the character of its work. Since the organization of the Commission in 1912 several cases affecting boundary waters have come before it for decision, under Article III., and have been disposed of harmoniously and to the satisfaction of both countries, while two far-reaching investigations under Article IX. are being carried on to result in reports which may be the basis for an amicable and final disposition of the controversies involved. The Commission is also completing the settlement of an irrigation question which had been the subject of diplomatic controversy for nearly twenty years. None of the possibly wider questions contemplated by Article X. has yet been presented to the Commission, for the simple and very satisfactory reason that none has arisen. Still the fact that it is available, should need arise, may suggest the use of it, and the statesmanship which has made such provision for the future can truly be said to have done its part. An interesting precedent has certainly been established which may have very important consequences.

Canada. July 1915.

AUSTRALIA

I. The Dardanelles

DURING the last few months a notable change has come over the temper of Australia. As indicated in the March issue of The Round Table, she was from the very first eager to play her part worthily in the war in so far as she realized what that part was. Unravaged by warfare herself, however, she found it difficult wholly to realize its perils and the imperious call for sacrifice which it makes on each and all whom it affects. There was a tendency too, in some quarters, to insist with not unamiable elation on the sinking of the "Emden," and the capture of German New Guinea, and to interpret these achievements as a sign that Australia was doing her utmost toward the success of the Empire's arms. It is now becoming recognized by the masses of the country that these things were merely a beginning not only of what Australia has done since, but of the greatest sacrifices she will surely still have to make. She is beginning to realize that she is fighting not only for the ideals common to the British Empire, but for her very life. Since the great landing two months ago at Gaba Tepe her temper has grown harder and stronger. With the eye of the spirit she has "seen her dead," and if that sight has not yet quite cleared her life of "trivial vain records," if "politics" are not as dead throughout her coasts as they should be, still through that experience she has set her teeth and determined to see this thing through to a clean finish. She is realizing more clearly every day that Germany's victory

would eventually mean her own subjugation, and that even were the war left drawn she would still be in deadly peril. Her workers are now realizing, in many cases for the first time, how absolutely their unique standard of political, economic and social well-being depends on Britain and her command of the seas. The atrocities officially attested by the Belgian, French, British, and Russian Commissions, the dastardly sinking of the "Lusitania," the use of murderous and torturing gases, the petty spite vented on the British prisoners at Ruhleben and Cologne, have all shown them what Germany stands for to-day, and from a closer study of Posen, North Schleswig, and Alsace-Lorraine they have learnt what fate awaits them should they ever come beneath the Prussian heel.

Australia knows to-day what the British Empire means, and it is through that knowledge and the faith thereof that her heroes have met their death on Gallipoli.

The tale of the great landing is in all men's mouths, and needs no formal recital here. Gaba Tepe has been compared with the Heights of Abraham, but the parallel is not a close one. The exploit that has brought Australia glory and grief has not led at once to final victory. On the other hand, Wolfe's splendid adventurers had reached the Heights and had formed there in perfect order before the battle began—before indeed they had lost a single man. Not so the men who waded ashore to Gallipoli in the dawn of Sunday, April 25, under a hail of fire from Turkish rifles and machine-guns, and, landing, "went over the hills with such a dash that within three-quarters of an hour some had charged over three successive ridges, driving the Turks headlong before them." The ridges ran up, tier after tier, into steep cliffs, which seemed to the beholders absolutely impregnable. Yet they, too, were stormed by three Australian Brigades, who drove the Turk before them with the bayonet and then dug themselves in under heavy shrapnel. The valour and dash of this magnificent charge was, of course, attended with the

heaviest mortality, and one of the things which have given Australia most pride has been the initiative of her N.C.O.'s and rankers, especially those of the 3rd Brigade. These, when their commissioned officers were put out of action owing to the reckless bravery with which they led, charged independently and in small companies just as the boats landed them, and drove the enemy before them with an assault as unorthodox and heroic and successful as that of the Canadians at Langemarck.

Vivid, too, and characteristically Australian, is the picture of the weary troops bathing by hundreds, after they had done their work and been relieved, in the shrapnel-spattered waters under the strong sunshine, while the great British warships in the roadway boomed out their attack on the Turkish positions.

It is at once impossible and unnecessary to detail the vicissitudes and gallant actions of the Australian forces between that day and this. For the last six weeks the storm-centre of the Australian forces has been the village of Krithia and the tremendously strong Turkish hill fortress of Achi Baba, the Gibraltar of the Dardanelles, with its smooth slopes broken by bristling terraces. For the most part the fighting has been stubborn trench warfare, and the training of those stern months in Egypt has enabled the Australians to hold their own beside the picked troops of Britain, France, and India. Not the least gratifying element has been the success of the Australian engineers, who repeatedly outsapped the Turk and blew up his tunnels. It is with the bayonet, however, that the Australians excel, and, steady though their subsequent prowess has been, they have never yet done anything quite to equal the work of that first Sunday.

Unfortunately the joy of their victory has been marred by one irreparable loss. If there is one man who has more than another been responsible for the efficiency of the Australian forces in peace and war, it has been General William Throsby Bridges. Long considered to be one of

Australia's most brilliant Staff Officers, he had a few years before the war undertaken the creation and organization of the Military Staff College at Duntroon, an institution closely modelled on the famous American College at West Point. The work he did here would have been sufficient in itself to make his reputation, even if he had not shown himself to be a great soldier in the three short weeks during which he commanded the famous Division of his own making and training. On May 15 this fearless and taciturn hero was mortally wounded by a Turkish sniper while on his way to the firing line. His first words, when he was brought in, were, "Don't carry me down: I don't want any of you fellows to run into danger." The tribute paid him by the Commonwealth Press representative is no rhetoric, but sober fact: "He stands out beyond question by head and shoulders as the greatest soldier Australia has produced. He made a wonderful force, and he knew well what it meant when he uttered his last words, 'Anyhow, I have commanded an Australian Division for nine months.' Well, the commander was worthy of the Division."

At the date of writing Australia had already sent 63,522 troops to the front, while there were 18,979 men in training at home, making a total of 82,500. In order to keep this number up to the required standard, she is committed to send 5,000 men every month as reinforcements. The Minister of Defence has informed the Commonwealth that he has received a message from the British Government that every man is wanted, and, while admitting that the Government has to face certain difficulties regarding equipment, he has within the last few days uttered a stirring recruiting appeal.

The Australian losses in the war so far amount to 2,003 killed and 8,268 wounded and missing, or a total of 10,271. No account of those whom the Commonwealth has sent to the war would be complete without mention of her doctors. Hardly a surgeon of the first order is left in the larger Australian cities. A single Australian hospital in Egypt

numbers 3,500 beds, and the Convalescent Hospital at Helouan totals 1,000 more. At home first-class work has been done by the Australian Branch of the British Red Cross Society, under the unwearying direction of Lady Helen Munro Ferguson.

In estimating the contributions made by Australia to the defence of the Empire full allowance must be made for the difficulties indicated in the next section ; and it must never be forgotten how much greater her problems of transport are than those affecting such parts of the Empire as lie nearer to the scene of action. When these drawbacks are weighed it will be found that she is playing her part worthily in the defence of the Empire. And the great body of her people now know that there must be further and greater sacrifices, and are fully prepared to make them.

II. Munitions and Reinforcements

WHEN the war broke out all parties in Australia combined to express the determination of the people of the Commonwealth to render every assistance and make every sacrifice necessary to enable the Allied nations to achieve victory. These professions represented the sincerest feeling of these statesmen and their constituents. But, though the feeling is just as real to-day as it was then, it remains a fact that Australia has not yet been called upon by its leaders to make the fullest sacrifice of which it is capable. The last man and the last shilling have not been spent. They have not even been mobilized. No scheme for the organization of the total resources of the Commonwealth has been placed before the people. Australia is not alone in this, and it looks as if the Empire has again been caught in the attempt to meet the tremendous strain of war without a maximum of effort and sacrifice.

The best augury for the future is that the mood of self-confidence which prompts us to do just enough and no

more has passed away. We are realizing in Australia, as in every other part of the Empire, that we are not going to be allowed to scrape through this crisis, but that our bare safety depends upon our throwing into the struggle the last ounce of energy and resource which we can command. This feeling has grown since it has been announced that Great Britain has been unable to maintain an adequate supply of munitions for her troops in the field, and it has been intensified by casualty lists which announce that of the Australian Expeditionary Force to the Dardanelles one-quarter have been put out of action in the first two months. There is deep heart-searching throughout Australia. Men are agitated to think we have done so little and are asking why it is that they have not been called upon to do more. It must be confessed that few of us imagined that a new country like Australia could be of much assistance to the greatest industrial country in the world in the manufacture of arms, munitions, and equipment. Everything that had been required from Australia in the way of equipment and the like had been readily supplied and no suggestion had been received that any extraordinary effort outside the normal channels was necessary. It was known that the Government factory for the manufacture of small arms at Lithgow was only working one shift. This caused dissatisfaction, and the official excuse that neither the materials nor the labour was available was contradicted by the Labour member for Lithgow, who commented upon the lamentable lack of initiative that had been displayed. But no thought of an organization of the whole of the engineering resources of Australia for the supply of munitions had entered people's minds. When the question became acute, investigation revealed that the Commonwealth Minister of Defence, Senator Hon. G. F. Pearce, had shortly after taking office initiated negotiations with the War Office for advice and assistance to enable Australia to lay down the plant for the manufacture of artillery and artillery munitions.

The Army Council, however, was short-handed and unable to spare instructors, but suggested as an alternative that Australian officers should be sent to England. This was done, but there were further difficulties, and after several months the technical assistance that would have enabled munitions to be made in Australia was still wanting.

At the end of December the Australian Government, abandoning the idea of manufacturing guns, asked the High Commissioner to obtain quotations for a plant capable of manufacturing 18-pounder ammunition, 200 rounds daily. Offers have been received by the High Commissioner in April and May, but the details have not reached Australia.

While these negotiations were being leisurely conducted the announcement made by the British Ministry that it was necessary vastly to increase the supply of munitions came to hand. This does not seem to have speeded up the Government to any extent, but it impressed the representatives of two great engineering undertakings in Australia, and they commenced making independent enquiries. They convinced themselves that even if they could not manufacture guns or explosives they could very easily turn out shell bodies which could be shipped to England to be filled and fitted with fuses. They approached the Minister, who was polite but sceptical. The example of these gentlemen brought others into the field, and offers of assistance came from nearly every engineering firm in Australia, while the services of the expert state officers and departments were placed at the disposal of the Federal Government. The Press and public urged immediate action. The official objection was that no specification existed in Australia of the steel required for the shells or of the process of manufacture. This was formidable on the surface, but belonged to that order of objections which could have been overcome by the exercise of foresight and determination. There exist in the Universities of Australia

many men who could have discovered the exact composition of the shells by analysis and have enabled the manufacture to be commenced. The Minister on May 29 did the only thing possible to put the matter on a proper footing. He appointed a Committee consisting of the Chief of Ordnance, two naval experts, the chemical adviser of the Defence Department, and the two engineering representatives mentioned above. This Committee has reported that it is possible for engineering firms in Australia to turn out shell bodies in large quantities, and is now sitting to organize the work, provide for the inspection, test and proof of the articles supplied, and arrange for the expansion of the capacity of the Commonwealth to manufacture guns and ammunition. The Committee is receiving the assistance of the engineering industry of Australia, of the scientists of the Universities, and of many workmen in Australia who have had experience of this work in England. It is heartily supported by the public, and there is every chance of the resources of Australia available for the manufacture of munitions being adequately organized. If this had taken place ten months ago and had been extended to many other departments the position would have been more creditable.

III. Imperial Co-operation

THE Government has come in for a great deal of criticism in the matter of organizing Australian resources for the war. To thinking people the interpretation placed by the Government on the obligations of Australia must seem inadequate. Yet Senator Pearce was in a peculiar position. Public opinion had not demanded any great activity in the direction of the supply of munitions, and it was never imagined that assistance from Australia was desired. On the other hand, the Imperial Government is not known to

have asked for anything. The whole situation is one of the unfortunate results of the defective system under which the Empire's affairs are conducted.

The system of communication and co-operation between the different parts of the Empire is defective enough in times of peace. In war, when it is so much the more necessary, its inadequacy is startlingly revealed. Co-operation between a number of semi-independent sovereign bodies is difficult under the best of conditions. The pity is that no attempt seems to have been made to secure such results as were possible from the system. It is clear that at the commencement of the war no scheme of military co-operation existed and no machinery for the organization of the whole of the Imperial resources had been laid down. The Empire was like a storm-threatened liner whose crew had had no stations assigned and had never had a boat drill. At the date of the outbreak of war no plan for mobilizing the whole of the resources of the Empire existed. The method of drawing upon these resources was left to improvisation to a very large extent. In this improvisation the extent of the contribution of the self-governing Dominions was treated as a matter of uncertainty. The Dominion Governments, imperfectly acquainted with the schemes for the prosecution of the war, were uncertain as to their own part in them, and to this want of knowledge the failure to make available at an earlier time the full resources of Australia must be mainly attributed.

Such a situation is quite incompatible with the dignity and status which the Dominions claim within the Empire. They realize how vital is their interest in the war—they are prepared to make whatever sacrifices the success of the Empire demands. Yet, owing to the existing system, the desire and the capacity to serve are not availed of to the full. It is a system under which the best leadership and the most enlightened citizenship would always find itself baffled.

The contributions of Australia have consisted chiefly

of fully equipped units of soldiers. These expeditions have been small compared with the great numbers raised in England, but Australian Governments had no means of knowing whether more were required. Our resources of equipment and training were not great, and they had reason to believe that in England the equipping of the troops which offered was only managed with difficulty. The Governor of New Zealand informed the people of that Dominion that New Zealand had done all that was asked of it, and that to force the pace by going beyond what the Imperial authorities had asked would lead to their being unable to fill their engagements for the despatch of regular reinforcement drafts owing to a shortage of arms and equipment.

During the winter the character of the news published by the Press in regard to the military situation established a belief that the war would be over in the early spring when Kitchener's army moved ; the utterances of public men considered to have had opportunities for forecasting events encouraged a mood of complacency in which we dwelt rather on what we had done than on what remained to do. The exceedingly high standard of fitness demanded by the Australian Government of recruits gave the impression that huge numbers were not required. The whole Empire presented the sad spectacle of a people absolutely loyal and willing but without touch of leadership, those elements of co-operation and organization which could have converted it into one militant people.

It is somewhat extraordinary that under the circumstances, when a proposal was made for a means of mitigating the difficulties of the British Imperial system, it was not availed of. While in New Zealand Mr Fisher, the Commonwealth Prime Minister, expressed the opinion that the Imperial Conference should sit on the date on which it was due in 1915. This was eagerly taken up. It was advocated by some on the ground that it would afford an opportunity of discussing the question of Imperial organi-

zation, by others on the ground that it would enable the Dominions to be consulted as to the terms of peace. Neither of these considerations appealed very much to the Australian public, and it was quite wrong to state, as some English papers did, that the Australian public was indignant at the refusal of the British Government to hold the Conference. Some of Mr Fisher's colleagues supported the refusal, and the Press, wishing to show their entire confidence in the Asquith Government, were almost unanimous in condemning the idea. What nobody seems to have emphasized was that the Imperial Conference held as a Round Table War Conference would have provided an excellent opportunity for the statesmen of the Empire to get into closer touch with each other upon war subjects. The difficulties in the way of the British Government would have been explained, the requirements necessary to bring the war to a successful termination stated. Ways and means could have been discussed and the parts which the various Dominions might assume suggested. The Dominion Ministers would have come back from the centre of the Empire with their minds filled with only the one thing and with exact knowledge of how they could best serve the Empire. The wonder is not so much at the failure to hold the Conference as that the five nations of the Empire should have even contemplated waging such a war with no machinery for continuous consultation and no definite arrangement as to mutual co-operation.

IV. Party Politics

THE passing of that mood of self-confidence which has always been the defect of the British temperament has led to considerable results in the political sphere. The efforts made by Australia to date were obviously inadequate, and public opinion, which had so long tolerated

slack ideas about the war, has now turned on the Ministry for not having been more vigorous. Unfortunately for the Federal Labour Party, it had been encouraged by the prevalent optimism to settle down to ordinary routine business and to put into effect the planks of the Labour platform. Owing to the drought, the cost of living has risen to an exceptional degree in Australia, and there is a widespread and not unreasonable feeling that the public has been exploited through combinations and corners. This induced the Labour Party to believe that the time was favourable to introduce the Referendum Bills, the object of which was to give the Federal Parliament complete power over trade and commerce, including the power to fix prices and deal with trusts. These Referenda have already been submitted twice and lost. They constitute the key to the Labour programme and would enable a long step to be taken in the direction of Socialism in the Federal sphere. They are thus the subject of the most bitter controversy. The Referendum is a costly process, and when men's minds are or should be concentrated on one sole objective—the war—the Referendum will be a disconcerting interlude. Very many who are in favour of the Referendum proposals take up this attitude. They feel that the general public opinion is against the introduction of the proposals, and that this will prejudice them and lead to their rejection. A third rejection might kill them.

It is proposed by the Ministry that the Referendum shall be held in November. It is not at all likely that the war will be over by that time. If the present rate of losses in Gallipoli continues, the entire original force will be out of action and fully a hundred thousand more required to hold our own there. A great political controversy with intense bitterness displayed on each side is not likely to encourage sacrifice. No more inauspicious time could have been chosen for such an appeal.

Public opinion is thoroughly roused, but the difficulty is that there is no party in Australia which has earned the

right to call upon any other party to give up party warfare. The Liberals, counting upon a successful war election, refused the overtures of the Labour Party for a truce immediately after the war broke out. It is true that the *tu quoque* is not a suitable reply when national issues are at stake, but it is generally recognized that Mr Cook, Leader of the Opposition, has been tactless and needlessly exasperating to the Government. It was suggested by the *Melbourne Age* that in imitation of the Imperial Parliament a National Ministry should be formed, but under the circumstances this did not gain any support, for none believed that a combined Ministry would prove a workable team. The better opinion was that the public demand should have been organized and the responsibility placed upon the Ministry of carrying it out. The Ministry have paid no attention to public clamour so far, but have introduced the Bills and passed them through several stages. On the second reading the Opposition walked out in a body. The public mind is now set upon the one thing—the war—and if the statesmen interpret it aright they will devote all their energies towards organizing and mobilizing the whole of the resources of Australia and concentrating them on the war. If the Ministry does not meet this demand it will lose a great deal in popular estimation. Democracy is supposed to be incompatible with authority and leadership. No mistake could be more gross. Australia is looking for and would follow a great leader at the present crisis. One that would tell it what it ought to do, and how it ought to do it, would secure enthusiastic obedience, even if it involved compulsory service, financial sacrifice, and the mobilization of all Australian resources. Democracy does not want leaders who lead from behind and she does not want leaders who simply propose what they think the public want, but who tell it clearly what the public ought and must do. There is no such leader in Australia to do this, and the responsibility is upon the Ministry to produce a programme which will satisfy the public demand.

Such a programme would unite many opponents in internal politics if it dealt with the Referendum Bills by undertaking that they should at the close of the war be submitted immediately to the country without further debate and delay in Parliament, and if it conceded to the Federal Government full power to control monopolies, trusts and prices. The actual administration during the war calls for a division of the duties of the Defence Department and the appointment of an additional Minister or Ministers, while the cost of the various undertakings for which government is responsible can hardly be provided for longer by extensions of the note issue. This means that the wealth of the country must be called on to contribute through taxation. Finally, a large amount of support would be found for universal compulsory military training: the machinery for military training which at present is used in the training of boys might easily be used in the training of men, from whom drafts might be furnished as required at the seat of war.

There are no party shibboleths which in Australia stand in the way of compulsory service, and its adoption would damage no intellectual reputations. Its equality and fairness appeal to Australians as democratic, while the facility it offers for organization commends it as workmanlike Already several Federal members of both parties have advocated its adoption. Steps are being taken to make an exhaustive enquiry into the fitness of all males in Australia for service. If Federal Ministers were free from party work and from the heckling of their opponents much more would undoubtedly be done.

Meanwhile recruiting is being stimulated and the adventitious aids previously omitted are being utilized. The State House in Victoria has decided to adjourn for one week and has called upon the municipalities throughout Victoria to co-operate in a week's intense campaign. The seriousness of the situation is indicated by the message received from the Imperial Government and read by Mr

Fisher to the Federal House on June 23 to the effect that every man whom the Commonwealth could send for service at the front was wanted with or without equipment. This announcement is a departure from the accepted idea that the British Government would accept help, but never ask for it. Australia is gratified that the barrier of reserve has at last dropped and will give an enthusiastic response to the call.

V. The Australian Outlook

THE forces promoting war at different times in European history have been described as principles and ideas, the vindication of legal right, and the mere forces of ambition and aggrandisement. In the case of the present war it is not difficult to trace all three influences; but it is probable that history will see in it primarily a conflict of principles and ideals, and will find a place for it with the Crusades and the wars of the French Revolution.

The seat of war upon which, at the present time, the eyes of Australia are naturally fixed with the closest attention, and the foe with which her sons are engaged, serve to recall further the story of the Crusades. In these circumstances it is interesting to note that the historian Von Herder remarks that by far the most important result of these great international enterprises was that "men became acquainted with countries, people, religions, and constitutions of which they were before ignorant; their narrow sphere of vision was enlarged; they acquired new ideas, new impulses. Attention was drawn to things which would otherwise have been neglected; what had long existed in Europe was employed to better purpose, and, as

the world was found to be wider than had been supposed, curiosity was excited after a knowledge of its remotest parts. Europeans became better acquainted with one another, though not in a manner much to be prized. . . . At the same time . . . while the neighbouring Powers of Europe obtained a closer inspection of their mutual weaknesses and strength, some obscure hints were given for a more comprehensive policy and a new system of relationship in peace and war."

Australia even more than the older nations is in this war making new acquaintances, and it is not too soon to ask what lessons she is learning of her new experience. They may be trite and commonplace, but their realization as facts will be none the less vital.

In the first place, the war displaces the national values which are expressed in acres and square miles, and substitutes terms of men, and the thought that our expedition is a mere handful among the armies of Europe, that Prussia alone is reported to have lost already more men than the whole population of our largest state, is a sobering one. Everything combines to emphasize the dependence of our safety and the enjoyment of our easy conditions of life upon Britain's supremacy by sea.

It is clear that not even a democracy can live for itself alone, and that with intercourse with other nations there will come the clash of interests and ideals. In such a case the "sovereign" or "collective" will of a democracy, accustomed to value and assert itself in domestic questions, finds itself opposed by a new force which refuses to recognize its authority. A democracy which merely takes its "will" into foreign relations will know little peace, and must assuredly be as a strong man armed. An intelligent and sympathetic understanding of the point of view of others is one of the chief factors which make for peace among the nations as well as a mark of decent manners among men. It requires that the people shall have opportunities of information, and that they should all seek to

be informed. Breadth of outlook and power of detachment may not always come with education, but they are rare without it. It is a hopeful fact, in producing which the war has been a powerful stimulus, that at no time in Australia's history have the indications of a desire for knowledge been so clear as at present.

It has been said that to comprehend the meaning of what is taking place in Europe to-day we must look beyond political ideals and plans for completing the effective organization of political societies in their mutual relations. "Is it not the fact," says Bishop Gore, "that what we are in face of is nothing less than the breakdown in a certain hope and idea of civilization? There was to be an inevitable and glorious progress of humanity, in which science, commerce and education were to be the main instruments, and which was to be crowned with a universal peace. But we are now witnessing the downfall of this ideal. Science, commerce and education have done and can do much for us, but they cannot expel the human spirit from human nature." And he concludes that "nothing can save civilization except a new spirit in the nations." Sympathy for the efforts of a democracy of wage-earners to obtain a larger share of the products of industry must not blind us to the fact that they belong rather to the material than to the spiritual side of life, and may indeed in their very success exaggerate the materialism of a community.

Australia has not yet begun to think of what will be after the war. She assumes—perhaps too easily—victory of the Allies; here at any rate she finds a leader in her Prime Minister, who will not allow himself to think that anything else is possible. Much of the future must depend upon the completeness of that victory, as well as upon its being attained before the war has entered upon the stage of exhaustion. At the present time the pressure of the war gives more excuse than usual for the familiar indisposition to consider schemes of Empire government; but at least there is this change—no one is likely to think seriously

of attempting to go on " as we were " before August last: that phase of complacency is gone for ever.

As a matter of interest the following comparison of the troops from the various parts of the Empire is appended :

Comparison of Troops from Different Parts of the Empire in April, 1915.

	Number of men under arms.	Population.	Percentage of population under arms.
United Kingdom ..	3,300,000	46,000,000	7·2
Canada	103,000	7,800,000	1·3
Australia	70,000	4,900,000	1·4
New Zealand ..	24,000	1,160,000	2·1

The number of troops stated is the number of men giving their full time to the service of their country. The numbers for Canada, Australia and New Zealand are true for April, and are given on the authority of the Prime Ministers of the respective Dominions. The figures for the United Kingdom are not known here with certainty; the above total is made up of Regular Army 245,000, Army Reserve 138,000, Territorials 315,000, Reserve Territorials 400,000, New Army 2,000,000, Navy 250,000.

It will be seen that none of the Dominions has raised nearly the same proportion of men as the United Kingdom has, and consequently, when the Dominions organise their resources, they will be able to send many more men than they have so far sent. New Zealand, as in the South African war, is setting a fine example, and maintaining a high physical standard for recruits.

Australia. June, 1915.

SOUTH AFRICA

I. The Rebellion

THE Union Parliament met on February 26. Between that date and the last flicker of the rebellion two months had intervened and the country had found opportunity for reflection and discussion regarding the causes of the outbreak and the political problems which it had created. At the beginning of the Session Ministers published as a Parliamentary paper " a report on the outbreak of the rebellion and the policy of the Government with regard to its suppression." It is in the form of a continuous narrative, in which statements of fact are for the most part supported by reference to or citations from the official records, but a narrative based on a definite theory of the causes and character of the rebellious movement. This method is open to the grave objection that it creates in the reader the impression that an attempt has been made to ensnare his judgment. All historical narrative involves a reasoned theory of the events which are being narrated and some claim to finality; and no such theory can hope to establish that claim unless it is based on the most exhaustive examination of all the sources of evidence. On this ground alone it is undoubtedly a sound principle that the case for a Government should be presented not as an historical narrative, which must necessarily be suspect, but in the form of material on which the public and posterity can base their own theories. It is not to be expected that any Government which has to deal with rebellion should show the same complete understanding of contemporary events as the impartial historian of the future. In this case all that was asked of the Government by Parliament was convincing evidence of the extent and aims of the

rebellious movement, and that peaceful methods were tried and failed. The form in which the report was presented enabled General Hertzog and his friends, by concentrating attention on the weaker links of the official theory, to challenge the whole Government case. General Hertzog moved early in the session for a Select Committee to enquire into the whole question of the rebellion. While no one believed that such an enquiry, restricted as to time by the probable limits of the session, could be of any real value, it was clearly difficult to oppose the motion, and a Select Committee was accordingly appointed with Mr Duncan as Chairman. This Committee, as was expected, reported that, as the time at its disposal had been quite inadequate to enable it to enquire fully into the matters referred to it, and as many important witnesses were either on active service in German South-West Africa or awaiting trial for treasonable offences, it was unable to reach any conclusion on the question and could only report the evidence so far taken. In presenting the report Mr Duncan urged that the enquiry should not be allowed to drop, and the Government has since announced his intention of continuing it.

In moving the second reading of the Indemnity Bill, General Smuts attributed the rebellion to four principal causes. First, and most important, to the desire to regain the political independence lost in 1902; secondly, to the machinations of German agents within the Union; thirdly, to dislike of the expedition against German South-West Africa; and, finally, to the campaign of calumny conducted during the last two years against General Botha by his political opponents. The case against the Government on the other hand as put by General Hertzog and his followers was that there was no rebellion in the strict sense of the word, that there had at most been an armed protest against the Government, with the object of forcing them to abandon the expedition to German South-West Africa. This description, however, could, admittedly, only be applied to the initial stages. Inevitably as the movement grew it

appeared that the object which gave real strength to it was the establishment of an independent republic in South Africa. The appeal which the desire for political independence makes to the Afrikander people is not based on any sense of political oppression under the present Constitution, or on any grievance against the British Government in regard to its undertakings at the peace of 1902. Even avowed opponents of the British connection admit that it has given them complete political freedom and that all that the Imperial Government undertook at the conclusion of the war has been fully and even generously carried out. All that, however, does not, and could not in the nature of things be expected to, extinguish the sentimental attachment to the old republics in the hearts of those who had fought for them, and that sentimental attachment is strengthened by the social and economic changes which have taken place since the peace, and which seem to be subverting all that the old-fashioned Afrikander regarded as peculiarly his own in the national life and character. These changes, though in fact the seeds had been sown long before 1899, are to him associated in all their aspects with the coming of British rule, and when the news came of war between England and Germany it brought, as one of those who welcomed it said, " a message of hope to every Afrikander heart." The end of the British Empire seemed to be at hand. " Never again," as another voice declared, " in our lifetime shall we get such a beautiful opportunity of getting rid of the British yoke, and then building up a nation of our own, founded on the Voortrekker's religion, manners, customs and traditions."

To the Boer of the backveld this new Thelema is an aristocracy of his own race of which every member is a landowner, occupying rather than farming a wide stretch of veld, uninfluenced by contact with the outside world, using the labour of a subject race, enjoying the fruits of wealth produced by alien residents, knowing little of constitutional restraints or of the interference of laws or governments. This

world of the Voortrekkers has faded before the frontal attack of material progress to the shadow of a dream, but its revival has been the object of many a curious movement in South African history. In the last generation, and particularly since the late war, the dreamer of these dreams has either been driven from the land by the pressure of an increasing population and of scientific agriculture to become a " poor white " in some urban centre, or he has remained on the land harassed by Scab Acts, stock disease regulations, and all the other machinery of government control. The discovery of gold and diamonds, the increase of agricultural production, have synchronized with his own deepening poverty. A growing laxity seems to him to have displaced the old Puritan standards of life and manners and of religious belief. The whole system of government grates on him as something English and unsympathetic, and it is poor comfort that the Ministry are men of his own race or that he is living under a free constitution. To recover his independence, he thought, would bring the end of all this, and the beginning of a simpler and a kinder life. The rebellion has thus revealed the extent to which advancing civilization in South Africa, coming in the track of the late war, has been a force of destruction. Old landmarks have been torn up. The old national life has been shattered and a new one has not yet arisen to replace the old in the minds and hearts of the people as a whole.

The main business of Parliament, apart from finance, which will be dealt with later, was to lay down the principles to be followed in dealing with those who had gone into rebellion. A broad distinction was drawn between those who were regarded as leaders and the rank and file. No legal definition of this distinction was attempted. Anyone who after a preparatory examination was indicted before a competent court might, if found guilty of high treason, be sentenced to imprisonment with or without hard labour for life, or for a term of years, or to a fine not exceeding £5,000, or to both such fine and imprisonment.

If found guilty of seditious or rebellious acts not amounting to high treason, he might be sentenced to a fine or to imprisonment, or to both, or to detention in custody till the termination of military operations in South Africa. A special tribunal of three judges of the Supreme Court has been constituted to try these cases. All who were captured or surrendered after the expiration of the offer of amnesty on November 21, and who were not indicted, were dealt with by a general clause imposing certain civil disqualifications for a period of ten years—*e.g.*, they were declared incapable for that period of being members of Parliament, or of any Provincial Council, or of any local or educational authority, or of holding any appointment of a public character, or of serving on a jury or a licensing court, or of holding a licence to possess or deal in arms and ammunition. Anyone included in this class might, however, within a month of the commencement of the Act, appeal against his inclusion, and such appeals were to be heard by special commissioners sitting in boards of three, consisting each of a magistrate, a commissioned officer of the Defence Force of or above the rank of captain, and an advocate or attorney. The Act, therefore, carried out the spirit of the appeal which was made by General Botha to the country after the suppression of active rebellion, that the treatment of those concerned in it should not be dictated by feelings of vindictiveness, but that, while leaders should be called to account and punished, the rank and file should be treated with leniency and patience.

The Act also provides for payment of compensation for losses or damage sustained by loyalists during the rebellion. This provision has, however, been rendered unnecessary as regards the Orange Free State by a remarkable movement which has been set on foot in that province for raising funds locally for providing compensation for all losses suffered in the rebellion, whether by loyalists or rebels. Hitherto in all cases where losses of private individuals appeared to call for compensation the first impulse has

been to go to the Government. In this case, however, the traditional reluctance of the Afrikander to undertake any financial burden for a public purpose has been overborne by an impulse which, as far as can be ascertained, came originally from those who sympathized with the rebels. Helpmakaar Vereenigingen (*i.e.*, mutual help associations) have sprung up in all the districts principally affected, have formed committees for receiving and assessing claims for compensation, and have raised funds for payment which already cannot be less than £150,000. These sums have been advanced largely by the banks on the credit of substantial men, who, in turn, look to be indemnified by voluntary levies on the inhabitants of the district and by funds raised by bazaars and otherwise. That such a scheme should have been begun and should have been carried so far as it has already gone is significant of the extent to which the country population has been moved by recent events.

II. Finance

APART from the Indemnity legislation, the only important business of the session was in connection with finance. As was reported in the March Round Table, a financial conference was held in Pretoria in January, and was attended, on the invitation of the Government, by Mr Merriman, Mr Hull, Sir Thomas Smartt, Sir Edgar Walton, Mr Jagger, Mr Duncan and Mr Orr. The Labour Party, who were not represented at the conference, have professed to regard the whole business as a conspiracy between the Government and the Opposition in the interest of the mines, but the real nature of the conference has been quite clearly explained in Parliament by those who were present. The Government took the wise step of inviting the advice at a time of emergency of certain private members whose special knowledge of public finance is admitted. The conference considered the financial situation in the light of the

Treasury figures and discussed the broad outlines of a budget. No resolutions were taken, and for the final form and all the details of its financial proposals the Government accepted the sole responsibility.

The greater part of the ordinary revenue of the Union is derived from two sources—taxation of the mines and customs duties. The output of the gold mining industry has continued practically undisturbed by the war, but the diamond mines have been closed down since August, and the revenue from that source has ceased. The war and the rebellion, with the consequent dislocation of the machinery of commerce and diminution of the volume of trade, have greatly reduced the revenue from customs duties. For the financial year 1914–15 there is a deficit as between ordinary revenue and expenditure of £2,192,000. The whole of this amount has been carried to loan account, involving an increased annual interest charge on the ordinary revenue of about £92,000.

The estimates of ordinary expenditure for the current year—*i.e.*, excluding war expenditure, which is charged entirely to loan account—were framed with strict regard to economy, and notwithstanding an increase of almost £700,000 in interest charges on the public debt, due partly to war expenditure, the total estimate of about £16,500,000 barely exceeds the actual expenditure during 1914–15.

The estimate of revenue from existing sources left the Minister to raise an additional £2,800,000 to balance expenditure. He proposed to meet the deficit as follows:—

(1) By additional taxation:

(*a*) Increased Customs and Excise duties	£830,000
(*b*) Revision of the Income Tax . .	630,000
(*c*) Special War Levy on the profits of gold-mining	500,000
	£1,960,000

(2) By various expedients, such as the appropriation of certain sinking funds and of the proceeds of the sales of land and mining rights .	830,000
	£2,790,000

The new customs duties include a 5 per cent. increase in the *ad valorem* rate, and special duties on coffee, paraffin, tea, boots and shoes, and playing-cards, and the new excise duties fall on sugar, beer and playing-cards. The income tax, which was imposed for the first time last year, was then charged on all incomes exceeding £1,000 at a rate rising from 6d. to 1s. 6d. in the pound, the maximum rate being reached on incomes of £24,000. Under the new proposals the exemption is reduced to £300 and the rate increased to 1s., rising to 2s. on incomes of £24,000.

The special war levy on the gold mines is additional to the ordinary profits tax of 10 per cent., and will amount roughly to an additional 5 per cent.

The new taxation will admittedly fall primarily on the population of the towns. It will considerably increase the cost of living, which, particularly in urban centres, is already very high. It will add materially to the burdens of the married man, and through the income tax it will press more heavily on the middle class in the northern provinces than on the corresponding class at the Cape. On all these grounds the Labour members opposed the Budget proposals, and in the party amendment they urged that the income-tax should differentiate between earned and unearned incomes, and that it should be combined with a tax on land values. This is sound theory. Little proof is needed of the radical inequity of the present system of taxation in the Union. No one can seriously maintain either that the farming population contributes a fair proportion of the revenue or that the income tax is on a scientific basis. The whole basis of taxation calls for

revision, but the Government could with reason point to the quite abnormal circumstances of the moment as making it impossible for them to undertake a general revision of the system of taxation. The Government in a special emergency is faced with a large and unavoidable deficit. Unless that deficit is to be charged to loan account, when the children will be visited with the misfortunes of their fathers, a large additional revenue must be raised immediately from taxation. The Government has no option but to employ the existing machinery for that purpose, and that machinery is limited to the income tax and the customs duties. Even though Parliament had agreed unanimously to the principle of a land tax, the collection of the tax could scarcely have been organized in the current financial year, and the revenue derived from it must have been insignificant. The Opposition, while supporting the Government proposals, sought to emphasize their purely emergency character by moving an amendment to the customs resolution, which was accepted by the Government, of which the effect is that the increase in duties will lapse four months after the commencement of the 1916 ordinary session, unless other proposals have been made to Parliament. The new Parliament will then be compelled to consider the whole question of finance afresh.

The Loan Estimates provide for the expenditure of £13,500,000. This amount includes £7,250,000 for war expenses, £3,000,000 for capital expenditure on the railways on schemes sanctioned in previous years, and over £2,000,000 for the revenue deficit for 1914–15. All other expenditure from loan funds has been reduced to the barest minimum. In the special session of last September £2,000,000 was voted for war expenses, but owing to the rebellion and the consequent postponement of the German South-West African campaign, this vote was entirely inadequate, and the war expenses to the end of March amounted to £8,750,000. Provision has, therefore, been made for war expenditure during the two years of £16,000,000—a

remarkable total when it is remembered that the white population of the Union is only 1¼ millions. There has been little disposition to cavil at the financial burden which the Union has assumed, and, in fact, although the financial position calls for unceasing vigilant attention, there have been few signs up to the present that the fundamental commercial stability of the Union is seriously impaired. So long as the gold industry remains undisturbed, there is probably no country in the world whose prosperity depends to a greater extent on the actual production from year to year. South Africa, like the rest of the world, will doubtless find her development temporarily retarded by the present abnormal waste of the world's capital; and the increased burden of her public debt will necessitate a period of public economy. But with reasonable fortune in regard to weather, she can vastly increase her agricultural production, and the fruits of the land will always find a market.

III. War and Politics

SINCE the prorogation of Parliament substantial progress has been made with the campaign in German South-West Africa. By a series of rapid movements, which at any other time would have commanded the attention of the military experts of the world, General Botha has manœuvred the Germans out of Windhuk without a serious engagement, and is following them into the extreme north of the territory. His absence from the Union, however, is the opportunity of his political enemies, and an energetic propaganda is being carried on among the Dutch population from one end of the country to the other with the one object of displacing Generals Botha and Smuts from the Government. In the Free State and the Transvaal this propaganda is carried on by the party which, under the nominal leadership of General Hertzog, has seceded from the Government

party and has formed a new political organization under the name of the "National Party." In the Cape Province, where General Hertzog's leadership is unacceptable, because he has never dissociated himself from the rebellion, another party has been formed which purports to be a Cape party only, and appeals to the latent spirit of provincialism, which has survived the Act of Union, and which still resents being governed by a Ministry the dominant members of which come from the Transvaal. Apart from that its appeal is to "the Afrikander people," as against the people of British origin and sympathies, and, in that respect, is sufficiently one-sided to satisfy the most extreme partizan of General Hertzog. If it ever takes root at all, its union with the National Party can only be a matter of time. In the other provinces of the Union the National Party is carrying on a most active campaign, and feelings are being roused to an extent which observers say is unprecedented. The burden of the charge against General Botha, and perhaps to a greater extent against General Smuts, is that they have subordinated the interests of the Afrikander people to those of the Empire. This is a charge for which, as can be readily imagined, it is easy to find a wealth of illustration, and which also finds a natural support in those feelings of racial animosity which are so easily roused in this country. It is, therefore, a good cry, and in the absence of General Botha himself the man in the backveld lends a ready ear to the fervid eloquence of those who know so well how to touch the strings to which he best responds—more especially as many of the country predikants are strong supporters of the propaganda. No doubt if General Botha can return soon, and with the laurels of victory from German South-West Africa, he and the commandants who have stood by him will be able by their influence in the country to turn to some extent the tide which is now flowing so strongly against him. But so long as the war in Europe continues without a decisive turn in favour of the Allies, so long will it be easy for those whose

sympathies lie that way to use the possibility of a German victory in Europe as an argument against South Africa being too far committed on the side of the Empire, and so long will the hopes be planted and cherished that a German victory would mean the realization without a struggle of the dream of South African independence. We shall not, therefore, reach a settled state of feeling here till the war in Europe is over. That is where South Africa differs from the other Dominions. The war in Europe has its counterpart here, not only in German South-West Africa, where the forces of the Union are in arms against the enemy, but internally, where a section of our politicians urges a neutral attitude for South Africa or speculates with ill-concealed interest on the probability of German victory.

A general election is due towards the end of the year. To judge from present appearances it will most probably result in there being four parties in the House of Assembly, no one of which will have a clear majority over all the others. That is a state of things which tends to new groupings, permanent or temporary, among the political forces. As to what lines they may follow, however, he would be a rash man who would venture to prophesy to-day. *Ex Africa semper aliquid novi* is true of South African politics more even than of its other products.

South Africa. July 1915.

Note.—The German forces in German South-West Africa surrendered to General Botha on July 9th.

NEW ZEALAND

I. The Political Situation

THERE have been no political developments of importance during the past three months. The period between a general election and the assembling of a new Parliament is always quiet, however vigorously politicians themselves may be working underneath the surface, and the reaction which was naturally to be expected after the excitement of an election has been intensified at the present time by the profound interest taken by the people of New Zealand in the war. General politics have been completely overshadowed, and notwithstanding the remarkably close position of the rival parties, even the election petitions mentioned in the last issue of The Round Table have attracted little attention outside purely political circles.

As already mentioned, the more important questions of law involved in the election petitions were referred to the Full Court, and on the decision of that body being given the petition against the return of an Opposition member for Hawkes Bay was withdrawn. The other two petitions —against the Opposition member for Taumarunui and the Government member for Bay of Islands—were duly heard, and in each case the member was unseated. A fresh election for the last-mentioned seat was held on June 8 and resulted in a win for the Government candidate by a large majority. That for the Taumarunui seat is fixed for June 15, and a close contest is anticipated.

It will thus be seen that there is little likelihood of much change from the position already recorded. The Govern-

ment now holds 41 votes against 38 of the combined Liberal and Labour forces, and if it fails to capture the seat still remaining to be filled the figures will be as they were after the General Election—41 to 39. Stimulated by the recent announcement of the formation of a National Ministry at home, some of our newspapers have urged the adoption of a similar course here. The suggestion receives an added force from the closeness of the party figures, but it is very doubtful whether a combination of parties is possible. Certainly nothing will be done until the result of the by-election for Taumarunui is known, and even then it will only be as a last resort that the leaders will consent to an amalgamation. True, there is a considerable body of opinion in favour of coalition, but if a coalition Ministry comes it will be because neither party can successfully carry on, not because it is felt that the war crisis demands it. It must of course be borne in mind that our circumstances are very different from those of England. Although we feel that the successful conduct of the war is immeasurably the most important matter before us, our problem is a comparatively simple one. It is to furnish and equip as many men as we can with the utmost expedition possible. We take no part in the direction of operations or in the conduct of foreign affairs, and as far as our share in the burden of Empire is concerned, it is a matter of little moment whether our Minister of Defence and the other members of the Cabinet are drawn from one only or from both sides of the House. At the same time, the country is in no mood for another General Election, and if when Parliament assembles it is found that the present Government cannot successfully carry on with so small a majority, some working agreement will, no doubt, be found to tide over the present crisis without another appeal to the people.

Parliament will meet on June 24, and it is probable that the session will be a short one. The party in office is not likely to bring down many controversial measures, and

with the shadow of the war upon us, party wrangling will be reduced to the irreducible minimum. The most important topic to come up for consideration will be the provision of a special war tax to meet the obligations which we have assumed. Genuine differences of opinion as to how the burden should be apportioned will undoubtedly exist, and it is inevitable that, to some extent at all events, there will be a party cleavage. The temptation to make party capital out of the controversy cannot be entirely resisted, nor will the division upon the subject be only among the politicians. It should, however, be understood by the outside world that there will be no quarrel over the amount we have spent or should spend—except perhaps upon the ground that we are not doing enough—and the question of how the burden should be allocated is a domestic matter of no significance to anyone but ourselves.

II. Imperial Affairs

IT is scarcely necessary to say that at no previous time in our history has Imperial sentiment been so strong as it is now. The great struggle against a people whose ideals and policy are the very antithesis of those of Britain has roused every citizen of New Zealand, and every proposal to increase New Zealand's effort in the common cause has received the most cordial and universal support. Now, if ever, we feel that we are an Empire united. Yet it is not to be wondered at that attention should be focussed almost entirely upon the actual operations of the war and the practical question how best New Zealand can assist. Our first consideration, as it is the first with every part of the King's Dominions, is how to win, and we are apparently content for the present to let all other questions remain unanswered, and to look no further than the conclusion of the war. Our local naval and military policies have been tacitly left out of consideration for the present.

Yet through the great bulk of the people there runs a feeling that the war has altered for all time the position of the Dominions. The sense of partnership is stronger, the reality of the partnership more apparent than ever before, and while few among us seem to have considered with any seriousness what the partnership implies or what it demands, there is a clear general appreciation of the fact that, leaving all other questions aside, the Dominions have proved their right to be consulted in the final settlement of the war. With some the argument takes only the crude, if practical, form that since our troops occupied—or took a large part in occupying—Samoa this country is entitled to be consulted as to what shall be done with the occupied territory. Others see deeper into the matter and found their belief upon higher grounds. There has, nevertheless, been no definite or organized attempt to work out, or suggest, how the " consultation " of the Dominions is to be managed. Even the proposal to hold an Imperial Conference this year, as advocated in THE ROUND TABLE, has received very scant consideration. It has failed to draw any expression of opinion from politicians, and although mentioned in a good many newspapers, it has done little more than furnish a convenient topic for a leading article and has not stimulated any active movement. Most people appear to be satisfied with the promise made by Mr Harcourt that the Dominions will be consulted, and do not trouble to investigate how or when or upon what matters. This is a matter for regret, because when the time arrives for action to be taken there will be room for misunderstanding on both sides, and it will be unfortunate indeed if anything occurs to cool the sentiment of the Dominions by making them feel that they have been misled, however unintentionally. Consultation is the only effective safeguard against misunderstanding, and consultation, to be thorough and satisfactory, must be by personal conference. But in spite of the vagueness of the general thought upon Imperial affairs, ideas are yet beginning to emerge. In the first place, the ordinary man realizes

that we—like the other citizens of the British Empire—have had a rude shock, and he is inclined to marvel at the blindness manifested in the face of indications which, it now appears, should have been obvious. The colossal military strength of Germany has impressed itself vividly upon our imagination, and when we consider the smallness of England's organized army in normal times, and realize the extraordinary difficulties in the way of raising, training and equipping a force adequate to the tremendous task which still lies before the Allies, we in the colonies find it hard to resist the conclusion that some form of compulsory training must be the outcome of England's experience in this war. There can be little doubt that most of the people of New Zealand hope that it will be so. We have never regretted the introduction of the system here, and we feel that it contributed in no small measure to the speedy organization and despatch of troops in the early months of the war.

Another matter which has struck the imagination of the ordinary man is the formation of the national Ministry to meet the stress of war work. As stated above, the people here are not much concerned with an amalgamation of political forces in New Zealand. But they have been impressed by the obvious determination of the British people to sink all party differences during the great crisis, and to bend every effort to directing the warlike energies of the nation in the most efficient manner. They are struck further by a consciousness that both in the Dominions and at home the external relations of the Empire and the defence of the Empire are matters above and beyond domestic politics—above them because the adequate defence of the Empire is a necessary basis of the freedom under which we govern ourselves and our domestic concerns; beyond them because the ordinary differences of political opinion cease to exist when once we have brought home to us the need of preserving our integrity against a menace from outside. The war has emphasized to the colonial democrat the fundamental truth that our oppor-

tunity to work out our social salvation in the way in which it seems best to us rests upon the maintenance of British freedom, and that British freedom is based upon the ability to defend the Empire against material aggression. This practical aspect of the matter has been obscured in New Zealand by long years of peaceful seclusion, of financial ease and prosperity, but it is now manifest to all and the lesson is not likely to be forgotten. While we are learning more vividly day by day what we owe to the strength and efficiency of the British Navy, we have also come to appreciate the fact that we at this end of the world must grapple with greater vigour the problem of defence, not only against direct attack upon our own shores, but also against indirect attack upon us through other parts of the Empire. We are beginning to realize that (to apply Kipling's line):

> "We have had an Imperial lesson, it may make us an Empire yet!"

True, we have made no attempt to consider the problems involved in the maintenance of a united force springing from the co-ordinated, and co-operating, dominions of the British Crown. Such an inquiry must be undertaken in times of peace, not when we are engaged in a life-and-death struggle. But it is important to know that the necessity for such a force is urging itself upon the people of this country. The consciousness of this need, and the dramatic removal from domestic party politics of the problems raised by the war, have given a definite and striking force to Mr Bonar Law's reference in his Guildhall speech on May 19 to the possibility of an Empire Parliament, in which every part of the Empire would be represented.

One fortunate result of the rivetting of public attention on the war has been that, since the last German cruiser was accounted for, discussion of New Zealand's naval policy

has ceased, and it is possible that when the matter comes to be reopened later on under the changed circumstances which must necessarily result from the war and its settlement the question may be approached without party bias and preconception. It is indeed to be hoped that our leaders will be able to discuss the matter upon its merits, and, after full and earnest consideration, to unite in a scheme which will represent not merely a plank in some political platform, but rather the truly national policy of New Zealand.

III. New Zealand's Part in the War

COMING to our actual part in the war, it is not too much to say that the past month and a half mark the commencement of a new period in the history of New Zealand's development as a state of the Empire. Indeed, since our experience has not been unique, but is shared by Australia, and to a greater degree still by Canada, this means the beginning of a new epoch in the history of the Empire as a whole.

It is not merely that our emotions have been touched more deeply and more intimately than in the past, nor even that we have had brought home to us more clearly and cogently than ever that each state is directly and vitally concerned in the struggle against autocracy, coercion, and the lust of power, in the fight for freedom against the powers of intellectual and material tyranny. It is not merely that the country has appreciated intellectually both the world mission of the Pax Britannica and the obligation placed upon us to do what we can to preserve the spirit of true democracy from being overwhelmed. These things we knew before, as men in the pride of youth know and repeat with their lips the eternal truths that in the midst of life we are in death, that man that is born of

woman hath but a little time to live. But now we know them differently, because we have learned—in a degree unknown to us before—what it is for a country to see its strongest and best cut down. In the twinkling of an eye we have passed from the region of rhetoric, of emotion, of aspiration, into the region of personal knowledge, responsibility, and achievement.

From the very outbreak of war we have, it need scarcely be repeated, felt a great pride and satisfaction in the eagerness of our country to play its part. The mere sending of the troops aroused emotion in us. But we were far from the battlefield, and so long as no great disaster befell the Allied forces we hardly realized the meaning to the people of England of the daily records of dead and wounded. Later we exulted in the news of the great work done by Canadians, and we felt that their presence at the front warranted the hope that our men, too, would be given an opportunity of showing the mettle of their pasture. For some time, indeed, it had been surmised that our troops in Egypt would be sent to the Dardanelles, and we looked forward eagerly to their doings, but the weeks went by without any change, and many began to share the fear, which was evidently felt by the men themselves, that the opportunity might be long delayed. "There is a nasty rumour that we may remain to garrison Egypt," wrote an officer in Egypt to a friend in New Zealand. "We are beginning to feel that we are only a tourist party, to be called in when all the serious work is over."

Excitement, then, ran high when we received the first authentic news that the New Zealanders had gone to the scene of action. A message dated April 29 was received from Mr Harcourt congratulating New Zealand "on the splendid gallantry and magnificent achievement" of her men "in the successful progress of the operations in the Dardanelles." For three days we anxiously awaited information as to what had happened. Then came news of the landing operations, followed, on May 4, by our first big

casualty list, 8 officers killed, 18 wounded and 107 men wounded. Since then, day by day, we have had further lists of our losses, but with them details which have made it plain that our men have behaved as soldiers, and have played a brave and inspiring part in the war. To-day our casualties number 2,387, including 44 officers and 381 men killed, and there is still a fear, by no means unfounded, that we have yet to learn of some killed in the first few days of the operations. These figures are small when placed alongside those of Great Britain, but it is no exaggeration to say that there is scarcely anyone in New Zealand but has experienced a sense of personal grief at news of the death or wounding of friends, if not relations.

Grief, however, has been softened by pride in the gallantry and steadiness displayed by our men, and by the conviction that our participation in the war is not the result of excitement, or love of adventure, but the outcome of loyalty and a knowledge of our duty. We have been lifted out of the narrow paths which we have trodden for so long. We have learned that, small though we be, we count for something, and the bond of union has been cemented with blood, shed in a struggle upon which the fate of the Empire hangs.

The Empire to-day is reaping the harvest of past wisdom and generosity, but there have been sown in the last few months the seeds of a wider, more discriminating, and more instructed loyalty to the great Commonwealth in the years to be.

One striking result of the moral change worked by our actual participation in the making of history is that there is less vague and general talk than before. Every true moral change is manifested in conduct, and we are coming down to sober facts. In the first place, there is a rapid growth of opinion that it is our duty to put forward a greater effort than we have done so far. One practical result of this feeling is the decision of the Government to provide a hospital ship. The vessel has been secured, and is being fitted out,

the public subscribing to her equipment, the cost of which is estimated at £25,000, besides providing many of the necessary articles in kind. Money is coming in with the utmost liberality, although (not to mention numerous local subscriptions) the country has already given over £300,000 in money for the relief of the Belgians and over £150,000 to the Patriotic Fund. We have, too, provided one base hospital for our men, and are now raising funds for another. There has been an enthusiastic response to the call for nurses and doctors, and many of our ablest and most successful surgeons have gone, or are about to go, to the front.

Recruiting has undoubtedly been stimulated by the fact that at last our men have reached the firing line. The feeling has spread that, however much we may be "inflated with legitimate pride" by what our men have done, it behoves us not merely to do well in the matter of furnishing more men, but to do our best. For some time, for military reasons and acting under instructions from England, the authorities declined to give any information as to how many men we had sent, but latterly the interdiction was removed, and in the course of an address to a demonstration meeting in Wellington after receipt of the message of April 29, Mr Massey stated that down to that date we had put 17,000* men into the field, and that before many months were over he anticipated that the number would be increased to 25,000. He added that if another 25,000 were required he was sure they would be forthcoming. The expenditure down to March 31 totalled £2,151,835.

The view is now unanimously held that we ought to strain our resources to the utmost, and in advocating the furnishing of a force of 50,000 the *New Zealand Herald* struck a responsive chord throughout the Dominion. In his fine message to the Guildhall meeting Mr Massey was

* This included the Samoan contingent, of which about 1,000 were discharged on their return. Many re-enlisted and are included again in the reinforcement staffs.

indulging in no mere rhetoric, but was expressing the true opinion of the country, when he said:

> "Though New Zealand is but a small country, all we are and all we have is at the Empire's call. Not only in this fight for our national honour, but for all time, New Zealand is inseparably linked with the loved Homeland."

There have, of late, been indications that the supply of men has not been quite equal to the demand. On May 24 the Minister of Defence openly stated that men in greater number than were offering were required, and, for the first time, addressed an appeal to married men to volunteer. He admitted, however, that he spoke without the latest returns before him, and a week later the Prime Minister, when in Auckland, stated that recruiting was going on very well indeed.

> "When recruiting has been spoken of lately," said he, "people have sometimes forgotten that for the last few weeks very much larger numbers than usual have been required, because, in addition to the usual reinforcements, we have asked for nearly 3,000 men to make up the special force that was offered and accepted about a month ago. This meant a very heavy strain upon the community, but I have not the slightest doubt that we shall get the full number. As a matter of fact, within the last fortnight there has been a very decided improvement, and men are coming forward in a very satisfactory manner. The manhood of this country will do its duty, and is doing it now. We have entered into engagements to send from New Zealand a certain specified number of men at definite dates as long as the war lasts. The men will be sent. More may be wanted to go into training, and, if so, we shall ask for them, and I am confident this Dominion will not disappoint us."

The position was made still clearer by a telegram sent on May 29, from the Defence Minister to the Mayor of Auckland, in response to certain inquiries made by the latter:

> "The greatest effort the country has been called upon to make, apart from the main body, was for two battalions to go into camp on May 30, and the seventh reinforcements on June 12. On May 15, when I examined the returns, the recruiting for so large a body was not entirely satisfactory, and I said so. The result has been that since May 15 recruiting improved, and I am now of opinion that the full number for the two battalions and the seventh reinforcements will be available at due dates. Early in June nearly 7,000 men will be in training at Trentham. After this we have to settle down to reinforcements on the main body and the two extra battalions every two months."

It is satisfactory to note that the Minister's expectations have been fully realized.

That the authorities cannot cope at once with all the men who are offering is shown by a further passage from the same telegram, referring to criticisms that many recruits have been notified that their services will not be required for some time and that in the meantime they must provide for themselves.

> "The registration card," stated the Minister, "points out that volunteers must stay in their employment till notified to attend for training in camp. Neither our organization, nor the strength of our training staff, will permit of men coming in as they wish, and it is essential for the efficient training that men come in as the Defence Department can deal with them. Every two months till the end of the war we

require a steady flow of recruits. I should be grateful to you if you would assist us to carry out the scheme that experience has taught us is the best, and urge upon volunteers not to give up their employment until notified to do so. This, in addition to suiting the Defence authorities, will assist in keeping industries going."

In reference to the appeal to married men, it may be pointed out that the supply of unmarried men has not yet been drawn upon to anything like the possible limit. Last census showed that there were in New Zealand 118,567 unmarried men between the ages of 18 and 35, and allowing for 20 per cent. of these as unfit, there must be about 94,000 eligible and fit. Married men between the same ages numbered 51,750. Public opinion, which is always apt to move in leaps and bounds rather than by a steady and uniform method of progression, has been inclined to blame the administration for not taking more active steps to stimulate recruiting, but it is only fair to state that the public realization of the imperative duty of the country to furnish more men has been of sudden growth, inspired mainly by the news of our actual participation in the fighting, and that our resources have been heavily taxed to organize and equip the reinforcements actually promised to the War Office. None the less, the public temper is not to be mistaken. Considerable moral pressure is being brought to bear upon those eligible men who have not yet volunteered, and pointed references to shirkers are being indulged in. At the time of writing there are about 7,000 men in training in the camp at Trentham. By December next 10,600 men will be required to keep faith with the War Office, while between December and April an additional 5,300 will be required. Further than this, it is certain that unless some great change in the position of affairs occurs we shall not be content with the commitments already made, but will demand the raising of a still

larger force. The call to arms will thus be more urgent than ever, but there are genuine indications that it is already having its effect with those members of the community who are fit and able to go. Mr. Allen's appeal, and the rapidly growing feeling of the whole community, have already influenced many, and there is no immediate need for regret, still less for alarm. It must be remembered that not only has a conviction of the need for a greater effort been of recent growth, but that there has been no real attempt to beat up recruits. It may confidently be anticipated that from now onwards men will be forthcoming in numbers which will tax the resources of the Government to the utmost to equip and train and despatch. Public opinion has made a sudden, but justifiable, jump, and there is little doubt but that the youth of the country will respond. A very small additional stimulus will undoubtedly turn many who are still undecided.

Recent events have given a great impetus to the National Reserve movement.* Precise figures are not available, but strong units have been formed all over the Dominion, and members have put in excellent work at drilling. The movement should be very valuable in assisting the work of recruiting for the front.

It is interesting to note that the public mind of New Zealand has worked upon lines very similar to those taken by public opinion in England. Here, as there, one result of the sinking of the *Lusitania* has been a very vigorous agitation for the internment of all unnaturalized Germans. In some instances even naturalized Germans have been included in the demand. It is difficult to say how much of this feeling is due to a belief that in the interest of public safety no alien enemies should be left at large, and how much to the natural resentment against citizens of a state which has outraged our feelings of humanity and aroused in us a just and implacable rage. Although, doubtless, many people

* A voluntary organization, not part of the territorial system. See *R. T.*, vol. 17, p. 257.

take the former view, it is difficult to see quite how it can be justified, and there is a strong and increasing body of opinion that it would be a needless waste of money to undertake the maintenance of persons who can do no real harm at the present juncture. The cost of wholesale internment would be very considerable, and the money can be much better spent upon our own men. Nevertheless, public meetings have been held in many towns in New Zealand urging the Government to take drastic steps. The Premier, in reply, made it unmistakably clear that in this matter the Cabinet would only act after consultation with, and in deference to the instructions of, the Home Authorities. The matter was duly referred to England, and within the last few days the announcement was made of the appointment of a special Board to make all necessary investigations. It need hardly be said that since the outbreak of war no Germans have been naturalized. All unnaturalized ones have been removed from the Civil Service, and those who are naturalized have been suspended unless they are clearly proved to be loyal. The Prime Minister's attitude mentioned above came as a mild surprise to a good many people who have not had occasion to reflect upon the Imperial relations of the Dominions. We have become accustomed to feeling that we are masters in our own house, and are apt at times to forget that there are yet matters of more than local import which must be referred to another authority. At the same time the propriety of the view taken by the Cabinet has not been impugned.

New Zealand. June 1915.

Note.—On August 7th a National Cabinet was formed in New Zealand, composed as follows:

Labour	Mr Massey
Finance and Posts . .	Sir Joseph Ward
Defence . . .	Mr Allen
Railways . . .	Mr Herries

Attorney-General . .	Mr Herdmann
Public Works . . .	Mr Fraser
Justice and Marine . .	Mr R. McNab
Internal Affairs . .	Mr G. W. Russell
Customs and Munitions .	Mr A. M. Myers
Agriculture and Mines .	Mr W. D. S. Macdonald
Education . . .	Mr J. A. Hanan

Without portfolio: Sir F. Bell, Leader of the Council; Mr Pomare, member of the Executive Council, representing the native race.

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