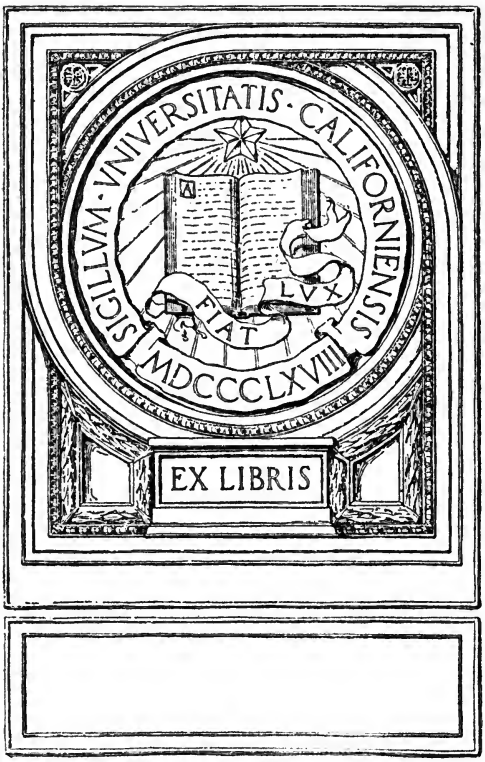
A PERMANENT LEAGUE OF NATIONS

GEORGE PAISH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A Permanent League of Nations

BY
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WORLD POLICY

For many years prior to the outbreak of war the need of an all-powerful and permanent organization to preserve the peace of the world became increasingly evident, and several proposals were put forward to this end, but the determined opposition of the militarist Powers effectually prevented the adoption of every plan for co-operative action.

Since the war began the need for this permanent organization has grown still greater, and its formation has now become a matter of supreme importance. The reasons for this are—

(1) That the actual decision to create a permanent organization together with the announcement of its objects will greatly assist in uniting the democracies of all the belligerent states in the pursuit of a common policy; will stimulate enthusiasm in every country for the new world conditions now so essential to the welfare of all nations, and will thus bring about the destruction of militarism much sooner and much more effectively than it can be destroyed by military measures alone. Its creation will thus save the lives of vast numbers of citizens, both soldiers and civilians, in all the belligerent states, and, moreover, will preserve civilization from the danger of shipwreck into which it is drifting rapidly.

(2) That no treaty of peace can be drafted to give freedom and lasting security until the nations are permanently organized for mutual defence, and until statesmen must base their policies upon the new world conditions which this organization will bring into existence not merely in theory but in fact.

(3) That the actual decision to create an all-powerful League of Nations for mutual defence and mutual assistance will greatly simplify the territorial and economic problems of a permanent character now awaiting settlement, and will thus bring about the adjustment of the minor differences which still separate the democracies of the various belligerents and which prevent them from adopting a common policy for the destruction of militarism.

(4) That the actual decision to create this permanent League of Nations will enable the world to cope (*a*) more successfully with the temporary, but dangerous, economic and financial problems arising from the war, and (*b*) to exercise greater control over the financial and economic consequences of the war, consequences which, if not controlled, may prove even more disastrous to mankind than the war itself.

In brief, reasons of vital necessity demand that the nations shall, with the least possible delay, give definite guarantees that henceforward the world will enjoy

complete immunity from aggressive war; that each and every nation, small and great alike, will be protected by all the nations from injury; and that each nation will in future endeavour to promote its own wellbeing, not by pursuing a policy designed to injure other nations, but by adopting a policy intended to contribute both to its own well-being and to the welfare of all nations; that internationally, as well as nationally, the remaining political, economic and financial barriers to the freedom of the world's democracies shall be finally destroyed, and, lastly, that the nations shall forthwith take collective action to avert the grave economic danger to the entire world arising from the war.

In giving consideration to these supremely important reasons for the creation of a permanent League of Nations, it is essential that every one should realize the complete change in the situation of the world, and in the state of public opinion in all countries affected by the war. Prior to the war the arguments of

statesmen who realized the gravity of the position and the urgent need of a world organization were not comprehended or understood, either by the people or by the governing classes outside a very limited circle. Moreover, their arguments were then deliberately misrepresented by the statesmen and rulers of the militarist Powers who believed in war as the most effective method of attaining the object of their ambitions. Hence, the people who looked to the statesmen and rulers of these militarist Powers for direction and guidance, were placed under a complete misapprehension, both as to the meaning of the arguments that were used and the greatness of the danger into which the world would be plunged by war. Consequently, they not only failed to understand that the proposals to organize the nations for mutual defence were intended to guard the world from an imminent and great peril, but they believed them to be specially designed for their own injury, and, under this delusion, they allowed themselves to be precipitated into

the very catastrophe from which statesmen of greater understanding and foresight had sought to preserve them, in common with the other peoples of the world.

Experience has now taught the democracies the respective values of the arguments and proposals of the statesmen who endeavoured to preserve the world from this great disaster, and of those of rulers and statesmen, who not only misled their peoples, but deliberately planned this great war and thus inflicted so great an injury, both upon their own peoples and upon humanity.

The suffering to which the world has been subjected has brought into striking contrast the results that would have come from accepting the counsels of the statesmen who endeavoured to safeguard humanity from this world war, and the consequences that have come from the policy of the rulers of Germany and Austria in strenuously opposing every effort to promote co-operative action by the nations for preserving the peace of the world, in offering the strongest possible

resistance to every demand of their own peoples for a greater share in the work of government, in precipitating this great war in order to dominate the whole world and thus to render still more permanent the subjection of the German and Austrian peoples, and in deciding to continue the war, even though the German and Austrian peoples are decimated by war, famine and disease.

Even now the peoples of the militarist Powers are unaware of the beneficent purpose of statesmen who, prior to the war, sought to create an organization that would protect every nation from domination and injustice, and who since the war began have continued to urge the necessity of a world organization in order to end the war and to give complete security to the peoples of every country, and obviously they will be kept in ignorance of this intention as long as their present rulers are able to mislead them as to the objects of the proposed League of Nations and its power to attain those objects.

In the situation which thus exists it is plainly evident that the sooner the nations definitely decide to become permanently organized for mutual defence (and most of them are already temporarily organized for this purpose), the sooner will the democracies of the whole world, including the democracies of the enemy countries, appreciate and realize the beneficent purpose of such organization.

Moreover, when the objects of a permanent League of Nations are definitely announced their acceptance of it will not be in doubt, for they will speedily discover that its objective is not to create war but to prevent war, not to injure but to aid, not to destroy but to build up, not to cause national poverty but to foster national well-being, not to enslave but to liberate, not to impaïr national freedom but to introduce self-determination, not to create insecurity but to give assurances of complete safety, not to promote antagonism but to adjust differences, not to sanction injustice but to set up the standard of equity and public

right. They will then know that civilization has at last attained to the level which renders possible co-operative action for the maintenance of peace, and that a League of Nations would be the consummation of the world's political, social, economic, and financial unity in this, the twentieth century of the Christian era. They will also realize more clearly even than they do now that in these days the welfare of the individual nation largely governs the welfare of all the nations, that the welfare of all the nations governs the welfare of the individual nation, that no nation can suffer injury without all the world being directly or indirectly injured, and that no nation can permanently add to its welfare without all the world sharing in its increased well-being.

And beyond these fundamental advantages the actual decision to form an organized League of Nations will compel the statesmen of all countries to observe and to recognize present-day actualities in the situation of the world instead of continuing to base their policies upon theories

long since disproven by experience, and which, under existing conditions, have become most injurious. Moreover, the League will give the world's democracies the power of controlling not only national, but international policy, and their possession of this power will cause statesmen to keep in touch with the forces which are bringing national prosperity through world development.

The rulers of Germany would never have entered upon this war had they been fully acquainted with present-day world conditions and had they possessed completer knowledge of the strength of the world forces which could be assembled and which would necessarily render futile any attempt, even of the strongest Powers, to exercise world domination in this, the twentieth century. Nor would the war have been waged had these same rulers realized that the world forces, when mobilized, would be so powerful that no nation would be able, or would desire, to exercise any longer even local domination, let alone world domination.

Having regard to the mental construction of the rulers of Germany, one is not surprised that they underestimated the vast power which the democracies of the world have collectively acquired through their love of liberty and of justice, the diffusion of knowledge, the progress of science and their power to combine, nor that they imagined they could accomplish by the employment of scientific weapons and modern methods of organization what their predecessors of similar mentality failed to attain in previous centuries. It is now obvious that they were so impressed and carried away by the apparent power of their own war machine, which modern invention had rendered possible, that they entirely failed to take into account the infinitely greater power that could be mobilized against them by the rest of the world in these days of rapid communication, of almost unlimited productive power, and of unity of interest.

The war lords of Germany will doubtless plead in extenuation of their miscalculations that they were quite as well

informed as the statesmen of other nations about modern conditions and that national policy nowhere took into account the revolution which had almost imperceptibly resulted from the transformation of the whole world in the last two or three generations, by the introduction of railways, steamships, motors, telegraphs, and the credit system, from a multitude of self-contained nations into one economic family, each member of which is dependent upon the remainder for its well-being.

It is true that the protectionist policy of most of the states of the world, the tariff reform campaign in this country, and even the recent agitation here for a self-contained policy by persons whose knowledge of modern world conditions is of the most limited character, and who have become infected with the policy of Germany's rulers, give some colour to this plea. Nevertheless, the fact remains that the statesmen of the rest of the world were sufficiently well-informed to believe that no nation should act as Germany has acted under the direction

of her war lords, and that they have sought more and more to increase the well-being of their individual nations by promoting the well-being of all nations, and have supported a policy of understanding and of mutual co-operation between the nations, as against the policy advocated and pursued by the rulers of Germany of military, political, and economic antagonism.

With all the hard-bought experience to which they have subjected the German and Austrian peoples, it is evident that the war lords of the Central Powers are still living in a fool's paradise and will never learn the meaning of the object lessons which the war and its sufferings ought to have taught them long ago. That they do not seem now to realize the peril in which they have placed the German and Austrian peoples by their refusal to recognize existing world conditions is shown by their dismissal of one of their own statesmen who told the German people they could not hope to end the war by a military decision alone,

and who thus revealed to them, in their hour of temporary success, that they were still at the mercy of world forces of infinitely greater power than their own military machine. And when account is taken of the action of the rulers of Germany in directly challenging these world forces—military, economic, financial, and social—not only by attempting to obtain and to exercise both local and world domination, but by sinking the ships of all nations and by pursuing a policy of frightfulness towards all countries, their appalling ignorance of the relation of national strength to the collective power of the world in this, the twentieth century becomes obvious.

On the other hand, the war has taught the statesmen of the Entente and other nations of the world many things of which they were unaware prior to the war. For one thing all the barriers that prevented the influx of the necessaries of life into the Entente nations have had to be removed, and the Entente Powers, which now comprise almost the entire world

outside the Central Powers and the immediately adjoining neutral nations, have derived to the fullest possible extent the advantage of world production and of world co-operation, and have created the machinery both for obtaining the things they need wherever they can be obtained, and of distributing them according to the needs of each member of the Entente. Never again will it be possible for the protectionist states to revert to their old policies after the experiences they have gained of the supreme advantages of world co-operation, both in production and in distribution.

From the point of view merely of the world's urgent need of food and of raw material, continued co-operative action by the Powers is absolutely essential; indeed, for a number of years to come the problem they will have to face is where to obtain the things required to preserve the lives of a very large part of the peoples of the world. There will be no question of barriers to keep out the produce of other countries, rather the question will be

what inducements and facilities should be given in order to obtain the necessary supplies from other nations.

Furthermore, the experience gained during this war proves, in a manner that no one wishes to see repeated, that the old self-contained policy is not merely mistaken, but is fraught with the most dangerous consequences. Prior to the war the whole continent of Europe sought to be self-contained in the matter of food, and imposed enormously high protective duties for this purpose, thus impeding and hampering the development of the new countries where cereal and meat foods could be grown in abundance with a minimum expenditure of both capital and labour. The justification offered for this self-contained policy was the importance of each nation growing its own food in its own territories in time of war. It is now obvious that this mistaken theory was in large measure responsible for the war itself, that it would have brought about the defeat of the Entente if all its members had pursued such a

policy, and that it will eventually bring about the complete defeat of the Central European Powers.

The nations of the Entente that pursued this self-contained policy prior to the war have been unable to maintain their productions, and would now be in danger of starvation but for the fact that the nations from which they sought to purchase as little as possible before the war have been able to supply their needs.

Again, the Central Powers, which sought to be self-contained, both in peace and war, in the matter of food, and which imposed very high protective duties on foodstuffs with this object in view, have found that they cannot maintain their productions during war, and that inasmuch as they are not able to procure food from foreign countries they are now in grave danger of starvation. Already famine has begun to spread over the cities of Austria and serious privation is being felt throughout Germany, and it is evident that before many months pass by the peoples both of Germany and of

Austria will be living under famine conditions, brought about by the complete failure of the self-contained policy pursued by their rulers.

In striking contrast to the experience both of the Entente nations which prior to the war pursued a protective policy and to the Central Powers which took so much trouble to be self-contained during war in the matter of food, and whose policy has failed so hopelessly, is the experience of Great Britain, whose naval, military, economic and financial assistance to the Entente cause has greatly exceeded the expectations even of those persons who were conscious of the fundamental soundness of the world policy pursued by the British people prior to the war.

Great Britain has for many years now relied for her well-being upon world production and upon world welfare, and consequently during this war has been able to maintain her food supplies by reason of the increased production of countries in all parts of the world, to which she had supplied capital and a good

deal of labour for the purpose of building up the world's production of the necessaries of life, and for which she had provided the credit, the railways, and the ships in order to convey these necessaries from wherever they were produced to the countries which required them.

It is true that the British people, in common with the other Entente nations, have had to become more economical in their food consumption, but this has resulted mainly from the curtailment of the harvests of France and of Italy. Had those countries been able to maintain their productions at their pre-war levels, which, of course, they could not do, at the same time that the crops of the rest of the world, other than those of Russia and Roumania, showed considerable expansion, the need for economy would not have been appreciable. The increased production of the United States, Canada, Argentina and India would have very largely made good the lack of supplies from Russia and Roumania. Having regard to the invaluable assistance afforded

to the Entente and neutral peoples of Europe by the increased productions of the new countries during the war, and especially of the United States, one is able to appreciate the wisdom of the policy pursued by Great Britain for so many years in building up her own welfare by promoting the well-being of other countries. Had it not been for the steadiness and greatness of the British demand for the food and raw material produced in the new countries, and for the supplies of such vast amounts of British capital for the purpose of promoting that production, the food and raw material now so much needed by Europe would not be available.

Of course, one does not claim for Great Britain more than a share of the credit for the wonderful manner in which the Entente nations have been provided with food during the war, notwithstanding the stoppage of supplies from Russia and Roumania and the serious curtailment of the French and Italian crops. Undoubtedly the greater part of the credit is due to the American people who have

laboured to expand their productions, and who, by reason of their self-denial, have appreciably reduced their own consumption. Nevertheless, the American people would be the first to acknowledge the value of the work done by the British people in providing them all these years with a free market for their products and in supplying them with such great sums of capital for railway construction and for the development of their natural wealth of all kinds, more especially of food, raw textiles and minerals. And especially would they be prepared to make this acknowledgment in order that the world might appreciate the respective merits and results of the policies pursued by the various nations of Europe prior to the war.

The experience of the younger nations during the war has been less dramatic than that of the older countries; none the less that experience is not likely to be forgotten. The immense demand that has been made upon them for goods and produce of all kinds has caused them to

realize as never before how greatly their welfare depends upon world conditions, and how much it will be promoted by the maintenance of the world's power to purchase their produce at the high level it has reached during the war. They know now that many of them did not make greater progress prior to the war because of the endeavour of the densely-populated countries of Europe to be as self-contained as possible, and that by so doing these European nations not only restricted their own purchasing and productive power, but prevented that great expansion in the world's productive power and that measure of world's progress which otherwise would have been effected.

In brief, the nations have learnt, or are rapidly learning, that the well-being of each one of them is governed in these days by the world's total purchasing power, as well as by its total productive power; that the nations must co-operate in future to remove restrictions upon purchasing power, and must, at the same time, seek to bring about the greatest

possible expansion in production in order to satisfy the world's greater needs. Their war experience has taught the nations that if in future they pursue a policy of political, economic and financial co-operation, if they stimulate purchasing power by removing restrictions, and if, at the same time, they promote a more rapid and vaster production of the unlimited natural wealth with which the world is endowed, then the reservoir of well-being, not of one or two countries alone, but of all countries will reach dimensions never hitherto attained or even regarded as attainable.

The definite creation of a League of Nations for the purpose of affording to mankind an infinitely greater measure of security against war than it has enjoyed hitherto and of promoting co-operative action in order to deal effectively with the economic consequences of this war and of removing the hindrances to production and commerce, will not merely diminish anxiety about the future, it will eliminate the *cause* of that anxiety. This action

will enable the world to recover from the economic consequences of the present war in a manner and with a rapidity which otherwise will be quite impossible. Indeed, if all the world co-operates to repair the mischief caused by the war, the recovery may be even more remarkable than has been the power displayed by the belligerent nations to wage so great a war for so long a period.

Great as the urgency of a permanent League of Nations undoubtedly is from the economic standpoint it is not less urgent from the political. In production, in commerce and in finance, the progress of invention and of world organization has brought about an ever closer community of interest between the nations, and even the countries which have sought to be self-contained have been compelled to move with the times and to base their welfare in an ever-increasing degree upon world production, upon international trade, and upon world finance. But politically, until the present war, the nations have continued to pursue a purely indi-

vidualistic policy. Even now the policy of co-operation between the various nations for the purpose of making war has been pursued by most of them merely because of the imminent and great danger to which they were exposed until they did co-operate, not because it is the wiser policy in peace as well as in war, or because it is the only policy that can give to the nations security under modern conditions.

It is true that some progress was made in this direction prior to the war, but when one considers the difficulty then experienced in inducing the nations to take collective action, even about matters upon which every one seemed to be agreed in principle, and recollects the really trivial causes of international friction that were allowed to endanger the world's peace from time to time, one is compelled to realize that politically the nations had lagged far behind their economic, financial and intellectual development.

Even now there is grave danger of the

war becoming protracted by political problems of quite secondary importance, having regard to the cost of the war in life and in treasure and the ever-growing economic and financial dangers arising from the war.

The reasons for the backwardness of the world from the standpoint of international relations are obvious. For one thing, national matters are usually so much more immediate and more pressing than international problems, and consequently monopolize the attention of politicians and statesmen to the exclusion of matters of more fundamental importance, except in periods of temporary crisis. The second reason is that in the past the number of persons who concerned themselves with international affairs was very limited, that consequently there was not the same amount of constructive criticism devoted to foreign affairs as to other branches of public policy, that the few experts deprecated, and in some measure resented, either public discussion or public criticism, and that in conse-

quence of lack of information, lack of discussion and lack of criticism, the general public was kept almost in complete ignorance of world politics. The third reason is that hitherto very few statesmen or experts in foreign affairs have realized the community of economic interest in all countries which has been created by the wonderful improvements in the means of communication and of intercourse, and by the introduction of the credit system, all of which have so greatly stimulated and assisted world production and distribution of the necessaries of life.

Thus that liberal spirit which has done so much to solve national difficulties and to promote the well-being of the individual by the consideration of what is best in the common interest has had very little opportunity of exerting its influence on world problems.

In brief, in their desire for self-preservation and self-advancement, the nations, with rare exception, maintained, in all its crudity, the primitive principle

of narrow self-interest, " every nation for itself and for itself alone," not realizing that national safety and national advancement in these days go hand in hand with the safety and advancement of all nations.

The conception of national strength and national advancement held by the rulers of Germany and of Austria and supported by such powerful military machines necessarily affected the policy of other nations, which were unable to believe that a more enlightened policy could be introduced by the rest of the world when the Central Powers insisted upon pursuing the old policy. Hence all nations felt compelled still to act upon the theory that no nation, however good its cause, could rely upon the help of other nations, that each nation must depend upon itself for its safety, and that every nation was bound to acquire any strategic territory it could acquire in order to strengthen its defensive power.

It is idle to discuss the question of whether or not a League of Nations

formed prior to the war would have been sufficiently powerful to prevent the war and would have given an assurance of complete security to all its members, having regard to the hostility of the rulers of Germany both to its formation and to its principles, although the evidence that it would have been powerful enough is very strong, but no one can be any longer in doubt as to the power of such a League to defend its members from aggression in future. Consequently, the justification for demands for territory by individual nations merely for strategic purposes has ceased to exist provided that the present temporary League of Nations is transformed into a permanent League. The acquisition of territory in order to unify and to liberate people of the same nationality is, of course, not only justifiable but essential. Germany's experience of strategic territory ought to be conclusive.

In 1871 Germany demanded the cession of Alsace Lorraine, firstly because it would weaken France, and secondly because it

would strengthen herself, and would thus give her a still greater predominance over her western neighbour. That this acquisition, while of temporary advantage to Germany would ultimately prove greatly to her disadvantage did not occur to the rulers of that country. They were unable to appreciate or to understand that even at that time the world was moving rapidly towards international co-operation against aggressors, in the wider interest of national safety and of national advancement, and that the very seizure of this territory would bring its own nemesis. Of what value is Alsace Lorraine to Germany in the present war in comparison with the assistance which the co-operative and democratic spirit has brought to the aid of France, and which has placed on her side the unlimited man-power, and the economic and financial resources of so many countries, including the United States and Great Britain?

Again, what real security would the possession of Russia's western provinces by Germany afford to the German people

in the days when Russia had recovered from her misfortunes and had established her economic, financial and military strength on a far stronger basis than hitherto, in comparison with the security that would be afforded to the German people by a League of Nations pledged to defend them from aggressive action, provided they accepted and conformed to its principles? The very fact that Germany has acquired these provinces and her assumption that there will be no League of Nations powerful enough to compel their restoration must ultimately bring upon the German people the misfortunes they professed to dread prior to the war. Indeed, the provinces would seem to have been acquired for the express purpose of maintaining the danger of war between the German and the Russian peoples, and furnishing an excuse for the maintenance of a great German army and the retention of power by the war lords of Germany. The one policy invites retaliation and creates a menace, whereas the other removes the dangers

that exist and prevents the creation of fresh ones.

Until a permanent League of Nations to defend its members is actually decided upon, however, the nations will be compelled to base their action on one of two policies; one, that no permanent League will exist after the war, and, two, that a League of Nations at least as powerful as the present one will be maintained permanently.

Before the United States came into the war the aims of the Entente Powers were based on the first alternative that no League of Nations would exist after the war, that in the future, as in the past, each nation might, at any time, be compelled to defend its interests by its own unaided efforts against an enemy of unknown strength, and that each power must demand as its reward for its contribution to victory the territory best adapted to the improvement of its defences and to the promotion of its political and economic interests.

Since the American people came into

the war, however, and announced their intention not only of assisting to destroy militarism but to stand boldly for the new world order and for a permanent League of Nations, the second policy has been generally adopted by the Entente Powers. Nevertheless, no definite announcement has yet been made that the Entente nations have actually agreed to make the present League of Nations permanent and to base their military, economic and financial policies after the war on the principles which the existence of such a League would render feasible, and which the situation then existing will render essential. Moreover, neither the enemy nor the neutral nations have yet been made aware of the world conditions that will arise at the end of the war. Nor are the world's democracies, merchants, manufacturers, producers, and bankers better informed. In fact, until such an announcement is made the world will remain in ignorance of what the political, military, economic and financial situation of the world will be at the end

of the war, and will be unable to prepare plans for meeting the situation that will then arise.

The longer the present uncertainty exists as to world policy and world conditions after the war, the greater will be the danger of a breakdown of the machinery of production and of distribution, of world disorganization, and of all that disorganization would entail.

During the war the belligerent nations have incurred colossal war debts, and these debts are due not only to individuals but to institutions of all kinds. No doubt must be permitted to arise as to the ability of every one of the belligerent nations to meet the service of its debt at the end of the war. Any breakdown of national credit will place world credit in danger, with consequences that cannot be measured.

In the absence of any League of Nations for mutual defence and mutual assistance the Powers will be compelled to resume their individualistic policy, and not only will each country demand concessions of

territory at the peace conference, but will seek to control as much as possible of the world's supplies of food and of raw material, whatever may be the consequences to other countries.

That way lies a world in arms after the war, and with it a condition of things one does not wish even to imagine.

A "war after the war," not only between the Entente nations and the Central Powers, but between the Entente nations themselves, means the maintenance of defensive forces much greater than before the war and preparations for another conflict of armies equipped with still more costly weapons.

Even with a League of Nations and a policy of co-operation and reduced armaments, the annual budgets will be at least three times greater than before the war, but without such a League and with an increase rather than a reduction in armaments the annual budgets might be four or even five times greater. The smaller budgets could be balanced by all the nations acting in co-operation to foster

production, to assist trade and commerce, to maintain credit, and to bring about the greatest possible measure of world prosperity.

To balance the larger budgets, having regard to the conditions which these budgets would reflect, would be impossible. In the first place, the maintenance of much greater peace armies than before the war would subject the nations to a high measure of economic strain at the time that everything possible must be done to repair the excessive strain to which the nations are now being subjected, and, in the second place, the shortage of food and raw material will seriously affect the financial strength of many nations and will make the task of balancing even their smaller budgets by no means light.

Indeed, from whatever point of view the matter is examined the need and value of a permanent League of Nations in the early future becomes strikingly evident.

In brief, the definite decision to create

a permanent League of Nations will announce to all the world that the Entente nations have determined to observe and to uphold, not only during the war but after the war, the principles for which they are now fighting, and which have been so clearly expressed by the President of the United States and by the Prime Minister of Great Britain on behalf of the Entente Powers. Its creation will open the door that still divides the old world from the new—the old world, which was based upon antagonism, from the new world in which the welfare of every nation and the well-being of the race will be founded upon international friendship and co-operation.

Its portals will be freely open to all nations, and its principles will be the charter of the world's liberty, principles which when accepted by the German and Austrian peoples will mark the end of the age of war and the beginning of the era of peace.

II

THE LEAGUE OF NATIONS

THE formation of a League of Nations does not seem to be any longer in doubt.[1] It is true that the aims of the League as at present constituted are limited, nevertheless they are widening with the development of the situation. Already the members of the League consist of most of the nations of the world. The nations that have not yet joined the League are the enemy nations, the small neutral states in close proximity to the enemy countries, and one or two other minor states. It is true that Russia has for the moment been forced out of the League by the pressure of hunger, but the Russian people still hold to the principles for which the League is fighting, and are likely to re-enter the League whenever circum-

[1] April 1918.

stances permit. Nor is it in doubt that most of the neutral nations would join the League were it not for their proximity to the enemy countries. The only abstentions on principle are the enemy nations.

The immediate purpose of the League is to prevent the Prussian militarists from realizing their ambitious designs. How soon this purpose will be attained a mere civilian cannot venture to predict. As far as it is possible for one to judge, however, this purpose will be accomplished very soon. Inasmuch as the great armies of the enemy did not succeed in dividing the forces of the League north of Amiens from those south of that city, in the recent battle when the conditions were so extraordinarily favourable to them, their hope of success seems to be greatly reduced, and is being steadily destroyed by the resistance which the armies of the League are now making to their further advance, and by the reserves which General Foch has assembled.

It is true that the enemy have gained a larger measure of success than they were

expected to gain, but they have gained far less than they themselves hoped, and infinitely less than they needed to gain in order to carry out their ambitious designs. Every one knew that if they cared to pay the price the enemy could push back the armies of the League from the line they previously held, by bringing into action the armies together with the guns that were set free by the Russian peace. Nevertheless, the enemy have merely succeeded in pushing back the armies of the League farther and in capturing more guns and more material than anticipated, and the armies of the League still present an unbroken line to the enemy which is now very much stronger both in men and in material than it has ever been before. Moreover, the necessities of the situation have welded the allied armies of many nationalities into one homogeneous army under one commander appointed by and responsible to the War Council of the League of Nations. With such a situation and with the zealous co-operation of every member of the League, the issue is not in

doubt. Notwithstanding the measure of military success gained by the enemy armies, Prussian militarism is already defeated.

It is essential to recollect that the enemy, to attain their object, need complete success. It is not sufficient for them to push back the armies of the League a few miles — they must destroy those armies. It is not enough that their armies should get within shelling range of provincial towns like Rheims and Amiens— they must capture Paris and the seaports of France, drive out or capture the British and American armies, compel France and Italy to make peace, starve the British people, destroy the British Navy, compel Britain to make peace, and having done all this, they must be prepared to continue the fight with the members of the League in other continents, including the great American people who are only now beginning to place at the service of the League and of humanity their vast reserves of man power and of financial and economic strength. With the German

and Austrian peoples already suffering most severely from food shortage, with the financial economic and military strain on all the enemy nations growing almost beyond their powers of endurance, with the man power of the enemy countries already so greatly reduced, with the rapidly increasing military strength of the American people, and with the homogeneity of the armies of the League of Nations, it is obvious that the Prussian militarists already realize that they cannot hope to accomplish their plans of world domination.

Of course it is never wise to shout until one is out of a wood, but as far as it is possible for a mere civilian to form an opinion upon both the military and the economic situation, the Prussian militarists are not only beaten in so far as they have been, and will be, prevented from accomplishing their purpose, but they know that they are beaten.

After the League has accomplished its primary purpose, and I venture to think that that purpose will soon be accom-

plished in such a way that no one will have any doubt about it, the second phase of the struggle will begin. Not only has the League to prevent the Prussian militarists from carrying out their plans of world domination, but the existing and future necessities of the situation demand that it shall destroy militarism so completely that the world will not be exposed again to the calamity from which it now suffers, and that all danger of the supremacy of might over right shall be finally and completely dispelled. To destroy the principle of militarism and to introduce the principle of international right will be no easy task, and may be even more difficult than the work of preventing the Prussian militarists from carrying out their plans. A constructive policy usually requires a much greater amount of thought and of work than a policy of negation.

It is not enough that the League of Nations shall merely protect humanity by destroying the plans of Prussian militarists, it must devise and introduce a new polity for the future government of

the world. The world must not only be safeguarded from a greater measure of militarism, it must be set free from the existing militarism.

The domination of might in the relations of nations must be replaced by the supremacy of right. Prussian militarism is the extreme exponent of the principle of might which so largely governs the attitude of nations one towards the other, and the German and Austrian nations are founded on this principle.

The substitution of the principle of right for that of might will necessitate the creation of a new Germany and a new Austria. Indeed, it is evident that the recognition of the new principle will involve a very great change in the structure of Europe.

And to destroy militarism and to introduce the principles which must in future govern both national and international relations, will call for all the men the League can put into the fighting line, for the most able generalship that can be discovered anywhere in the world, for

farsighted and wise statesmanship, and for an enthusiasm in and willingness to bear hardship by the world's democracies infinitely greater than they have ever hitherto displayed. The battle for freedom and for right will have to be tenaciously fought not only in France, Italy, and Belgium, and on the high seas, but in the homes of the people in every country of the world.

Undoubtedly the military rulers of Germany and of Austria will put forth the most strenuous efforts to prevent the acceptance of this policy by the entire world, and when the enemy governments order their armies to act on the defensive in the hope of gaining by famine what they cannot gain on the field of battle, their power to protract the war will be very great, that is provided they continue to receive the support of the German and Austrian peoples, and the latter are willing to submit indefinitely to famine conditions.

The end of the struggle is not in doubt, but its length and severity after the

present push is definitely stopped will probably be governed less by military than by economic conditions, and less by economic conditions than by statesmanship. It is evident that the armies both of the European members of the League and of the enemy countries are prepared to fight on, and unless peace comes in some other manner, until the reserves of man power from the United States prove to be the deciding factor. It is equally evident that the civilian populations on both sides are prepared to bear whatever burdens and privations they may be called upon to bear in order that their armies may fight on, and in order to avert the dangers to which they would be exposed were their armies defeated. The greater economic resources of the peoples which now form the League of Nations should, however, enable them to hold out much longer than the peoples of the enemy countries. Eventually, however, peace may be brought about neither by military nor by economic exhaustion, but by the common sense of

the democracies and the wisdom of statesmen.

Whenever the peoples of the enemy countries are prepared to adopt the principles for which the League is fighting as stated by President Wilson, and all the members of the League are prepared to make peace on these conditions, then militarism will be destroyed and the supremacy of right assured.

I cannot think that the German and Austrian peoples will consent to be destroyed by their military rulers through famine and disease as well as by war if they can obtain peace on the terms suggested by President Wilson, that is, by becoming free democracies, and by standing for the principle of right in place of might both in their national and in their international relations.

Now that the League has nearly accomplished its first purpose of preventing the success and extension of militarism, the time seems to have come to formulate a campaign for carrying out its second object—the destruction of militarism and

the adoption by the entire world, the enemy countries included, of the principle of right as between nations.

In this campaign I attach very great importance—indeed, I attach supreme weight—to the formulation of the war aims of the League, or, as one might also express the matter, to the formulation of the terms of peace which the democracies of the League are prepared to offer to the democracies of the enemy countries, but not to their military rulers. Very great care must be exercised in drafting these terms in order that they shall not infringe the principles for which the League stands.

Every member of the League of Nations should be given to understand that the democracies are fighting against the old principle of militarism and for the introduction of the new principle of right, and that they, the democracies, will not be prepared to submit to the sacrifices and privations which this struggle will entail, if the struggle ceases to be one of principle.

The principle of right must be accepted

as the basis of future international relations, and must be impartially applied to all countries. Only by so doing will it be possible for the nations to destroy militarism and to lay the foundations for a just and therefore for a durable peace.

To attain the war and peace aims of the League after they are fully stated, the first thing essential is that the armies of the League should be rendered so powerful that no doubt can exist of their ultimate ability to drive the armies of Germany and of Austria out of France, Belgium, Italy and Servia.

The second thing essential is to conserve the economic and financial strength of every member of the League. If it be true that Argentina has decided to join the League, then the League contains every country that produces a surplus of food for export. It is of very great importance that every member of the League should forthwith agree to pool its supplies of food and of raw material, in order that any shortage that may arise in any country may be distributed equally

over all the members of the League. That the supply of food and raw material available for the members of the League will be much less than they consumed prior to the war cannot be doubted, but if all the food available is carefully apportioned between the various countries, and each country is rationed, then every one will have a sufficiency, notwithstanding the absence of supplies from Russia and Roumania, and the great reduction in the food output of France and of Italy. The German and Austrian peoples are already suffering severely from food shortage, and even with the help of any food they can extract from Russia, the Ukraine and Roumania, will continue to suffer. Moreover, having regard to the great disorganization of Russia, that country is not likely to have any appreciable surplus for export for several years. Therefore on the economic side the members of the League should not only be able to outstay the enemy countries, but should be able to demonstrate to the latter that they can outstay them.

A comprehensive survey of the economic situation clearly reveals that the members of the League will be able to obtain sufficient food and raw material provided they carefully husband and distribute their productions, whilst the peoples of Germany and of Austria cannot obtain enough to keep them healthy, and that the longer the war lasts the greater will be their sufferings.

The third step essential is to announce to the world that the League which has come into existence to oppose and to destroy militarism will be made permanent in order to defend its members from aggression, to maintain the principle of international right for every nation small and great alike, to secure the observance of international law, and to promote the well-being of the entire race by a policy of mutual assistance and of co-operation—military, naval, economic and financial.

Such a declaration is of supreme importance in the drafting of war aims and the conditions of peace. For instance,

without a permanent and a powerful League of Nations, the question of strategic territory instantly arises, a question that accounts in part for the oppression of the smaller and weaker nationalities by the greater and stronger, and the forcible inclusion of alien races in peoples with which they have no natural connection and have no desire to remain connected.

Hitherto this oppression of the smaller nations has been regarded as a necessary and an unavoidable evil incidental to the duty of each nation to look after itself, and by every means in its power to become strong enough to protect and to promote its own interests whatever the future might hold. But with an all-powerful League of Nations such considerations cease to have weight, and what is now recognized as the primary duty of a state to look after its own interests at the expense of the well-being of other nations and of other peoples will be so recognized no longer, for it will not be necessary.

Hence, if this great war is not to end

after the manner of other wars, in demands for new territory or the retention of old territory for no other than strategical reasons, then new world conditions must be introduced which will render such demands completely unnecessary. And a League of Nations so powerful from every point of view that no individual nation or group of nations could either withstand its power or even hope to withstand its power, will provide the new conditions essential to that security and welfare of its members which would enable them to relinquish and to abandon their demands for strategic territory and to co-operate for mutual protection, for the defence of international right, and for the preservation of national freedom.

At the end of the present war the League of Nations that will then exist will possess that acknowledged reputation and power which will leave no one in doubt as to its capacity to protect its members from aggression, to maintain the principle of international right against any nation or group of nations, or to

insist upon the observance, not only of the existing international laws, but of the additional laws that will doubtless be universally approved after the experience of this war.

And if, when the war is over, the enemy nations have accepted the terms of peace formulated by the League of Nations, have become democracies, have abandoned their militarism, and have given convincing proof of their acceptance of, and determination to maintain, the principles of international right, for which the League will stand, and have consequently been admitted to membership of the League, it will be still stronger.

One of the difficult and dangerous questions which threaten to cause this war to be prolonged indefinitely is that of strategic territory, and the fear that the loss of such territory or failure to gain such territory would render the nation that surrenders it, or fails to gain what it desires, vulnerable to attack.

A very great change will, however, come over the whole face of international

affairs when the existing members of the League of Nations definitely announce their intention to make the present League permanent, that they are prepared to admit the rest of the world to membership, that they are definitely pledged to defend each other from aggressive action by any Power, whether a member of the League or not, and that they intend to co-operate one with the other for the purpose of promoting the welfare of every member of the League.

In such circumstances the need of strategic territory would finally disappear, and the removal of the need should cause the demand for such territory also to cease, thus greatly facilitating the conclusion of peace.

The permanent application of the power of combination to the protection of individual states from injustice at the hands of other states could not fail to have the most beneficent influence, both in preventing war in future, and in giving the security that makes both for national and for universal well-being. The power of

combination has in one form or another been universally adopted for the protection of individuals from injustice and oppression, and the time has come to adopt it for the protection of nations.

In announcing the war aims of the United States, President Wilson has already proclaimed the willingness of the American people to create a permanent League of Nations, in order to destroy militarism effectually, to ensure the permanent supremacy of right over might, and to obtain the freedom of democracy.

Mr. Lloyd George and Mr. Asquith have stated the policy of this nation in similar terms. And Mr. Henderson and the Labour Party have been equally explicit.

Where the British people stand in this matter is not in doubt.

That continental nations should show some hesitation in subscribing to a permanent League of Nations is not a matter of surprise, having regard to their past history and their past experience. Nevertheless I do not for one moment doubt that the necessities of the situation will

ultimately cause all the continental nations not only to subscribe to the principles of the League, but to give it their most strenuous and loyal support. They above all nations would derive the greatest good from it.

The longer the war lasts, the more essential will be the maintenance of the League and the pursuit of the policy for which it stands, to the welfare of continental Powers.

Already the continental nations are greatly impoverished, and the loss of life to which they have been subjected will render their recovery very slow and very difficult unless they are assisted to recover by all the other nations of the world. Indeed, if the world reverts to its old policy of self-interest and each nation simply looks after its own necessities and its own comfort, nothing can save the continental nations from an appalling measure of suffering. Already the food production of continental countries has been reduced by something like 2,000,000,000 bushels, or by nearly 40 per cent. since war was be-

gun, and if the war continues indefinitely, the loss of production will be still greater. Every continental nation will seriously suffer after the war from food shortage unless the League of Nations is maintained and all its members consent to share the shortage in order to avert disastrous consequences from every nation.

Again, the impoverishment of continental countries and their financial distress will render insupportable even the pre-war burden of armaments. Their diminished populations, the heavy toll paid by their men in the full vigour of their manhood, and the reduction in their productive power demand reduced armaments, not the further increase that will be necessary if there is a return to the old conditions of each nation trusting to its own strength, to the skill of its diplomacy, and to its power to subordinate weaker nations to its will. In fact, every consideration that exists or that is likely to exist urges continental nations to decide to make permanent the League of Nations, and to cause and to induce the enemy nations

to adopt democratic principles of government, to destroy militarism, and to stand for international right, thus rendering possible at the earliest possible moment a democratic and a clean peace which all the world through their membership of the League of Nations would be pledged to defend.

Powerful as are the reasons for the existing League of Nations, the reasons for its continuance will become increasingly powerful the longer the war lasts, and after the war is over they will be no less powerful. Indeed, the question of the continuance of the League will completely govern the question of whether or not Europe will survive the ordeal to which it is being subjected and will continue to be subjected long after the war comes to an end. By maintaining the League and by the enthusiastic co-operation of the democracies of the world which its maintenance will ensure, a most difficult and dangerous situation would be averted.

In brief, a very powerful League of Nations is now in being of which each

member is rendering the assistance it is within its power to render, in defeating the aggressive designs of a great military power, and of which each member is determined to destroy militarism and to maintain the principle of right between nations as between individuals. And just as the necessities of the situation brought the existing League gradually into being, so the necessities of the situation, which are becoming greater the longer the war goes on, will keep the League in being and will compel it to become permanent.

The recognition of the need of permanence and the issue of an authoritative statement that the League is to be permanent will greatly contribute to the attainment of the objects of the League—the freedom of the world from militarism and the final supremacy of the principle of right in international relations.

III

THE ECONOMIC INTER-DEPENDENCE OF NATIONS

THE outbreak of war was undoubtedly accelerated by the knowledge of the German Government that delay would imperil its plans of conquest by reason of the growing dependence of Germany upon the rest of the world for supplies of food, and materials of all kinds. And it is obvious that the present attempt of Germany to extend her dominions by conquest will even now be effectually defeated by the sufferings of the German people, consequent upon their inability to obtain abroad the supplies of food and raw material they so urgently need.

Prior to the war the Central Powers made a great effort to render themselves self-contained, during a great struggle, in the matter of food, and they calculated they could attain their purpose with the

aid of Roumania. But their experience has belied their calculations. The drain of men from the land into the army and into the munition factories, and the lack of fertilizers, have seriously curtailed the harvests in all the enemy countries, and this situation threatens disaster to the German and Austrian peoples.

Inasmuch as Germany and Austria can now[1] obtain very little food from Hungary, Bulgaria and Roumania, they are doubly affected, first, by greatly reduced imports, and second, by so great a contraction in their harvests that the masses have begun to demand peace rather than submit quietly to starvation. The available evidence indicates that the food production in Germany has declined about 40 per cent. If this be true, and taking into account that before the war Germany needed to import about 16 per cent. of her grain supplies, then it is obvious that the supply of cereal food available for the German people is only about one-half the amount they consumed prior to the war.

[1] February 1918.

And the experience of Germany is repeated in Austria. Before the war Austria needed to import about 22 per cent. of her grain supplies. During the war her imports and her production have declined severely, and the town populations of Austria are now very near to famine.

Germany and Austria are now seeking to escape from the very serious economic situation in which their military policy has placed them, by endeavouring to supplement their supplies by imports from Russia, and are desirous of concluding peace with Russia with this end in view. Whether or not they will gain their object cannot yet be discovered, but as far as it is possible to determine the facts of the situation, Germany will not succeed in obtaining much, if any, food from Russia. It is true that in normal times Russia produces a very large food surplus for export, a surplus that on the average represented 14 per cent. of her crops; but during the war Russia's productions have shown great decline by reason of the immense number of men called to the colours, the great

demand for labour for war work, and the Revolution in the early part of last year. As far as the evidence is available, Russia at the present time possesses no more food than her own vast populations need to see them through until the next harvest is garnered in the autumn of this year. Indeed it is doubtful if there is, or will be for several years, sufficient food in Russia to give the Russian people anything like their normal quantities, that is if Northern Russia is supplied with food by Southern Russia. Of course if Northern Russia is permitted to starve, then substantial quantities of Russian grain might be available for export. One cannot, however, imagine that Northern Russia will permit this to occur.

But whether Germany and Austria do or do not succeed in obtaining food from Russia, as they are so anxious to do, it is obvious that the German and Austrian peoples now depend, and will always depend, upon other nations for large supplies of food and raw material.

The future of the German and Austrian

peoples will be governed not merely by the willingness and ability of other nations again to permit them access to the world's supplies of food and of material, but upon whether or not the peoples of other nations will be prepared to purchase German and Austrian goods in exchange. If Germany and Austria cannot sell their goods abroad they cannot purchase foreign supplies of food or of raw material.

After the war is over, the attitude of the democracies of the world towards the German and Austrian peoples will be a matter of life and death to the latter.

It is clear that when the war comes to an end, the supplies of the necessaries of life, not only in Germany and Austria, but in all the world, will be none too plentiful, and in so far as the peoples of Germany and of Austria are permitted to supplement their own deficient supplies of the necessaries of life by purchases from other countries, the other peoples will have to reduce their own consumption still further. For the latter to adopt any such course, it is obvious that the German and Austrian

peoples must now not only render powerful assistance in the work of destroying militarism, but must stand for the new order in international affairs that will effectually prevent its revival.

This is not the time to discuss how far Russia has been, and will be, dependent upon other nations for her well-being.

When a great nation is passing through a crisis such as the existing one is in Russia, it is well that her friends should stand by with feelings of sympathy, and with the desire to render all the help that is within their power to render. Moreover, in a crisis of this magnitude one must recollect the essential honesty and simplicity of the Russian people, remembering that the most important matter affecting the future of a nation is its character. Having regard to the character of the Russian people, one cannot doubt that they will eventually overcome the unprecedented difficulties by which they are now almost overwhelmed—the enemy at the gate, civil war and famine over a large part of the country.

The economic condition of Russia is a matter of very great importance to the rest of the world, as it seems to be evident that the vast quantities of food supplied by Russia to Western Europe prior to the war will not again be available for a considerable period. In years prior to the war the exports of cereal food from Russia, on balance, amounted to about one-third of all the cereal food imported by the food-importing countries.

Since the war began the countries of Western Europe have had to do without these great supplies, and apparently will have to continue to get along without them for some time after the war is over. Eventually, however, it may be hoped that Russia's productive power will show very great expansion, and that her power to export food will be much greater in the more distant future than it has been hitherto. On the other hand, one cannot imagine that the Russian people will remain content with the inadequate railway system they now possess, which has played no small part in their misfortunes,

but will desire a much better and a much more extensive system of railways. And when that time comes, probably Western Europe will again have the opportunity of contributing to the welfare of the Russian people, by supplying them with still greater sums of capital for railway construction, and for other purposes, than they lent them in past years. In brief, the short supply of food now at the disposal of Northern and Western Europe is, in no small measure, due to the stoppage of shipments from Russia, and the time that may elapse before that shortage disappears will be mainly governed by the speed with which order is restored in Russia, new railways are constructed, and production is greatly increased.

The shortage of food in Western Europe, however, is due, not only to the absence of supplies from Russia, but to an unavoidable decline in the productions of France.

Prior to the war the French people needed to import only 12 per cent. of the cereals they consumed, in consequence of

their efforts to maintain their food production at a very high level in order to be as self-contained as possible. But the danger in which France has been placed by the war has created an immense strain on her man power, and in spite of the most strenuous efforts of the French civilian population, it has not been possible for them to maintain their food production, during the war, at anything like its previous level. French official reports show that the production of cereals in France since war began has declined by no less than 40 per cent. Hence to meet the pre-war rate of consumption, France now needs to import nearly 50 per cent. of the food she would consume if it were available, against only 12 per cent. before the war.

In pre-war times the very prosperous condition of the French people came not only from their great output of agricultural produce, but also from their profitable foreign trade, their considerable income from foreign investments, and from the immense expenditures of foreign tourists

in all parts of France and more especially in Paris. Having regard to their war experience, and to their loss of man power, the French people now seem likely to devote proportionately less attention to agriculture, and much more labour, capital and thought to their manufacturing industries and to their foreign trade. Doubtless they realize that one of the lessons of this crisis is that the world cannot easily change its methods of food production when a great war is being waged, and that the most efficacious method of providing for such an emergency as this, is to encourage all the world to produce freely, so that out of an abundant production there may be sufficient in any crisis that may arise.

In the past, French investors have supplied a good deal of capital to assist other nations, more particularly Russia, to increase their productions of natural wealth, and by so doing have greatly added to the wealth, commerce and trade of France. It is probable that in the days to come they will be still more desirous of assisting

other countries to expand their productions of natural wealth by supplying them with necessary capital, especially if it should be found that the agricultural output of France cannot be easily restored to its pre-war level by reason of the deplorable loss of man power from which the nation has suffered. One certainly seems warranted in expecting that French investors will find a great deal of money for the rapid development of food production in the French Colonies, Canada, Argentina, Brazil, South Africa, Australia, probably in Russia when order is restored there, and even in the United States, so that the deficiency in the world's production of food-stuffs, caused in part by the great decline in the output of France, may be made good as soon as possible.

Just as the welfare of Germany and of Austria, after the war, will be governed by their ability to buy food and raw material in other countries and to pay for them in their own goods and produce, and just as the welfare of Russia will be governed by her ability to obtain supplies

of foreign capital for railway construction and for other purposes, and to sell her productions of natural wealth for the manufactured goods she needs and in order to meet her interest payments, so the welfare of France will be governed not only by the rapidity with which the world's supplies of food and of raw material are increased and made available for her consumption, but by the income she will derive from the resumed stream of her foreign visitors, and by her ability to sell to them and in foreign markets her artistic productions. The admiration and sympathy with which France is regarded, and the desire of the world to visit her battlefields, will doubtless bring to her a very much greater number of visitors than she has ever entertained hitherto, so that she is likely to find no difficulty in buying the much greater quantity of food her people will continue to need from abroad after the war is over.

And the situation of Italy is much the same as that in France, though less accentuated.

Prior to the war Italy needed to buy abroad about 18 per cent. of her food, but in the present year, owing to the shrinkage in her own productions through the war, she requires to buy abroad 34 per cent. of the food she would consume on a pre-war basis, if it were available. In normal times Italy enjoys a large income both from foreign visitors and from her own people temporarily employed in other lands, and who remit their earnings home for the support of their families, or who return with their savings, and this income together with her exports, which are mainly of natural products, enable her to buy abroad large quantities of food and raw material.

During the war this income has largely stopped, but after the war is over it is likely to be much greater than ever, and should enable her to pay for the greater quantities of food and material she will probably need to buy abroad.

As the level of education rises in every country, and as wealth consequently expands more rapidly, and all classes attain

to a higher standard of well-being, one may confidently expect that visitors to Italy from all parts of the world will become much more numerous, and that the demand for Italy's products will steadily expand. The improvement in Italy's economic condition in the last generation has been very marked, and when one notes the tendency of the times one cannot fail to be convinced that this war will bring Italy into yet closer touch with the stream of international well-being, with the result that the economic progress of the Italian people will be greatly accelerated.

It is not necessary to refer in detail to the advantages that, prior to the war, came to Belgium, Holland, Denmark, Norway, Sweden, Switzerland and the other countries of Europe from the fact that in modern times all the nations of the world have become one economic family, each contributing to the welfare of the others, and each dependent for its welfare on the others. In all these countries the standard of comfort has

advanced in consequence of the expansion of their foreign trade, their numerous foreign visitors, and the investment of their surplus capital in the new countries. At the present moment their prosperity is changed to adversity by the war, which is not only interfering with their foreign trade, destroying their shipping, and stopping their visitors, but causing them to run very short of food and raw material. On the average these countries need to import a very large part of the grain they consume. The Swiss people normally obtain 78 per cent. of the grain they consume from abroad, Holland 66 per cent., Norway 65 per cent., Denmark 28 per cent. and Sweden 14 per cent. Even Spain, in spite of the richness of her soil, imports a portion of the grain she consumes, though usually only a small portion.

Indeed the whole of the peoples of Europe are now dependent for their well-being, in one way or another, upon the wealth produced throughout the entire world, and any disaster such as the present war injures every one of them. The

expansion in the world's productions in the past century has brought them very great advantage, and if the world makes the further progress in education, in enlightenment, and in material well-being that it promises to make with the greater measure of freedom it will enjoy when militarism is finally destroyed, the nations of Europe both small and great will attain a degree of well-being of which they have never hitherto dreamed.

And if the nations of Continental Europe are thus so greatly dependent upon each other and upon the rest of the world for the very fundamentals of their well-being, for a large part of the food and raw material essential to the life of a large portion of their populations, and for no inconsiderable additions to their incomes through the expenditures of visitors and the sums they receive on their foreign investments, the young countries of the Americas, Australia and Africa are no less dependent upon each other and upon Europe for markets in which to sell their products, and in which to buy the produce

and goods which they cannot create for themselves, and for the great amounts of new capital they need year by year and which is so necessary to their progress.

It is true that the American people during the war are supplying themselves with all the capital they need, and at the same time finding great sums of money for the Entente Powers; but in pre-war days they obtained from Europe no inconsiderable quantities of capital with which to extend their railways, expand their industries, and provide their cities with public utilities, and it is by no means beyond the range of the probable that in the years to come, when emigration from Europe to America becomes normal, or above the normal, the American people may again be able to employ productively large sums of European capital in developing the almost limitless natural resources of their vast country.

Before the war it was commonly supposed that the United States had practically ceased to be a wheat-exporting country, but in the first year of war her

wheat crop jumped from an average of under 700,000,000 bushels to 900,000,000 bushels, and in the second year of war to no less than 1,000,000,000 bushels, and although the last two crops have been only 640,000,000 bushels and 660,000,000 bushels respectively, there are good hopes that in the current year the crop will again be a large one.[1] The great crops of 1914 and 1915 enabled America to export vast quantities of wheat up to the spring of 1917, and in the past year her exports have still been considerable, in consequence of the great effort of the American people to assist the Entente Powers, and through them the cause of democracy, by exceptional economies in their consumption of wheat.

The present food position of the world, and the condition of Russia, clearly indicate that America will continue to have a good market on this side for her wheat and other food products for many years, and after the war is over one can confidently anticipate a renewal of the immigration into the United States, a heavy

[1] It has proved to be nearly 900,000,000 bushels.

demand for capital to provide for the needs of these immigrants, the renewed investment of European capital in American railway and other enterprises, and a further immense expansion in America's productions of all food-stuffs, and of other natural products.

Taking into account the vast quantity of unimproved land that still exists in the United States, and the low yields per acre given by land that is improved, one can confidently look forward to the time when the food production of the United States will be at least twice as great as it has been in recent years. It is very essential that America should lose no time in taking stock of her agricultural situation in order that she may increase her productions without delay and so be able to supply the food which the European nations will need to import in the next few years in order to make good the great decline in the productions of Russia and of France, and I would also add, to save the German and Austrian peoples from the famine that threatens them.

In the past the progress of the United States has been extraordinarily rapid because of the spirit of freedom with which the American people are animated, and the wonderful energy which that spirit has created, as well as because of the vast immigration from populous Europe, and the investment of great sums of European capital in American railway and other enterprises. The wealth of the United States has usually doubled itself in periods of less than twenty years. As there is every prospect of this remarkable rate of progress continuing in future, it is evident that America will, on the one hand need markets everywhere for her expanding productions, and on the other hand will desire to purchase ever-increasing quantities of the goods and produce of every country in the world. Moreover, no one can doubt that her tourists will spend abroad vastly greater sums in future than they have hitherto, while the sums likely to be remitted from America to friends in Europe will probably be even greater than the generous sums remitted at present.

Close as were the ties between America and the rest of the world in the past, they are now much closer, and it is obvious that in the days to come the still greater well-being of the American people will bring corresponding advantage to the world in general and to Europe in particular.

Some uneasiness is felt about the debt that Europe has incurred to the American people during the war, and as to the effect upon Europe's welfare of the loss of interest that will result from the recent withdrawal of European capital from the United States. This uneasiness seems to be quite unwarranted, for it is evident that America's tourist and other outlays in Europe in the days to come will fully make good the deficiency caused by the loss of interest, and will enable Europe to repay her existing debt to the American people without difficulty. The progress of America has been in no small measure the cause of the great advance in the standard of life in Europe during the past century, and more particularly in the last

generation, and in future the further progress of the American people cannot fail to have a most beneficent influence upon the peoples of the entire world.

The other young countries are even more dependent for their welfare upon the rest of the world than the United States, whose climate and natural conditions are so varied, and whose natural wealth is so great.

For many years to come Canada will continue to depend upon other lands for a large part of the capital she needs to develop her vast territories and her virgin wealth, and to start her immigrants on their way to prosperity, and will need to sell abroad a very large part of her productions in order to buy the goods she cannot manufacture for herself, as well as to meet her interest obligations. Already the amount of capital supplied to Canada both by Great Britain and by the United States is very large, and much of the work of opening up the country by the construction of great systems of railway has been done. The essential matter to which

Canada will probably devote great attention when the war is over, is the rapid development of her agriculture by rendering every facility to immigrants to get on to her limitless areas of virgin land at the earliest possible moment, and by continuing to make free gifts of 160 acres of land per family for homesteads.

In recent years the Canadian Pacific Railway has promoted a policy of " ready-made farms," so that immigrants with a moderate amount of capital may not waste so much time in building their own farms and getting their land under cultivation. These farms are erected and equipped, and the holdings are ploughed and sown to seed. Thus settlers in the first season have merely to harvest the crops. The Company sells the farms to settlers on terms which enable the purchasers to pay off gradually the money lent by the Company to enable them to purchase. One sincerely hopes that after war is over the Provincial Governments in co-operation with the Dominion Government will widely adopt this policy so that no avoidable

delay may occur in bringing about an immense expansion in Canada's food productions. Such a policy is essential, not merely because of the dangers of the food situation in Europe after the war, but because Canada has spent such vast sums of capital in railway and town construction and needs to render this capital productive without delay.

The amount of capital supplied by Great Britain to Canada is about £600,000,000, and the amount supplied by the United States somewhat over £100,000,000.

Canada's assistance to Europe in the matter of food during the war has greatly exceeded even the anticipations of her own people. Normally the Canadian wheat crop in recent years has averaged about 200,000,000 bushels, but in 1915 Canada gathered what was termed a freak crop that comes only once in a generation, amounting to no less than 427,000,000 bushels, and this great crop was specially valuable to the Allied nations at a time when there were no supplies available from Russia, and when France had so

much difficulty in producing her normal amount of food. Canada's net exports of cereal foods before the war represented 22 per cent. of her productions, the amount exported reaching nearly 100,000,000 bushels on the average; but in the last two years, the quantity exported owing to the great wheat crop of 1915 and to the economies of the Canadian people has more than doubled.

One cannot exaggerate the value of the service that Canada has rendered to the world in sending her sons to fight in the cause of humanity and in supplying large quantities of food and munitions to Europe in time of necessity, and it is evident that in the days to come the goodwill which Canada has won for herself during this war will powerfully contribute to her progress by enabling her to attract not only settlers, but all the foreign capital she needs for the rapid development of her agricultural and other industries, as well as to secure still wider markets for her produce.

The welfare of Australia is governed in

large measure by conditions similar to those of Canada. In Australia progress also comes from the settlement of new lands and their development by means of capital raised mainly in Great Britain.

The amount of capital supplied by Great Britain to Australia and New Zealand is now considerably over £400,000,000, and any event that diminished the power of Great Britain to find capital for her colonies would seriously militate against the progress of the Australian people. During the war Australia has supplied Europe with considerable quantities of both cereals and meat as well as wool, and would have supplied still greater quantities of wheat had shipping been available.

In 1914–15 the Australian harvest was a failure, but in 1915–16 it reached 180,000,000 bushels, and in 1916–17 153,000,000 bushels, and of these harvests 127,000,000 bushels were still awaiting shipment at the end of the last crop season in November.

In 1915–16 the quantity of wheat and flour which ships could be found to trans-

port from Australia was equal to only 53,000,000 bushels of wheat, and last year the shipments were no more than 63,000,000 bushels, or less than one-half the quantity Australia wished to send and was capable of sending to Europe in the two years.

The new crop is estimated to reach 112,000,000 bushels, of which over 60,000,000 bushels will be available for shipment to Europe after meeting home requirements. Hence at the present time there are about 180,000,000 bushels of wheat available for export to Europe from Australia if only the tonnage could be found for it. This wheat will be of inestimable value to Europe when the war is over, and mercantile ships, now employed by the army and navy, are set free to deal with the world's commerce.

In view of the golden opinions which the Anzacs have won for themselves during this war, and the valuable assistance rendered to the Allied cause by the peoples of Australia and New Zealand in every possible direction, as well as having regard

to the urgent need to increase the world's supplies of cereal food, of meat, and of wool, a great many immigrants will probably be attracted to Australia and New Zealand after the war is over; and provided they can be supplied with the capital they will need, and I have no anxiety about this if a clean peace is concluded, a very great expansion in the population and wealth of the Australian people is likely to be witnessed in the early future.

It would be tedious to refer in detail to the manner in which every country in the world is dependent in these days, directly and indirectly, for its welfare on every other country, but I would ask you to note the influence upon the well-being of Africa, of Asia, and of South America, of the immense quantities of capital supplied to them by Europe for the extension of their industries and the construction of their railways and towns. Great Britain alone has supplied them with many hundreds of millions of money, indeed some thousands of millions, for these purposes.

Any disaster to Europe in general and to Great Britain in particular would immediately react upon these countries. It is true that during this war the South American countries, and more especially Argentina, have gained much pecuniary advantage; but were Europe to be impoverished and unable to supply new capital to the young countries, and also unable to purchase an ever-expanding quantity of their produce, the progress of these countries would be severely checked.

No group of states is likely to gain greater advantage from peace and its permanent maintenance than the South American countries, which contain such immense quantities of natural wealth and which only need population and capital for their development.

Moreover, the prospect of any great improvement in the condition of the masses of the people of India and China depends upon Europe and the United States. Already the construction of railways and irrigation works, with British capital, has rendered the vast populations of India

much less liable to famine; and when peace is concluded, and the great nations assist China to build the systems of roads and railways for which plans were already prepared before the war, and to undertake the engineering works needed to prevent the devastating floods to which she is now subjected, we may hope that famines in China will be much less frequent if indeed they do not entirely disappear.

And of all the nations, none is so dependent upon the rest of the world for her welfare as Great Britain, with her relatively great population in these small islands, endowed as they are with very limited resources of natural wealth.

Probably the greatest of all the factors that have made for the unprecedented progress of the world in the last hundred or hundred and fifty years, was the need of the British people to supplement the limited supplies of food and raw material that could be produced in these islands by supplies from all the world, and the manner in which they met that need. Possibly their insular position and the

spirit of trustfulness which this insularity engendered in some degree influenced their action, possibly it was their combative temperament, or the courage engendered by their love of the sea, or their inability to see danger, or merely the pressure of circumstance; but whatever was the cause of their economic policy, its beneficent effect, not only upon their own welfare, but upon the well-being of all peoples, cannot be questioned. They trusted the world, and the world has responded to their trust. They supplied other nations with the capital needed to extend their industries, and their own capital and their own industries have grown as they never grew before. In building up the world's productions and in offering them a free market in these islands, they built up their own productions and developed great markets for them in all parts of the world. In the past century Great Britain has supplied the world outside of these islands with nearly £4,000,000,000 of capital, and the result of this action has been an expansion in the world's well-being and in

annual productive power to an extent that is difficult to convey in words. The income of the race is nearly as many thousands of millions of pounds to-day as it was hundreds of millions a century ago, while the exchange of goods by the nations of the world one with the other is now as great as was their total trade national and international not very long ago.

In a single century the world's imports have shown an eleven-fold expansion now amounting to thousands of millions in place of hundreds of millions. One does not claim that the whole of this expansion is due to the policy of trustfulness and courage pursued by the British people, but one does claim that that policy was the greatest factor in bringing about this extraordinary expansion in the world's well-being. At no time have the beneficial effects of Great Britain's economic policy been more marked than during this great war. The Entente nations of Europe have so far been provided with abundant supplies of food and material, in spite of the closing of the Dardanelles

and the great reduction in the French and Italian crops, by the nations whose productions Great Britain has so powerfully stimulated: first, by supplying them with great amounts of capital for the construction of their railway systems and for other purposes in order to permit their natural wealth to be developed, however distant from the sea-coast it might be found; second, by providing them with the ships in which to convey their produce to foreign countries; third, by offering them a great free market for their products in her own country; and fourth, by supplying them with the machinery and manufactured goods they needed and which they were not in a position to make for themselves.

One cannot contemplate what the position of the Entente peoples would have been if Great Britain had continued to pursue an economic policy similar to the policies of Germany and of France, and had sought to be self-contained instead of trusting to and assisting all the world to meet her needs.

Prior to the war Great Britain bought

from the food-producing nations no less than 66 per cent. of the cereal food she consumed, whereas Germany purchased abroad only 16 per cent. of her cereal foods, France 12 per cent., Italy 18 per cent., and Austria 22 per cent. Thus it will be obvious that the agricultural productions of the young countries—the United States, Canada, Argentina, Australia and India—were in no small measure stimulated by Great Britain's demands, as well as by her great investments of capital in those countries.

And beyond trusting to, and assisting, other nations to supply her with a very large part of the great quantity of food she needs, Great Britain is dependent upon other nations for almost the whole of the raw materials she requires for her manufactures other than coal and iron ore. And even as regards the latter commodity, she does not produce nearly enough for her requirements.

In brief, the welfare of Great Britain both in peace and in war is based, not upon the limited quantities of the neces-

saries of life which these islands can give her, but upon the productive power of the whole world. And this accounts for the wonderful economic and financial strength which Great Britain has displayed in her life and death struggle against militarism. Her economic and financial strength is founded not upon national production alone, but upon world production.

Hitherto, beyond obtaining a relatively liberal supply of food from abroad during the war, the productive power of British farms has been extraordinarily well maintained, and it is hoped that our production of cereals will this year be substantially increased. The diminished supply of food now available for the British people is due in part to the absence of supplies from Russia and Roumania, but more particularly to the need that has arisen of sharing supplies with the French and the Italian peoples, whose crops have declined so severely.

In brief, whether the economic condition of the world is examined in detail or comprehensively, the fact that the whole race

now forms one economic family, each member of which is dependent for its well-being upon all the rest, is convincingly evident. In economic matters one no longer thinks nationally but internationally. The thing that matters is not so much this or that country's production of any given commodity, but how much the entire world produces. The price of corn is governed, not by the size of Great Britain's crops, but by the abundance or deficiency of the world's crops. How much food any nation can eat is controlled in these days by the amount produced by all the world. In such a crisis as this it is especially important to remember that the well-being of any nation is governed by the world's well-being, that any disaster that reduces productive power is sooner or later felt from one end of the world to the other, and that any action that contributes to productive power sooner or later benefits the whole of mankind. The greater the wealth produced by all the world, the greater will be the average amount that each person can consume.

If, after the war is over, steps are immediately taken by all the nations to develop the world's supplies of food and raw material much more comprehensively than in the past, and much more effectively, then after a short period of suffering the standard of living will again begin to advance, and eventually the rate of advance will be much more rapid than it has been hitherto.

The adoption of wiser principles of government in national affairs in the past hundred years has brought the world a long way out of the poverty in which the great mass of the people of all nations were steeped by the wars and troubles of the eighteenth century, and of the early part of the nineteenth century. The destruction of militarism, the establishment of the principles of national independence and of national freedom, and the creation of a permanent League of democratic nations for the defence of peace, cannot fail to give a great stimulus to the economic progress of the race.

IV

INTERNATIONAL TRADE

No greater test could have been applied to our economic system than has been applied by the existing war. All its advantages and defects have been revealed. No one thought that economically and financially such things could have been done by this country as have been accomplished since war began, that a great war could be waged demanding the services of the whole of the vigorous manhood of the country as well as a large portion of the womanhood, and yet that food, clothing, fuel and articles of comfort and luxury could be provided in such abundance, indeed profusion, as they have been. The production of munitions was at first insufficient to meet the need, but the deficiency was soon made

good, and the vast quantities demanded are now available. Potatoes were short in the spring of last year owing to a bad crop, now they are abundant because the crop is good, and at no time has there been any lack of the necessaries of life.

In times of peace International Trade, the keystone of the modern economic system, proved itself to be one of the most powerful of agents in contributing to the welfare of nations, but its value in peace has been far surpassed by its supreme value in this time of war. Without that elasticity of supply which International Trade alone rendered possible, this country and the Entente Powers could never have waged this war for a period of over four years.

In view of its supreme value, both groups of belligerents have sought to stop or to restrict the International Trade of the other group. Early in the war, the enemy countries by closing the Baltic and the Dardanelles succeeded in cutting off the Entente Powers of Western Europe from the food and other supplies of

Southern Russia and of Roumania, but they have not succeeded nor will they succeed in preventing the Entente Powers from drawing supplies from all the rest of the world—from the United States, from Canada, from South America, from Africa, from Asia and from distant Australia.

On the other hand, the Entente Powers of Western Europe have succeeded in cutting the enemy countries off from the whole world's supplies of food, raw materials, and manufactured articles, except from the adjacent small neutral nations of Scandinavia, of the Netherlands and of Switzerland, and have thus compelled them to be practically self-contained.

It is true that the enemy countries had anticipated this situation and by their policy had sought to make themselves collectively self-contained in essential things, more especially in food and in raw material, for as long a period as they expected the war to last. But their calculations have been falsified. They cannot maintain their productions under war

conditions, and the peoples of Germany and of Austria are in ever-increasing want of the necessaries of life.

How long the peoples of the enemy nations will continue the struggle under these conditions no one can predict, as no one can gauge the power or the will of the German and Austrian peoples to endure privation. Doubtless the length of their resistance will in some measure depend upon the nature of the terms of peace offered to them. But whether they endure their privations for a long or a short period, it is evident that urgent need of International Trade—that is to say, their need of access to the world's supplies of food and of raw material—will eventually be one of the most powerful forces, if not the most powerful, in effecting the final destruction of militarism.

Furthermore, it is evident that the enemy's urgent need of International Trade, not only to obtain the necessaries of life from other countries, both during and after the war, but in order, after the war, to sell their own productions in

payment, will in large measure govern the terms of peace.

In brief, the Entente Powers and their Allies in all parts of the world, because of their power to control International Trade, will eventually be able to secure a conclusive victory in the present struggle for the principles for which they are fighting. And one cannot but hope that in future the nations will prevent any nation or group of nations from ever again attempting to dominate the world, by setting up an effective control over International Trade, and by refusing to supply the necessaries of life to any country or group of countries that adopts an aggressive and a warlike policy, or by refusing to purchase their productions.

Having regard to the almost unlimited power given by International Trade to nations which rely upon it for their economic strength, the part that International Trade will probably play in bringing the present war to a decisive conclusion, and the part it is destined to play in maintaining peace in future, as

well as to the manner in which it will assist the nations to repair the economic injury to society caused by this war, it is of the highest importance that we should recognize the forces that have made International Trade so powerful for good, in order that the nations may contribute to them and may render them of still greater weight in future.

International Trade has been carried on from time immemorial, but owing to the difficulties of transportation, it did not become much more than of local importance, until the means of communication were greatly improved in the eighteenth century. Indeed it was not until the application of steam to both land and sea transportation in the nineteenth century that it began to expand rapidly, and began to take the great place in human affairs it has since occupied. And it is essential to note that the introduction of the steam-engine coincided with the need of this country to supplement its own productions of food and raw material by importing much greater supplies from other

lands, and that our necessities gave an immense stimulus both to the improvement of transportation and to International Trade.

It is always difficult if not impossible to discriminate between cause and effect, but there can be no doubt that the primary object of trade is to purchase things one cannot produce or make for oneself, and to offer in payment something one can produce or make. And the primary object of International Trade is the desire of one nation to purchase from other nations the things it needs or desires.

In the present war the Entente Powers have needed to buy from other lands great quantities of food, of raw material, and of manufactured goods, which, thanks to the world's goodwill and to the world's productive power, they have been able to obtain. They could not pay for their purchases entirely in kind because their own industries were largely engaged on war work, and they have been permitted to pay in securities, in so far as they could not make payment in goods, services and interest upon their foreign investments.

And when one looks back over the past, one sees clearly that it has been demand that has created the supply. At any rate it was the demand of the people of this country for a more plentiful supply of food and of raw material and their willingness to purchase it wherever it could be produced, coupled with the invention of the steam-engine and the great improvement in the means of communication both on land and sea, in the earlier decades of last century, that gave an immense stimulus to International Trade—a stimulus that has caused it to attain the strong and all-powerful position it holds to-day.

The enemy nations seem to resent the predominant position held by this country in International Trade, and have viewed with ill-concealed jealousy the greatness of the British mercantile marine.

I venture to think that Europe, the enemy countries included, will yet bless the day in which Great Britain decided to supplement her own productions by encouraging, indeed assisting all the world to produce, and to supply the food, raw

material, and manufactured articles needed by the British people, and in which Great Britain decided to provide the necessary shipping, and to police the seas in order to ensure the safety of international commerce.

What the position of Europe would be both at the present time and after the present war but for the vast productions of food in the United States, in Canada, in the Argentine, in Australia and in India, I must leave to the imagination. Even these vast productions may be none too large to meet the normal demands as well as the abnormal demands resulting from the greatly reduced production of food on the continent of Europe, including Russia. Indeed, the available supplies may have to be supplemented by the practice of the severest economy, not only by European nations, but by every country in the world, if they are to be made to go round.

It is essential, however, for us to realize that these productions could never have attained their present proportions but

for the encouragement given to them by the free markets of Great Britain, supplemented by the practical assistance rendered to producers and manufacturers in all parts of the world by the great annual additions to the British mercantile marine, as well as by the vast quantities of capital supplied by Great Britain for the construction of railways in all the young countries, and for the production of food and raw material wherever they could be economically and profitably produced. Indeed, Great Britain's assistance to world production has not stopped there. Beyond supplying a great free market for world produce in the British Islands, the ships to carry that produce across the seas, the railways to transport it from the most inaccessible places in almost every country to the sea-coast, and much capital with which to produce it in the first place, she has supplied the international banking facilities needed to market the produce, in order that it may be paid for at the point of production, wherever that might be, instead of at the point of consumption, a

matter of prime necessity to the movement of supplies from distant parts of the world to the countries of consumption.

In providing for their own needs in this comprehensive manner the British people did greater and better work than they dreamed of. In building railways in all parts of the world, in covering the sea with ships, and in supplying vast sums of capital for the production of the world's natural resources, and in conveying the world's produce to the world's markets, the British people did more than add to their own well-being—they brought well-being to all nations, to the nations in which the new wealth was produced as well as to those countries which needed to consume it and to use it in their industries. Europe could not have been the Europe she was before the war but for the world's immense production of food, of minerals, of textiles and of all the things she needed to maintain her dense population in a relatively high state of comfort, notwithstanding the limited extent of her own productions of natural wealth. I do not

wish to suggest that Great Britain alone accomplished these things. The other nations of Europe participated in the work, and latterly the United States also. But no one will deny that Great Britain was in the van of the movement which has bound the whole world together by such close economic ties, and which has hitherto made the supply of the necessaries of life great enough to preserve Europe from starvation even during the present war, and which after the war is over will, I hope, be sufficient to preserve from starvation the neutral nations as well as the enemy peoples if they discard militarism, place themselves in harmony with and on the side of the free democracies of the world, and accept the conditions laid down by President Wilson and by Mr. Lloyd George.

Before the war Great Britain had placed upon the seas no less than 20,000,000 tons of shipping and had supplied other nations, more particularly the nations that produce food and raw material, with no less than £4,000,000,000 of capital.

No small part of the railways of the United States were originally built with capital supplied by Great Britain.

The whole of the railways of Canada have been built with British money. Most of the railways of South America were built and are owned by British companies. India's railways are entirely British owned, and practically all the money expended on railways in South Africa, in Australia and New Zealand was supplied by British investors.

At the present time, it is desirable to contrast the effect of the policy followed by this country in encouraging all the world to grow food for the British markets, with the efforts of continental countries to pursue a self-contained food policy. One cannot think without an involuntary shudder of what our position and what Europe's position would now be had we also endeavoured to follow a self-contained food policy. Events have shown that the self-contained food policy of European nations has completely broken down; that instead of its being a protection in time of

war it has been a danger; that those nations which thought their position was most secure in the matter of food, because of their self-contained policy, are now experiencing the shortest supplies; and because the enemy countries thought that collectively they were self-contained in the matter of food, they are suffering great privation, and in consequence will eventually lose the war.

The food policy of continental nations was based upon an abundant supply of cheap labour, and those responsible for it overlooked the fact that in a great war labour becomes very scarce and very dear and that any industry that demands an abundant supply of cheap labour must inevitably suffer. Prior to the war Germany and Austria pursued a food policy that made them self-contained with the assistance of the Balkan States, and they are now getting very near to the starvation level.

On the other hand, we pursued a food policy and with it a foreign policy which enabled us to obtain our supplies of the

essentials of life both in peace and in war from all the world. And the result of our policy is that even in this great emergency, when all our most vigorous men are in the army, and many of the remainder, as well as multitudes of our women, are making munitions, the food supply of the nation has been maintained by means of the liberal supplies of food we are receiving from all the countries that we have encouraged and assisted to produce for the British markets—the United States, Canada, Argentina, India and Australia. Moreover, had our European Allies pursued a similar policy to ours in the past, instead of endeavouring to maintain a relatively self-contained food policy, the food supplies of the Allied nations would now be much more abundant than they are, and we should not be under a system of compulsory rationing because of the necessity we are under of making good the deficiencies in the food productions of France and of Italy.

In brief, had the food-producing nations of the whole world been encouraged to

produce more abundantly because of a greater European demand before the war, the supply that would now be available from abroad would be greater and the danger of shortage would be less.

It is evident that before Europe is through the present crisis the wisdom of the policy pursued by Great Britain in the past, in building up the world's productions of the essentials of life by supplying capital, banking, railway and shipping facilities to all the world, will be fully realized and justly appreciated by friends, neutrals and foes alike. Moreover, the nations will realize that Great Britain's policy has not been a purely selfish one, designed to bring her benefit at the expense of other nations, but that it was designed to bring advantage both to herself and to all the nations.

These things are, of course, so well known that they seem to be scarcely worth repeating, nevertheless in a crisis such as we are now living through, it is of the utmost importance that we should understand the fundamentals of

our own and of the world's well-being, and the forces that have brought about such an immense expansion in world production and in world wealth during the past century. If one remembers that a hundred years ago, after the Napoleonic war, the income of this country was no more than some £400,000,000, and that prior to the war it had grown to about £2,400,000,000, it becomes obvious that some new force has come into existence which has caused the nation's income to expand in such a remarkable manner. And when one comes to examine the limited natural resources of these islands, and our present great dependence upon food and raw material imported from abroad, one realizes that the great growth in the income of the country, and the wonderful improvement in the well-being of the British people, have been brought about by the development of the country's foreign commerce in particular, and of International Trade in general.

In these days it is indeed difficult to realize that a century ago all the nations

of the world put together only bought about £400,000,000 worth of goods per annum from other nations, and that in a single century the world's imports of goods from other countries have grown to some £4,400,000,000 per annum—that was prior to the war. In these days even those nations which still try to pursue a self-contained food policy are entirely dependent upon other nations for many things absolutely essential to their industries and to their well-being, and in years of crop shortage are dependent upon the rest of the world for a considerable part of the food they need. But great as the growth has been in world trade and in world well-being, it is evident that it might have been very much greater had the example of Great Britain been more generally followed, and had more been done to bring about the largest possible world productions, both of the necessaries and of the comforts of life, by each nation being encouraged and assisted to produce those things it was specially adapted by Nature to produce.

The needs of the present situation will now compel the nations to adopt a policy they have endeavoured to avoid hitherto. This war and the revolution in Russia have seriously reduced the world's productive power not only because the world's activities have been so largely directed to the prosecution of the war, and to the production of munitions of war, but because such a large percentage of the manhood of Europe has been destroyed or permanently incapacitated. Therefore in order that the world may recover its prosperity two things will become essential: the first is that production must be stimulated wherever a given expenditure of labour and of capital will yield the best results, and the second is that the shortage of labour for many years to come, that is after the period of transition from war to peace is got through, will necessitate the introduction of labour-saving machinery, to enable the labour that is still available to produce as much as or more than was produced by the greater supply of labour prior to the war.

And the critical situation as regards supplies of both food and raw material, in which the world will find itself at the close of the war, will admit of no delay in the work of devising steps whereby the world's productions of the essentials of life may be rendered adequate in the shortest space of time possible.

Much has been said about the desirability of not hastening demobilization after the war is over of the great armies now assembled, having regard to the difficulties of reabsorbing into industry the vast new supplies of labour that will then be set free. Nevertheless the urgency of the world's economic situation will demand that the greatest possible expedition be exercised in providing an abundant supply of labour for increasing the world's supplies of food and of raw materials. Indeed, the importance of the work of supplying Europe with the food needed to preserve her from famine will transcend all other considerations. Moreover, having regard to the element of time, it is obvious that when peace comes,

labour must be attracted without delay to countries like Canada which can expand their food productions upon their virgin lands, much more rapidly than any European country can do in proportion to the labour available. Fortunately Canada is already well supplied with railways, and this will get over one of the greatest difficulties in increasing food production. Nevertheless men cannot be placed on the prairies of Canada to plough with tractors, hauling six, eight or ten ploughs, furrows of half a mile or a mile long, without a great deal of subsidiary labour. Not only will farms need to be built, but villages and towns will have to be erected in order to provide the new farming communities with the supplies they will need, as well as with the machinery required to market their productions.

And what applies to cereal food applies in an equal degree to other kinds of food and to raw material. Increased production of the necessaries of life must be taken in hand in all the young countries without delay, not only in Canada, but

in the United States, in Brazil, in Argentina, in Australia and in South Africa. The supply of all necessaries will be short after the war, and labour and capital must be sent out to develop natural wealth wherever it can be found, in order not only that the world may be supplied with food, clothing and other necessaries, but that the industrial populations may become fully employed as soon as possible in converting the raw materials into manufactured goods, which full-time employment will not be possible until the raw materials are produced in adequate quantities.

Short supplies of food and of raw material mean not only diminished consumption, but diminished production of manufactured goods as well. They mean a shortage of the necessaries of life, high prices for the supplies that are available, and much unemployment. And this situation must continue until the world's productions of both food and of raw material are increased sufficiently to enable the world's industrial populations again to be fully employed.

In brief, the shortest way of overcoming the economic difficulties with which the world will be faced at the close of war will be to promote emigration from Europe to all the countries that can most speedily increase their productions of food and of raw material, and to assist in supplying the new capital essential to the development of new food farms, new cattle ranches, new sheep runs, new cotton plantations, new oil wells and new mines of all kinds and descriptions in all parts of the world. Only by so doing will it be possible to increase the supply of the things essential to the well-being of the world in general, and of the dense populations of Europe, whose economic well-being is gravely injured by this disastrous war, in particular.

How long it will take to repair the great damage, caused by the war, to the economic welfare of Europe will depend upon how wisely the work of repair is carried out.

Fortunately individuals and nations have learnt during this war, and will learn

still more thoroughly before they reach smooth water, that in these days every person's and every nation's labour is essential to the well-being of the entire community, and that misdirected or ineffectual work injures not merely the person or nation responsible for it, but every one else. They have learnt that the greater the production of food by any farmer, by any country, or by all the countries, the greater is the quantity available for every person in the world having access to the food produced, and the less danger there is of shortage, and that the smaller the quantity of food produced by any person or by any country or by all the countries, the smaller is the quantity available for consumption by every person in the world, and the greater is the danger of shortage. Moreover, they have learnt that any inefficiency in transportation and in distribution such as that shown in Russia, where there has been abundance of food in one part of the country and shortage in another, may bring disaster; and generally they have

learnt that the greater the world's productions of all the necessaries of life, the more adequate the machinery of transportation and the more efficient the methods of distribution, the greater is the quantity available for the consumption of each nation and of each person.

And the effect of all the experience that has been gained during the war, and that will yet be gained before it is over, must be to make each person realize, and must make each nation realize, that their well-being is promoted by doing well those things they are specially adapted to do.

The greater the aggregate quantity of wealth produced by the whole world, the greater will be the well-being of every individual. On the other hand, the smaller the aggregate quantity of wealth produced, the greater will be the poverty in each and in every nation.

In the past century the world's aggregate productive power has increased over sixfold, the expansion having been of the most remarkable character in the young countries and more especially in the United

States, and the well-being of the whole world has been advanced as never before. And if this has taken place in a period in which a large part of the world was still seeking to be self-contained and thus trying to do many things it was not fitted to do, what would be the expansion in the world's wealth in the next century, if each and all nations devoted themselves to performing the work they were specially adapted by Nature to perform, and thus made the greatest possible contribution they were capable of making to the world's wealth production and to the world's well-being?

It is abundantly evident that individuals and nations now understand and appreciate the principles which make for their own and the general good as never before, and powerful as are the ties that now bind the whole world into one economic family, they are frail in comparison with the economic ties that will bind the nations together in future.

In bringing about the present war the rulers of Germany did not fully realize

the strength of the economic ties which now bind the whole world together, and consequently failed to appreciate the great economic strength of the Allied nations and the inherent economic weakness of the German people. They knew that Germany before the war was dependent upon foreign nations for a considerable percentage of the food she needed, but they expected to obtain sufficient supplies from surrounding Allied and neutral countries.

They were aware that every year that passes, the German people are becoming more and more dependent upon foreign supplies of food, and realized that unless they sought to carry out their ambitions without further delay, there was no possibility whatever of succeeding, as the dependence of Germany upon other nations for food would in a very few years expose the German people speedily to starvation if they ventured to make war.

The political as well as the economic importance of Germany's dependence upon the rest of the world both for food and

for raw material of all kinds and descriptions cannot be exaggerated, for it is likely to bring about not only the conclusion of the present war but, if wisely dealt with, to prevent such a war as the present one from ever being waged in future.

The preservation of a large portion of the German people from starvation as a result of the present war, will be governed not only by the ability but by the willingness of the world to supply them with the food and raw material they will require in a time when the supplies of food will not be more than sufficient for other nations, and by the willingness of other nations to purchase German goods in payment. Whether or not the German people are given access to the world's supplies of food and raw materials in future will depend upon their ability to convince the world of their desire and intention to pursue a peaceful policy in future. And what applies to Germany applies in equal measure to other nations.

During the past century the economic

ties that bind Great Britain to the whole world have been so strengthened that it has become abundantly clear that Great Britain's welfare is now almost completely bound up with the welfare of other lands, and that this country cannot pursue any policy but one which meets with the approval and support of almost the whole world. It is quite impossible for Great Britain to pursue an aggressive policy even if she wished to do so. In consequence of the smallness of these islands and the greatness of their population, and the relatively high standard of living which the British people enjoy, Great Britain needs to purchase from abroad nearly two-thirds of all her food supplies. Beyond this she has to purchase abroad nearly the whole of her supplies of raw material, with the exception of coal, clay, stone and iron ore. Indeed, she has even to supplement her own production of iron ore by large supplies from abroad. Her great industries cannot be carried on without an adequate supply of raw material from abroad, and the British people cannot

buy the food and raw material they need unless they sell abroad great quantities of manufactured goods. At every point the national life of Great Britain comes in close contact with the life of people in all parts of the world, and there is a community of interest between the British people and the whole world which would compel Great Britain to adopt both a peaceful policy and one that makes for the general welfare even if the character of the British people did not predispose them to such a policy.

Just as in the past century the world's welfare has been greatly assisted by the policy of the British people in striving to increase the world's productions of all the necessaries of life by liberal supplies of capital, of banking, of shipping and of transportation facilities generally, so in the future the recovery of society from the ravages of this dreadful war will in no small measure be governed by the desire and necessity of the British people to increase and to stimulate the world's productions of natural wealth wherever

it can be found. And in consequence the economic ties which now bind Great Britain to the rest of the world will be immensely strengthened in the days to come, and the prosperity of the British people will continue to be an index and a reflection of the increased well-being of the whole race.

The economic ties which connect the welfare of the French people with that of the rest of the world are no less evident. It is true that in the past France has endeavoured to pursue a self-contained food policy, and that prior to the war her imports of food were relatively small, but her imports of raw material of all kinds and description, including coal, were large, and French industries were dependent for their welfare upon their ability to obtain supplies of raw material from abroad. Moreover, the great income which France enjoyed from the expenditures of visitors and tourists came from the ever-growing income and wealth of the rest of the world. Had the United States not been able to sell her raw cotton in Liverpool or her wheat and meat in London, or her tobacco

in Bristol, or the various other articles she produced in Europe generally, American visitors and tourists would not have had the means of spending money so freely in France. And what applies to the United States applies to visitors from South America and from other countries.

Did the latter not possess the power of disposing of their goods in the world markets, they could not find the money needed to pay such immense sums to France for the recreation she affords to them, and for the artistic productions she sells to them. Moreover, the small increase in the population of France has caused her, in modern times, to invest the bulk of her new supplies of capital in other lands, and more particularly in Russia.

Thus the economic ties binding France to the whole world, which will grow steadily greater as the wealth of the world increases, must cause France to continue to pursue a policy that will meet with the world's approval.

In these days France is not likely to

pursue a policy which would entail the cutting off of her supplies of raw material and the stoppage of the great income she derives from the expenditures of foreign tourists and visitors.

The economic ties binding Italy to the rest of the world are equally strong. Italy needs to buy abroad a considerable percentage of her food supplies and almost the whole of her raw materials, including coal, while she needs to sell abroad corresponding quantities of goods and produce in payment. Moreover, no small part of the income of Italy is derived from the expenditures of foreign tourists and from the welcome given to Italian workmen in other countries. It is obvious that as years go past, Italy will become more and more dependent upon her connections with other countries for her increasing well-being, which in modern times have assisted her to accumulate wealth more rapidly than ever before, and to pay off her foreign debt. It is evident that there will be no limit to the expansion in the well-being of Italy so long as the world's

wealth production continues to expand, and Italy pursues a policy which brings to her the friendship of the greater part of the world, and with it an increasing number of visitors, a greater foreign trade, and a greater income for her sons employed in other lands.

And what is true of Germany, Great Britain, France and Italy, is equally true of Russia, the United States and Japan.

Russia in ordinary times produces all the food she needs and has wonderful resources of natural wealth, but she lacks the capital to enable her to provide herself with the railways she requires, or to develop her natural resources, and hitherto this capital has been provided by the nations of Western Europe, and more especially by France. Moreover, Russia needs to sell in foreign markets increasing amounts of produce in order to buy the goods she needs, and to pay interest on the foreign capital supplied to her. In the years to come the economic ties that will bind Russia to the rest of the world will undoubtedly become very much stronger

than they are now. There is practically no limit to the possible wealth of the Russian people. All that is needed to increase their income and their wealth many-fold is first of all a desire on their part to improve their standard of living, and second, their willingness and ability to obtain the capital both at home and abroad for building an immense network of railways such as the American people possess, and to produce the almost unlimited natural wealth contained in their virgin farm lands and plantations and in their mineral deposits.

The vastness of their numbers should render the work of increasing their productive power a very easy one. The policy that Russia has pursued in past years has enabled her to obtain a very large amount of capital in the aggregate in Western Europe, and doubtless the policy which she will follow in future will be in accordance with her urgent needs, and will render still stronger the economic ties which now connect the Russian people with the rest of the world.

It is difficult to exaggerate the importance of the economic and other ties which now bind the great American people to the rest of mankind. The importance of these ties is in some measure reflected in the attitude of the American people and of President Wilson towards the present war. The American people used to consider that they had no interest whatever in the affairs of countries outside North and South America, but for a number of years past they have realized that in these days the American nation is one of the most important members of the family of nations, and that their economic welfare is bound up with that of the rest of the world. It is indeed obvious that America could never have attained to her present prosperity but for her ability to sell her produce, more especially her food and cotton, in the world's markets, and to purchase in return the things the American people needed to buy abroad. Moreover, European capital in general and British capital in particular has played an important part in the work of building the

great systems of railways which have opened up their great country to settlement.

Further, no small amount of European capital has been placed at the disposal of American planters and farmers to assist them to cultivate their virgin lands, and a great deal of European capital has also been employed in developing America's mineral and other natural resources, as well as in harnessing water power—and in many other ways. To-day the economic ties which bind the American people to the rest of the world are stronger than they have ever been in the past, and it is evident that in the years to come they will grow stronger still as their productions of raw material and of food expand and their manufactures increase. Moreover, during the war the American people have taken payment in foreign securities for much of the produce and goods they have sold, and it is evident that in the years to come the American people will supplement the great quantities of capital which the European nations will

supply to other countries by large amounts of American capital, thus greatly accelerating the growth in the world's productions and bringing about a still more rapid expansion in the world's income and well-being.

It is unnecessary to refer to the economic ties binding all other countries to one another, or to the fact that every nation in these days is part of a world system of economy which brings advantage to every country in greater or lesser degree, in proportion as it ceases to pursue a self-contained policy.

Of all the nations, China alone by reason of her conservative character has hitherto derived the least advantage from the development of International Trade and all that it implies, but the signs are unmistakable that China also proposes to change her policy of isolation for a policy of intercourse, for prior to the war plans had been drafted for the construction of tens of thousands of miles of railways and roads in China which would have brought the Chinese people also into the eco-

nomic family by enabling them largely to increase their productions and to exchange them for the productions of other lands.

However long may be the duration of the present war, it is obvious that it can terminate only in one way, but the longer it lasts the more imperative will be the need of the peoples of Europe to increase the world's productions of food and of raw material with the utmost speed possible, and already the need is great. Moreover, it is obvious that the people of Germany must now reverse the policy that has led to the present catastrophe and must pursue a policy which will regain for them the world's goodwill if they are to avoid starvation.

The destruction of the world's shipping is not only a menace to the food supply of the Allied nations during the war, it is a greater menace to the food supply of the German nation after the war is over. I cannot but think that if the German people fully understood the danger in which they are placing themselves not

only now, but in all the years to come, they would realize how great is the criminal folly that has caused the Kaiser and his advisers to plunge humanity into a disaster so great that language fails to describe it. The fundamentals of the world's economic situation prove conclusively that the war cannot go on much longer without involving consequences to the German people from which they may never recover, and which also may involve the whole of Europe in a calamity even greater than the present war.

The world is now bound together by economic ties of great strength which cannot fail to bring well-being to every nation that possesses a policy that promotes its own well-being by assisting to build up the well-being of other nations. However small or great may be the territory of any country that contributes to the world's well-being, there is no limit to the population it can maintain or the wealth it can accumulate, for the foundations of its welfare are based not upon its own limited natural resources, but upon

the natural wealth with which Nature has endowed the entire world.

In these days there is no longer need for any country to covet colonies or territory for its own particular possession, the essential thing is that it should produce things required by the whole world, that the other nations should act in a similar manner, and that out of the world's abundant productions every person in the world should be sustained in comfort.

The limited pursuance of this policy in the past has brought to the world in general, and to the German, French, American and British people in particular, a measure of well-being that has exceeded the expectation of the most sanguine. May we not anticipate that if the peoples of the world, including the German people, were now to co-operate whole-heartedly in securing the complete destruction of militarism, in fighting the world's shortage of food and raw material, and in promoting the production of the world's natural wealth wherever it existed, and thus encouraging International Trade, not

only could no such war as this one be waged again, but the growth in the world's well-being would be so remarkable that every nation, and every person, would enjoy a degree of well-being that would indeed make life worth living.

THE END

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