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FOREIGN AFFAIRS

AN AMERICAN QUARTERLY REVIEW



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1927

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JULY, 1927

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The Editors.

FOREIGN AFFAIRS

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THE MIDDLE WEST LOOKS ABROAD

By Arthur Capper

THE sincere way in which the Middle West is studying foreign affairs these days is one of the worth-while facts to be noted along the relatively difficult trail which it is traveling. This development should mean much in a broader national outlook, for it brings the last section of the country up out of the slough of indifference that so frequently has characterized the attitude of large proportions of our people toward other nations. As is often the case in the United States, the basis of this newly aroused public interest is primarily economic, lying in those commercial trends which have been operating to the disadvantage of the Mississippi Valley country since the World War.

Various domestic aspects of the grief experienced in the great open spaces have emerged — some very forcefully, as in the McNary-Haugen Bill, which had as one of its main objects the removal of the farm surplus from the domestic market for sale abroad. It precipitated a sharp difference of opinion last winter between the President and Congress, to put the matter mildly, and gives every indication of becoming a major political issue in the coming national campaign. It also has served as a vehicle on which to hang hundreds of yards of impassioned editorial comment, on the one hand by the embattled farm papers and inland dailies, on the other by the conservative publications of the East that profess to have a due regard for the real principles of economics as laid down by Adam Smith and the other high priests of the orthodox camp.

And that isn't all — although it is quite enough to keep the leaders of both the major political parties wake o' nights into the wee small hours. For while the farmers have been on the warpath with enough of a display of force to jam the McNary-Haugen Bill through a reluctant Congress, the Middle Western business man (speaking generally and with some inevitable exceptions in mind), who was regarded in days gone by as a "pillar of conserva-

tive strength," has also been off the reservation with a crop of complaints of his own, in addition to his belief that the low prices for agricultural products are a sin and a shame. His complaints have been of high freight rates and the need for a more adequate development of the St. Lawrence Waterway in coöperation with Canada. Shippers call attention to the vast advantage the Panama Canal gave to the Eastern manufacturers, and express a belief that this aid and the steep railroad freight rates have placed a ring around the commercial development of the Middle West. With this has come a threat to organize a Middle Western Chamber of Commerce, which "would not concern itself with the interests of the protected East." And now it is alleged by many of the business men of the Middle West, since Congress has failed to take any aggressive action on the St. Lawrence Waterway and the President has vetoed the McNary-Haugen Bill, that the only way in which the "industrial East" can be brought to its senses is by a drastic revision of the tariff and immigration laws.

In other words, wherever we turn we find the Middle West and its economic woes entangled in the elusive "foreign situation," with which it used to concern itself very little. As a natural result of this its leaders are showing more interest in what is going on in other countries, especially if these movements relate to the United States, and are studying how these shifting currents can be made of benefit to the home folks. All of which is a decided reversal from the attitude of almost complete absorption in domestic questions that used to be characteristic of the larger proportion of the people who live west of the Mississippi River.

Originally this neglect of foreign affairs came partly because of the long distances from the Middle West to the oceans, but no doubt mostly from the fact that in the era of settlement which followed the Civil War and extended almost to the World War domestic questions were of paramount importance. That was an agricultural period almost entirely. The tendency was aided by the homestead laws, through which "the government bet a man 160 acres that he couldn't live on a quarter section for five years and not starve to death." It was a time of low returns for farm products; 35 cents a bushel for wheat, 15 cents a bushel for corn and 2 cents a pound for hogs and grass cattle were common prices in the early 'nineties. Such prices really supplied a subsidy, in the opinion of many economists, for the development of the cities

and the industries which they were trying to bring into being. Times were "hard." But the settlers remained with the land, with only occasional exceptions here and there, because it was about all they could do, and there was of course some hope for an ultimate increase in the value of their farms.

While the people of the Middle West were not satisfied with their lot in those days, as was well shown by the Grange and Populist movements, which tried to bring about a change in the economic status of the people in various ways, largely through coöperative effort and government assistance, nevertheless the Mississippi Valley problems were regarded as domestic issues. In those days it did not appear that much could be accomplished by a manipulation of foreign relations. Vast quantities of feed were exported to Europe, mostly at low prices, but this movement depended largely on the buying power of the people there. One of the contributing factors in bringing that trade about was the growth of the shipping industry of various European countries, especially England and Germany, but as these vessels were under the control of foreign owners there was little hope of being able to exert any influence on them. And so the prairie regions struggled ahead as best they could with their economic problems, and looked for domestic solutions for them.

And in general this was true even after the rise in business activity in the McKinley Administration, which brought increased prosperity to the Middle West, and up to the start of the World War. But through this second epoch agricultural conditions in the Middle West improved greatly, as there was a growth in industrial life, not only in the East but also in the Middle West, and the price trends of farm products were upward. There were only occasional exceptions, as during the alleged panic of 1907. Following this brief period of depression the people of the cities began to talk more and more about the "high cost of living," for farm products acquired a greater purchasing power in terms of industrial commodities. The period from 1909 to 1913 is regarded as a time of prosperity in the Middle West, with a normal relationship between agricultural and industrial life, and it now serves as a base for most of the arguments looking toward a change in the present arrangement; for today things are not nearly so favorable for farmers.

Then came 1914 and the World War.

By a strange chance of fate the Great Adventure arrived in a

year when the winter wheat belt produced the largest crop on record; Kansas, for example, grew 180 million bushels. Apparently all of nature's forces had combined in a most delightful way to produce maximum yields. As the Germans started through Belgium, wheat was selling at the local shipping points in Kansas and Nebraska for 57 cents a bushel. By the following spring the price had reached \$1.50. As the war demand expanded it became higher and higher (the usual experience in all modern conflicts) until for a brief period in 1917 after we entered the war it was above \$3; then the Government established its market control, and the price to the producer became slightly over \$2 a bushel.

Something like the same general advance in prices took place with everything grown on the farms of the Middle West—in response to a demand, from foreign countries and from our own combat units, that was the greatest ever known. The years from 1915 to 1919 were the most prosperous the agriculture of the United States has seen. Despite the fact that after we entered the war most of the young men were away with the army, there was a vast expansion in production, brought about by the plowing up of new fields, long hours of labor, much of it by women and children, and the use of larger and more efficient tools.

Even after the World War ended farm prices continued to advance along with the prices of other commodities. There was considerable speculation in land in some sections, and an optimistic feeling generally, just as there was in the cities. . . . But May of 1920 arrived, with the beginning of the decline. By the fall of the following year farm prices had been more than cut in half. The joy ride for agriculture was over.

Industrial life also suffered from this depression, but it presently staged a comeback which, especially in the last three years, has been one of the wonders of the world. Economists and near-economists have written miles of copy in the effort to explain this commercial rebound, but there does not appear to be complete agreement about it. Certainly improved machinery, mass production and high efficiency in plant management and salesmanship had much to do with it. But farmers also contend that the tariff and immigration laws, which have given protection from foreign competition to both capital and labor, have helped the cities greatly, and also have aided in placing agriculture in an inferior economic position. Obviously our manufacturers have been able to dominate the local market, the richest in the world. But

farmers, afflicted with their much discussed surplus in most farm products, which has been as firmly attached to their economic operations as was the proverbial millstone to the gentleman immersed in the lake, have been mostly in the extraordinary position of selling in a market governed largely by world levels and buying in the protected home market. So we soon began to hear about the farmers' 70-cent or 80-cent dollars, which was another way of saying that agricultural products did not have so high a purchasing power as before the World War, measured in commodities required in the operation of a farm and its home.

That is exactly the situation today, and is the basis for what many individuals in the East regard as an undue clamor from the Middle West. When this economic slough became fairly well defined following the depression of 1920 the agricultural leaders turned to a study of how the business of farming could be placed on the "American price level." The late Henry C. Wallace of Des Moines, then Secretary of Agriculture, was quite active in this investigation, and the McNary-Haugen Bill was the result. In brief, this plan provides for the removal of the agricultural surplus from the domestic market, for sale abroad for what it will bring, the expense to be borne by the producers through an equalization fee. Production above domestic needs was thus to be taken care of. Naturally this would "make the tariff effective for agriculture," for the price of farm commodities in the United States obviously then would be the world price level plus the tariff duty, with minor allowances for transportation costs.

But in the meantime, in addition to its vociferous demand for the McNary-Haugen Bill, the Middle West has been much concerned with the tariff on agricultural products. It grows several products which have a most intimate relationship to production abroad, one of the most noteworthy being wheat. There is a tariff on this grain of 42 cents a bushel, which has been of some help in keeping out Canadian wheat at various times, as in the fall of 1925, although never to the point where it has raised the price in the United States to the full extent of the duty above the world level. But it has had enough effect to awaken the growers to its possibilities, and also to give Frank O. Lowden and other Republican leaders an opportunity to point to it "with pride" in the last Congressional campaign as an example of what the agricultural tariff did when it woke up and went to work.

Then, too, the eyes of the wheat growers have been directed to

Canada in the last two years with quite another object in view, namely to see how the folks up there are able to achieve such an amazing success with their wheat pools. The progress the Canadians have made in this direction obviously is all the more remarkable when it is considered that the theory of the pool was really perfected in the United States. The plan, in brief, is that the producers deliver their products to the pool, or coöperative organization, and then all get the same price, except for allowances on the various grades and for storage. The wheat pools of the three prairie provinces of Canada have reached the point where they dominate the market there, and probably at times they have had an influence on world prices, or at least some Canadians so allege. Much of the credit for their organization is given to one of Henry Ford's pet aversions, Aaron Sapiro.

While all this has been taking place in the Northland, the wheat pools in the United States have not made any startling success, either with or without the help of the distinguished Mr. Sapiro. In my home state, Kansas, which now is growing about 150 million bushels of wheat a year, the pool never has handled more than 6 million bushels in a season, and some years less. Its progress is about representative of the other state pools.

Anyhow, the lack of outstanding success with pools in the United States has been a source of great mortification to many of the producers here, and has directed an extraordinary amount of attention to the wheat producers of Canada. Some time ago the American Agricultural Editors' Association, which includes most of the editors of the farm papers in the United States, made a trip through Canada, and while on the prairies engaged in a special study of the progress in wheat marketing achieved there. Doubtless the Canadians appreciate the complimentary inference of all this attention, and recently have indicated a willingness to return some of the missionary work so kindly performed in the past by Mr. Sapiro. At any rate, at an international meeting of the managers of the nine wheat pools in the United States and those of Canada, held in Kansas City in May, the speakers included such leaders as J. G. Gardiner, Premier of Saskatchewan; C. H. Burnell, president of the Manitoba Pool; A. J. McPhail, president of the pool selling agency at Winnipeg; and Thomas B. Donnelly, manager of the Wheat Growers' Pooling and Marketing Company of Sydney, Australia.

Such meetings will do much, of course, to bring the Middle

West to a broader outlook on international questions. And it is well for the wheat growers in this country to keep in mind the increasing competition they will encounter from Canada. That country has much ideal wheat land, especially in the vast stretch of prairie from Winnipeg to Calgary. More than this, experimental work has shown that it is perfectly practicable to grow wheat hundreds of miles north of the present limit. Production is certain to increase there greatly, and it will exert a growing pressure on our crop in the competition to capture the world's markets. Doubtless considerable amounts will be exported to the United States from time to time, in seasons when the yield in this country is low, as has been done in the past.

And that is just what is going on now, in a new and alarming way, in the beef world, much to the wrath of the producers in this country. Cattlemen are dusting off old geographies and the government reports on Canadian livestock production these days! To get a full appreciation of their feelings it is necessary to remember that following the World War the cattle business, which at best is a highly speculative undertaking when conducted on a big scale, went through a period of drastic deflation which ruined a large share of the men engaged in it. The cycle with beef is rather long, so it is only in the last year or two that prices have returned to attractive levels. But now the market trend is decidedly upward, and the growers are making money.

Then here come the Canadians, running trainloads of cattle right across the tariff line, and paying the duty of $1\frac{1}{2}$ cents a pound on stockers with ease. They have made shipments recently as far south as Nebraska. All of which is bad enough. But to follow it up, some of the powerful Eastern dailies, which doubtless have more interest in the welfare of the beef eaters than in that of the producers, have entered the arena, with about as much grace as a bull in a China shop according to the viewpoint of the farmers, and demanded the lifting of the embargo against beef from the Argentine. They allege that the foot-and-mouth disease has been eliminated from the herds there. All of which may or may not be true, but the proposal has awakened no enthusiasm in the hearts of the cattlemen, who fear the South American competition as well as the foot-and-mouth disease, which is one of the most destructive pests the business knows anything about. American producers point to England, with its repeated scourges of foot-and-mouth, as a horrible example of what occurs when

beef from the four corners of the earth is welcome. Organizations of livestock men, such as the American Live Stock Association of Denver, have taken up this matter in an energetic way, both to foresee what foreign competition will mean and in an effort to avoid as much of it as possible.

But the cattlemen are not alone among the livestock interests in a study of foreign economic geography. For the dairymen also have been reading up on this subject, especially on the capabilities of the cows kept by the brethren in such foreign lands as Denmark and New Zealand. In a good many ways the dairy farmers are in the same relative position as the beef growers. Following a considerable overproduction of milk in 1924, due largely to an unusually fine growth of grass in the pastures, which resulted in great losses to the business in many states, the industry has been working into a more advantageous position, until this year practically all the producers are doing fairly well. But these higher market levels have caught the eyes of folks in other lands, and they have started their products this way. Several times in recent months quality butter has been quoted at 16 cents a pound higher in New York City than in Denmark, which made it perfectly practicable for foreign shippers to ride over the tariff wall of 12 cents a pound. The dairymen here do not object so much to the actual amount of these importations as to their psychological effect in depressing prices out of all proportion to their size. But in the meantime many of them have taken a leaf from the experience of the farmers in Denmark, which has received much prayerful study here, and have made great strides in coöperative production and selling. In the Land O' Lakes Creameries, operating largely in Wisconsin and Minnesota, with 84,000 farmer members and 402 coöperative creameries, the dairymen have developed one of the most successful coöperative commodity marketing organizations in the world. It sold more than 80 million pounds of butter last year, and did a business amounting to 40 million dollars. It has made a determined effort to raise the quality of the product and has greatly increased the proportion of 93-score butter available for the Eastern markets. I feel that much of the inspiration for this splendid success has come from the outstanding results produced by coöperation among dairymen in other lands, especially Denmark.

Such products as sugar and wool are always involved in the tariff debate. The profits of the growers of both these commodities

depend to a considerable extent on the extent of foreign competition. Perhaps this is especially true with sugar; the beet producing districts in the Middle West could not maintain their business without the aid of tariff protection. I think that as a matter of broad national policy, and considering our experience with the monopolies in rubber and coffee, and with sugar in 1920, it is far better to maintain enough sugar production in this country to regulate the profit-desiring tendencies of foreign growers than to throw ourselves on their more or less tender mercies.

But it is not alone in commercial problems that the Middle West is looking abroad. The interest extends to cultural matters as well. For example, the International Country Life Conference will hold its meetings next August in the Michigan State College at East Lansing. This organization, of which the president is F. Graftiau, of Louvain, Belgium, is absolutely world-wide in scope, its object being the development of a higher standard of rural living over all the earth. The agricultural colleges in the Middle West have also been quite active in promoting a broader outlook toward other lands. The Kansas State Agricultural College is an excellent example; F. D. Farrell, its president, has insisted especially that in the department of agricultural economics adequate attention must be given to the increasing competition which American farmers are encountering from abroad.

The World War also had its influence. Hundreds of thousands of the very flower of the young men of the Middle West were brought into contact with strange lands and peoples. This did much to widen their horizon. Any man who followed the trail of the American Expeditionary Force along the Marne or the Vesle or the Meuse acquired at first-hand a picture of world movements which will remain in his memory all through his life. And this in turn doubtless has had much to do with the increasing amount of foreign travel that has been developing in the Middle West. Lower ocean passenger rates have helped, along with the more aggressive sales methods used by the steamship companies; but these probably developed because the primary urge for travel and fresh experience was there.

And so the Middle West has turned its eyes abroad as it never has done before. This is a signpost of hope in the development of our nation as a world power. Out of it will come a richer knowledge of life, a greater sympathy with peoples in other lands, and a larger appreciation of what it means to be an American citizen.

FRANCE AND ITALY

By Henry de Jouvenel

I. A REMINISCENCE

ONE day in September, 1923, the Assembly of the League of Nations was thrown into a state of great excitement. An Italian officer had been murdered in Greece, and to avenge the crime the Italians had landed at Corfu. Hardly had the affair been brought to the attention of the League of Nations when Italy served notice that she denied the League's right to sit in judgment on it. This challenge increased the excitement. Greece, for her part, had appealed for protection to the institution located at Geneva, observing that justice must be the same for great and small alike, and that to hold a whole people responsible for the act of an individual criminal would be opening the door to all kinds of international aggression — for such responsibility would fall always upon the weak and never upon the strong. At the same time Greece began to urge the smaller states to rise with her in protest against any return to the law of the mailed fist: *Ego nominor Leo*.

The complaint of Greece met with sympathetic reception from everyone at Geneva, the British delegates being quite as incensed as anyone else. Lord Cecil announced an intention to invoke Article XVI of the Pact which would have obligated the member nations to declare an economic and naval blockade of Italy. It was learned that the Marquis Curzon, at that time in charge of the British Foreign Office, was as much inclined as his representative at Geneva to see the matter through to the end. When questioned as to the possibility of naval intervention on the part of Great Britain, the English delegates showed that they were giving the matter the most serious consideration. The French delegation alone took the point of view that it mattered little whether the affair were settled by the League of Nations or by the Conference of Ambassadors, so long as a satisfactory settlement were found.

M. Poincaré's Cabinet felt, in fact, that Mussolini's government should be spared anything smacking of humiliation. Unquestionably the occupation of Corfu was a great mistake; but to compel Italy to recognize it as such would be an unfriendly procedure. "It is precisely when I have gone wrong that I need my

friends!" a statesman once said. The well-mannered issue from the situation would be to allow the Italian Government to get out of its hole by obtaining satisfaction for the murder, and then, that all suspicions at Geneva might be allayed, by withdrawing from Corfu before the session of the Assembly had adjourned. As the French Government viewed it, the Conference of Ambassadors could render a service to all concerned by finding some such solution to the dilemma. M. Jules Cambon, the president of the Conference, could be relied on with his well-known skill and experience to manage everything. This French policy prevailed, but not without making France a sharer in Italy's unpopularity during the whole session at Geneva.

It was while we were being everywhere accused of supporting Mussolini that an Italian delegate came to call on a certain French delegate with whom I have excellent reasons for being perfectly acquainted.

"You are supposed to be a great lover of Italy," the visitor began, and he added a few compliments in that same connection. But he ended what he had to say by the following question:

"Is it your idea that the friendship between France and Italy should be a permanent, or merely a temporary, policy?"

"Monsieur," the French delegate replied, "you are asking me that at a time when our friendship for your country is occasioning us considerable embarrassment. Believe me, we are not anxious to know only the inconveniences of such an attachment. Permit me to hope that that attachment will not end with the annoyances it is causing us at present!"

"Italy, Monsieur, arrived too late in Europe!" the Italian interrupted.

"Ordinarily," the Frenchman rejoined, "people who arrive late offer their apologies. However, I will concede that in certain circumstances France, rather, might beg pardon for having realized her national unity before Italy did hers. But how does that help us? We cannot change the past! Europe is made, and to unmake Europe we should have to go back to an era of warfare to which we, as delegates to the League of Nations, have solemnly sworn to put an end."

"Oh!" the Italian rejoined, "I understand the French point of view. France has recovered Alsace-Lorraine. She has obtained everything she asked of our common victory. France is in favor of the *status quo*. But we Italians are not so happily situated. We

are not satisfied. We have a growing population, with too few outlets and no colonies at all. The *status quo* is not to our liking."

"Are you looking forward to a new war?"

"No, we could get along without further acquisitions in Europe. Though that would depend on France!"

"How so?"

"Italy and France must form a colonial condominium."

The Frenchman suggested that such a question exceeded his competence, promised to think it over, and changed the subject. But when his visitor had gone, a thought came into his mind:

"In such a partnership, Italy would supply the partner and France would supply the colonies!"

I have lingered upon this personal episode because of the light it throws upon the general problem of Franco-Italian relations when one considers it in connection with the circumstances in which it occurred.

France feels toward Italy something more than a diplomatic friendship. Her sentiment might better be described as one of instinctive fondness. France views the development of a great nation in Italy with all the more satisfaction since she was herself not wholly stranger to the conquest of Italian unity. France is disposed to support the just aspirations of the country she calls her "Latin sister" and to facilitate Italian success whenever it is possible for her to do so.

But Italy expects from us much more than we can give. She is jealous not so much of France as of French history — a history which has brought us to the position we occupy in Europe. A sense of envious rivalry seems to embitter Italy against us, as though Fate had been unkind in assigning her a lot less enticing than ours. She points to her population, increasing by five hundred thousand souls a year, while ours remains stationary. And there is her young dictatorship, of which she is so proud, while we, as it seems to Italians, lie floundering about among out-worn republican institutions. A month or more ago one might have read in a great Italian daily — *Il Secolo* — as follows: "It is time for the demographic problem that confronts Italy to be envisaged in its unavoidable consequences: the Italian race cannot rest content with being a modern Bethsheba appointed to refresh the flabby senility of an aged King David who has spent himself in the dives of Montmartre." Bethsheba, it would seem, is Italy, and the old King David would be France — the country, that is,

which is less largely represented at Montmartre than any in the world. One must read such courtesies if one would sense the tone adopted by the Italian press toward France and realize the full truth of Mussolini's recent confession: "We are living with a fever at 107!"

II. THE ALBANIAN AFFAIR

The story of the Corfu episode and its diplomatic consequences should help us to a clearer grasp of the recent Albanian crisis.

Italian ministries have at all times been justly concerned over the lack of harbors and of natural defenses on the east coast of Italy. It would seem as though, after placing the country at a disadvantage by denying her iron and coal, the raw materials basic to modern industry, Nature had likewise denied Italy on the Adriatic the outlooks she sorely needs if she is to play her rôle as a great power in that virtually land-locked sea. Hence Italy's historic claims upon Trieste and Fiume, her battle yesterday with Austria, her battle today with Jugoslavia. Hence her intervention in the World War on the side of the Allies, and Gabriele d'Annunzio's great adventure at Fiume. Hence also the importance which Italy keeps attaching to naval bases on the islands and on the Balkan shores of the Adriatic; and last but not least the constant eagerness she has manifested to obtain and hold a preponderant influence in Albania.

But naval bases may easily become political bases, and a will to dominate the Adriatic may beget a dream of hegemony over the Balkans. This is just what the peoples of the Balkan states are afraid of, and especially the Jugoslavs. That is why the crisis through which we are now passing is merely the fourth in a series of crises that have arisen in the course of the past decade.

The first presented itself during the war and was settled on April 19, 1918, by an Italo-Jugoslav agreement, reached after a congress of oppressed nationalities which had been held in Rome. The Pact of Rome covered four points:

1. That all questions arising between Italians and Jugoslavs in political and territorial spheres would be settled on the principle of nationality;
2. That nationality would be determined by free decisions of the populations actually affected;
3. That the vital needs of each nationality would be held in view;

4. That alien minorities included in the territories assigned to one state or the other would receive full guaranties for the preservation and defense of their nationality.

This Pact was signed by Dr. Trumbitch on behalf of the Jugoslavs and by Deputy Torre on behalf of the Italians. It left to agreement between France and Italy the organization of the territories to the east of the Adriatic, and superseded the system followed in the Pact of London (signed April 26, 1915) in which England, France and Russia pledged themselves to support Italian demands for possession of the west coast of the Adriatic down as far as Montenegro, but with the exception of Fiume. So true is this that in September, 1918, less than two months before the Armistice, the Italian Government informed the other Allied Governments that the independence of the Yugoslav peoples and the establishment by them of a free state was regarded by Italians as one of the objectives of the war; and the Allied Governments "took cognizance with satisfaction" of this declaration by the Italian Government.

But within the month thereafter a second crisis began to mature, and it was to last two years, that is, from October 31, 1918, when the National Council of Zagreb announced to the Allies the formation of the Yugoslav State, down to November 12, 1920, when the Treaty of Rapallo was signed, making Fiume an independent State and assigning Zara and certain islands (among these Cherso and Lussin) to Italy.

The interval was enlivened by the protests of the Croats of Dalmatia, of Fiume, and of Istria, against Italian intrigues and against the Italian occupation; by various incidents at the Peace Conference in connection with Fiume; and by the poetic and very practical enterprise of D'Annunzio, who re-lived at Fiume the romanesque adventures of a hero of the Renaissance.

The Treaty of Rapallo had hardly been registered by the League of Nations when Italy began demanding its revision. There followed three more years of wrangling down to January 27, 1924, when two new treaties were signed at Rome by Messrs. Mussolini, Pashitch, and Nintchitch. In the first, Jugoslavia gave Italy full possession of Fiume in exchange for use of a part of the harbor, of the railroads between Fiume and Susak, of the railroad station at Fiume, of Porto Baros, of the Delta and the Branchino. The second provided for "friendly coöperation" in the maintenance of public order, of peace between the two na-

tions, and "of the results obtained in the Great War and sanctioned by the treaties of peace."

One might well have supposed that the quarrels between Italy and Jugoslavia were at an end, and that Southern Europe was about to enter on an enduring epoch of good feeling; and this illusion lasted, indeed, for three years. But on November 27, 1926, came the sensational announcement of the Treaty of Tirana in which Benito Mussolini, dictator of Italy, agreed with Ahmed Zogu, dictator of Albania, that "any disturbance aimed at the political, juridical and territorial *status quo* in Albania is hostile to the reciprocal interests of Italy and Albania."

Such the language of the opening article in the Treaty. In following articles Italy and Albania exchange promises of "mutual support and cordial coöperation . . . in safeguarding the above interests," pledge themselves not to conclude with other powers political or military understandings "prejudicial to the interests of the other party as defined above in the present compact," and "to submit to conciliation or arbitration any disputes arising between them which may prove to be incapable of settlement through ordinary diplomatic channels."

No special acumen is required to see that of the various paragraphs in this Treaty the first is the important one. "The above interests" of Article II are the "political, juridical and territorial *status quo* of Albania," mentioned in Article I. Never mind "the juridical and territorial" matter! But the "political *status quo*" can only mean the maintenance of Ahmed Zogu's dictatorship against eventual political adversaries, and consequently implies a right of intervention on the part of Italy in the internal affairs of Albania. And is not this in conflict with Article X of the Pact of the League of Nations, wherein Member Nations, and therefore Albania, are guaranteed full political independence, and the right, accordingly, to change governments at their own pleasure?

Nevertheless the French Minister of Foreign Affairs, M. Briand, publicly and formally declared that he could see nothing reprehensible in the Treaty in question — a demonstration of friendship for Italy indeed, not to say of love, since it is a peculiarity of love to wear a blindfold over the eyes. And the Italians must have regarded M. Briand's words as expressions of French sympathy all the more significant since France is an ally of Jugoslavia, and since the latter country, taken aback by the Treaty of Tirana, denounced that compact as a violation of the agreement

of 1924 which had established "cordial coöperation" between Italy and Yugoslavia.

Should not this cordiality have appeared more than anywhere else in a matter touching Albania? In fact, Mr. Nintchitch, the Yugoslav Minister of Foreign Affairs who had signed the Treaty of Rome, presented his resignation on learning of the Treaty of Tirana, a step calculated to emphasize before Europe at large that his policy of an entente with Italy had become unworkable. Mussolini on his side was shortly calling the official attention of the Powers to Yugoslav activities which tended, as he said, to endanger peace.

Already placed in an embarrassing situation by the signing of the Treaty of Tirana, France now saw herself still further perplexed by this Italian move.

In a formal declaration issued on November 9, 1921, the Conference of Ambassadors, acting in the names of the British Empire, of France, of Italy, and of Japan, had laid down two principles as essential to a common policy toward Albania.

The first was couched in the following language: "The independence of Albania, as well as the integrity and inalienability of her frontiers . . . is a question of international importance." This is hardly open to discussion. One may say as much (or as little) of the political independence and territorial integrity of any nation at all. The second consisted of a recognition "that the violation of the frontiers or of the independence of Albania constitutes a menace to the strategic security of Italy."

In line with these principles the four Powers set up the following procedure:

I. In case Albania finds herself unable to preserve her territorial integrity, she shall be free to apply to the Council of the League of Nations for help from abroad.

II. The governments of the British Empire, of France, of Italy and of Japan agree, in the case above, to instruct their representatives on the Council of the League of Nations to recommend that the restoration of the territorial frontiers of Albania be entrusted to Italy.

III. In case of threat against the territorial or economic independence of Albania, whether from aggression by a foreign power or from any other circumstance, and in case Albania, within a reasonable time, shall not have availed herself of the privilege accorded her under Article I, the above governments will bring the resulting situation to the attention of the Council of the League of Nations. In case the Council shall find intervention necessary, the above governments will issue to their representatives the instructions provided for in Article II.

IV. In case the Council of the League of Nations decides, by a majority vote, that intervention be not advisable, the above governments will reëxamine the question, according their action with the principle formulated in the preamble to this Declaration, to wit that any modification of the frontiers of Albania constitutes a danger to the strategic security of Italy.

“Done in Paris this ninth day of November, one thousand nine hundred and twenty-one. (Signed) Hardinge of Penshurst, Jules Cambon, Bonin, K. Ishii.”

Within the terms of the first article of this document, the Jugoslav maneuvers to which the Italian Government directed the attention of the Powers represented in the Conference of Ambassadors and of Germany should have been reported by Albania herself. “In case Albania, within a reasonable time, should not have availed herself of the privilege accorded her under Article I,” it was to the Council of the League of Nations that the governments should have made the situation known. Then one of two things only could have happened: either the Council would have found intervention necessary, and the four Powers would have entrusted to Italy “the restoration of the territorial frontiers of Albania;” or the Council might have decided that intervention was not necessary: then the governments would have been called upon to reëxamine the question, harmonizing their policies “with the principle that any modification of the frontiers of Albania constitutes a danger to the strategic security of Italy.” In either case, the first step was to appeal to the Council of the League of Nations.

This was the very thing that Italy was trying to avoid, in this case as in the case of Corfu (as I have said, the one incident helps to explain the other). Hence Mussolini’s protest to the Powers direct, while Albania, surely the party most immediately interested, kept silent, making no comment on anything said or done.

Strict impartiality on the part of France would have dictated the following observation: “The procedure prescribed in the declaration of the Conference of Ambassadors was formulated with the knowledge and consent of Italy. Italy also signed that declaration. We respect her signature and our own. The Council of the League of Nations has the floor!”

France would have been all the more within proprieties in sustaining such a point of view, since Jugoslavia, her ally, was appealing for intervention on the part of the League of Nations. But in order to humor Italian susceptibilities even at the risk of

slighting her allies, France sought, in the Albanian affair as in the Corfu affair, to find some settlement without having recourse to the institution at Geneva. She set about quieting the nervousness in Yugoslavia, while England was enjoining caution upon Italy. The extent to which France and England were successful in their respective efforts is not the subject of my discussion here; nor shall I consider whether they were right or wrong in conceiving the situation as they conceived it. In describing the relations that exist between France and Italy it is sufficient for me to have shown, by facts and documents both, that in the two controversies which have arisen between Italy and her neighbors since the year 1923 France has followed policies of a most friendly nature toward her "Latin sister."

Unfortunately Italy has not appreciated such kindness. While she expressed no displeasure at the attitude of Great Britain toward the Corfu incident, she showed no gratitude whatever toward France in 1923; nor in 1927 is she disposed to recognize that France has been yielding to the requirements of Italian diplomacy a little further than her affiliations with Yugoslavia, or even strict impartiality itself, could counsel. Deputy Torre, who signed the first compact with Yugoslavia (that of 1918) on behalf of Italy, writes in the *Stampa*: "If Yugoslavia is nervous, the responsibility lies with France. For that matter if anything happens in the world today, the responsibility lies with France!"

Deputy Torre is one of the most remarkable statesmen of the Italian peninsula. That such a sentence as this last should escape from him is an indication of the curious mysticism to which the Italian people is at present subject: the moment any difficulty is met along the road, the responsibility lies with France.

III. BALKAN SUPREMACY

We may now attempt an analysis of the deeper reasons which underlie an ill-feeling that is growing from day to day. Among some of purely sentimental character, there is another of a more practical nature.

In the first place, Italy has been taught by her newspapers to regard the Little Entente as something devised by France to the undoing of Italy. And the Little Entente seems to be Italy's worst enemy because its announced policy is to bar the Balkans to any of the Great Powers, in line with the famous formula "The Balkans for the Balkan peoples."

Now one might remark that the Little Entente was its own invention, an invention aimed, furthermore, more particularly against Germany and Hungary than against Italy; and that if France chose to avail herself of the Little Entente and of Poland, it was for the very same reasons which impelled her toward Russia before the war. Italy does not appear in the picture at any point.

But in spite of this, we cannot view Italian efforts to disrupt the Little Entente with any inordinate pleasure. The Italian press accuses France of exercising what it calls "an artificial hegemony" over the Balkans. We aspire to no such predominance; Italy, in fact, fails perhaps to appraise at its true measure the extent to which our prestige in the Balkans rests on our unselfishness. Our sole interest in that section of Europe is to prevent the recurrence of disturbance and war. Italian agitation, bearing today upon Czechoslovakia, tomorrow upon Jugoslavia, now upon Rumania, now upon Albania, now upon Hungary, worries us in that connection alone. Italy has again lost the friendships she had once gained in Czechoslovakia and Jugoslavia. We should have been far happier had she retained them. Continual controversy seems to us to bode ill.

Herr von Rheinbaben, former Under-Secretary in the German Ministry of Foreign Affairs, wrote last April in the *Tägliche Rundschau*: "Ruled as she is today by a nationalist government, Italy is more than usually inclined to expansion, and from an expansionist policy she is principally restrained by the attitude of France. This is the one real source of the uneasiness today prevailing about the Mediterranean and in the Balkans. I must repeat in this regard a view which I recently expounded in the Reichstag: two major tendencies may be discerned today no less in the policies of the League of Nations than in those of the Powers at large — the one aiming at the maintenance of the *status quo*, the other favorable to a certain evolution. If we are to choose between the two tendencies, it is surely with the latter that Germany must throw in her lot."

Well, the maintenance of the *status quo* is the great concern of France. To provoke "a certain evolution," to use the apt expression of Herr von Rheinbaben, is the policy which Italy is following with encouragement from the Germans. I need not add that the *status quo* means peace, and that "a certain evolution" means war.

IV. CONTROVERSY IN THE MEDITERRANEAN

Unluckily, while Italy is receiving from Germany an encouragement rather moral than effective, she is receiving much more substantial incitement from England.

Early in 1926, when the League's decision on the Mosul question nearly precipitated an Anglo-Turkish war, England offered Cilicia as a bait to Italy. I was present in Angora at that time, attempting as High Commissioner in Syria to negotiate a treaty of neighborliness with the Turks. Personally I have not the slightest doubt that fear of an Italian landing in Cilicia hastened an arrangement between the British and Ottoman Governments whereby Italy was cheated of a military adventure.

Having missed this opportunity, Mussolini went looking for another, and he thought for a moment that he had found one in Abyssinia. But England, France and Italy had signed a tripartite compact, already of long standing; and this agreement did not permit the partition which the statesmen in Rome seemed to have in mind. Furthermore Abyssinia had become a member of the League of Nations and showed herself disposed to invoke Article X of the Pact, which guaranteed her territorial integrity. When the deal fell through, England cleared her skirts by throwing the responsibility for the failure upon France — a thing which did not improve relations between France and Italy.

Some months later, in September, 1926, to be exact, Messrs. Chamberlain and Mussolini met in conference at Leghorn. At this interview it was no longer a question of Cilicia or Abyssinia, but of Albania. This made the third time within a period of twelve months that England had exposed Italy to a temptation to which the latter had long been only too eager to succumb. To give the devil his due, the initiative probably came from Mussolini; but the meeting at Leghorn unquestionably led up to the Treaty of Tirana. However, the Treaty of Tirana seems likely, in the end, to amount to nothing more than a tempest in the diplomatic teapot. Mr. Chamberlain has been dragged apparently a little farther than he wished to go; and he is now trying to induce Mussolini to interpret the Treaty as indicating a desire on Italy's part to uphold Albania against foreign aggression but not to uphold Ahmed Zogu against revolution in Albania. Mussolini, in a word, must declare that Article I of the Italo-Albanian compact does not say what it says. One may well imagine the irritation

which the Italian Premier must be feeling at this situation; and we may soon expect another burst of rage against France!

Events in China might have emphasized to Great Britain the need at last of "making Europe." But British statesmen have not yet lost faith in the traditional strategy of a balance of powers, a balance of power on the Continent between France and Germany, a balance of power in the Mediterranean between France and Italy.

The United States unfortunately helped this maneuver along by declaring, at the Washington Conference, for equality of naval power between Italy and France. The Americans did not observe that France, together with her colonies, has a coast-line of 14,000 miles. This is far smaller than the 36,000 miles of the British Empire, a little smaller than the 20,000 miles of the United States; but much greater than the 8,000 miles of Japan, and especially than the 6,000 miles of Italy. As regards lines of communication, Senator de Kerguezec, Chairman of the Naval Committee of the French Senate, recently estimated in the *Revue des Vivants* that France, with 51,000 miles, must be ranked second to England with 98,000 miles, but far in advance of the United States with 24,000 miles, of Japan with 7,200 miles and of Italy with 6,000 miles. It is too often overlooked that the geographical configuration of France exposes her to simultaneous attack from the North Sea, from the Channel, from the Atlantic and from the Mediterranean; and that in addition to the 2,000 miles of home seacoast she must defend the 12,000 miles of seacoast of her colonial possessions, which today embrace eight million square miles of territory inhabited by fifty million souls.

The moment Italy was allowed a proportion of capital ships equal to ours, she was assured naval superiority in the Mediterranean over a France compelled to scatter her naval efforts about the world. The first conference on naval disarmament thus proved to be an encouragement to naval armament in Italy. That is why M. de Kerguezec declared the other day that "no official denial can refute the assertion we made in 1926, that Italy's naval forces in the Mediterranean were superior to the naval strength of France in the same waters."

V. THE DEMOGRAPHIC PROBLEM

So it comes about that Italy's ambitions, the state of exhilaration in which Fascism is keeping the Italian people, Italian

dreams of domination over the Balkans and over the Mediterranean which Italians call "*mare nostrum*," are setting Italy more and more against France. And now we find her clothing the keenness of her appetites with the noble raiments of right and justice. Italy is firmly convinced that she is young while France is in her dotage. We could see no harm in a young lady's nursing such a pride, if only she were willing to practise that courtesy which the young should observe toward the aged and decrepit, one canon of which is patience!

But Italy is impatient — Italy has a horror for the thought of waiting! Mussolini declared one day in a white-hot speech that if Italy were long constrained to stand idly by twirling her fingers — she would explode! The explosion would indeed be painful to everybody, and first of all to Italy herself!

Why so impatient? What the cause of so much excitement? Over-population! In an annual excess of five hundred thousand births over deaths Italy finds the fountain head of this new Right, which is the Right of Inundation!

Italy needs to overflow! She must overflow! It is elementary justice that Italy should overflow! On this basis what chance is there for Finland, which supports three million people on a territory as big as Poland's, while Poland has to provide for thirty million souls? And why, on the same grounds, does the United States not pass one or two of her Western States over to Japan? Why are the yellow peoples not invited to take possession of Australia, which the British are wasting on a paltry seven million whites? And if not the yellow races, why not the Italians? Meanwhile much nearer home in Italy there is a region called Calabria which is still waiting for population and for agricultural development. In Calabria Italy could find accommodations for part at least of her over-exuberance of life.

However, as regards France, can France be reproached for ever having closed her doors to Italian immigration? Not only has France given more generous welcome to Italian immigrants than any European country, but she has even allowed veritable Italian colonies to organize on her soil, colonies which have their own bureaucracies and their own priests and preserve the language, the manners and the customs of their land of origin.

In spite of this tolerance, and in spite of these precautions, these expatriates seem to be requesting naturalization in France in too great numbers to suit the Fascists. Signor Dino Grandi,

Under-Secretary of State in the Ministry of Foreign Affairs, said in a speech delivered last month in the Italian Chamber:

"Fascism must have the courage to declare that emigration, when directed toward lands not under Italian suzerainty, is a positive evil. . . ."

Mussolini: "We have lost a million Italians in that manner in five years."

Grandi: "In some countries, anti-Fascism is deliberately fostered in order to create in the Italian masses an atmosphere favorable to the continuous process of denationalization." (Loud applause.)

The phrase "in certain countries" is significant. In particular, of course, it means "France." But let the French Government endeavor, as it did early this year, to put some slight limits on immigration from Italy by requiring that passports be viséed at French consulates, and the *Resto del Carlino* at once raises a shout: "This gesture is by all odds the most unfriendly of all the moves that France has made against Italy during these recent years;" and the Italian Ambassador hastens to the Quai d'Orsay to request a postponement in the enforcement of the regulation. (The request was granted, naturally!)

These few details will doubtless suggest that Italy is not so easy to please, and that, on the other hand, she is very quick in judging others unfavorably. Mussolini gave us an amusing opportunity to observe such traits when, recently, on being made the object of a personal attack (fortunately unsuccessful) on the part of an Italian, he at once discovered the hand of France in it. We actually began to have a guilty feeling; for the French Minister of the Interior addressed a circular letter to his subordinates ordering closer supervision of foreigners. Our greater strictness thereafter enabled us to unearth the Ricciotti Garibaldi affair, of which the Italian public has heard very little; for even the Italian public would hardly have been pleased to learn that the Italian police was organizing on French territory conspiracies against Il Duce which would enable the latter at his convenience to denounce France!

VI. FRANCO-ITALIAN STRAIN

These facts, in their mass, enable us to form some conception of the present relations between France and Italy, and of the assiduous care that is being taken beyond the Alps to make them as bad

as possible. Said the Fascist newspaper, *L'Impero*, in its issue of February 5: "We wish the last few friends that France has in Italy would forget their stinking 'Latin brotherhood' once and for all."

"For whom Nice the Beautiful?" "*Per noi!*"

"For whom the shrapnel?" "For the French!"

Such were the slogans of the Fascist militiamen who crowded into Vintimiglia last winter to line the Franco-Italian frontier.

Yet mere shouting is not enough to move us from our wonted composure. We shall continue to long for an understanding between Italy and France which we believe essential to the peace of Europe. But we cannot close our eyes to the fact that such patriotic hysteria as prevails in Italy is not without its dangers. Scarcely a day goes by that the Italian press, which takes all its cues from Palazzo Chigi and which now that it has lost its freedom tends to compromise the government in all its articles, does not raise its voice against the Treaties of Locarno. Now Italy was one of the signers and is still one of the guarantors of those treaties, which constitute the sole foundation of security on the Continent of Europe. With Italy withdrawing, the whole structure would become less solid, if indeed it were able to stand at all.

Mussolini doubtless does not share all the caprices of his disciples, but they may some day sweep him off his feet. The failure of his attempts to find an outlet for Italian emotions in Cilicia, in Abyssinia, in Albania, along with pressure on Italian finance which is increasing despite the magnificent efforts of his government to reduce the strain, may some day force the Dictator to desperate measures. It is a perilous atmosphere which gathers around a policy of rejecting the *status quo* in favor of something that promises more grand adventure. We have learned what such things cost. One of our informants was Napoleon the Third. Another was the Kaiser.

THE SUBMARINE

By Arthur H. Pollen

FOR ten years before the war, and during the five and a quarter years through which the war lasted, the Government of Great Britain was in the hands of a succession of Premiers, all men of astonishing political sagacity and skill, two of them men of first class intellectual rank and of outstanding philosophic and academical distinction. All of them were served by as good minds as the political life of any country is likely to produce; and of none in that long and brilliant list of Ministers could it be said that he did not address himself to his task with a whole-hearted desire for the public good. If, then, these men in certain great departments of national action failed and failed dismally, the explanation must be found neither in their personal shortcomings, nor possibly in those of their advisers, but in something in the general mind that seemed to make it impossible to adopt policies or choose advisers except in terms of the public opinion of their times. There is abundant proof that this was so. Nearly all the men who failed in the war, whether in command or office, have written volumes in self-defense. Nor can anyone read a single one of these with any sort of a sympathetic understanding without realizing that the failure of the individual was seldom, if ever, due to an error for which that individual was primarily responsible. The generalities of blunders derived from following almost universally accepted shibboleths.

Perhaps the most useful thing that a detached observer of public affairs can ever do is to show how easily false principles may become current creeds; how wholly baseless hopes may come to be accepted as if they were axiomatic facts; how, in short, a whole catena of false doctrine may obsess great bodies of men, without anyone having the curiosity or the courage to question its foundation. Particularly necessary is some such vigilance now. For the comparative failure of the Preparation Commission for the Disarmament Conference of the League of Nations seems to be very clearly due not to any lack of goodwill but to the absence of any clear lead on the technical aspects of the subject in hand. Perhaps it would be more accurate to say that while there may be clear thinking, the soldiers, the sailors, or the statesmen are lacking in the courage necessary for committing national policy to any

definite scientific conception of war. May I state at once that I believe this to be the root cause of our apparent drift into the sort of chaos that we see?

It is now eight years and six months since the German surrender. Nobody who knew Europe in the weeks that followed can forget the intoxicating hopes that replaced the black despair, bred of the long horror that had passed. For years before the war the world had known that it was the military autocracies of Central Europe that had been compelled to set the pace in armaments, because professing policies abroad that only material force could sustain, and existing in virtue of political systems at home that only foreign conquests could make stable. The pre-war prophecies had all come true. Armaments had bred war, and failure in the field had been followed by the fall of the Empires. Russia, Germany, Austria, the Sultanate — all were gone and seemingly gone for ever. And with them — who could doubt it? — any immediate fear that the lust of aggrandizement would rise again must have gone too. President Wilson had made a slogan of the “safety of democracy.” But it meant more to the working class of Europe that neither fathers nor sons would be called upon to bear again the burden of the fighting line. “The war to end war,” then, meant something real; and that war had been won. Now the years have passed. But Europe, and for that matter the United States, have spent far more on armaments since that victory than was spent between 1906 and 1914. Can we be surprised if this failure to achieve what seemed its primary purpose has resulted in an uneasiness, a distrust, a pervading sense that there has been a vast miscarriage, a feeling that the thing is intolerable because susceptible to no rational explanation? For, when all is said, there is no source of single danger to the world — unless it be Soviet Russia — that has taken the place of the Central Empires. And that there is no one nation that all the others fear is proved by there being no alliance to balance it. There is no policy expressed, implied or suspected, that is common threat. Why then, if no one people can be said to desire war, do all the peoples fear it?

Perhaps if we pass from the general to the particular we may form a conjecture that may explain this disconcerting phenomenon. The Alliance against Germany was pledged not only to a “war to end war,” but to a doctrine of war that should, once and for all, make any renewal of the barbarities from which we had

just escaped impossible. For it was, of course, realized that war might never be wholly banished. Let the principle of the leaguings of nations be ever so widely applied, and the settling of national differences by impartial arbitrament ever so universal, force would necessarily remain a last resort against the recalcitrant or the insane. But the force so used should be employed according to rules common to military science and civilized principle. It had for many generations been a written law of the sea that the unarmed ship and the civilian were sacrosanct. It made no difference whether the ship or the civilian were neutral or belligerent. A cargo proved in a court of law to be intended for the comfort of the enemy's forces and for the sustenance of his military strength could be forfeited; but armed force could never be employed against the unarmed and unresisting. Further, barbarous methods of fighting, that tore and tortured the crew without injuring the ship, had been abandoned for generations. The same rules — as scientific militarily as they were both human and Christian — must apply to future hostilities on land. If, then, war came again, it would be shorn of such horrors as the bombardment or the bombing of the civilian population and the unwarmed sinking of unarmed ships. But this was not all. Contrary to the agreement of nations, Germany had introduced the use of poison gas and flame throwers in the field, and the employment of shells and bombs hideously charged with these cruel vapors. All such savagery was, we thought, over and done with when Germany surrendered.

Now the amazing thing today is not only that those of us who maintain armaments are spending more upon them than we did, but that most of us are devoting a huge portion of this expenditure to air forces, that seem to have little military value apart from their power of indiscriminate bombardment: and on forms of sea force of proved inefficiency for anything except illicit purposes.

That mistrust has replaced confidence between the nations follows from the astounding level of our expenditure; and the scale of our expenditure follows, I believe, from this, that no single nation has as yet tested its theory of armaments by any right analyses of the available naval and military knowledge. It is because we do not know the true principles underlying armament that we spend too much. Our naval and military establishments are maintained on a wasteful scale, largely because we do not

distinguish between the effective and the ineffective. The vice of the circle is explained by ignorance or lack of moral courage being its centre.

When I was asked to write an introduction to Neon's "The Great Delusion," I had but one objection to make. I should have preferred the title to have been "A Great Delusion." It was not that I thought that errors could be philosophically graded, one being more clearly contrary to reason than another; I was looking rather at the consequences. As far as my own country was concerned, aero-mania did not seem to be costing us much more than ten or twelve million pounds a year. This was a trifle compared with the consequences of certain other insanities. Take, for instance, the belief that statesmen and ministers can initiate and conduct the creative processes of industry, whereas it is self-evident that these processes never have existed, because they never can exist, save where those who engage in them pledge their own fortunes in the ventures they undertake. The present British Government, through the inability to understand the problem which the coal industry presents, in one year squandered more than the Air Ministry wasted in three years; and the Socialists, by the General Strike and the Coal Strike, in half a year cost the nation more than the aero-mania could squander in fifty. Mr. Churchill's third volume exposes another delusion which, while it lasted, cost us, and indeed all the world, incalculably more than British Socialism and aero-mania combined. For his fifteenth chapter tells the tale of the rise and fall of the submarine crisis of ten years ago, with a brilliance, a clarity, and a candor that leaves nothing to be desired.

Let us briefly recall the circumstances. At the end of 1914 certain quite definite results had been obtained at sea. The cessation of German sea traffic may be said to have coincided with the outbreak of war. Her cruisers not in European waters were small in number and inconsiderable in force. They had obtained some astounding successes. Aided by a few armed merchantmen, they had taken a notable toll of British shipping. Between Von Spee's victory over Craddock and his annihilation by Sturdee, we had virtually been cut off from South American supply. Then, too, there had been a few unimportant but humiliating submarine successes in the Channel and the North Sea. But the destruction of Von Spee and of the *Emden* and the total failure of mines and submarines to bring the battle fleets to equality, seemed — before

mid-December, 1914 — to define and crystallize a naval situation wherein Germany was condemned to utter sea helplessness — unless a new navy could be called into existence and a new sea war fought. It was at this crisis that Tirpitz announced Germany's intention to embark upon the kind of *guerre de course* which Admiral Aube had invented more than thirty years before.

The thing was begun in February, 1915, but Germany had a few U-boats at her disposal, and though the initial shock to neutral sentiment was formidable, and indeed elicited from President Wilson a stern assurance that the German Empire would be held to "strict" account if American subjects were injured in property or in life, it was not until the *Lusitania* was sunk and the American threat seemed explicit that any real change was made in the conduct of the campaign. Then for six months there was a lull, but it brought no change in the position favorable to the Central Powers, while the British blockade, inefficient as it was, was already seriously felt and its potentialities were obvious. In 1916, after weeks of discussion and quarrels between the civilians and the sailors, ruthless sinkings were decreed for a second time. It was unfortunate for Germany that, early in these proceedings, there were Americans on board the *Sussex*, and, though President Wilson actually took no hostile action, the civilians prevailed at Berlin and succeeded in forcing the Higher Command to comply in fact though not in terms with American demands.

It was the Battle of Jutland that made the final adoption of a sink-on-sight policy inevitable. The escape of the High Sea Fleet was indeed a tactical success of the first order. In both countries the civilians — and I take my full share of the blame, if blame is due — claimed the event as a naval victory. But whereas the falseness of this assertion was self-evident to the German naval command from the first, and became self-evident to the German people within very few months, we still have naval officers committed to the victory theory, and a large proportion of our people still suffer from this generous delusion. But the Germans, as I have said, were either never deceived at all, or only for a short time. And so what had been clear enough to Tirpitz in December, 1914, now became clear to everyone. The Higher Command had to choose between certain ultimate defeat on land, and the immediate breach with America involved in the gamble of trying to finish the war before American resentment could be felt. There is nothing surprising in the fact that the only chance of victory was

taken. For, just as we had been fooled over Jutland being a victory, we were even more fooled in thinking that the intermittence of the submarine war in the preceding years had been due to the British Admiralty's protective measures and counter strokes. The Germans — judging by the past — were certain that we were powerless either to defend our sea services or to attack the submarine with effect. Really, the expectation of success was far from being the mad hazard which later events caused it to appear.

Thus Germany went headlong for crime on the heroic scale and, at first, the ironical counsel of the Great Reformer was justified, not by faith, but by works. In February over 450,000 tons of shipping were sunk; in March over 500,000; in April, nearly 900,000. It looked as if the German calculation was right. Valuable as was the American alliance in rehabilitating the finances of Europe, it did not look as if the Republic could ever give help of value in the fighting line. At the February and March rates of loss and replacement, there was a net wastage of world's shipping of about 25 percent per annum. By limiting freights to absolute necessities and rationing everything, it would still be possible to keep the armies going for more than a year and so bring America physically into the war before the summer of 1918 was passed. But with a wastage of over 40 percent, which was the rate for April, not only was it obvious that the United States could never get into the war at all, it was hardly less clear that Great Britain itself would be out of the fighting line within six or seven months. For the first time since August, 1914, the complete failure, if not the defeat, of the Allies was in sight. No one who lived through those days knowing what the news meant will ever forget that grinding anxiety.

The maddening part of the thing was that the answer to the submarine had been known from the first. It had indeed been proved effective since the first transports left Southampton. It was a counter inherent in the submarines' limitations. For to use its only effective weapon, the torpedo, the submarine must be within a range that will permit the torpedo to cut into the line of the target's advance. But it must know what that line is, and the target's speed along it. If, when the distance is right, the submarine is submerged, and so sees through its periscope only, the necessary calculation of the target's speed and course becomes too difficult for success, and maneuvering into the right position for attack impossible. Now the submarine on the surface is both the

most vulnerable and the least efficient of gun-using ships. Against an armed vessel, then, it must choose between submergence and destruction. It was these simple, well-known truths that led those of us who wrote on naval affairs when the Tirpitz threat was first made to say that the threat was idle, because no unarmed ships escorted by armed ships could ever be in serious danger. The principle of convoy was, that is to say, just as valid as it had been in the days of our fathers. Nor were we relying only upon the soundness of our theory. For since mid-August transports and supply ships had been running between every southern port of England and all the northern ports of France with a regularity, a frequency, and a safety which led us to refer to this traffic as resembling nothing so much as that of the motor-buses in Picadilly. A principle self-evidently sound had been under practical demonstration for many months.

But the perversity of mind that had led our naval authorities into thinking that we could have the fruits of victory without victory itself — a result without the precedent cause — bred in them the analogous absurdity of failing to see that all that was needed to defeat the submarine was to force it into fighting for, or abandoning, its prey. Thus blinded to most glaring of truths, Whitehall proceeded to collect so great an array of purely imaginary objections that not only was convoy not tried, but there arose a belief that it was the convoy system, and nothing else, that would ensure the destruction of all the assembled ships — if the metaphor can be allowed — in one fell holocaust. Even in April five ships out of six did, after all, escape. If they were bunched together not in groups of six, but in groups of fifty or sixty, the whole lot, it was said, would go together. The last volume of Mr. Churchill's "The World Crisis" (Chapter 15) tells the actual story as kindly — and as courageously — as it can be told.

When under the pressure of ever-increasing losses the remedy of convoys was again advocated by the younger officers of the Admiralty War Staff, it encountered opposition from practically every quarter. Every squadron and every naval base was claimant for destroyers, and convoy meant taking from them even those that they had. There would be delays due to assembling. There must be reduction in speed of the faster vessels and congestion of ships in port. The scale and difficulties of the task were exaggerated, and it was argued that the larger the number of ships in company, the greater the risk from submarines. This convincing logic could only be refuted by the proof of facts. In January, 1917, the official Admiralty opinion was expressed as follows:

"A system of several ships sailing in company as a convoy is not recommended in any area where submarine attack is a possibility. It is evident that the larger the number of ships forming a convoy, the greater the chance of a submarine being able to attack successfully and the greater the difficulty of the escort in preventing such an attack."

The French and United States naval authorities were also opposed to the convoy system, and at a Conference held in February, 1917, representative Masters of merchant ships took the same view.

Now let us see what was overlooked in this high, keen and earnest consensus. The size of the sea is so vast that the difference between the size of the convoy and the size of a single ship shrinks in comparison almost to insignificance. There was in fact very nearly as good a chance of a convoy of forty ships in close order slipping unperceived between the patrolling U-boats as there was for a single ship; and each time this happened, forty ships escaped instead of one. Here then was the key to the success of the convoy system against U-boats. The concentration of ships greatly reduced the number of targets in a given area and thus made it more difficult for the submarines to locate their prey. Moreover, the convoys were easily controlled and could be quickly deflected by wireless from areas known to be dangerous at any given moment. Finally the destroyers, instead of being dissipated on patrol over wide areas, were concentrated at the point of the hostile attack, and opportunities of offensive action frequently arose. Thirteen U-boats were actually destroyed while endeavoring to molest convoys. This fear of instant retaliation from convoy escorts had a demoralizing effect upon the enemy, and consequently U-boat attacks were not always pressed home.

Most of this was still unproved in the early days of 1917. There stood only the fact that troopship convoys had always been escorted through the submarine zones during 1915 and 1916 and had enjoyed complete immunity from attack. The highest professional opinion remained opposed to convoy as a defence against U-boats, and personally I rested under that impression.

What actually happened, is, of course, too well known to need detailed repetition. Before it was too late — but "only just before" — convoy was decreed. It was not effective until July. Then the danger passed. Of one hundred thousand ships that sailed in convoy, less than 450 were lost, and the great majority of those casualties were due either to marine risk or to falling out of the convoy altogether. But all ships could not be convoyed, and it was not until May, 1918, that the average monthly loss of tonnage fell below 200,000. But by this time the rate of replacement was creeping up to meet, as it ultimately passed, the rate of loss.

These two facts, the failure of the submarine against convoy, and its continuing success against ships that had to go singly on their way, are worth emphasis; because it was the latter, in combination with the memory of the devastating depredations

between March and July of 1917, that to a great extent still colors the popular judgment of the submarine as a vessel of war. It is as if the people looked upon our ultimate escape as simply miraculous. The memory of the German achievement remains. The submarine did sink eleven million tons of shipping. It is the simplicity with which it was countered that is forgotten.

But equally forgotten is the now more significant fact that as a vessel of war, as distinguished from a vessel of piracy or sabotage, the submarine was virtually as useless to the enemy as to us. All its success against warships occurred before June 19th. It had no successes at all against battleships of the first class. It would have had hardly any success against warships of any class had the methods of vigilance and defense, which were universal before the war had lasted a year, been made clear by pre-war analysis and adopted before disaster could occur. Thus the German hope that submarines and mines would, by attrition, bring down the narrow margin of the British numerical superiority, came to nothing. We had indeed lost one first class battleship by mines. But it was not by a mine laid by submarines. Three old — and quite un-battle-worthy — capital ships were sunk, one in the English Channel, and two off Gallipoli. But the loss of the *Audacious* was more than made up, and the British Fleet, with several first class units still in reserve, had, in numbers alone, a superiority at Jutland nearly three times as great as on August 4, 1914.

Now it is material to my argument to insist upon the failure of the German submarine against its legitimate enemy, the battle fleet. And I therefore proceed to state, without any attempt at doing so exhaustively, not the *a priori* but the proved reason of its failure. The submarine, like the aeroplane, possesses a singularity. It can travel, that is to say, in a single medium. The one when completely submerged was still a dirigible, controlled vehicle. The other, completely unsupported in the air except by its own power and planes, seems to possess a liberty, a speed and a flexibility of movement unknown to land or sea. It is nearly a century and a quarter since Fulton announced his discovery of a boat navigable below the surface. It is less than a fifth of the period since the Wright brothers first got off the ground in a flying machine. But as practical sea going vessels, submarines are in fact a little older than aeroplanes, and the singularity and marvellous character of each seems to have given a definite, a universal, and pos-

sibly an incurable warp, not only to the naval and the military, but to the civilian mind.

For the effect of this warp on our own air policy I must refer the reader to Neon, whose case against reliance upon airships and aeroplanes as factors of primary value in the national armament is briefly as follows. From the poverty of its lift, its inherent incapacity to navigate, its fragility, and finally its defenselessness against the lightning which it inevitably attracts, the airship is shown to be useless for all purposes, naval, military or civil. The aeroplane has an exceedingly limited value for scouting purposes; no capacity to ward off attacks from other air forces; and very little power to attack anything except such wholly illegitimate targets as undefended towns. On rare occasions it may be of unique service as a vehicle, from its capacity to pass over territory hostilely held, and so bring limited relief and news to invested forces. In sea war, the aeroplane's functions seem to be more limited yet, and the opportunities for using it rarer. Its value in any form of war can only materialize in exceptional circumstances. Hence to expend on an air force any high percentage of the total funds available for national defense, is a waste that cannot survive any impartial examination of the available evidence.

Now just as there is a so far unanswered case for asserting the inefficiency of air force for anything except what all civilization condemns, so too there is no instructed and impartial naval opinion in Great Britain, the United States or Japan that does not know that the submarine, now that the attack of unarmed vessels is forbidden, is almost wholly useless to a Power that is prepared to dispute the command of the sea by that which decides command, namely, battle between the main armed forces. I say "almost," because its limited powers have a real, but very limited field. No navy, however strong, can command all the surface of the sea always. Very inferior forces can make the near neighborhood of an enemy's port or harbor, or for that matter, narrow waters between hostile shores, dangerous for a surface fleet in any except abnormal circumstances. But into this area the submarine — like the aeroplane — can go at will, and, once there, it has occasional opportunities for getting information, it may have the chance of using its weapons against any armed ship that relies upon a false security; and it may lay a tiny mine-field. British submarines were in fact employed on the first two of these missions on many occasions in the late war. They went between

Heligoland and the main German harbors; they got through the Dardanelles into the Sea of Marmora, and through the Cattegat into the Baltic. They sunk some transports; damaged some other enemy vessels; and got some information. But we possessed any number of submarines. They were manned by intrepid seamen and commanded with incomparable skill and amazing bravery. Their achievements of this nature were of singularly little war value. In the course of the submarine blockade, British submarines stole up to and torpedoed no less than twenty German submarines. It was in fact the greatest war achievement of our underwater force. The German U-boats were not so successful after the first few months — but they did lay some mines.

It is the inherent weaknesses of the submarine, set out above, that are at the root of its uselessness. Any fast, well conned, well gunned scouting vessel can drive it below, and as the cost per ton of such vessels is less than one-third of the cost per ton of submarines, it is obvious that the expense which the maintenance of a submarine entails upon an opponent is strictly limited. But it is more obvious still that its value to those who hope to confine their enemies to their harbors must reach the vanishing point. Why, then, do the British and American naval authorities cling so tenaciously to their submarine forces? The explanation seems to me to lie in certain phases of pre-war mentality and, as I have suggested, in a certain lack of moral courage.

If belief in the submarine is a delusion, it is the offspring of one that preceded it. Aube was, I believe, the first logical victim of torpedo mania. It was in the middle 'eighties that he enunciated his short cut to victory at sea. The swift torpedo boat operating in the dusk, attacking without warning, and sinking without remorse, was, he said, a weapon against British sea supply that simply could not be countered at all. And Great Britain, robbed of sea supply, would be brought to reason, even with all her invincible fighting sea forces intact. The weakness of Aube's theory was that he relied on the dark hours for the invisibility that was essential to success. His error was that the torpedo boat was unseaworthy; could attack, that is to say, only near its ports. Thus, escorts in the danger zone could protect merchantmen by day; and the open sea would normally mean complete safety at night. Tirpitz improved on Aube by having, as he thought, invisibility at command. His error was to ignore the truth that it was of value only when voluntary. If invisibility was forced upon

the submarine — it would be paid for by disabling blindness. An explanation common to both errors has been suggested. It is to be found in an hypnotism of the imagination induced by too vivid an appreciation of the effect when the torpedo hits. Just as after the Battle of Lissa naval minds were obsessed for a generation by the heresy that the ram was the capital ship's chief weapon, so after the invention of the Whitehead there came an obsession of the irresistibility of under-water attack. The difficulty in bringing about the result was ignored in contemplating the result itself. When Napoleon implored his marshals not to make "pictures," he was warning them against being governed by what their own knowledge of the situation showed them the enemy might do. But the counsel works both ways. The curious case of the British Navy, that was the first to develop the monster gun and the all-big-gun ship, is in point. The performance of the shells at the proof-butt inspired an awe that paralyzed clear thought, and the multiplication of the guns magnified the effect, should any enemy be rash enough to risk an encounter. So hitting was taken for granted, and the provision of means for making it overlooked. Again, the Dardanelles adventure miscarried from the auto intoxication that resulted from so vivid a realization of the overwhelming value of success that the means essential to success were never discovered by cold analysis.

And so it was with Aube in the 'eighties, and Tirpitz thirty years later. And so I venture to think it is with our naval leaders today. The long prescription of the torpedo and vivid memories of the submarine's terrific power are too strong. There are, of course, other objections to facing and telling truth, apart from the courage required for telling an ignorant public that its ignorance is dangerous. For about one in four or five naval officers that attain to authoritative rank are themselves torpedo-men, and do not come into the class of impartial and instructed opinion to which I have referred. But if the public could be ignored and these men excluded from counsel I can hardly doubt that the residual naval opinion would not only proclaim the submarine to be useless, but would be willing to abandon the torpedo altogether. There is not space here to dwell in detail on the singular inability of the torpedo to get material results in the recent war. That it got results, and those decisive, can never be denied. But these were not by hits that disabled material forces. The torpedo

won at Jutland by what Napoleon called its "picture" — and what I prefer to call its "bogey" — in the imagination of our High Command. I must leave it to others to calculate the cost of submarines and of torpedo armaments to Great Britain and America. We are to remember that just as the air force is no defense against enemy air force, so too the torpedo armament saves us nothing of the defensive measures which the use of torpedoes by others impose.

In June, before this article is published, the Geneva conference of the three great naval Powers will be in session. Will either Great Britain or America lead off with a renunciation of the submarine? — with a double renunciation of the submarine and the torpedo too? It needs the first only of these to ensure a sound principle for further discussions. Before the Preparatory Commission, Great Britain and the United States insisted that the limitations of naval effectives were dependent on every one acknowledging the principle that naval armament should be limited according to tonnage and by category. Great Britain modified this to include a limitation of numbers as well as one of tonnage — but still according to category. The French held out for tonnage according to category, but not by numbers. It was left to the new European autocracy to propound the only sound principle, viz. that each country should arrange its total tonnage "to the best advantage of its national interest," regardless of categories — but giving six months notice of the types of vessel it proposed to construct. Except on one theory it is inexplicable that Great Britain and America should have opposed the Italian suggestion. My theory is that the Navy Department and the Admiralty simply have not the courage to act as the balance of expert opinion dictates. Each is afraid of being the first to renounce the submarine and the torpedo — possibly because behind the deciding voice there is still the clamor of conflicting opinion. Does it not look as if we were keeping up our submarines and torpedoes, not because we believe in them ourselves, but because we fear the criticism that if others retain them we may be foregoing some unknown advantage?

We have had ten years now in which to think things over. The facts of the war are there and the lesson of their analysis is unmistakable. For practical purposes the submarine has not rid itself of a single limitation, nor has the torpedo added to its real efficiency. That it has a larger head and greater range has, of

course, added to the destructive power of the head, and to the range at which a hit may conceivably be made. But power and long running have been purchased at a cost. The probability of hitting, both at short range and at long, is manifestly lower than that of its predecessor. Meantime, it will be astonishing indeed if the means of countering the submarine have not multiplied and gained in force; if the means of detecting its presence have not improved; and if the weapons for destroying it, when located, have not advanced both in power and precision. Finally, the problem of defending capital ships below water — one that was unsolved in 1914 — is amply solved today. These Powers, then, that rely upon their battle fleets and therefore on their guns, have no excuse for retaining submarines at all, and would be well advised to balance the cost of torpedo armaments against the greater perfection which this expenditure can give them in the employment of what is unquestionably their main armament. If either Great Britain, or the United States renounce even the submarine only, the way will be clear for adopting the Italian suggestion. A total tonnage limit would give free play to the judgment that can discriminate between the value of one weapon and another. So far as naval armaments is concerned, it would not be long before the Great Powers would recognize that the torpedo was obsolescent; the submarine out of date; and the seaplane of so limited utility that expenditure would not be enlarged by any such useless absurdities as air-craft carriers of twice the cost of battleships.

It is, I believe, a mere question of courageous good sense. The hearts of all of us are in the right place; it is the heads that we have to mend. Who will have the pluck to bell the cat? If no one, then how is public opinion, the ultimate driving force, to be rightly guided? The correspondent of the *London Times*, summarizing the position at Geneva after the dispersal of the Preparatory Commission, says: "What the Governments do (with the material it has prepared) rests not merely with the Governments themselves. An experienced diplomat has reminded us during his recent stay here that Governments cannot move more quickly than their peoples."

OUR MUCH ABUSED STATE DEPARTMENT

By N

MOST Americans who write of American foreign policy denounce their Government. They take it as axiomatic that the Department of State is selfish and materialistic, that to differ proves their own beautiful idealism. They, of course, do not construct policy. They have the easier and more congenial task of pulling it to pieces. An Englishman or a Frenchman or a German seldom condemns his government in advance, especially in international dealings. His tendency is rather to support his government as long as he conscientiously can. I see no reason why Americans should be less patriotic.

Policy is based on ascertained facts and the man of average intelligence must realize that the Department of State has more facts at its disposal than has the reader of the newspapers, the versatile producer of newspaper articles, or even the professor in his study. When the Department, therefore, takes a position I try to suspend judgment until I have learned the facts on which the decision was based. Mr. Kellogg is a man of intelligence and breadth of vision. He has been a great lawyer and is, therefore, able to weigh evidence. The President has much to do with foreign policy. He is a man of high ideals, a clear and patriotic thinker, without his Secretary's knowledge of international matters but quick to grasp the essential facts on which foreign policy must be based and ready to act fearlessly when that policy is decided. I am unwilling to surrender my independent judgment to these men or to any others, but I am willing to start with the assumption that the policy they are trying to carry on is honest and that it is an intelligent attempt to interpret facts for the good of the United States.

On one point I am willing severely to criticize the Department of State. I believe that its reticence in the publication of facts gives destructive criticism the opportunity to influence public opinion before the Government states its own case and that this is one of the main reasons why that destructive criticism is so effective. What we read first remains in our memory, no matter how much good will we may have. I am convinced that this paucity of reliable information is the reason why I can myself

make a less effective defense of American foreign policy and must often explain it from the point of view of tradition and common sense.

Broadly stated, I believe this policy consists in the protection and extension of American rights and interests in such manner as will make this country respected and a force for world peace. The Department of State is always pro-American. It does not pretend to be the foreign office of the world, but of the United States. It does not attempt, as some would have it attempt, to regulate the internal policies of other nations. Its aim is to keep on good terms with all other nations but it insists that there cannot be thoroughly friendly relations with any nation which ignores American rights. On the other hand, it asks no more for Americans than it is willing to concede to foreigners. Its policy is not dictated by Wall Street and yet it is ready to defend the rights of Wall Street exactly as it would defend the rights of Main Street. It tries to deal with all nations according to the same standards and, therefore, will not admit that a weak nation any more than a strong nation may ignore its international obligations. It is idealistic in that it tries honestly to serve the United States in a way that will be of service to all, but it does not confuse idealism with sentimentality. It does not surrender American interests in favor of foreign interests.

With this preliminary statement of what I conceive to be the guiding principles of American foreign policy, I shall discuss shortly some of the recent manifestations of that policy which, in spite of adverse criticism, I think are based on sound reason and are in accord with wise tradition.

The League of Nations. The Administration has repeatedly stated that the United States would not join the League. It could take no other stand and at the same time fairly represent the sentiment of the nation. The enthusiasts who sit in their comfortable studies and dream of the greatness of the League, who really picture it as a super-state, and the pilgrims who journey to Geneva and look at a meeting of the Council with much the same feeling of reverence that a good Catholic would have at a Pontifical celebration of the Mass in the Sistine Chapel, represent, not public opinion, but only themselves. If the League is the almost super-human institution which certain Americans conceive it to be why is it that people whose governments are members of the League have no such feeling of awe? The reason probably is that

they recognize it for what it is, a valuable organization for conducting international conferences and an immensely useful meeting place for the statesmen of Europe, where the leaders of different nations can come together without creating excitement and suspicion of motives and can, therefore, settle amicably many minor points of difference in European policy. As a prominent British statesman said the other day, "The League is useful to keep the peace in Europe because it is feared by the little post-war nations. It will be helpless when a vital issue is at stake between two great nations. Then its function will be to prepare new rules for the humanitarian conduct of war." Few thinking people outside the United States would seriously contest this definition.

The Department of State apparently agrees with public opinion that the United States would gain nothing by joining the League, but that on the contrary membership would involve the American Government in European political questions in a manner contrary to all our traditions and all our interests. It is, however, quite willing to coöperate with the League in all matters affecting this country or in the attempted solution of problems of broad international interest. There is no longer hesitation or suspicion merely because this or that conference happens to be called in Geneva. League enthusiasts or League haters, however, who see in this willingness to participate in League activities a tendency to accept membership in the League itself are lamentably wrong. Rather is it true that the Department of State is glad to use and be of use to the League when it acts administratively, as an organ to conduct international conferences, and avoids that political phase which may well be useful to Europe but cannot be to America. The United States takes part in conferences when participation seems to be of value to this country. Other countries accept full membership for precisely the same reason, that membership is useful to them, and for no other. No nation is in the League for the good of other nations, yet other nations advocate American membership because they think it will be good for them, not for us.

Disarmament. In many of these League conferences the United States has played a helpful and constructive part. The Administration did not hesitate to accept the invitation to send delegates to the Preparatory Commission of the Disarmament Conference. We shall be represented at the Disarmament Conference itself if

there should be prepared an agenda which promises any hope whatever of successful accomplishment. In the meetings of the Preparatory Commission the American thesis, which has been ably argued, is admittedly the only one which may bring about a material reduction in armament in any foreseeable future. It is quite true that the American plan ignores the intricate theorizings of the continental thesis. It is practical. It does not attempt to limit war potentialities because it frankly accepts the fact that in war time a nation will make use of every resource within its borders. America denies the French thesis that the only possible method of limitation is through contemporaneous reduction of land, air and naval forces. It claims rather that land and air limitation is a matter for regional arrangement, the size of the French army and the French aviation forces, for example, having not the remotest interest for Chile, nor those of Brazil for Germany. It claims that limitation in one branch of the service can only assist the problems of limitation in other branches. It would base its standards of measurement on actuality, not on theoretical possibility; on the trained forces available instantly for war, not on the reservoir of men who might theoretically be trained after a declaration of war; on the factories capable of immediately producing the implements of war, not on those which in the course of time might be transferred to such uses. You cannot forbid a country to produce plows for its own use and to sell abroad because in case of war these factories might be able to produce heavy artillery. You cannot forbid a country to manufacture water pipes because the same moulds in time of war can turn out rifle barrels. Just so long as the nations are willing to discuss "hogs and fogs"¹ as an essential part of the disarmament problem, just so long will actual reduction of armament be postponed. The American thesis is not only practical but is immediately realizable when the truth is admitted that limitation of land and air armament is a regional problem.

Naval Limitation. Because the limitation of naval armament is far less a regional problem, and because achievement along one line would create an atmosphere of hopefulness, President Coolidge suggested the calling of a naval limitation conference to work along with the Preparatory Commission in Geneva. Only the great naval nations which had participated in the Washington Conference were invited, and this for obvious reasons. The naval

¹See the Dutch proposition made to the Preparatory Commission as published by the League.

problems of Czechoslovakia and Belgium and Rumania are not serious, yet whenever at the meetings of the Preparatory Commission naval questions arose the French called in the generals of the non-naval nations to vote in favor of the French thesis, whatever that might be at the moment. The Commission was, therefore, faced with the absurd situation of being reduced to practical impotence because the votes of Czechoslovakia and Rumania counted, in naval matters, exactly as much as the votes of Great Britain and the United States. France, to be sure, professed herself in favor of naval limitation but stood firmly on the argument that limitation by classes was impossible, that only global tonnage, the sum total of all naval construction, could be taken as the measure. In actual practice this would mean exactly nothing, because the nation with two or three battleships and a modest fleet of cruisers might find itself faced by a fleet of hundreds of submarines. It looked as though the Preparatory Commission, dominated always by France and her satellites, would fail to reach any practical method of naval limitation whatever.

In these circumstances the President saw the possibility of taking a step which would vastly help on the League disarmament plans and at the same time put a stop to the competitive naval programs that had begun to raise their threatening heads in the budget discussions in various parliaments. Great Britain and Japan accepted, France and Italy refused. The French note of refusal was a clever political document, meant to establish France as the champion of the League and the defender of the rights of small nations. The Italian refusal looked as though it were based on a misunderstanding of the President's proposal. The Department of State thereupon suggested a three-power conference, inviting France and Italy to be represented at least by observers if they so desired. It is clear that this conference, or these "conversations" as the British more aptly style them, cannot lay down any hard and fast rules because any ratio arrived at must be subject to change should other nations build beyond the limit of safety to the three concerned. But will not self-imposed limits on the part of the three great naval powers act as a curb on the programs of other powers? No nation will wish to be branded as the one which disturbed the equilibrium. No nation will wish to advertise itself as warlike. There is as truly a national as a personal psychology.

In all this the United States has taken the lead because it sincerely desires world peace and believes that limitation of armament is one form of insurance against war. Its proposals are so worded that any matter may be discussed, that the needs and special circumstances of every country may be taken into account. There are still those in the United States who sneer at the Washington Conference because it did not achieve the impossible. But the Washington Conference made the battleship, the principal offensive unit, unfashionable. The Geneva Conference will fail to satisfy those who again ask for the impossible, but may it not make the 10,000 ton cruiser unfashionable? May it not be a step toward the idea of making naval armament purely defensive instead of largely offensive? The thing is at least worth trying, and now that the Preparatory Commission has adjourned to give the nations time to settle between each other, if possible, the fundamental differences which have developed, the naval limitation conference ought to show that three great nations, sincerely desirous of peace, can reach reasonable and constructive agreements.

Russia. There are a few critics even of the consistent American policy of non-recognition of the Soviet Government. It is not that the Russian Communist Party is a small minority which has imposed itself on the great, inarticulate, inert mass of the Russian people. We cannot object to a government because it is not representative or because we do not like its form, but we can very seriously object when its methods are immoral and when it openly strives to destroy our own institutions. The refusal to recognize debts incurred by former legally constituted governments may be technically immoral, but incomparably more immoral is the world-wide propaganda to undermine existing governments, to bring about riots and international misunderstandings. Communism lives on unrest. It is anti-social, the negation of what we are pleased to call civilization. Its most bitter attacks are against the far-flung British Empire, all in direct violation of the Soviet's solemn promise to cease from propaganda as a return for the British-Russian trade agreement. American recognition of the Soviet would be a direct blow against Great Britain because the added prestige of American recognition and even more the loans which might be secured in the American market would be an incentive to further propaganda. It would enable the Soviet more efficiently to extend that propaganda to this country through its

diplomatic agents just as it has done in Great Britain and France. America has always been friendly to Russia and will be the first to assist in rebuilding the ruins caused by the rule of the Soviet. It will not hesitate, furthermore, to recognize the advances in democracy made by the Russian people, but it has no right to assist in stabilizing a régime which is destroying the fundamentals of the Russian nation at the same time that it strives to disrupt and to destroy the prosperity and happiness of other nations.

Mexico. It is a curious fact that many Americans who would most vigorously protect American rights in Europe are willing to throw all such rights overboard when it is Mexico which sets up a peculiar interpretation of international dealings. Senator Borah, for example, would gladly bleed Belgium white to extract the last farthing of the debt, but when it comes to the open flaunting of the United States by Mexico he becomes suddenly very tender toward Mexican privileges and susceptibilities. Any support of the American Government in its action in Mexico and Central America is "propaganda," whereas the flood of really vicious propaganda poured out from Mexican sources is merely "an attempt to show the truth." Perhaps this is because we hear so much of Mexican oil and in the minds of the thoughtless there is something inherently wicked in oil property.

No true appreciation of the policy of the American Government toward Mexico is possible without some understanding of the actual situation. This has been obscured by prejudice, by the use of misleading catch words, by the refusal to recognize self-evident facts. The public cry is for arbitration, but before there can be arbitration there must be agreement on what is to be arbitrated. Mexico says that no arbitration can call into question the validity of the Mexican constitution or of laws deriving from that constitution, and large numbers of shallow-thinking Americans accept this dictum as self-evident, at the same time insisting on arbitration without noticing that the exceptions made by Mexico may leave nothing to arbitrate. It is quite true that the United States could not agree to international arbitration of a section of the American constitution, but the test of a hundred and fifty years has proved that our constitution is not confiscatory. If, however, we should abrogate our constitution and in a new instrument confiscate foreign rights acquired in good faith under the old law we should probably have to arbitrate or go to war. Mexico has had four constitutions in a hundred years and there is no

shadow of doubt to anyone who will read the latest in an unprejudiced spirit that it does exactly what we should never think of doing ourselves. This fact was pointed out and the Mexicans responded that the constitution only became effective through the passage of legislation, and promised that no such legislation would be passed. Because of this solemn assurance we recognized the Obregon government. Shall a nation, merely because it is weak, be permitted to negative its promises and to flout international law and morality?

The Department of State has argued the case with Mexico patiently and wisely. It has never blustered, never even by implication threatened intervention. It has never presumed to interfere with local Mexican laws or regulations except in so far as they affected legally acquired rights of American citizens. It has taken no part in the unfortunate religious controversy, unwise as it probably believed the Mexican Government to be, because this was essentially an internal political question for the Mexicans to decide for themselves. Its moderation has been admirable throughout and if intervention should ever become necessary it will not be because of the firm and consistent policy of the American Government in upholding international usage, but rather because of the incitement of the Mexicans by irresponsible Americans and irresponsible newspapers to destroy the very bases on which friendly international relations exist.

Central America. In his speech at the dinner of the United Press in New York on April 25 the President said, "Toward the governments of countries which we have recognized this side of the Panama Canal we feel a moral responsibility that does not attach to other countries." This statement, which actually means just what it says, has been taken by the professional critics of the American Government as a slogan of imperialism. Naturally they do not stop to analyze imperialism. The Soviet Government implores the proletariat — another meaningless word — to save the downtrodden people of the Hawaiian Islands from the dreadful, imperialistic yoke of the United States. Every sane American knows this to be arrant nonsense, knows that not two percent of the people of Hawaii would vote to throw off this so-called yoke. But Hawaii was annexed to this country. There is no thought of annexing any of the Central American states. American influence there only attempts to bring peace, and with peace prosperity, to revolution-torn nations — and this is im-

perialism! When the President spoke of "moral responsibility" he meant it, and these were the states he mentioned because they are our neighbors and we cannot, even if we would, shift the responsibility to Europe. Perhaps the saying was, as some point out, an extension of the Monroe Doctrine. If so it seems that our internationalists, the people who always want America to interfere in European political troubles, who urged their Government to accept a mandate over Armenia, should welcome the fact that we intend to keep the peace in Central America, to prevent Mexico from stirring up trouble in Nicaragua as we should have had to prevent Turkey and Russia from stirring up trouble in Armenia. But curiously enough it is these very people who most loudly declaim against interference in Latin American affairs.

No fair-minded man who has seriously studied the history of the Central American and Caribbean countries during the last thirty years would fail to admit that the influence of the United States has been, on the whole, beneficent. Public order has improved; budgets have been balanced and debts reduced; life and property have become secure. I have no doubt that our Department of State has advised and assisted bankers who have made loans in these countries. I have as little doubt that it has prevented them from making loans too heavy for the public exchequer and that it has insisted that all loans shall be for constructive purposes. All recent American loans, so far as I know, have been so drawn that the money could not be used for starting new revolutions.

We have from time to time sent marines into some of these countries. Wilson sent them to Haiti and Santo Domingo, and these little nations are peaceful and happy and prosperous as they have never been before. Taft sent them into Nicaragua, where they remained, a few of them, for years, until Coolidge thought it safe to take them away. Are the thousands of lives and the millions of dollars saved by their presence no justification for "interference in the domestic affairs of other nations?" The answer would seem to be inevitably in the affirmative, especially since the United States has always made it clear that their presence pointed not at all toward eventual annexation.

There are Central Americans, of course, who resent any American interference. They learn the language in which they express themselves publicly from the professional anti-imperialists of the United States, but what they really resent is the fact that they no

longer dare to carry on pillage and murder for their own political advancement. As a rule they are supremely and entirely selfish, caring nothing for national tranquillity and prosperity because it interferes with their own selfish purposes. The first and only idea of most Central American "reformers" is to bring about a revolution which will put them personally into power. This was illustrated when the little company of American marines was withdrawn from Managua. The country has been in the throes of revolution ever since, and the recent peace brought about by President Coolidge's representative would be wholly illusory if the American guarantee of peace were withdrawn. Yet already our critics are busy showing the wickedness of this peace for the reason that the coming elections are to be supervised by Americans to insure fairness. Political labels in Latin America are as meaningless as they are elsewhere, but I have often wondered whether Secretary Kellogg would have been so violently attacked if Diaz had happened to call himself a Liberal.

Undoubtedly the American Government has made mistakes in its dealings with the smaller Latin American nations, although I believe these mistakes have been more in taste than in morals. Undoubtedly American business interests have not always played fair. But when the credit and debit columns of the ledger are set against each other I believe that the credit column will be very large and the debit very small. In spite of the critics, the whole story, growingly in its later phases, is an admirable chapter in American foreign policy.

China. There are two parties in America, those who believe that the Chinese troubles can be settled for the good of China and the world by the use of unlimited force, and those who believe that the good of China can only be attained by the withdrawal of all pressure. This latter party ignores the rest of the world.

Both are wrong. The American Government is cursed by both sides because it has taken a middle course. It has assumed leadership in a policy of moderation. It sympathizes with the Chinese desire for freedom because it has always been an unselfish friend of China. It cannot abandon American business men and missionaries to the mercy of a Russian guided Chinese mob. Both business men and missionaries are legitimately in China; both are there with the consent of the Chinese and both are of use to China.

After the outrages at Nanking, which after all were only the more exaggerated of many similar incidents, the American Gov-

ernment joined with others in presenting identic notes to what was then the Nationalist Government in China, demanding indemnity for damages, the cessation of such outrages and protection of foreigners. The very fact that several governments which had suffered similarly should all ask the same thing in the same words seemed to some people to presage war in China. There is no reason whatever to imagine that the Department of State had any such thought in mind. On the other hand, Mr. Kellogg promptly made it clear that the United States had made no commitment whatever, that it was determined to hold its hand, to act in whatever manner seemed most likely to assist in settling the Chinese question whatever other nations might decide for themselves. Soon after the specious answer of Eugene Chen was received there was a definite split in the ranks of the Nationalist Party. General Chiang Kai Shek repudiated the Red wing of his party which was undoubtedly responsible for the looting and murder in Nanking. To impose sanctions might well have driven the moderates again into concert with the Reds. America was foremost in counsels of moderation, and American counsel prevailed.

There is no man living who can foresee the outcome of the troubles in China. The victory of one army or of another is generally a matter of barter. In so far as what is happening is the result of Chinese aspirations for the abolition of unequal treaties and for full independence we must have patience and sympathy, only regretting that the Chinese people should have chosen the way of civil war and of atrocities on foreigners to gain their end when a united and peaceful China would have gained the same end in a shorter time and with honor instead of dishonor. In so far as the troubles are the result of the age-old quarrels of the war lords, fighting now under false titles of democracy and the rights of man, we must deplore them and wait until someone can speak for all of China. In so far as they are due to the incitement of Moscow — and there is no manner of doubt that Moscow supplies both leadership and arms — we must stand firmly against surrender of foreign rights, and that for China's own sake. And in all events we have the right to feel that our own Department of State is fulfilling its duty both as regards American promises to China and as regards the protection of American lives.

There are other aspects of American foreign policy which could be discussed. No subject is more controversial in its nature, for

example, than the debts, but after all this subject is not under the Department of State and furthermore its discussion leads nowhere, but only accentuates international misunderstanding. One can only deplore the outpourings of college professors which delight our debtors because the arguments advanced might well have been prepared in the chancelleries of Europe. One can also, perhaps, deplore the fact that the American Treasury finds these vaporings worthy of answer. No discussion of this matter can be solely between the American Government and the other government concerned except when carried on by duly credited agents. Public talk involves American interference in the relations between other nations. There also are problems of economics and of tariffs, but these again, due to our system of government, are not under the immediate control of the State Department.

Perhaps I have said enough to show that an American citizen has a right to feel at least that his Government has a clearly defined foreign policy along broad lines, that this policy is steadily directed toward promoting the best interests of the United States with full recognition of the fact that these interests are inevitably interwoven with the best interests, the prosperity, and the happiness of other nations. There is no such thing as isolation, nor any wish for isolation. On the other hand, the American Government owes it to us, the citizens of the Republic, to represent us first and foremost, to put our good before that of the rest of the world. In the various manifestations of that policy we all are free to criticize and to advise but we ought, nevertheless, to remember that valid policy can be based only on knowledge of all the facts, that these facts are not all in our possession, and that the men chosen to formulate and direct policy are trying always to understand public opinion and, in the light of that, to protect American rights and to advance American interests for the good of the largest possible number. As patriotic citizens we should be interested in this policy and keep our right to criticize; but we can help our own Government and the world at large only when this criticism is constructive and helpful.

THE PHILIPPINES, AN AMERICAN IRELAND

By Moorfield Storey

THE Congress of the United States passed the so-called Jones Act which in its preamble made the statement that "it is and always has been the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein." The attempt was made in the Senate to amend this preamble so that independence was to be granted when in the judgment of the United States it would be "to the permanent benefit of the Philippine Islands." But when it was realized that this did not promise independence at all, the Senate by a vote of 52 to 24 adopted an amendment authorizing the President definitely to "withdraw and surrender all rights of possession, supervision, jurisdiction, control and sovereignty" over the Philippine Islands, and requiring that the transfer be made absolute in not less than two nor more than four years. This action of the Senate shows that Congress meant what it said, and rejected absolutely the idea that the independence of the islands should depend on the judgment of the United States (which meant of course the politicians for the moment in power) as to what the interests of the islands required.

This was, and was regarded, as a promise of independence both by the Filipinos and the people of the United States, and there can be no better evidence of this than the following statement of Theodore Roosevelt:

"Personally I think it is a fine and high thing for a nation to have done such a deed (our work in the Philippines) with such a purpose. But we cannot taint it with bad faith. If we act so that the natives understand us to have made a definite promise, then we should live up to that promise. The Philippines, from a military standpoint, are a source of weakness to us. The present administration has promised explicitly to let them go, and by its action has rendered it difficult to hold them against any serious foreign foe. These being the circumstances, the islands should at an early moment be given their independence without any guaranty whatever by us and without our retaining any foothold in them."

There are those, and I think they are the majority of the American people, who believe that the promise of the United States should be kept. But is the President of the United States

among them? His public utterances on the subject make it clear that he is pursuing the policy which Congress rejected when the Jones Bill was passed, and proposes to retain the islands indefinitely as long as an argument can be made that independence is not for their interest, whatever their feeling may be. An analysis of his message dated April 6 sustaining General Wood's veto of "An act to hold a plebiscite of the people of the Philippine Islands on the question of Philippine independence" makes this apparent. The President states the question thus:

"The stated object of the bill is to put an end to frequent assertions in the United States that the people of the Philippine Islands do not want immediate, absolute and complete independence. To accomplish this it is proposed to hold a plebiscite of the people of the Islands in which the question to be voted on will be: 'Do you desire the immediate, absolute and complete independence of the Philippine Islands?' The voter must vote categorically 'Yes' or 'No.' Any other reply invalidates the ballot."

He takes exception to the form in which the question is put, assuming that there are many Filipinos who hold different shades of opinion, some "who desire the immediate independence of their country, but who also realize the necessity for the protection of the American Government for several years if not indefinitely;" some "who treasure the hope of absolute independence of their country, yet believe that the present system should continue until in their opinion they are able to take over the full control of their own affairs;" and many "who believe that the United States is the best judge of the appropriate relation of the islands to the United States." These statements of the President are pure assumption. The object of the plebiscite is to give the Filipinos a chance to speak for themselves.

In reply to the President it may be observed: *First*. An election is rarely if ever held in which every voter can express his exact wish. We all know that. *Second*. These alleged classes are none of them in favor of immediate and complete independence, and can therefore properly vote "No." If they don't, it is because they feel that the evils of the present system outweigh the bugbears of independence as painted by the Americans who are opposed to it. *Third*. Let the vote be taken and we shall know better than we know now how strong the feeling for independence is.

The President knows and dreads the result for he says:

"Independence is a very appealing word. Few people will vote against independence for themselves or against independence for anybody else. To submit to a man the question whether he desired to be independent, or not, is really trifling with the sacred feelings innate in humankind."

In other words the people of the United States would not vote to hold the islands if they knew what the Filipinos wanted, and this would be fatal to the President's policy.

He knows now what the islanders wish, for he says:

"No conclusive reason is given why the result of this vote would be more convincing than that of the elected representatives of the people in the Legislature."

He knows that those "elected representatives" have year after year voted unanimously for independence, "immediate and complete," and on his own statement this should be taken to express the wish of the people.

As an afterthought he says:

"The holding of the plebiscite would involve a considerable expenditure on the part of the Philippine government, its provinces and municipalities."

As compared with the question involved the expense is insignificant. We, with our experience of sums paid in primary and other elections, are nevertheless not disposed to abandon them.

The President seems aware that these objections are not convincing, and proceeds to state another and perhaps his real reason:

"In a letter dated February 21st, 1924, to the Speaker of your House of Representatives I set forth, with a frankness which I believe justified by then existing conditions, why the government of the United States would not feel that it had performed its full duty by the people of the Islands or discharged all of its obligations to civilization if it should yield to the Philippine aspiration for national independence."

It will be observed that this statement does not contemplate postponement, but seems to speak of denying independence, and asserts a keen sense of obligation to civilization and what the President considers the interests of the islands.

He proceeds to dwell on the extent to which the progress of the islands has been due to the material assistance received from the United States and adds:

"Unless and until the people and their leaders are thoroughly informed of this material assistance and have a fair appreciation of what its withdrawal

means, a vote on the abstract question of independence would be not only futile but absolutely unfair to them, and the acceptance of the result as an informed judgment would be dangerous to their future welfare."

He does not seem to consider the possibility that the arguments against independence could be presented in the campaign preceding the election, and finds it easier to assume that the voters will vote blindly and ignorantly.

He proceeds to present facts in support of the claim that "by far the greatest advantage in an economic way of their present relation to the United States comes to the islands through the present trade relations." He points out that "in 1926 over 70 per cent of the exports of the Philippine Islands were sold in the United States," that on the goods imported there were waived duties amounting to \$42,000,000, while on the exports of the United States to the islands amounting to \$71,500,000 duties waived were \$12,800,000. In other words on a free trade basis trade flourished between the two countries. The figures are doubtless correct, but the assumption seems to be that these trade relations were established for the benefit of the Filipinos. It is safe to assume that they would not have continued a week unless the American merchants had found their profit in them.

It is safe also to assume that as long as there are in the Philippines products which the islanders want to sell and which Americans want to buy, and in the United States goods for which Americans are glad to find a Filipino market, the profits which American merchants are making under the present system will not be thrown away, but the will to gain them will remain and the way to get them will be devised. Our whole reason for taking the islands was commercial profit, and our reluctance to let them go shows that such profit has been realized.

As late as August 2, 1905, the Representatives of Batangas province addressed a letter to Governor Taft to show the miserable condition of the municipality of Balayan. The statistics they offered showed that, whereas in 1896 the number of inhabitants in that district was 41,308, in 1905 the number had been reduced to 13,924. There had been 19,500 hectares of cultivated land in 1896; there were only 1,700 in 1905. Other items had suffered even more, rice having fallen from 39,020 to 12,500 cavanese; sugar from 520,000 to 12,300; maize from 110,000 to 10,000; oxen from 4,110 to 433. Cows were 3,680 in 1896, but only 80 were left seven years later; hens were 96,000 before the

war, but only 5,000 four years after the establishment of civil government. Consider what a story those figures tell. In addition, there had been placed upon the shoulders of the entire population an internal revenue tax, of which Professor Paul S. Reinsch said: "Outside of Italy it would be hard to find a system of taxation that so efficiently scours the whole field of business. The merchants and professional men of a country like the United States would look upon it as a most unbearable burden."

In the light of these hardships, it would be reasonable to expect that the economic policy of the United States towards the Islands would be guided by the desire to make them as prosperous as possible. And yet the first few years of American legislation in this matter showed a series of acts which had contrary results.

When the Islands were under the dominion of Spain the native planters had had the benefit of a limited Spanish market, but when the United States sovereignty was extended to the archipelago this market was taken away and in its place nothing was given. The first tariff act passed by the American Congress to regulate the trade of the Philippines was that of March 8, 1902. It allowed Philippine products coming into the United States a reduction of 25 percent from the regular Dingley rates. Governor Taft realized how ineffective this reduction was, and he pleaded very earnestly with Congress to give his Filipinos something in lieu of the privileges they had had under Spain. But the sugar and tobacco interests in the United States checked his efforts because they were afraid that Philippine products would endanger their domestic crops.

There were one or two "jokers" in this tariff legislation of 1902 also that are already well-known. One was the clause which abolished the export tax on Philippine produce coming to the United States. Among these native products was the world-famous Philippine hemp. This native product was at the time sorely needed in the home markets, and the object of the law was clearly to favor the exportation of this article to the United States exclusively and thus defeat the British and other foreign exporters in Manila from getting their share of it.

The method by which this was accomplished really constituted the big "joker" of the tariff act. It will be remembered that export taxes were collected on Philippine produce as it left the custom house in Manila. Now the levying of taxes on exports is strictly prohibited by the Constitution of the United States,

but the Supreme Court at Washington had said that the Constitution did not extend to the Philippines. Among the articles thus taxed was hemp, but the tariff law of 1902 now said that if the hemp shipped from Manila was proved to have been consumed in the United States, then the export duties already paid would be refunded to the shipper. This odd method of administering the law was double-edged. It not only gave the American exporter a tremendous advantage over his British rival, but it also favored the American shipper over the Filipino planter.

This was so because when the native planter sold his crop he was forced to sell it at the current price, which assumed that an export tax would be levied upon it. To an American shipper the recovery of this export duty later was a matter of routine, as he could easily prove through his American offices that the hemp was in fact received and consumed in the United States. But the Filipino planter or broker dealing on a much smaller scale could not, without difficulty and expense, follow his few bales into the markets of the United States and then prove to the custom officials that the hemp was in fact consumed there. The result of this American legislation was apparent — only the big fish, like the American hemp trust, got the benefit.

Governor Taft and his commission saw the injustice thus placed on the native planters, and they earnestly besought Congress to remove such legislation from the statute books of the United States. "These refundable duties," they said in their report of 1904, "are in effect a gift of that amount to the manufacturers of the United States who use hemp in their operations." Their report of the following year was just as earnest in its complaint. "It is a direct burden upon the people of the Philippine Islands," they said, "because it takes from the Insular treasury export duties collected from the people and gives them to manufacturers of hemp products in the United States." And they added: "It seems hardly consistent," that "with our expressions of purpose to build and develop the Philippine Islands . . . we are thus enriching a few of our own people at their (the Filipinos') expense."

By 1906 the situation had not abated. When Governor General Ide returned to the United States he frankly said: "By annexation we killed the Spanish market for Philippine sugar and tobacco, and our tariff shuts these products from the United States, and today both these industries are prostrated."

It would be fruitless to examine in detail all the steps taken by the powerful American elements at home and abroad to aid their own interests at the expense of others. Dr. Parker Willis, Professor of Economics in the Washington and Lee University, after making an exacting study of the tariff laws, finally added this convincing summary:

"Wines were taxed in such a way as to discriminate against the light Spanish beverages and in favor of the Californian. Canned goods were taxed according to weights of the cans, a plan which favored Chicago and St. Louis producers as against English. Beer was so rated that the American product shipped in barrels was favored against the beer of other countries. Every effort was made to help the American and hamper the foreign shipper."

How absolute the American control of the Philippine treasury has been to this day was stated in the leading editorial of the *Boston Transcript* for September 24, 1925, from which the following is a quotation:

"The American people are brought to a crisis in their and the government's relations with the Philippine Islands by the decision of the Philippine Supreme Court that rulings of the insular auditor are not definitive, but may be appealed to the local courts. *The power of the Philippine auditor (an American official) subject to that of the Governor-General and the United States Secretary of War, is absolutely necessary to the maintenance of American authority in the islands. . . .* The present decision has been promptly appealed to the United States Supreme Court, and no doubt a prompt ruling will be handed down from that tribunal. If it should sustain the Philippine decision, the decisive authority of the American government in the islands would be at an end, and the islands themselves might as well be turned over to the Filipinos."

In other words one subordinate official with a salary of six thousand dollars must have absolute control over the use which is made of taxes raised from eleven millions of people. What nation would submit to such tyranny?

The President states as another benefit to the islands:

"The public works, marking outwardly the development of the Islands, were in a great degree, as is customary, built with borrowed money. The bonds of the Philippine government have been made tax-exempt in the United States and have been given certain other advantages as the result of which the Philippine government has borrowed its money at a rate of interest at least 3 percent lower than money could have been borrowed by an independent government in the Philippines, if indeed it could have borrowed these sums at all. This means, conservatively, that the Philippine Islands is paying \$2,000,000 annually less interest on its present indebtedness than it would pay but for its dependence on the United States and the credit that that relation gives to the Islands."

No one who has studied the relations between the Government of the United States and its dependencies has failed to discover that the United States has used its power to secure issues of bonds which in such ways as the President describes, or others as effective, have been made marketable in the United States, have been secured by American bankers and sold at a good profit, and whose existence has been used to prevent the country issuing them from escaping the control of the United States. Haiti, Santo Domingo and others are examples.

The President further says:

"In 1926 the United States spent in the Philippines in the upkeep of the Army, Navy and other services the sum of \$14,500,000 or over 10 percent of the value of all Philippine products sold abroad. This amount would also be lost to the Philippines if independence were granted."

One may well ask why this military and naval force is kept at the islands. Not to protect them, for it is well known that when we were last at war instructions were given our officers in the islands to depart with their forces at once in case of threatened attack. To keep the natives down? If so, is this an expense which should be charged to them? Or is it, as the writer has been informed, that these soldiers and ships are part of our regular army and navy which must be kept somewhere and cost less if kept at the Philippines than if kept elsewhere?

This at least is true, that what is spent on the army and navy is the only sum that is spent by the United States in the islands, but it does not go to the Filipinos and they will not love it. All the other benefits — roads, schools, education, sanitary regulations, medical services — have been paid out of Filipino taxes.

The President adds:

"Such a government, crippled by the direct loss of revenue, by increased interest rates on loans, and by the paralyzation of its industries, would be called on to incur the added cost of keeping up a diplomatic service, army, navy, and other features of sovereignty. It is obvious that the revenues of the Islands would be totally inadequate to maintain a separate government."

This is a reckless assertion. How many of all the independent states who are members of the League of Nations have navies? Many have none and few any that would be of consequence in war. How many have armies that are more than a police force? And as for a diplomatic service, a special envoy when required would answer any probable demands.

The President says that "education, knowledge, experience, sound public opinion, intelligent participation by the great body of the people, high ideals, these things are essential to independence. Demonstration of the ability to carry on successfully the large powers of government already possessed would be far more convincing than continued agitation for complete independence." How under the present system are these requirements to be met?

It will be remembered that Mr. Carmi A. Thompson was sent by the President as a special representative to investigate the conditions in the Philippines, and in his report stated that "the military atmosphere of the present administration has been unfortunate in its reactions upon the Filipino leaders. The Governor-General, himself a distinguished soldier, is surrounded by a group of American army officers who serve as assistants, aides, and confidential advisers. These officers have excellent military records but evidently lack training and experience in the duties of civil government and in dealing with legislative bodies and civilian officials. Instead of facilitating coöperation between the Governor-General, on the one hand, and the Filipino heads of the executive departments and the legislative leaders on the other, this group has been one of the factors which have made such coöperation difficult."

The President assumes that the Filipino people are entirely ignorant of how fortunate they are under American rule, and how disastrous any attempt on their part to terminate it would be. It is fair to assume that they are a very intelligent people and they know what American rule means. They know whether it is for their advantage or not, and now after trying it day by day for more than a quarter of a century they are more anxious than ever to be free, and the spirit which led them for four years to battle for their freedom at enormous loss of life and property still burns in their hearts. They are some twelve million of people, far from our shores; it certainly is not safe to treat them as if they did not know what their own interests are, and as if the United States had only to decide whether they are well-governed. Military officers cannot safely be trusted with absolute power to govern a free people.

The President says boldly that the Philippine Islands "have the rights and privileges of American citizens without the obligations." They are governed by the Congress of the United

States in the last resort and by the President. They have no voice in the choice of either. The President says of the United States Government: "It cannot if it would avoid the obligation of deciding the degree of self-government which the people of the Philippine Islands are capable of sustaining at any given time. The responsibility both to the Filipino people and civilization is there. It cannot be shifted." This is an assertion of absolute power to determine the future of the Philippine Islands without consulting the people. It requires audacity to deny at one moment their right to express their wishes and in the next to insist that they have "all the rights of American citizens." To an American who knows what those rights are it is a very shocking statement.

In conclusion, it must be observed that from the beginning of the President's message to the end there is nowhere any suggestion that the United States has ever made a promise to grant independence or that it ever will, nor a word to encourage the Filipinos to hope that independence is only postponed but must ultimately be granted. On the contrary, the President asserts absolute rights in the Islands by virtue of the power which the wealth and population of the United States gives it.

The question of how this country should deal with the Philippine Islands is a question for the peoples of the two countries to decide. So far as the United States is concerned, it is a question for Congress, and Congress by the Jones Bill fixed the policy of this country. It is not within the constitutional power of the President to change this policy. But he makes it clear that he does not propose to carry it out. In the last Congress, when the Committee of the House was preparing a bill to grant independence after a certain period, he gave distinct notice that he should veto it. He is afraid that the Filipinos would vote almost unanimously for independence, and that such an expression of their desire would be respected by the people of this country, for he says, "Few people will vote against independence for themselves or against independence for anybody else." But he is not in sympathy with this universal feeling.

In a word, the President undertakes to determine the future relations of some twelve million Filipinos and more than a hundred million Americans without consulting either people or their representatives. The result may well be an Ireland of our own, ten thousand miles from our shores.

NEW LAWS AND NATIONALISM IN MEXICO

By Frederick F. Barker

FOR some thirty years Mexico was at peace with herself and the world. Her people were law-abiding and respectful of all authority. Her national finance was sound and her credit good. Foreigners and foreign capital were welcomed and accorded generous protection. Large enterprises received governmental encouragement, and business prospered. Church and state coöperated in the maintenance of law and order.

Then, in 1911, as the outcome of a short and decisive rebellion, the military dictator who had ruled Mexico for some three decades was supplanted by a civilian outsider. From 1910 until the middle of 1924 armed revolutions prevailed. In the last seventeen years the Republic has set up twelve presidents, of whom two were shot to death and most of the others forced into exile. Only one has succeeded in serving out the full presidential term.

The Diaz régime, which Madero so easily overturned, had outlived its purpose. A new political order had become inevitable. At that time the control of public affairs had long been in the hands of an exclusive and venerable coterie known popularly as the *Científicos* — the scientific rulers. Although entirely without official corporate recognition, this body of men constituted a sort of presidential privy council. Even the Supreme Court and the national congress took orders from them. Such orders were always transmitted orally and were appropriately dubbed *consignas*, or watchwords. Political elections throughout the country were purely formal, the candidates to be chosen being designated in advance from the president's palace. Clearly, such a régime was too aristocratic to endure indefinitely. It made no provision for the civic development of the middle classes. The slogan of the victorious Maderistas, "Effective Suffrage — no Reëlection," is still the official national motto.

A second important factor in the success of the anti-Diaz and later rebellions was the condition of the indigenous population, the peasantry. As a result of ill-advised legislation the Indians had, for the most part, lost possession of their lands, and of course readily espoused any cause which promised their restitution.

THE NEW POLICIES

But the political aspirations of the middle classes and the so-called "insatiable appetite" of the Indian for lands and water were not the only ideals of the revolutionists. This is apparent from the official and semi-official pronouncements of their recognized leaders. In 1918, Venustiano Carranza, constitutional president for three years, in his reply to a formal protest made by Great Britain against certain petroleum legislation, based his justification on the following socialistic doctrine:

"According to the modern conception, property is nothing more than a social function bound up with the prosperity of the state."

In the formal declarations made to a representative of the New York *World*, June 27, 1921, by General Alvaro Obregon, then president, and the only chief executive since 1911 who has served the full legal term, will be found a trenchant expression of the new official attitude toward foreign capital:

"Today we profess the principle that the natural resources of the nation belong to the nation. Never will the Mexican people tolerate a government not founded upon this principle. . . . This does not imply, in any sense, a policy of isolation. Mexico is not so obtuse as to think that she can live or work alone, nor has she any such desire; but in the future we shall demand an equitable participation in her development. We have broken forever with the policy of gifts, bribery, and submission. We shall invite foreign capital, and it will be treated justly, but we will not concede excessive privileges at the cost of the rights of the people."

The foregoing statements are recited with approval by Señor A. J. Pani, speaking as Secretary of Foreign Relations, in a formal note addressed to the American Ambassador, May 24, 1922. The same note contains also this significant statement:

"It is necessary to point out, finally, that the grants and restitutions of commons of land [to village communities] should be viewed rather as a tardy obedience to the just order issued by King Phillip [of Spain] at the dawn of the eighteenth century, than as a manifestation of acute and advanced Bolshevism."

Licenciado Fernando Gonzalez Roa, one of the two commissioners who represented Mexico in the drafting of the United States-Mexican claims conventions of 1923, and now the Mexican member on the Special Claims Commission appointed thereunder, is a recognized exponent of the revolutionary ideals. The following extracts are taken from an address given by him in 1922 before the Second National Congress:

"Property rights are not immutable, but must be made subject to the limitations demanded by the progress and well-being of society."

"The régime of private ownership [of metal and petroleum deposits] is essentially unjust, because minerals are the products of nature and not of man."

"Throughout the world there has recently taken place a marked movement toward the nationalization of industries, not merely with fiscal aims but as a social reform. The tendency is to centralize in the hands of the community, as an entirety, the public utilities and means of production, and to distribute, in so far as may be possible, the wealth owned by the few."

In an address given by President Plutarco Elias Calles before a labor convention in March of last year, the economic policy of the present administration was proclaimed in these terms:

"I have endeavored to demonstrate that Mexico can, with its own resources alone, be developed and win its economic freedom. . . . My object has been to achieve the economic independence of our country, because without economic independence political independence is impossible. . . . You may rest absolutely assured that *this* we will do — Mexico, economically, shall be independent."

President Calles has now been in office some two and a half years and the policy of his administration continues to be the achievement of political independence for Mexico by the way of economic independence.

The essence of political revolution is force. Success is its immediate justification. Sooner or later, however, it must adapt its victorious ideals to economic necessity and international demands. This is Mexico's present problem. In the main, the international demands made upon her relate to property acquired by foreigners before the revolution, or in legal terminology, to pre-revolution vested rights. Since, in addition, the industrial development of Mexico has always been and still is very largely a product of foreign capital, her difficulties become most apparent in the domains of economics and international law. Her struggle is to satisfy the foreign capitalist and foreign home secretaries that her revolutionary legislation is in harmony with the basic principles of sound business and of equity as commonly conceived.

THE NEW JURISPRUDENCE

Article 27 of the Political Constitution of 1917 contains a short passage deserving of careful perusal, since it embodies in succinct form the gist of Mexico's new socialistic legislation. It reads:

"The nation shall have at all times the right to impose upon the private ownership of property such qualifications (modalities) as the public interest may dictate, as also to regulate the enjoyment of the natural elements sus-

ceptible of appropriation, in order to achieve an equitable distribution of the public wealth and to safeguard its conservation."

Under the new Mexican jurisprudence the restriction, modification, or curtailment of a right by the state does not entitle its holder to compensation. Indemnity may be claimed only where there is an expropriation of the property itself. For instance, the legal requirement that a foreign company must dispose of its control of agricultural lands to Mexicans within ten years is viewed merely as a curtailment of its ownership rights and not as a condemnation. On the same principle the owner of a large tract may lawfully be compelled, without state compensation, to subdivide his land and to sell it out to colonists. Or the holder of oil deposits may be required to exchange his fee ownership for a government franchise limited to a term of years. The foregoing illustrations are culled from recent Mexican laws. Belonging to the same new jurisprudence is the doctrine that property ownership carries with it the legal obligation to use and develop. Owners are no longer to be permitted to allow property to lie idle and unproductive. This doctrine of compulsory use has been applied tentatively even to property vested before the revolution, but such action has always provoked diplomatic protest when foreign interests were involved.

An effective nationalization (in the current Mexican sense) of the larger industries would prove difficult of attainment if the law did not provide for the condemnation of property, as distinguished from a mere curtailment or restriction of rights. The new Constitution provides, accordingly, that property may be expropriated "on the ground of public utility and by means of indemnity." It specifies also that the subdivision of large landed estates, the creation of new centers of agricultural activity, and in general, the conservation of property and of the natural elements in the interests of the social organism, are each and all matters of "public utility," the promotion of which is legal warrant for the condemnation of private property, with payment of indemnity to the expropriated party. By virtue of this broad constitutional sanction, successive recent laws have declared virtually all the leading industries to be of public utility, thus rendering lawful the condemnation of property in their promotion. That an industry declared to be of public utility may lawfully be engaged in by the state, acting for the common weal, is deemed a necessary corollary of the principles above enunciated.

In the matter of the indemnity, the departure from precedent has been radical. Under the Constitution of 1857 and the related practice, the compensation was made in money, paid over prior to the act of expropriation, and as a result of a judicial award based upon a market appraisal of the property. Under the present practice the compensation may be in the form of bonds, with liquidation spread over a number of years, and fixed as to amount by the administrative authorities on the basis of tax valuation. Some leading Mexican jurists contend that the current practice cannot be justified under the terms of the Constitution. Foreign governments also, acting in behalf of their nationals, have protested on grounds of natural equity.

THE SOIL, THE SUBSOIL, AND THE MINING LAWS

Before examining in detail some of the salient features of the recently enacted mining and petroleum laws, a word should be said in preface. The reality jurisprudence of Mexico, unlike that of the common law, is based on the theory of a juristic separation of the surface soil from the sub-surface deposits. Furthermore, during the Spanish domination, deposits of at least the precious metals belonged exclusively to the king. In the picturesque language of the period, they were jewels encrusted in the royal crown. When Mexico gained her independence a century ago this crown ownership passed to the Mexican nation, represented by the central or federal authority.

Under the different mining laws in force since 1884, and until the promulgation of the new code in May of last year, mineral ground was granted out to the first applicant, under federal franchises popularly termed concessions. The grant was in perpetuity, subject only to the payment of a tax or rental. This was computed upon an acreage basis and fixed periodically by Congress. Failure to pay the tax resulted in a reversion of the mineral ground to the state. In effect, the concessionary was absolute owner of the mining claim so long as he paid punctually his acreage tax. Since 1892 and up to August of last year, the mine owner was free to work his claim or to leave it idle. The provision of Article 27 of the Constitution of 1917 which requires all concessionaries to work their holdings continuously, had never been enforced in regard to mines, except sporadically during a short period of the Carranza administration.

The new Code of Mining Industries, as it is styled, was promul-

gated May 3 of last year and became effective as of August 1 following. The related detailed regulations were promulgated on the twelfth of the same month. The outstanding features of this important mining legislation are here summarized:

The old system of granting concessions to the first applicant is substantially retained. But the duration of the term of the grant is limited to thirty years, renewable for a second like term; maximum franchise areas are established for the different classes of minerals; and a monetary deposit is required of the grantee to guarantee performance of the conditions of his concession.

The requirement of continuous and regular operation, which had been abolished since 1892, is restored.

National ownership is resumed in the case of several important classes of minerals formerly deemed private property, including coal, the mineral fertilizers, the ochres, amber, industrial chemicals, and the like. In general, the proprietary rights of the landowner are restricted under this legislation, to the soil proper, its vegetable growth, the substances available as materials for construction, and certain very limited water rights.

The government collects a royalty on all minerals extracted, the rate being fixed annually by Congress. This royalty is in addition to export, refining and other taxes.

Engagement in the milling, smelting, refining, warehousing, or mechanical transportation of minerals, now calls for a special federal franchise, except when these operations are confined to the area embraced in the mineral grant.

Foreign individuals, but not foreign companies, may obtain concessions under a special executive permit, subject to formal waiver by the concessionary of foreign protection in respect of the rights to be acquired. A foreign company is absolutely barred from acquiring any right or interest whatsoever in a concession issued under the new Code.

In every mining or related industry, from 50% to 90% of the different grades of higher employees, and 90% of the laborers, must be Mexicans.

The recording of all mining titles and contracts is centralized in Mexico City.

Provision is made for a marked increase of governmental intervention and control in all branches of the mineral industry.

The new Code recognizes the validity of the mining titles issued under prior laws, but the exchange of such old titles for concessions to be governed by the new Code is encouraged.

NATIONALIZATION OF PETROLEUM DEPOSITS AND THE NEW PETROLEUM CODE

The petroleum industry in Mexico is the growth of barely a quarter of a century. "El Ebano," which was the first well in the Republic to produce oil in merchantable quantities, was not brought in until the year 1901, and the famous "Dos Bocas" did not gush until 1908. The Mexican oil fields were not any considerable factor in the petroleum production of the world until

some time after 1910, the year of the Madero outbreak. Prior to 1884 the Mexican laws contained nothing specific regarding the ownership of petroleum deposits. The question had not yet become of commercial interest. Under the mining codes of 1884, 1892 and 1909 oil deposits were declared to be the exclusive property of the owner of the land and to be freely exploitable by him without need of any government grant or permit. By virtue of these codes, in the opinion of most American and many Mexican jurists, the state formally relinquished all ownership rights to petroleum existing in private ground.

The struggle to nationalize the petroleum industry began in the year 1914. In 1917 the new Constitution declared all oil deposits to be national property. By 1920 the rule that no well may be drilled anywhere in the Republic without a federal permit had become firmly established, not only in law but likewise in practice. At the present time the industry is effectively controlled by the federal power.

Obviously a legal revolution of this magnitude could not be consummated without a serious conflict with vested interests and much legal controversy. Briefly, the contention of the Mexican Government is that the three mining codes above referred to created in favor of the landowner merely a faculty or expectancy in respect of the petroleum, and did not vest in him the ownership proper; that to acquire ownership some positive act of appropriation of the petroleum was necessary; that where, prior to May 1, 1917, the surface owner or his assignee had clearly expressed his intention to appropriate the oil deposits, he acquired vested property rights therein, but not otherwise; and that such act of appropriation became impossible after the adoption of the new Constitution nationalizing all mineral deposits. Reduced to plain terms, the government's position is that its relinquishment of the petroleum was merely a revocable gift — since withdrawn wherever acceptance cannot be proved; and that, in any case, a man cannot acquire a thing the very existence of which he does not even suspect.

The above reasoning is in general the basis of the so-called Texas Oil decisions of the Mexican Supreme Court rendered in 1921. Substantially, these decisions confirm the vested rights of the large oil-producing companies. As to the private landowner, who perchance dreamed of hidden oil wealth in his estate but did nothing before 1917 toward realizing his dreams, he is without

recourse in Mexico. If he is a foreigner his government may press his claims. The State Department at Washington seems disposed to do this. In the meanwhile he must console himself with the sop (conceded to all landowners by the new petroleum code) of a 5 percent royalty of the oil produced on his property.

For nine years after the adoption of the new Constitution nationalizing all petroleum deposits, the industry was regulated entirely by executive orders and decrees. No congressional petroleum law was enacted until December of 1925. Under the comprehensive code then promulgated and the detailed supplementary regulations published in April of last year, the exploration, extraction, transportation by pipe-line, and refining of oil are now permissible only by virtue of a federal concession. The basic provisions of the new legislation are:

A concession to explore for oil is legally distinct from one to extract, the latter being obtainable, as a general rule, only by a person already holding a concession first to explore the ground solicited.

Exploration concessions may be for a term of from one to five years; extraction concessions may not in general exceed thirty years.

The ground embraced by a concession may not exceed 250,000 acres in lands which are known to be potentially petroliferous; nor twice that area otherwise.

A concessionary with right only to explore must expend annually the equivalent of from ten cents to one dollar per acre in exploration work, the rate depending upon the amount of the acreage and the known nature of the ground, the smaller and more promising the area, the higher the rate. Where the term of the concession exceeds two years, the rate applicable for the first two years is materially reduced.

A concessionary with right to extract must either produce a daily minimum of two cubic meters of oil per 250 acres or expend in the exploration the same annual amounts which are required of concessionaries with right only to explore — indicated in the last preceding paragraph.

Where the extraction is in public or national land, a royalty is payable to the government of from 5% to 15% of the daily gross product of each well; the higher the production, the higher the royalty percentage collected.

When the extraction is in private land not bought or leased for oil prior to May 1, 1917 (the date on which the new Constitution became in general effective), the concessionary must turn over to the freehold owner, or assignee of his rights in this regard, 5% of the gross production. This is by way of indemnity to the freeholder for his former so-called expectancy rights in the oil deposits, which were lost in the process of nationalizing these deposits.

3. The above royalties are payable in addition to export, production, and other taxes.

Concessionaries are required to make substantial monetary deposits with the government to guarantee due performance of the conditions of their franchise.

At least 90% of all the workmen engaged in any petroleum enterprise must be Mexicans; and of the other classes of employees the native proportion required is 50% of each grade during the first year of the concession, augmented annually and progressively to 90% in the fifth year.

In regard to the much-controverted question of vested oil rights, these are to be confirmed by means of concessions granted in accordance with the provisions of the new law, but without obligation to furnish the monetary deposit referred to above. Claimants of vested rights are required by the code to produce (before the expiration of the year 1926) an instrument of lease, sale, option or assignment, executed before May 1, 1917, and evidencing an intention to appropriate the oil deposits. The confirmatory concessions are issued for the term of fifty years, reckoned as from the date the vested interest was acquired, and may be renewed upon expiration under certain conditions.

Holders of vested oil rights are not exempt from the constitutional requirement of continuous operation indicated above, but they are permitted to prove past expenditures of money in liquidation of the future annual disbursements demanded under the new law, in cases where the oil production does not attain the legal minimum established.

The diplomatic correspondence exchanged recently with the Mexican Government indicates that the State Department at Washington regards as confiscatory the forced exchange of vested petroleum rights for restricted concessions of limited duration; also that, in its opinion, the new Mexican policy of making the use and development of property compulsory upon the holder cannot lawfully be applied to rights which vested prior to May 1, 1917. These and other like questions relative to the vested rights of foreigners in Mexican property are still the subject of active international controversy.

THE AGRARIAN ISSUE

Up to within comparatively recent times, land tenures in Mexico were either communal or quasi-feudal. Untrammelled individual ownership of rural property is of later development in the Republic. Until the middle of the last century collective ownership by the Indian village community existed side by side with tenure by the Catholic Church or by wealthy *mestizo* or foreign families. Under all of these three conditions of ownership the indigenous natives (who today still constitute the great bulk of the population) were cultivators of soil in which they had a direct personal interest, either as communal owners or as tenants in some form. When they were cultivating as tenants, the rentals consisted usually of a share of the produce or of services to be rendered, or of both. The relation between landlord and tenant was largely personal and feudal in character.

As a consequence of the mortmain reforms of the 'fifties of the last century, supplemented by the capitalistic legislation of the Diaz régime, the collective ownership by the village community was deprived of legal recognition, and property then so held rapidly passed into the hands of the wealthy plantation or cattle owners or of land speculators. By degrees, also, the system of cultivation of large estates by means of service tenants, who toiled alternately on their own small holdings and on the plantations of their landlord, was extensively superseded by the system of day-labor paid for on a monetary basis. With communal ownership and the quasi-feudal tenancies both eliminated, the Indian soon became a mere peon or serf, bound to the soil by a labor contract or in consequence of advances made against his future earnings. He had lost his stake in the land, and the low wage he received effectively stifled any hopes of economic betterment.

The return of the land to the indigenous population is perhaps the most fundamental part of the revolutionary program. During the past eleven years over two thousand village communities have received awards of agricultural lands, totalling some fifteen million acres. This agrarian policy, as it is called, is still in active prosecution. The awards made have been either in the form of a restitution of lands of which the Indian community had been dispossessed, or in the form of a land endowment sliced out of some large private estate. In a few instances the endowment has been made out of public lands. The practice followed generally has been to appease the Indian with expeditious physical possession, questions of legal title and possible compensation to dispossessed parties being left for subsequent determination. Regarded practically, this was the only course open to the leaders of a successful revolution so largely agrarian in its platform.

Under recent legislation the legal tenure created by these restitutions and endowments is made quasi-communal in character. The tillable land is divided into lots, to be held by single families as a homestead. The lots cannot be sold, mortgaged, or attached for debt, and are administered by the head of the family for the family benefit. The wooded and pasture lands and the water rights are made the collective property of the community, to be administered by a committee elected by the villagers. It will be seen that the law aims to effect a partial restoration of the communal tenures to be found in early village communities. It is too early yet to estimate the economic wisdom of such an attempt.

Another and somewhat distinct feature of the revolutionary agrarian policy is the development of new agricultural colonies. The means employed, as detailed in a law enacted April 5, 1925, are the compulsory subdivision and sale in small lots of large estates. Where the landlord will not subdivide his property voluntarily, the land may be condemned and the colonization undertaken by the federal government. Colonization enterprises formed hereafter may operate only under a federal permit or franchise. Provision is made in the law for a large measure of governmental control and supervision of such enterprises, even to the extent of fixing the terms on which lots are to be sold. A certain proportion of the colonists must be Mexicans. A limit is set to the area that may be held by any one colonist. The administration of the colony interests must be coöperative.

As in the case of the petroleum industry, the program of nationalizing the agricultural sources of wealth has encountered stubborn opposition from the holders of vested interests, principally because of the scheme of indemnization adopted. The basis of compensation is the assessed tax valuation, plus 10 percent, payment to be made in the form of 20-year government bonds carrying 5 percent annual interest. In the great majority of the cases of land condemnation the matter of compensation is still pending, chiefly for the reason that the parties in interest have declined to accept bonds in liquidation of their claims. The bases of indemnity indicated have been characterized as inequitable by foreign governments speaking in behalf of their nationals.

WATERS AND FORESTS

In most regions of Mexico the annual rainfall is low. Consequently agriculture involves irrigation. Up to the close of the last century the waters of all springs and streams and lakes were either privately owned or deemed to be the patrimony of the public at large. Over the more extensive bodies of water the federal government did indeed exercise a large measure of control, but this was jurisdictional rather than proprietary. Since 1902, however, the number of streams and lakes declared to be federal property has been rapidly augmented, resulting in the present complete nationalization of virtually all the inland waters of the Republic. Their private use for irrigation purposes or for the development of electric power is now permissible only under a federal franchise.

A law enacted January 4 of last year paves the way for the execution of extensive irrigation projects in different parts of the country. Landowners may be required under this statute to construct and maintain irrigation works in all cases where public benefits would accrue therefrom, in the judgment of the federal authorities. If the landowners decline to undertake the work, the government may act in their stead, recouping the expense involved by a sale of part of the lands benefited. By a presidential decree of June 4 of last year the underlying principles of this law are made applicable also to private irrigation enterprises already in existence, thus permitting of their nationalization on grounds of public utility.

In the process of nationalizing the fresh waters of the Republic, previously-acquired interests have inevitably suffered diminution. Indeed, the recent legislation expressly provides for the "modification" of existing water rights and franchises in the public interest. To what extent compensation may be made later for such modification of interests, is uncertain. Under the new jurisprudence, as already indicated earlier in this study, indemnity is due only where the property itself is condemned, and not where a property right is modified or curtailed. The current national policy in regard to all the natural sources of wealth is to demand their active development by existing holders, failure to so develop being ground for an equitable distribution of such wealth in the interests of society at large. The passive conservation of rights by private owners with a view to possible future exploitation is diametrically opposed to the spirit of Mexican nationalism.

A law of April 5 of last year places all timber lands throughout the Republic under the direct control of the federation. Privately-owned timber may now be cut only under a federal permit and subject to detailed regulations prescribing the method and extent of the exploitation permissible. The purpose of the law, as expressed therein, is to conserve the timber resources of the country against waste and devastation.

BANKING, TRANSPORTATION AND TRADE

Early in the Madero revolution the government took possession of the banks throughout the Republic, with few exceptions, and appropriated the funds. Likewise it seized and operated the railroads. Both banks and the railroads have since been restored to

private ownership, the return of the railways occurring at the close of 1925. The government is making an effort to reimburse to the banks the funds appropriated and to make compensation to the railroad companies for the loss and damage suffered during the federal administration of the lines. Mexico acknowledges her liability in this connection, but her financial situation is retarding liquidation. The same is true of the service on the national bonded indebtedness, which was suspended from the year 1914 until June 30 of last year, when the service was resumed.

Prior to the revolution a number of the state and national banks were authorized to issue paper currency. Under the new legislation this privilege is restricted to the Bank of Mexico, created in 1925, which is in effect a government institution. Its bills have now been in general circulation for some two years and maintain their face value in the money market, in striking contrast to the various paper currencies issued by the different revolutionary governments during the early years of the rebellion. All banking in the Republic is now controlled directly by the federal authority.

In regard to trade, in the narrower sense of the term, Article 28 of the Constitution of 1917 prohibits the monopolization, cornering, or controlling of the market, as likewise any other act "constituting an undue, exclusive advantage in favor of one or more determinate persons to the prejudice of the general public or of any class of society." On June 28 of last year the president promulgated a law-decree, effective throughout the Republic six months thereafter, regulating these constitutional provisions. This law prohibits the storing of goods of general consumption if done to raise the market price; as also any other act tending to eliminate competition with a view to raising prices. A producer of wheat may not acquire or operate a flour mill. No single person or company may own or operate flour mills in different parts of the Republic. A person engaged in the commercial production of electric power is barred from engaging in the flour-mill business. Loans on stocks of grain, flour, lard, sugar and the like are forbidden, unless made to the producer himself. The aim of the law is to prevent the consolidation of allied industries or enterprises to the prejudice of the actual producer or of the purchasing public. Municipal authorities are expressly required to regulate sales of food stuffs, building materials, and other goods of popular consumption, and to report the regulations so enacted to the central government.

THE ATTITUDE TOWARD ALIENS

The tendency of the legislation from 1824 to 1911, when the Diaz régime fell, was to remove restrictions on the foreign ownership of property in Mexico, both real and personal. With very limited qualifications, applicable only to frontier and coast zones, the foreign individual, and the foreign company registered in Mexico, were placed finally on the same footing as the national in the matter of property rights. Equality had become the rule: the discriminations were negligible.

But under the new order, constitutionally inaugurated in 1917, the property status of the alien has been changed radically. A foreigner is now prohibited from acquiring, either directly or indirectly, land or waters within a zone of 100 kilometers (62 miles) along the frontiers and 50 kilometers along the coasts. In regard to land and waters elsewhere and to other forms of real estate, whether within or without the zones, the federal executive may, if it sees fit, grant to an individual alien special permission to acquire such, provided that he formally renounces all right of appeal for foreign protection in the enjoyment of property so acquired. So far, applications for such permits have rarely been denied. Foreign companies, even though they happen to be domiciled in Mexico, can no longer take title to real property there.

The freely-admitted purpose of Mexico's recent alienship legislation, in so far as it affects vested interests, is the progressive Mexicanization of all foreign titles to real estate. In the frontier and coast zones, lands and waters now owned by aliens may be conveyed hereafter only to a Mexican; other real estate, regardless of its nature or location, is transferable either to a Mexican, or to a foreigner who obtains a special permit and waives foreign protection in respect of such property. A foreign heir is allowed five years within which to Mexicanize the title to inherited real estate. In certain cases a foreign company must Mexicanize its stock control within the next ten years. A foreigner cannot lawfully use a Mexican company as a cloak to control real estate.

The new alien ownership law and its related regulations were promulgated in the early part of last year. They have been the subject of a copious diplomatic correspondence between Washington and Mexico City. The records show that differences of opinion still exist between the two governments as to the inter-

national legality of certain of its provisions and related regulations.¹

THE OUTLOOK FOR THE FUTURE

Ten years have elapsed since the new Constitution was adopted. Have its radical economic provisions become a dead letter? Clearly they have not. The three men who virtually have administered Mexico's national affairs since 1915 — Presidents Carranza, Obregon and Calles — have pursued essentially the same policies. During the two years that President Calles has been in office the nationalistic tendencies of Mexico have been accentuated. The recent laws reviewed above show that in relation to mines, petroleum, agriculture, waters, timber, banking, trade, and aliens, as well as labor and the church, which have not been dealt with here, the cardinal tenets of the revolutionary creed have been given detailed and specific legislative expression. In the administrative execution of these laws President Calles has shown himself both able and determined. There is scant indication from any quarter of a reversion to the old régime. Any general reaction, even if it be eventually inevitable, as many observers believe, is at least years distant.

Those of us who are conservative in temperament, both Mexicans and foreigners, have difficulty in appreciating the depth and breadth of the Mexican upheaval. It is hard for us to become convinced that the revolution was no mere accident but a direct response to long-suppressed new needs and desires, forcing themselves to the surface from every strata of society.

During the half century which preceded the Madero rebellion of 1910 the public policies of Mexico were controlled by three harmoniously working elements: the Mexican landlord, the foreign capitalist, and the Catholic priest. Since 1910 her policies have been directed by successive revolutionary leaders, supported in the main by the native public. The old type of Mexican landlord has been largely eliminated as a result of the agrarian legislation; and the status of the foreign capitalist and the Catholic Church is undergoing a radical transformation.

Nationalism has been defined as the self-consciousness of a nation. The form that the awakening has taken in Mexico is four-fold: popularization of the ballot; centralization of authority;

¹For more detailed discussion of Mexico's new alienship legislation, see the writer's article published by the Department of Commercial Laws, of the Department of Commerce, Washington, D. C., in the Comparative Law Series for June of last year (C. L. No. 130).

Mexicanization of property; and socialization of economic activities. The new order in Mexico is patriotic as distinguished from cosmopolitan; is characterized by increasing centralism as opposed to sectionalism; is strongly socialistic in tendency; favors labor as against capital; and is markedly democratic when compared with the aristocratic rule of the old *Científicos*.

Prior to the revolution the suffrage was an open farce. Since then much has been done toward encouraging a genuine expression of the popular will at the polls. The ballot has become a part, however small, of the national life. The best evidences of this are the acts of turbulence which so frequently attend its exercise.

The rebellion was, in its inception, chiefly a successful revolt against a centralized dictatorship. Since 1917, however, the movement has been toward an increase of the federal power in relation to the authority of the state governments. During the administration of General Calles there has been a marked strengthening also of the presidential authority. This is traceable in part to the vigorous personality of the present incumbent and in part to the national instinct of self-preservation. In this respect Mexico is following the same road as the new democracies in Europe.

Webster's dictionary gives a definition of socialism which seems to the writer to epitomize the economic aspirations now prevailing in Mexican official circles — "A political and economic theory of social organization, the essential feature of which is governmental control of economic activities, to the end that competition shall give way to coöperation and that the opportunities of life and the rewards of labor shall be equitably apportioned."

The spirit now in control in the Republic is no longer destructive or anarchical, but rather constructive and socialistic. The necessity of building up rather than of tearing down is gaining recognition. Among the civilians it is the skilled laborer whose political influence is in the ascendant. On just what levels a working compromise will finally be reached as between the conflicting claims of capital and labor, of autocracy and democracy, of the federation and the states, and of the native and the foreigner, cannot of course be predicted. Mexican nationalism is still in the experimental stage. All that can be stated with certainty is that the old order is dead and that several more years must elapse before the new order can become fully stabilized.

THE RESURGENCE OF AUTOCRACY

By William Bennett Munro

THE outstanding political phenomenon of today is the resurgence of autocracy on a world wide scale. Democracy of the militant type is everywhere in partial or total eclipse. Throughout Europe, and in America as well, one can observe a widespread reaction against liberalism in politics, — an aversion to the extreme implications of popular sovereignty, and a conspicuous predilection for order, economy, normalcy. All of which means that the world is running true to form and demonstrating anew the essential unity of its politics. This must inevitably be so, for under the conditions of today there can be no such thing as national isolation, whether splendid or otherwise. Even as respects the form and the spirit of its own government, a nation can no longer live unto itself. World currents, when they come, sweep right over the boundaries of nationalism, carrying the political opinions of mankind into one great and common stream.

Ten years ago America set out to make the world safe for democracy by turning a great war into a still greater one. The idealists who were carried away by the enthusiasm of those hectic days are inclined to look upon the present tide in the affairs of men as a strange and perplexing thing. They have been sadly disillusioned. Yet there is nothing extraordinary about this spectacular flare-back, so well synchronized over a large part of the earth's surface. Anyone familiar with the cyclic propensities of political evolution could have predicted it. For it is a truism that war has been, in all ages, a prelude to the autocrat's opportunity, and there are few occasions on which he has not managed to make full use of it. Autocracy is not merely a form of government but a state of mind, and war prepares the public temper for it in a most effective way. Autocracy embodies the attempt, not to apply a theory, but to meet emergent conditions — and war accentuates these conditions. War, in a word, has always been autocracy's most helpful friend.

The chronicles of international and civil conflict are studded with proofs of this. After the Persian wars came Pericles, and his personal rule in Athens endured for a third of a century. He called himself a leader of his people, not a tyrant — but so does Mussolini! And after the exhaustion of the Peloponnesian wars came

Philip of Macedon. The Punic wars ushered in the age of the Gracchi, the triumvirate, and the Caesars. They served as a prologue to the collapse of the Roman Republic. The feudal autocracies of the early mediaeval period grew out of the political demoralization which followed the collapse of Roman imperialism in its long and exhausting struggle with the barbarian hordes. The despots of the Dark Ages, from Clovis to Charlemagne, drew their political power from triumphs at arms. The history of the early modern world inculcates the same lesson. It was the long Wars of the Roses that made the Tudor autocracy possible in England. On the Continent, the seventeenth century was an epoch of great wars and the eighteenth an age of despotisms, not all of them enlightened. The English Civil War begat its Cromwell, who demonstrated his reverence for the sovereignty of the people by turning the House of Commons out of doors. The French Revolution and the general European wars that accompanied it gave France a Bonapartist emperor in place of a Bourbon king, with prefects replacing intendants as the minions of autocracy. The American Revolution began with Jefferson, Otis, Sam Adams and Patrick Henry, but in the aftermath it was Washington and Hamilton who wielded the power. Indeed it would be difficult to find, in all history, any notable occasion on which democracy has achieved an immediate and secure lodgment as the outcome of a great military struggle. The disservice which war has rendered to the cause of democratic progress ought to be a commonplace, but it is not. Otherwise the American people would not have waxed so enthusiastic over the presidential rhetoric of a decade ago.

The years that have intervened since the plenipotentiaries put their signatures to the peace treaty at Versailles have merely stressed an old lesson anew. Wilson, Lloyd George, Clemenceau, Orlando, Ebert, Lenin, and Venizelos were the outstanding personalities in the world politics of that day, all of them prefiguring in various shades the radical or liberal idealism of their respective lands. Without exception they have now passed off the stage. It is a far call from this galaxy to the reactionaries and realists of the present hour — Mussolini, Pilsudski, Rivera, Rykov, Hindenburg, Poincaré, Kemal, Kondylis, and Baldwin. Even in the White House at Washington there is snugly ensconced one who would hardly be called a radical in any sense of the term. This entire cycle, both surging tide and undertow, has run its course

within the space of nine brief years. Surely an impressive overturn!

Yet it is by no means a surprising one, for the men who are best fitted to carry a country through a war era are the least fitted to perform the difficult and tedious tasks of reconstruction which become imperative after the war is done. A nation at war calls for leadership by those who can give expression to the militant idealism of the people, strengthen their will to victory and deepen their moral fervor. It calls for men who will look forward and drive along, regardless of the political and economic disorganization that they may cause. People expect to see traditions wrecked in war time, and account this a part of the inevitable sacrifice. But when the guns are silent, and the navies melt away, they speedily become alive to the fact that leadership of an altogether different sort is needed. The times and circumstances then call for less emotional statesmen — for plain, blunt men who have patience to grapple with the details and realities involved in the framing of new constitutions and in liquidating the economic burdens imposed by the war. Such men, as it happens, are almost invariably to be found in the ranks of the conservatives.

Accordingly, there are three fundamental reasons for the resurgence of autocracy in Continental Europe during the past half-dozen years. It may be well to state these reasons in brief and then explain them, one by one, more fully. In the first place, the parliamentary system of government, coupled with the disintegration of political parties, has facilitated the exercise of dictatorial powers under the cloak of constitutionalism. Without this easy channel for its emergence, autocracy would have had much rougher sledding. The second reason is to be found in human nature; in the inevitable aversion of mankind to stay keyed up to a high pitch of moral exaltation for any longer time than is absolutely essential. To the souls of men the spiritual inflation of war time is very exhausting, and it is no marvel that they should welcome a scheme of government which makes no further call upon the national emotions. Third, and perhaps most important of the three, is the stern necessity for post-war retrenchment in governmental expenditures, for heavier and more inclusive taxation, and for the rigorous stimulation of economic production.

But no government can push such measures through, in the drastic form which the aftermath of a great conflagration de-

mands, and still remain a popular government. No government which holds itself responsive to the whims and caprice of a disillusioned and resentful populace can jack up the public revenues, fund the debts, peg the standard of values, balance the budget, resist the pressure for war pensions of all kinds, and shake off the horde of payroll patriots who have established a short circuit between themselves and the public treasury during the war era. All such measures are highly unpopular, and politicians of the traditional stripe cannot be induced to father them; yet the whole program must somehow be carried through or disaster will ensue. And so, when democracy comes into head-on collision with the stern necessities of governmental finance and economic rehabilitation, there is only one thing to do. The democrat goes out and the autocrat comes in. Neither a government nor a people will suffer itself to be starved in the name of political idealism. Let us look a little more closely at these three reasons for the ascendant autocracies of today.

II

The new constitutionalism has had something to do with it. During the years immediately following the close of the war Europe entered upon an orgy of constitution-making. New organic laws, bringing the foundations of government into accordance with democratic principles, were framed and adopted during the years 1919-1922 by the German Reich, by Prussia and the other German states, by Russia, Austria, Poland, Czechoslovakia, Jugoslavia, Finland, Latvia, Esthonia, Turkey, and Southern Ireland. Radical changes in the old governmental structure, although not involving the adoption of new constitutions, were made by Italy, Spain, Hungary, and other countries. Here was the opportunity (if ever there was one) to put democracy in the saddle, with its feet in the stirrups, so firmly that it could not be thrown. The makers of new constitutions in these various countries, it might have been thought, would have closed, bolted and barred the paddock against the return of autocracy in any of its forms. But they did nothing of the sort. On the contrary, they opened the gates for its comeback. Not intentionally, of course, but that has been the outcome of their work. Under any scheme of government, it would have been difficult to make democracy safe in the war-torn countries of the Old Continent during the past half-dozen years; but under the arrangements which these

constitution-makers set up, it has scarcely been accorded a sporting chance.

Without exception all the new constitutions which have been adopted by European countries since the war are based upon the principle that the executive shall hold itself responsible to the legislature; in other words, these countries have chosen the parliamentary as distinguished from the presidential form of government. But the whole course of political history has proved beyond peradventure that the parliamentary form of government does not operate satisfactorily, even under normal conditions, when the members of the legislative body are divided into numerous political factions, no one of which can hope to muster a majority. Under conditions of grave emergency it does not operate at all. No axiom in the science of government is less open to challenge. The multiple party system as it existed in France and Italy before the war proved itself an insurmountable barrier to the pursuance of a firm, consistent, stabilized executive policy.

This being the case, it might have been taken for granted that the framers of these new constitutions, and of the new electoral laws, would have set themselves to the task of encouraging the development of the numerous political factions into two or three strong political parties, as in Great Britain, thus affording the principle of ministerial responsibility a chance to function properly. But that is not what they did. Instead of setting up constitutional and legal provisions which would encourage the unification of factional groups, they insisted upon putting into operation the surest guarantee of perpetuated factionalism that the ingenuity of man has yet been able to devise; to wit, the system of proportional representation. Under this scheme of vote-counting, as it now exists in most of the continental countries, no political party has the remotest chance of gaining a firm control of the elective chamber and thereby holding the executive to a direct and continuous responsibility. And in the absence of such control, the process of lawmaking degenerates into a *melée* of factional bickerings, day after day, with nothing done. Deals and dickers, with *blocs* forming and re-forming like the bits of glass in a kaleidoscope, with no hope of a consensus on anything constructive — that is what the new constitutions secured for most of Continental Europe during the years which immediately followed the close of the war.

The *groupements* fought or fiddled while the franc, the lira, the

mark, and the peseta went skidding down. Inevitably the public temper grew restless. Into such a situation it was quite natural that the executive authority should project itself, usurping powers that do not constitutionally belong to it, but giving the people what they could not get in any other way. What else was to be expected? For the eclipse of democracy and political liberalism, the countries of Continental Europe can lay a share of the responsibility upon the relative impotence of their elective legislatures, due to the disintegration of political parties; a feature which has been actively encouraged by the system of proportional voting.

In speaking of these new European constitutions and of their conspicuous failure to prevent the rise of dictatorships under the forms of law, one may digress to comment upon the inverted political hegemony of the United States, as it has been demonstrated during this era of reconstruction. Everybody recalls, of course, the seeming avidity with which the oppressed nations of Europe turned to the United States for inspiration, leadership (and financial succor), after America entered the war. One and all, they disclosed a ravenous appetite for the slogans of democratic idealism that rained from the White House like manna from on high. The Fourteen Points were gulped as a new and elongated decalogue. Not for an instant did the rank and file of Americans appear to doubt that if Poles and Czechs and Finns (not to speak of Irishmen) were vouchsafed the right of self-determination they would speedily and with one accord assure themselves the blessings of political liberty by framing constitutions on the American plan. Such action on their part, we assumed, would be nothing more than the ordinary exercise of political good sense, in view of the monumental successes achieved by the American democracy both in peace and war.

But never has an expectation been more completely unfulfilled. Not one of these countries, in the flush of its new-found independence, turned to America for light and leading. The fact that their right to self-determination was in considerable measure the outcome of American insistence counted for nothing. Not one of them, from Esthonia to Ireland, incorporated in its new constitution a single important feature drawn from the governmental practice of the United States. With amazing unanimity they brushed aside all that we believe ourselves to have contributed to the art of popular government. And most significant of all was

their disinclination to accept, or even to consider seriously, the principle which Americans have always regarded as the chief cornerstone in democracy's wall of defense against autocratic power.

The whole structure of American government, as everyone knows, is founded upon the doctrine of checks and balances. Our treatises and textbooks have argued that this separation of powers is the only dependable safeguard against autocracy. Most Americans are convinced of it. What more natural, then, than that they should have expected the new democracies of Europe to seize upon this well-tested palladium of liberty and build their governments around it, to the end that power should always be a check to power, and the likelihood of executive dictatorship eternally forestalled? Yet not one of them did it. Not one of them, indeed, could be persuaded that the principle of checks and balances had rendered the slightest service in protecting the people of the United States against governmental oppression. In witness whereof, the framers of these new European constitutions pointed to the experience of the Latin-American republics. Virtually without exception, these southern republics of the New World set out to operate their governments in accordance with the dogma of Montesquieu, just as the United States had done — but, alas, with what results? Nowhere else throughout the world has executive dictatorship found more fertile soil than in the long stretch from the Rio Grande to Cape Horn. The makers of these new European constitutions were not oblivious to the lessons of history. They were acquainted with the course of politics in North America — and in South America too.

Most intelligent Europeans attribute the power and prosperity of the United States to the simple fact that great natural resources have been exploited by a vigorous population. The form of government, they believe, has had nothing to do with it. If anything, it has hindered rather than helped. That being their conviction, they have seen no reason for borrowing from the American plan of government either its fundamental doctrines or its distinctive features, such as the executive veto, the ratification of treaties by the Senate, the confirmation of presidential appointments, the measurably equal powers of the two Houses, the residual powers of the states, or the ironclad bill of rights. Europe may be all wrong in this attitude of irreverence towards the "great and glorious landmarks" of the American constitution; but it comes as

something of a shock to our rugged complacency (so earnestly promoted by textbooks of civics and by Sentinels of the Republic) that the disparagement should be so universal among European statesmen and scholars alike. *Et tu, Erin!* That the new constitution of the Irish Free State should have borrowed from England, France, Switzerland, and Canada, but nothing at all from us, is assuredly a trifle disillusionizing, or ought to be. Yes, the only thing that any of them borrowed from us was — money.

III

But to return from this digression upon the inverted world-hegemony of the American constitution to the specific reasons for the swing to the Right; to conservatism, reaction, fascism, and autocracy in these European lands. Mass psychology appears to be the second contributing cause. For four long years the governments of the warring countries appealed to their people in terms of idealized nationalism and patriotic self-sacrifice. They called for a cessation of all partisan strife within their own borders and they pleaded for a complete unification of the will to victory. These appeals met with a cordial response. All that was sordid and factional in politics stood adjourned. The political ideals of the people were lifted to a new and higher plane under the inspiration of this great "war to end war."

Meanwhile, however, these same governments were preaching to their people, in even more stentorian tones, sermons of hate and violence towards all enemies, force without stint or limit, direct action, and the justification of war measures which rode roughshod over constitutional rights and personal liberties. Propaganda by the ton was loosed upon whole populations, — circulars and official *communiqués* which paid no heed to the elemental distinction between truth and falsehood. The world, during these war years, saw the curious spectacle of a dozen great governments laboring for the spiritual exaltation of their people with one hand and shoving out fraud with the other. The truth and the incongruity dawned upon everyone when the smoke of Armageddon cleared away. And it is small wonder that the primal emotions which were stirred to the surface by these appeals to savagery, hate, force, violence and duplicity have not subsided overnight. On the contrary, they have merely been diverted to internal politics and have there given inspiration to a revival of the old

doctrine that they should take who have the power and they should keep who can. You cannot teach the law of the jungle to millions of men for a quartette of years and expect them to forget it within a season. Man's nature being what it is, such teachings are far easier to inculcate than to erase.

Democracy rests upon tolerance. Its successful operation postulates a nation of fair winners and good losers. There can be no democracy deserving of the name in any nation where it is accounted a misdemeanor to oppose the party in power. The phrase "His Majesty's loyal opposition," as President Lowell once pointed out, embodies the psychological basis of England's democracy. Yet the war taught none of the combatants any lessons of tolerance. In none of the warring countries did the government display a spirit of patience with opposition and objectors, whether conscientious or otherwise. On the contrary, in all of them, political non-conformity was either cajoled or clubbed into submission. Intolerance was fomented in the name of patriotism. People thus became accustomed to ruthless assaults upon freedom of the press, freedom of speech, and the liberties of the individual. They grew callous to such things. Why should anyone have expected that the mere signing of a peace treaty would at once reawaken the conscience of whole peoples, restore their old faith in the natural rights of man, and permit this to serve as the secure foundation of a new democracy? In a word, the great upheaval shattered Europe's allegiance to the political philosophy of pre-war days and there has not yet been time to evolve a new one in its place. During the transition, as in all transitional periods, we must look for abnormalities in government.

IV

Finally, there has been the task of repairing the material damages. The disintegrating effect of war upon the entire social, economic, and political structure of nations, whether combatants or neutrals, is something that requires no elucidation today. Countries do not escape the consequences by keeping out of the struggle. Their markets can be upset, their industries diverted into new channels, and their politics convulsed by a conflict three thousand miles away, as the United States discovered during the years 1914-1916. There are no neutrals, so far as abstention from any share in the ancillary consequences of a great war are con-

cerned. Declarations of neutrality afford no protection against a general rise in prices, unemployment, profiteering, inflation, and the widespread upsetting of economic routine. The difference between combatant and neutral in such matters is only one of degree. Everywhere, in short, war shifts the normal currents of trade and industry, wastes energy and capital, unsettles international finance, and compels a readjustment of conditions in many lines of production. Among the actual combatants, these consequences of war are merely intensified. In addition, huge debts are piled up; the monetary inflation throws the whole economic machine out of gear; and there is a veritable orgy of extravagance in public expenditures which keeps on after the war has come to an end.

All this means, of course, that the job of bringing a nation back to normal conditions after it has been marching for several years towards chaos is one of herculean proportions. It involves the most drastic retrenchment in public expenditures, the separation of thousands from the public payroll, the imposition of new and highly unpopular taxes so that budgets may be balanced, the firm discouragement of strikes and other interferences with the rehabilitation of industry, the stabilization of the currency at some point which is apt to satisfy no one, and the rigorous supervision of the local authorities to the end that they also shall practice economy. Every one of these measures is bound to arouse opposition among considerable elements in the electorate. In no country do the voters relish a program which calls for more work, more taxes, less spending, less patronage. Give the people a government that is directly and genuinely responsible to them, and they will throw it out of office the moment it attempts to carry such a program into operation. Yet somehow or other these measures must be enacted and applied, every one of them. Without retrenchment and deflation there can be no return to normal conditions of life, and the people realize it.

Here is the dilemma in which Italy, France, Germany, Spain, Poland, Greece, and other European countries found themselves, one after another, a few years ago. They could hold to the principles and practice of responsible government, but only at the price of perpetuated economic disorder. As an alternative, they could bring order out of chaos by throwing away the implications of popular sovereignty, or, at least, by placing them in cold storage. They chose the latter course. The elective assemblies remain; but the substance of power has passed, for the moment at

any rate, into the hands of monarchs who govern but do not reign. These autocrats are doing what neither legislatures nor ministries responsible to legislatures were able to do. Mussolini may be a dictator, but he balanced the Italian budget. Poincaré may be a usurper of power, but he pegged the franc. Baldwin may be a reactionary, but he squelched the general strike. Kemal may be a despot, but he kept Turkey on the map.

There are more pragmatists among the rank and file of the people than among philosophers. To them the whole meaning of a conception lies in its practical consequences. Democracy is not an end in itself. It is professedly a means of gaining ends which the people desire. But there are times when the people desire the end yet are quite unwilling to tolerate the only means which democracy provides. When politics become economics, the politician flounders. Then comes the autocrat's turn. That is why there has been a great revolution in the politics of Europe during the past seven years, and the system of parliamentary government has permitted it to take place with little or no disturbance.

The backward swing of the pendulum began in Italy, for the reason that the Italian politicians fell down on the job of economic reconstruction somewhat more completely than did those of the other countries. They could hardly have done otherwise, in view of the political system under which they were trying to operate. Ministerial responsibility and the multiple party system, as they were conjoined in Italy seven years ago, form the most effective guarantee of supine impotence in the face of an economic emergency that the science of misgovernment can provide. So Italy gave the old school politicians a vacation and turned her government over to Mussolini and his Ku Klux of black shirts. This pinchbeck Caesar is doing precisely what he was commissioned to do. An autocrat is merely a ward boss writ large. His business is to acquire and retain full control of the government in order that certain ends may be achieved, and he is not expected to be over scrupulous about offending the dogmas of democracy in doing it.

In Poland, Hungary, Spain, Greece, Turkey, and even in Ireland, the story is much the same, but with some variations. The man of the hour is counted upon to use whatever methods are dictated by the immediate circumstances. Pilsudski's capture of the Polish government was by a *coup d'état*, for that is the way in which field-marshal habitually place themselves at the head of civil governments. Horthy, as an admiral, used somewhat dif-

ferent methods when he sailed into power in Hungary. In Spain, Greece, and Turkey, the existing autocracies rest upon the support of the army. Indeed, one might venture the generalization that, under European conditions of today, democracy and dictatorship are both of them entitled to be called "responsible" government, — the difference being that one is a government responsible to the legislature while the other is a government responsible to the troops. And it sometimes happens that the army, being drawn from the ranks of the people, is a better mirror of the popular will than is the legislature whom the people elect by a complicated scheme of factional nominations and proportional voting. Incidentally it may be mentioned that the government of Southern Ireland, flying in the face of all the old aspirations and professions, has virtually abolished municipal self-government; it has done what no English ministry would ever have dared to do. The Irish local commissioner is a *podestà* in everything but name. Rome and Milan have more municipal home-rule than Dublin or Cork.

Both Germany and France, at the last parliamentary elections, gave strong support to the more liberal elements — the parties of the Left. The liberal groups, including Socialists of all hues, came from the polls with a degree of strength which ought to have ensured their control of the Reichstag and the Chamber of Deputies — and with this, the control of the executive power. Nevertheless it is the Right, and not the Left, that dictates the course of governmental policy in both countries today. Even in Russia the reaction from communist policy has carried the country a long way.

So we see autocracy triumphant over half the civilized world. But has it come to stay? In all human probability it has not. Despite the pessimism of Lord Bryce in his valedictory, and the gloating of H. G. Wells over democracy's crucifixion, there is no reason for any incorrigible democrat to become disheartened. Democracy is a fair-weather craft. In monsoons and hurricanes it does well to scurry off. But in time the skies will clear. Then, with the rising barometer, the world will feel in better mood and order its affairs accordingly.

“HAS THE UNITED STATES A CHINESE POLICY?”

By Stanley K. Hornbeck

FROM the Nationalist Headquarters at Hankow there comes a “Manifesto to the American People” in which it is declared that, “The Chinese people believe the American people are not aware of the crimes their government is committing” in pursuit of a “catastrophic change in America’s policy toward China.”

Misinformation, misrepresentation, ignorance, credulity, emotionalism and impatience render the Chinese masses easy victims of the agitator and American classes enthusiastic creditors of much that is incredible. In soil fertilized by one or more of these ingredients grew the Boxer Uprising. In such soil have been cultivated the anti-foreign manifestations of the Chinese nationalist movement. In such soil there flourishes in the United States a luxuriant crop of erroneous impressions with regard to conditions in China and with regard to what the United States, its government and its citizens are doing in China.

Impressions, opinions, assertions. There are in regard to the situation in China, and in regard to the problem which that situation presents, certain indisputable *facts*. Chinese leaders, groups and factions are at war with one another. Some of them are actively hostile to the foreign Powers, foreign nationals and foreign influences. Political authority has broken down. Chinese soldiers and Chinese civilians have driven and are driving foreigners from their homes and their places of business. Articulate political China has declared and is demanding that the “unequal” treaties be done away with and that the privileges enjoyed by the foreign Powers and foreign nationals in China be terminated.

For months there have been demands that the American Government “do something” in regard to China. From China, in so far as it is articulate, and from many quarters in the United States have come suggestions, advice and demands with regard to the negotiation of a new treaty. After the adjournment (July 23, 1926) of the Special Conference on the Chinese Customs Tariff (Peking), the demand began to be voiced that the American Government “negotiate with China” at once and independently of the other Powers. In January, 1927, Secretary of State Kellogg

made public a statement affirming the willingness of the American Government to go on with the negotiations begun at Peking or to enter upon new negotiations with representatives of China at the earliest possible moment. A flood of suggestions and demands has ensued. From some quarters it has been urged that the Department of State propose formally to the Chinese Minister in Washington that Delegations be forthwith appointed; from some, that the American Government appoint its delegates without waiting for the Chinese; and from some, that it "confirm its readiness to negotiate" by "naming a delegation satisfactory to the Chinese." A prominent Chinese spokesman has urged that "the Powers themselves should declare in irrevocable terms and unconditionally the terminating of all unequal treaties."

In studying the treaty provisions and the whole system which has arisen under the treaties in regulation of the contact between the Chinese and foreigners, two facts should be kept ever in mind. First, this system has developed not without cause and reason. Second, whatever its faults, it exists; it rests upon law and contract; it has been the legal basis upon which many foreigners and more Chinese have ordered their lives, made their investments, created and carried on their business, during several generations; and it cannot be abolished suddenly without working injustice and great hardship to a considerable number of honest, law-abiding, hard-working and progressive persons, both foreigners and Chinese, more of the latter than of the former.

It was urged until a few weeks ago by some Chinese and some Americans that the Government stake everything on the prospects of *one* Chinese faction; and advocates of this course declared that if the United States did not do this, the Chinese people would "lose faith in America," would regard America as an imperialistic power, would consider her an enemy and would treat her as such. It has since been suggested that the American Government send a Commission to China to investigate, authorized perhaps to negotiate. It has been suggested recently that the American Government should negotiate with both "governments" or with each and all of the various contending and competing authorities in China.

Always the demand that the American Government "do something;" frequently the demand that it "take the lead" in China; in many forms, a demand for action, immediate action and positive action.

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Then came action. There was a change in the situation in China. Attacks on foreigners began. Missionaries were driven from their posts; the British Concession at Hankow was overrun by a mob; it was announced that Chinese armed forces intended to take the International Settlement at Shanghai. Action. The British Government sent armed forces to China; the American Government and other governments sent armed forces. Then came the affirmation, with grave concern on the part of those who advanced it, that there had been a deplorable “change” in the policy of the United States toward China. Next came dispatches to the effect that the other Powers were swinging toward the policy of the American Government — much to the gratification of Washington.

All within a few weeks — assertions that the United States has not a Chinese policy, assertions that it has, demands that it do something, complaints when it does something, complaints because it does not do more, demands that its policy be changed, the affirmation that it has been changed, assurance that it has not been changed, and expressions of gratification that the other Powers are inclining toward the American policy.

To the question asked a few days ago by one of the keenest men in Washington — “Has the American Government, really, a Chinese policy,” the reply was and is: “Yes, it *has* — a policy so obvious, so simple and so straight-in-line with American traditions and opinions that many people fail to see it because they are looking for something *different*.”

The American Government has a Chinese policy, based on well-established principles. The Chinese policy of the United States has been and is, fortunately, a consistent policy. To anyone who will take the trouble to look into the history of American activities in the Far East during a century and a half of contact between the United States and China and then read the published statements of the President and the Secretary of State during the past two years and then examine the record of the past five years, this will appear a truism.

Probably the most common error made by those who study foreign policy is that of failing to distinguish between *policy* and *plan of action*, then between *plan of action* and *detail of action*, and finally between action which is *negative* — but nevertheless deliberate and consciously determined — and action which is *positive* and expressed in movement.

In the field of foreign relations, every Government has a twofold duty: first to safeguard the lives and interests of its own citizens; second, to respect the rights and susceptibilities of the people of other countries. In relations between the United States and China, successive American Administrations have established in reference to this twofold duty a record of performance with which neither the American nor the Chinese public, as they look back over it, find much fault. And the present Administration is not ignorant of or indifferent to that record.

American Far Eastern policy has been shaped by the belief of the American people that free states should remain free — in the Orient as elsewhere — and should be encouraged to develop peacefully along their own lines without political interference. In this respect the Far Eastern policy of the United States has sprung from the same root in American thought from which sprang the Monroe Doctrine in relation to the Western Hemisphere. In relation to China, as earlier in relation to Japan, the American people and the American Government have looked with disapproval upon tendencies toward imperialistic adventure or partition or absorption by foreign states. This attitude and policy have run a clear course.¹

American interest in China has been chiefly commercial and cultural. To China from America there went first merchants; second, missionaries; third, diplomats. No American soldiers went to China until 1900.

In the early days of the Canton trade, before the first treaties, "In every issue between the foreigner and the Chinese, the important question was whether the Americans would find it most to their profit to stand with the English or with the Chinese." This continued after the signing of the treaties. "Sometimes the Americans stood with the British for concerted action, but when the concerted action proposed by the British would have a tendency to weaken the Chinese merchants, or when the British adopted policies directly inimical to the American trade the Americans were disposed to support the Chinese."²

When diplomatic relations began, the principal positive objective of American policy in China was — as it had been and has

¹ In the amended text of the Preamble to the Porter Resolution, as passed by the House of Representatives on February 21, 1927, it is stated, ". . . The United States, in its relations with China, has always endeavored to act in a spirit of mutual fairness and equity and with due regard for the conditions prevailing from time to time in the two countries." This is a fair statement.

² Tyler Dennett, "Americans in Eastern Asia," p. 53.

been elsewhere — to ensure for Americans equality of opportunity. In the treaty which Caleb Cushing concluded, equality of treatment was promised by China to the United States.³

The "second plank in the platform of American policy" toward China was laid down in the period of the Taiping Rebellion. Humphrey Marshall, American Commissioner, took the position (1853) ". . . that the highest interests of the United States are involved in sustaining China — maintaining order here [at Shanghai] . . . rather than to see China become the theatre of widespread anarchy and ultimately the prey of European ambition;" and, later, "it is my purpose to perform, punctiliously, every obligation assumed by the United States under the treaty, and to refrain from embarrassing the public administration of Chinese affairs by throwing unnecessary obstacles in the way." The American Government became of the same mind: its policy became that of respecting China's sovereignty and helping the Chinese authorities to maintain the political and administrative integrity of the Empire.

Shortly thereafter, though Americans *in China*, including officials, merchants and *some* missionaries⁴ urged that the United States coöperate with European Governments in the use of force, the American Government resolutely refused to be drawn into the armed conflict.

Fifteen year later, in the only treaty which Anson Burlingame succeeded in concluding, it was reiterated that the sovereign rights of China must be respected and the principle of equal opportunity for all nations to compete "in trade or navigation within the Chinese dominions" be respected — in accordance with, but not beyond, "the treaty stipulations of the parties."⁵

³ As in the preceding British treaties, the provisions with regard to the tariff and extraterritoriality were unilateral, but it needs to be taken into consideration — though it seldom seems to be — that all of the Far Eastern treaties of that period were concluded with a view to regulating contacts on Oriental, not on Occidental soil. The West went to the East; for a long time the East did not reciprocate; there was, therefore, in those early days no occasion for and probably little thought of "reciprocity."

⁴ "The aggressiveness of the American missionaries in their disposition to force the opening of the empire is notable. It is entirely in accord with what had been the prevailing spirit in missionary circles from the beginning." Tyler Dennett, "Americans in Eastern Asia," p. 563. ". . . From 1830 to about 1900 'American' missionaries carried on most of the actual intercourse between the Governments of China and the United States. . . ." and, ". . . so far as I can discover, the generality of the missionaries approved of both the necessity of the 'rights' and of their being made treaty provisions. . . ." Frank Rawlinson, "Chinese Recorder," Nov. 1925, p. 721.

⁵ In that treaty, too, were included several wholly reciprocal provisions; and there was laid down the principle (Article VIII) of non-intervention in China's domestic administration.

It remained for John Hay to formulate in 1899 the doctrine that, in reference to their "spheres of interest" in China, the Powers should follow, with regard to each other and to the world, the principle of equality of opportunity; and to suggest in 1900 that the Powers pledge themselves to respect China's territorial and administrative entity. The Hay Notes committed the United States, and those of the other Powers whose replies were favorable, to the principle of *coöperation in a course of self-denial and restraint*. The principle of coöperation was followed by most of the Powers in 1900; and during the negotiations of 1900-1901, in the post-Boxer settlement, the American Government did everything possible to make effective the feature of restraint.

In 1902 and 1903 the British, the American and the Japanese Governments assented by treaty to an increase in China's tariff rates simultaneously with the abolition by China of *likin* duties, and agreed to relinquish extraterritorial rights when satisfied that the state of Chinese laws and arrangements for their administration and other considerations should warrant.

In 1915 the Wilson Administration served notice that it would recognize no agreement which China might be forced to make which would impair ". . . the political or territorial integrity of the Republic of China, or the international policy relative to China commonly known as the open door policy." In 1918 President Wilson approved of American participation in the new Consortium in the belief that only by participation could the American Government exercise a restraining influence which would be in the long run to China's advantage. At the Paris Conference, President Wilson labored hard over China's case. He failed to break the arrangement which had been concluded two years earlier among four other Powers. But the American Senate and the American people stood with China, the principle involved being that of preserving China's independence and territorial integrity, until, at Washington, agreements were arrived at between Japan and China whereby the "lost rights" in Shantung were restored to China.

At the Washington Conference, with the American Government playing the leading part, the principal Powers concerned (including China) committed themselves to a common understanding with regard to equality of opportunity in China, respect for China's sovereignty, and non-interference in China's domestic affairs, — and in these agreements the underlying principle was

that there should be *coöperation* in a course of forbearance, self-denial and restraint.

Three years went by before the last of the Powers signatory to the Washington treaties deposited its ratification of the Treaty concerning the Chinese Customs Tariff and enabled the Chinese Government to ask for the assembling of that Conference. On September 4, 1925, the Powers sent Identic Notes to the Chinese Government. In its participation in this Note, the American Government said: ". . . . The United States is now prepared to consider the Chinese Government's proposal for the modification of the existing treaties."

Two days earlier (September 2, 1925) Secretary Kellogg had stated in a speech at Detroit the principles of the Chinese policy of the American Government, as follows: "In brief, that policy may be said to be to respect the sovereignty and territorial integrity of China, to encourage the development of an effective stable government, to maintain the Open Door or equal opportunity for the trade of nationals of all countries, to carry out scrupulously the obligations and promises made to China at the Washington Conference, and to require China to perform the obligations of a sovereign state in the protection of foreign citizens and their property."

The American Government forthwith sent its Delegation to the Tariff Conference at Peking prepared to go to the limit to which other Powers might be moved to go toward creating in and for China an improved fiscal situation, and at the Conference the American Delegation did its utmost to carry out the spirit of its very liberal instructions and persisted in the hope that an agreement would be reached until, in July 1926, the Nationalist Government (then at Canton) served notice that it would recognize no engagement which might be entered into by the Peking Government.

The Commission on Extraterritoriality pursued for nine months its investigation of the laws and administration of justice in China. The American member of the Commission took a leading part, as Chairman, in drawing up suggestions and recommendations as to steps which should be taken both by China and by the Powers toward producing conditions which would warrant the Powers in giving up their rights in this connection. In their Report, the Commissioners expressed unanimously the opinion that there should be a period of transition, by agreement and program,

rather than abrupt destruction of such legal structure and arrangements as exist in China before another system has been made ready to take its place.

In a statement on January 27, 1927, Secretary Kellogg said with regard to the Chinese tariff and extraterritoriality: "The United States is . . . prepared to enter into negotiations with any government of China or delegations which can represent or speak for China . . . for . . . entirely releasing tariff control and restoring complete tariff autonomy to China. . . . The United States is prepared to put into force the recommendations of the Extraterritoriality Commission which can be put into force without a treaty at once⁶ and to negotiate the release of extraterritorial rights as soon as China is prepared to provide protection by law and through her courts to American citizens, their rights and property. . . . The Government of the United States . . . is ready . . . to continue the negotiations on the entire subject of the tariff and extraterritoriality or to take up negotiations on behalf of the United States alone." But, "Existing treaties which were ratified by the Senate of the United States cannot be abrogated by the President but must be superseded by new treaties negotiated with somebody representing China and subsequently ratified by the Senate of the United States."

During the past four months, it has been demonstrated that there exists in China no governing authority which can guarantee to foreigners in certain areas either protection *in situ* or safe-conduct to places of security in China or to points of departure from China. The American Government has dispatched to China naval and land forces, as have other governments, for the protection of its nationals. American naval vessels have been used to assist in the evacuation of foreigners from points in the interior.⁷ In several instances when fired upon by Chinese armed forces they have returned the fire. In one instance only have they fired without first having been fired upon, — when, at Nanking, after foreigners in the city had been under Chinese fire all day and some had been killed, they threw a barrage around the Socony Compound to make possible the escape of a group of foreigners who were in imminent danger of their lives at the hands of Chinese

⁶ The American Government has since taken certain steps in this direction.

⁷ The foreign Governments have asked or ordered their citizens to come out from points in the interior. The American Government has no means of forcing American citizens to come out, but it has done everything possible to get them to come and has provided them with transportation facilities.

soldiers. American marines have been landed at Shanghai and are participating there in maintaining order in the foreign-administered area (within which are resident some 40,000 foreigners, exclusive of refugees, and some 1,200,000 Chinese) and in preventing troops of any of the contending Chinese armies from invading that area.

This action of the American Government has drawn expostulations both from American and from Chinese sources. The cry has been raised that from the traditional American policy of goodwill and non-aggression toward China the United States has been drawn away into accepting a made-in-Europe policy. Until the Nanking incident, contenders of this school almost unanimously held the view that the United States should refrain from disposing in China any armed forces whatever.

Secretary Kellogg declares in a published statement: "American diplomatic and military representatives in China are coöperating fully with other foreign representatives *when faced with a joint problem* such as protection of the lives and property of their nationals." Senator Borah declares in a public address: "We are not sending our armed forces to China to do battle with the armed forces of China." President Coolidge takes occasion to explain that our troops will coöperate with other foreign troops for the specifically limited purpose of protecting American lives when coöperation promotes this end; but that there will be no "unified command;" and he declares: "Our citizens are being concentrated in ports where we can protect them and remove them. It is solely for this purpose that our warships and marines are in that territory."

The United States is unquestionably committed by tradition, by precedent, and by declaration to certain definite principles of China policy. These principles are: assurance of equality of opportunity; respect for China's sovereignty and territorial integrity; non-interference in China's domestic affairs; non-aggression; and insistence that China perform the obligations of a sovereign state in protection of foreign citizens. The United States is also committed, partly by tradition and precedent, but more particularly by the provisions and spirit of the Washington agreements, to the principle of coöperative action.

In the presence of conditions such as now exist in China, can a plan of action be devised which will be consistent at once with the principles of non-aggression, of insistence that China afford proper protection to foreigners, and of coöperation?

Efforts have been made to commit the American Government to going along with other Powers if and when those Powers decide upon measures of coercion. But in the 1830's and in the 1850's such efforts were made. The American Government was implored to participate in armed hostilities against China — and it refused. In 1900 the American Government sent troops to China, as did other governments, but not for purposes of aggression. American armed forces are now coöperating with those of other countries, as they did in 1900. Yet McKinley's and Hay's policy in 1900 was "to seek a solution which will safeguard the independence and integrity of the Chinese Empire;" and during the negotiations which ensued W. W. Rockhill, at Peking, with John Hay behind him at Washington, stood between Chinese officialdom and the crushing proposals of certain other Powers. What would the American Government have been able to do in those negotiations if it had not participated in the relief of the Legations?

But what about "coöperation" now? Concerted action is one of the most desirable things and one of the things most difficult to achieve in the field of human endeavor. It is difficult enough as between two individuals. Where a dozen nations are involved the difficulty is multiplied many-fold. Americans *have* coöperated with the nationals of other countries in China in many ways and over long periods of time. American officials and the American Government have coöperated with the officials and the governments of other countries, frequently, effectively and through periods of years, in China. The American Government has from time to time definitely advocated, and at Washington actually brought about, an agreement that there should be coöperation. Where this principle is adopted, there must either be express commitment as to specified courses of action, or provision that the will of the majority shall prevail, or an understanding that in the absence of specifications and of the majority rule each party shall be free to participate in or to abstain from action proposed. The Washington treaties committed the Powers — and in reference to some matters, China — to coöperation in relation to certain specified matters; they committed them to the *not*-doing of certain things, to self-denial. The separate treaties between China and the Powers individually commit the parties to certain things. But is there anywhere a provision which prescribes a course of action to be taken in case of breach of treaty provision, a provision whereunder, for instance, in case China disregards or cannot fulfil her

treaty pledges to one or to all of the treaty Powers, those Powers are pledged jointly to employ force in an effort to penalize or to coerce her? The United States never has participated in aggressive action against China and has never entered into any engagement so to do. It has no commitments which lay upon it the obligation to use its forces in 1927 for any other than a common protective end.

The question whether the United States should or should not coöperate in the use of force to compel one or another of the Chinese authorities to honor China's treaty obligations is one in the answering of which the American Government is no less free now than it was in 1900 and in 1853 and in 1840 to exercise its own judgment and to decide according to its reading of American public opinion and its estimate of the various rights and interests and other considerations involved.

At this point there comes a series of questions. What, in the presence of existing conditions and circumstances, would the American Government have a legal right to do in China? What would it be politically expedient for it to do? What is the extent of its lawful obligation to citizens of the United States in regard to (a) protection of life, (b) protection of property, (c) enforcement of rights accorded under treaty provisions in general? How many, and where, are the persons to be protected? How much, where, and of what value is the property which is threatened? Of what sort and of what value are the general treaty rights for which enforcement is sought? What do the people of the United States want the Government to do? What is it advisable for it to do?

There are present in the Far Eastern Division of the Department of State five officers each of whom has had long experience in the Far East. Two of these men were born and brought up in China. Three have had more than fifteen years each of official "career" service in China, read and speak Chinese, and have served both in consulates and at the Legation in Peking. One has been Consul-General-at-Large in the Far East. A fourth has had more than thirty years in the Consular service, of which the past thirteen have been in China and the past eight as Consul-General at the most important port in China. The fifth has had twenty years of "career" service in Japan, in Manchuria and in Siberia, and speaks and reads Japanese. The American Minister to China is a recognized authority on China and has served in

Siam, in Russia, and in Japan, as well as twice in China and for six years in the Department of State. These men know their Far East.

In the conduct of foreign relations the Department of State pays much attention to the question of legal rights and lawful obligations. It is well informed with regard to the number and location of American citizens and the value and location of American property in China, and with regard to American investments, trade and other interests involved. With regard to what the people of the United States want, it must form its own conclusions, but it is in much better position to judge than is the man in the street or in the business office or at missionary headquarters or in the study, — for there pour in to it from a thousand quarters, from all over the United States, from all over China, from all over the world, reports, dispatches, petitions, resolutions, letters, telegrams and memoranda expressive of opinions, hopes, desires and demands.

There is no unanimity of opinion — it goes without saying — among Americans, either in the United States, or in China or elsewhere with regard to what the Government *ought* to do. Merely among Americans resident in China three sets of interests, three points of view, and three schools of thought are readily distinguishable. The merchant class is concerned about markets; the missionary class is concerned about propagation of ideas; the official class is concerned about persons and property in relation to laws and principles. But not all of the merchants hold the same views regarding policy, either commercial or political; not all of the missionaries are engaged in the same lines of endeavor, have the same outlook, or advocate the same policies, either for the societies under which they work or for the Government to which they owe allegiance; and not all of the officials have the same views with regard to what is expedient or what is advisable. The interests, the views and the objectives of the importer and the exporter differ considerably from those of the banker and the railway builder. The perspective and the views of the missionary who sits in a comfortable office in the security of Shanghai, and those of the missionary who resides, by virtue of a special treaty provision and the Grace of Providence, in a remote village in the interior, travelling year in and year out among vocational and avocational bandits, are quite different. Even among the diplomatic and consular officials there is by no means always identity

of view, though within this class there is as a rule less diversity and less particularity of view than within the other classes.

And the views of a class, or of a majority within a class, as well as of individuals, are subject to change, sometimes radical and rapid change. Thus, the views of the missionaries with regard to the Nationalist Government at Hankow and with regard to the presence of foreign armed forces in Chinese waters and at Shanghai appear to have undergone considerable modification since March 24 (the Nanking incident).

In considering what it may or may not do, what it will or will not do with regard to China, an Administration must necessarily consider not alone relations with China but also relations with other Powers. The American Government is responsible for considering and safeguarding the interests of all Americans, not only all Americans in China but all Americans everywhere; it has to consider the safety and interests of the whole American people.

In deciding what it may or may not do, an Administration must turn both to national law and to international law. It does not have an altogether free hand — or will — in relation to such a question as, for instance, that of affording protection. Treaties are made between governments, but they provide for rights of persons as well as of states. In the United States, treaties are a part of the law of the land. Is it not, then, an obligation, a duty of the government to protect its citizens in the enjoyment of their lawful rights? Ordinarily this obligation is met, this function performed, by diplomatic processes. But where a foreign government has become powerless, where there is no local authority able to afford protection, where American nationals are in danger of violence to their persons, is it not the duty of the American Government to substitute its own police force for the local police forces which should be but are not present? The only way to protect life is to prevent its being taken.

The American Government has commitments — to China and to other Powers. And so has China commitments — to the United States and to the other Powers. The American Government tries to live up to its commitments.

In dealing with China the Powers have tried almost every line of policy imaginable. There have been periods of independent action (free competition), periods of partial coöperation, periods of complete coöperation, periods of informal coöperation, periods of coöperation by agreement. The theory of the Washington

treaties is coöperation. The American Government coöperated with the others at the Tariff Conference, in the work of the Extra-territoriality Commission, in connection with representations to both of the contending Chinese factions in North China in 1926 with regard to what is called the "Taku Incident." American forces are coöperating now with those of other foreign Powers in China. As Secretary Kellogg has stated, "American diplomatic and military representatives in China are coöperating fully with other foreign representatives when faced with a joint problem such as the protection of the lives and property of their nationals."

That appears, however, to be the limit within which it intends to use force. It has coöperated in the presentation of demands to Nationalist authorities in connection with the Nanking Incident. But it apparently declines to participate in proposed measures of a coercive character conceived with a view to following up those demands. Whence, now, the charge that by holding back it is untrue to the principle of coöperative action.

This charge is not warranted. The theory of the coöperative policy does not require that in whatever direction one or more Powers may wish to proceed the others must go; and the express commitments with regard to coöperation are commitments individually and collectively to refrain from aggression, not commitments collectively to proceed in measures of coercion. Any one of the states committed to the coöperative policy may without violation either of the letter or of the spirit of the policy object to a proposed positive program and decline to participate in its execution, without violation of either the letter or the spirit of the coöperative policy. In fact, in case some states proceed with such a program in spite of objection and of refusal to participate on the part of others, is it not those who act, rather than those who decline to act who forsake the coöperative principle?

As a matter of fact, while the coöperative principle has been in force, several Powers have not hesitated to act independently. While the Powers were acting in common in negotiating at Peking concerning the Chinese Customs Tariff, Japan was, with the full knowledge of all the others, negotiating with the Peking Government for a new and separate commercial treaty between itself and China. Belgium has been negotiating with Peking during the past six months. Great Britain has been negotiating with both the Peking and the Nationalist (Hankow) authorities. The principle of coöperative action applies properly where there has been or can

be achieved a unanimity of opinion with regard to a proposed action wherein common rights and interests are involved. The principle of independent action may be applied properly where such unanimity has not been or cannot be achieved, or where the issue is one in which rights and interests peculiar to one or several Powers only are involved. In view of difficulties experienced, Secretary Kellogg has declared in regard to such questions as, for instance, the tariff, that the American Government is prepared either to continue negotiations in common with the other Powers or to enter upon negotiations between China and the United States alone.

In final analysis the Government has to make up its own mind with regard to what is lawful, what is possible, what is expedient, what is advisable — what is to be done. This the Government appears to have done and to be doing, without fuss and without confusion. It is well equipped adequately to consider the factors and to arrive at sound conclusions. It is not likely that it will depart far from the established lines of American policy. Even if it should wish to, it would find it difficult to do so. The Chinese policy of the Government always has been responsive to the attitude and wishes of the American people. Public opinion is becoming more and more an active and conclusive influence in the determining of policy and of action. Public opinion does not change rapidly. The American people are possessed of a peculiarly sympathetic attitude toward the Chinese people, an attitude which is somewhat sentimental and somewhat patronizing but genuinely benevolent. Warranted or not, Americans regard the Chinese as a nation of great potentialities, wish them well, believe that they will be better off and the world better off if they govern themselves, and believe them capable of self-government. The American people are opposed to any course of action which would constitute, in their opinion, “aggression” against the Chinese people.

In only one particular, so far as is discernible, has the present Administration deviated from the course prescribed by the traditions, the precedents and the practices to which, in reference to China, it has fallen heir from preceding Administrations. For almost a hundred and fifty years the American people and the American Government have proceeded on the assumption that in China there was a Government capable of performing the ordinarily accepted functions of a sovereign authority. Now, and for the time being, the American Government has apparently, of necessity,

given up that assumption — as have the other foreign Governments.

The Government appears fully to understand what it is about. It has declared clearly the principles of its position. It has stated what it is prepared to do with regard to treaties and for what purpose it has sent armed forces. In the presence of an obscure and involved situation in China, where political chaos may continue for a long time, it has envisaged the fundamental facts and taken a “long swing” view, profiting by the lessons of history. Its acts have been consistent with its statements. There is no evidence to warrant the assertion that it has departed from the traditions of American policy or the apprehension that it will do so. We may assume that it will continue along the line which it has followed during the past few months, which is simply a practical application of principles which have been developed during a century and a half of American contact with China.

There is every reason to expect that it will continue to pursue a course directed toward the protection of American lives and the conservation of American interests, — a course considerate of Chinese rights and interests and aspirations, coöperative in so far as commitments and common responsibilities are concerned, independent where an issue is peculiar to the United States and China or to another Power and China, independent where some objective is sought by another or other Powers and not by the United States, independent where there arises a question of using force for purposes other than defense.

Where there is occasion for concurrent action, the United States may be expected to use its influence in the direction of restraint — in opposition to aggression. If aggression is decided upon, it may reasonably be expected that the United States will not participate.

WAR SHOCKS TO EUROPEAN COMMERCE

By Clive Day

THE international trade of the world in 1913, adding imports and exports, amounted to 37,900 millions of dollars. In the preceding generation the world's trade had been growing constantly and fairly steadily, at a rate of increase of about 3.3 percent a year. If this rate had been maintained during the period 1913 to 1924 the total trade of the world in the latter year would have amounted (measured by the same standard, the dollar of 1913) to 54,000 millions. Measured by this standard its amount was actually 37,070 millions. International commerce had not yet recovered in 1924¹ its pre-war volume. It fell below the figure which might have been anticipated, had normal growth continued, by some 17,000 millions of dollars.

Figures such as these are of course perfectly incomprehensible to the ordinary person, as much so as the figures of light-years which astronomers use to denote the distance of the fixed stars. Figures expressed in gold units are not only difficult to comprehend, by reason of their size; they are apt to mislead, by reason of the change in the purchasing power of gold. The dollar of 1924 was very far from equal to the dollar of 1913. In the comparison just made allowance has been made for the depreciation of gold, but it would be tedious and difficult to qualify the figures of value by constant reference to the changes in the price level. I shall therefore avoid so far as possible the use of absolute figures, and discuss the changes in commerce by reference to the relative shares which different continents and countries had in the total at different times.

Approaching the subject in this way, the figures of Table I show how the war affected the commerce of the different parts of the world. Remembering that the volume of trade was about the same in 1913 and in 1924, it is apparent that the commerce of the African continent was practically stationary. Slight gains were made by Oceania and by Central and South America (including Mexico and the Caribbean islands); marked gains, in spite or because of the war, by North America and by Asia. Europe alone, of all the continents, showed an absolute loss.

¹ 1924 is the most recent year for which a tolerably complete collection of figures is available.

TABLE I. WORLD TRADE

Percentage share of the different continents.

	1913	1924
Europe.....	61.4	51.7
Asia.....	11.4	15.1
North America.....	13.0	17.6
Central and South America.....	7.6	8.4
Africa.....	4.0	4.1
Oceania.....	2.4	3.1

Europe had had, from 1871 to 1880, about seven-tenths of the total trade of the world. After 1880 it retained something over six-tenths of a trade which was rapidly growing in all continents. Between 1913 and 1924 its commerce grew in nominal but shrank in actual value, and at the latter date it had to its credit but five-tenths of the whole. "Trade is passing from the Atlantic to the Pacific." That is the closing sentence of the League's latest Memorandum on Balance of Payments and Foreign Trade Balances, summarizing the changes in the currents of the world's trade. "The United States and India now buy less from Europe and more from Asia; China and Japan buy less from Europe and more from North America; Australia less from Europe and more from both North America and Japan." Europe has declined in importance, in purchases as well as in sales. How much of the change will be permanent it is impossible as yet to say; Europe is not the only continent subject to internal convulsion.

The above figures testify to the position of extraordinary importance which Europe has held and still holds in international trade. Two qualifications should be made regarding it. In the first place, the larger part of the trade of the European states was with each other; in the second place, most of it was carried on by a group of countries comprising but a small part of the continent.

TABLE II. TRADE OF EUROPE

Internal and with other continents, in percentage of total.

	<i>Imports</i>		<i>Exports</i>		<i>Total</i>	
	1913	1924	1913	1924	1913	1924
Internal.....	59.4	54.9	68.7	65.4	64.1	60.4
Asia.....	10.2	8.3	9.6	9.8	10.0	9.1
North America.....	14.8	18.0	6.7	8.2	11.2	13.9
Central and South America...	8.3	9.1	6.5	5.9	7.5	7.9
Africa.....	3.7	4.8	5.1	6.0	4.4	5.4
Oceania.....	3.0	3.5	2.4	3.1	2.7	3.3

Before the war the countries of Europe bought from their neighbors in that continent considerably more than half of the goods which they imported, and sold their neighbors over two-thirds of the goods which they exported. The war resulted in a considerable change in the proportions. Forced to economize in their purchases, and clinging to the best customers, the countries of Europe traded relatively less with each other, relatively more with the outside world. This was true of Europe as a whole and of every individual country in Europe of which we have comparable statistics for the years 1913 and 1924. Nevertheless, even in 1924 the internal trade of Europe was more important than its trade with all the rest of the world put together. It exceeded four-fold in value the trade with the continent next in importance, North America.

Comparing Europe with its nearest commercial rival, the American continent north of Mexico, it is fair to ask whether the older continent would still retain the primacy if the trade of both were measured in the same way, if the internal trade of Europe were left out of account, or if the internal trade of America were brought into the account. The question can readily be answered under the first supposition. The trade of Europe with other continents was in 1913 in round billions of dollars 9, while that of the United States and Canada was 5; in 1924 the corresponding figures were 12 and 9. The events of the war period left Europe still at the head, in distant trade, but with the gap between it and North America diminished.

If we include the internal trade of the two continents the comparison is fair only if we recognize that the European frontiers, which provide commercial statistics, are also great barriers to exchange and that no one can tell what the trade of Europe would be if it were as free to move as it is in North America. Taking conditions as they are, and choosing for comparison not the whole North American continent but that part of it, slightly smaller than Europe in area, comprised within the borders of the United States, we have every reason to believe that the trade among the States ranks higher in value than the trade among the European countries.

A second qualification is necessary to a right understanding of the part played by Europe in the world's commerce. Europe is the collective name for countries which vary immensely in their stages of development. The northwestern part has an advanced

capitalistic organization, with specialized manufactures and an active intercourse with other parts of the world. Proceeding south and east one enters countries whose development has been retarded for generations, and still further to the east countries which are centuries behindhand. To speak of all Europe as contemporary is an anachronism. The countries of the Balkan peninsula which have only recently been released from Turkish rule, or the eastern countries where serfdom with all its medieval accompaniments flourished less than a century ago, are further removed in a commercial sense from countries bordering the North Sea than are some parts of distant continents.

The figures of Table III show how largely the commerce of Europe was concentrated in a few leading countries. The figures are based upon the values of imports and exports combined.

TABLE III. TRADE OF LEADING EUROPEAN COUNTRIES

A. Percentage share in the trade of Europe, total and internal.

	Total		Internal	
	1913	1924	1913	1924
United Kingdom.....	23	29	15	19
France.....	12	15	11	14
Germany.....	20	13	20	13
Netherlands.....	11	5	13	6
Belgium.....	6	5	7	6
Italy.....	5	5	5	5
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total, six countries.....</i>	77	71	71	62

B. Percentage share in the trade of Europe with other continents.

	Asia		North America		Central and South America		Africa		Oceania	
	1913	1924	1913	1924	1913	1924	1913	1924	1913	1924
United Kingdom.....	39	50	38	41	33	42	37	44	64	74
France.....	11	14	10	13	14	16	30	35	9	9
Germany.....	17	13	22	13	25	15	16	8	15	7
Netherlands.....	13	5	9	4	5	5	3	2	1	1
Belgium.....	4	3	4	4	8	6	4	3	7	3
Italy.....	4	5	6	7	6	7	5	3	1	4
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total, six countries.....</i>	88	91	88	82	91	91	94	95	96	97

The six countries listed in the table shared among them nearly three-quarters of the total trade of Europe, and had a still larger

portion of its distant trade. Of countries not on the list there are two which in 1913 had a right to places above Italy: Russia with a share of nearly 6 percent, and Austria-Hungary with over 5 percent. The list, even when restricted to these eight countries, is too long to be treated in a single article, and I shall omit from consideration the countries presenting problems which are less interesting (Netherlands, Belgium), or problems which in a brief treatment are unmanageable (Germany, Russia).

Two characteristics of British trade give it a place by itself. The first is its absolute value. It amounted in 1913 to nearly one-quarter (23 percent) of the total trade of the continent; in 1924 it considerably exceeded one-quarter (29 percent). At the earlier date Germany was a somewhat threatening rival; at the later date France, the country next in rank, had a commerce (taking decimals into account) amounting to less than half that of the British. In the second place, British trade differed from that of the other countries in quality. It was composed in larger part of trade with other continents, while most of the trade of other European countries began and ended in the continent of Europe. In 1913 only 40 percent of British trade was European; in 1924 the proportion was 38 percent. Of the countries next in order of commercial importance, France, Germany, and Italy showed a trade restricted to the European continent to the extent of about 60 percent; other countries were in the 60's and 70's, and about half of the states of Europe were in the 80's and 90's.

If British trade has more than held its own, compared with that of Europe in general, it has done so largely because it is so widespread. It has had some share in the commercial prosperity of other continents. Its position is much less satisfactory when it is compared not with the contracted trade of Europe but with the expanding trade of other continents, and particularly when the share of imports and of exports composing it is analyzed. Allowing for price changes, England was buying more from other countries in 1924 than in 1913, but was actually selling less at the later date. The export trade which had been steadily growing in the decade before the war had shrunk so that its volume in 1924 was only about four-fifths of the volume which it had attained just before the war, and was much less than half of what it would have been if the former rate of growth had been maintained.

The vital importance of the export trade to Britain, as the means by which the country buys the necessary supplies of food

and raw materials, has led to a careful study of the situation,² in which its difficulties are analyzed. Some part of the loss of the British export trade is due to the diminished purchasing power of people impoverished by the war (in central and eastern Europe), or by unsettled political conditions and lack of an outlet for their products (India, China, Mexico). During the war and the years immediately following, some peoples who used to buy English goods were forced to find other sources of supply, and British producers now find former markets occupied by competitors. It is significant that while the British export trade, with allowance for price changes, had fallen in 1923 about 20 percent below its volume in 1913, the export trade of the United States had risen about 20 percent and American exports of manufactures had increased nearly 50 percent. More serious than either of these factors in the loss of British markets is the tendency of peoples who formerly bought of England to supply their own needs for manufactures. War conditions necessitated or encouraged the establishment of factories to supply the home market; intensified national feeling has approved the maintenance of the home industries. Spindles and looms have increased in number on the Continent, in India, China, Japan, and in some of the South American countries; but the Lancashire cotton industry has been working short time. Similarly, Australia has sought to develop a woolen manufacture, and British India passed an act in 1924 for the protection of a home industry in steel.

One feature of the British report of 1925 which is of the greatest interest and significance is the statement that tariff barriers were a less serious obstacle to British trade in 1924 than in 1914. The increase in specific duties, reduced as well as can be to an average, has not been in general greater than the rise in prices; in the case of the textiles, a class in which Britain is particularly interested, it has been considerably less. An independent estimate of the British Board of Trade confirms the view that the incidence of customs tariffs on British exports, measured *ad valorem*, actually declined in the course of the period. This general statement is based on the statistics of those countries, mostly outside of Europe, in which British exports were largest, and does not of course deny the burden of the tariff in the case of individual countries; it does not refer to the prohibitions and restrictions of the war period, of which

² Survey of Overseas Markets, the first report of a Committee on Industry and Trade under the leadership of Sir Arthur Balfour, issued at London in 1925.

many were still in force; it may not, and probably will not, hold true of the future.

In foreign markets, in which Britain must face unaided the competition of established rivals like the United States and Japan (with the threat of German competition to come), and must overcome the resistance of newly founded home industries, the salvation of the British export trade appears to depend upon a heightened efficiency of production which will win a market in spite of obstacles. Britain must specialize still further, abandoning the simpler processes to other peoples, relying upon superior technique in the production of mechanical equipment for the manufacturer, and of articles of superior quality for the consumer. It is significant that the branch of the English cotton industry which has best maintained its position in these hard times has been that working on the long-stapled Egyptian cotton, turning out a finer product and demanding superior skill.

In the particular year 1924 France occupied the second place among the European states in the value of its commerce. It had lost that position to Germany before the war, and was to sink again to the third place in 1925, as German commerce revived. The process of repairing the material damage in the invaded districts had been completed so far as regarded industrial plant. The capacity of the reconstructed sugar factories was greater in 1924 than it had been in 1913. The coal mines which had been wrecked had been restored and had been supplied with mechanical equipment superior to that formerly in use. Outside the invaded districts many new factories had been built, and the recovery of Alsace-Lorraine added large resources in raw materials and highly organized industries. Disorder in the finances, attended by a depreciation of the franc, served for the moment, at least, to stimulate production and to extend the export trade.

France had a larger proportion of its commerce with outside continents than any other European country except Britain, and made up a part of what it lost in the impoverishment of Europe by the expansion of its trade with North America and Africa. In 1913 11 percent of French trade was with Africa; in 1924 the proportion had risen to 13 percent. And though larger, Britain's commerce with that continent did not represent so large a proportion of her total foreign trade.

Another characteristic of French commerce which contributed to maintain its volume after the war is the fact that French trade

in Europe was largely confined to the western part of the continent. One quarter of it, in round measure, was carried on with Britain, somewhat less than a quarter with Germany, considerably more than a quarter with the other states bordering on its frontiers: Belgium, Switzerland, Italy and Spain. France, therefore, had less at stake in central and eastern Europe, where the effects of the war on commerce were most felt. The effect of the war was to reduce this part of French trade still further, to reduce the share of the trade with Germany, and to enhance the importance of the trade with other neighbors and with Britain.

French exports before the war were distinguished by their aesthetic rather than their practical appeal. They often had qualities of art and taste which won a market even when the industry from which they came was backward, measured by mechanical efficiency. Goods of this kind will always have a market, but may find it difficult to force a large market in a period of economic depression. The French are deeply concerned, and with good reason, over the effect of the British silk duties of 1925, which threaten the most important outlet of one of their principal industries. Manufactures of a more practical kind which grew up during the war have still to be tested in a field of active competition. France took the place of Germany in the supply of iron and steel to Switzerland, but there are grounds to doubt whether the French metallurgical industry, which developed so rapidly during the period of Germany's decadence, can hold its own in the foreign market in normal times.

Of the larger European countries Italy showed the greatest commercial progress in the war period. In 1913 it ranked eighth in the value of its foreign trade; in 1924 it stood fifth. Of course Russia and Austria-Hungary have disappeared from the list, but even so the change has some significance; and a change in the quality of Italian trade has still more significance.

TABLE IV. ITALIAN TRADE

Excess of imports (—), or of exports (+), in million lire*

	<i>Average 1909-13</i>	<i>1923</i>	<i>1924</i>	<i>1925</i>
Food and animals.	-44	-2,385	-788	-1,571
Raw materials.	-958	-5,723	-6,714	-8,955
Partly manufactured.	-54	+383	+112	-621
Manufactures.	-149	+1,621	+2,320	+3,232

* Quoted from Report of the Association of Italian Corporations in Economic Review of the Foreign Press, July 23, 1926. Official statistics of Italian commerce are very meagre.

The absolute figures of this table are not comparable except as account is taken of the rise in prices, between five- and six-fold, due to inflation. The indication of a change in the relative importance of different kinds of imports and exports, even if these figures exaggerate the change, is supported by information from other sources. The land devoted to the production of cereals was diminished in this period by about a million acres; the product per acre in Italy has always been low, measured by the European standard; and the country has now to obtain a considerable part of its food from abroad. There has been an increase, less marked, in the imports of raw materials. The most striking change is the increase in the export of manufactures, which has reversed the balance prevailing just before the war, and which seems to have transformed Italy definitely into an industrial state.

The silk industry contributes, in raw material and finished goods, nearly a quarter of the total exports. For generations the families of farmers in northern Italy have devoted themselves to raising silk worms, and have acquired the experience which is of peculiar importance in this industry; the government has taken pains to spread the knowledge due to scientists like Pasteur; the product has grown in quantity and has so improved in quality that eggs are now exported even to China and Japan. In the manufacture of the finished goods the industry was furthered by the laming of the power of competitors during the war, and is assisted by the low wage scale prevailing in Italian industry. Real wages have risen, it is true, since the pre-war period, and the working hours, formerly inordinately long, have been reduced, but Italian labor, allowing even for its relative inefficiency, is still cheap. Hydro-electric plants supply the textile industry with power at a cost roughly comparable to the cost of steam power in other countries.

There is some ground for the fear expressed by H. G. Wells that Italy will become the industrial slum of Europe, keeping its place in foreign markets by exploiting a depressed people at home. Italian manufacturers are forced to seek a market abroad because their own people are too poor to buy their products. It is characteristic that Italy, which stands sixth among countries in the production of automobiles, and fifth in the export trade, stands first in the proportion of the product which is exported; Italian manufacturers sell only about one quarter of their cars at home. Italy needs a Henry Ford more than a Mussolini.

On the other hand it is but fair to recognize the technical skill which has contributed to the development of this and other Italian manufactures. The artificial silk industry, a characteristic product of modern technique, has developed with great rapidity in the peninsula and has proved its ability to hold its own in neutral markets like British India. Statistics are lacking for an accurate analysis of Italian trade relations with other countries, but apparently the Italian manufacturer has been most successful in placing his wares in the countries of the Balkan peninsula and the Levant. Albania presents an example of commercial dependence on Italy which, so far as I can note, is surpassed in Europe only by the dependence of Ireland on Britain. Three-fourths of the imports of Albania in 1924 came from Italy; over half of its exports went to that country.

The flow of goods in Europe, which was interrupted by the war and which has since the war been subject to so many disturbing influences, is still fluctuating; even to measure it is often difficult, and to foretell its future development is impossible. The troubled course of Italian politics makes a judgment of the economic conditions and prospects of that country particularly difficult. One item of information is available which gives a pretty definite measure of the increased economic activity of the country. Comparing the periods 1913-14 and 1924-25, and stating figures in round billions, the passenger service of the Italian railroads, measured in passenger-kilometers, grew from 5 to 8, while the freight service, measured in ton-kilometers, grew from 7 to 12. Making allowance for the extension of mileage in acquired territory, the increase is still remarkable. There may be a future decline from the higher figures, but it seems hardly probable that there can be a complete relapse.

One of the most impressive results of the war was the dissolution of the empire of Austria-Hungary, ranking second in area among the states of Europe, and the division of its territory among four new states and three former neighbors. To many observers the event has seemed a calamity; they view it as a reversion from civilization and describe it by the vague but certainly invidious term, the "Balkanization of Europe." If man were purely a commercial animal, and if civilization could be measured in bare terms of commercial area, their view is certainly justified. Trade among the peoples of the old empire is impeded by new frontiers, and is diminished in quantity. That it will neces-

sarily continue so diminished, or that commercial benefits may not ultimately issue from a different political grouping, are assumptions still unproved.

In any event the importance of the matter must not be exaggerated. Austria-Hungary, in spite of its great area and population, ranked seventh among the states of Europe in foreign commerce, and accounted for little more than one-twentieth (5.2 percent) of the total trade of the continent. Three-quarters of its trade began and ended in Europe, and of its European trade a remarkably high proportion — over two-fifths — was carried on with one country, Germany.

It is impossible to determine accurately the effect of the war and of the regrouping which followed it on the commerce of the peoples of the old monarchy, but the figures of Table VI provide some grounds for judgment. This table includes only four states of the seven among which Austria-Hungary was divided, omitting the considerable territories given to Poland, Rumania and Italy; and by including Serbia it counts some territory that was outside the old frontiers, but this is of small importance as the total commerce of Serbia in 1913 amounted to only 36 millions.

In round millions of dollars the total commerce of Austria-Hungary in 1913 was 1,319. The total commerce of Czechoslovakia, Austria, Hungary and Jugoslavia in 1924 was 2,223. A little more than a third of this latter total consisted of trade among the states named, which would have counted as internal trade in 1913 and which must be subtracted, leaving a net total in 1924 of 1,466. There should be subtracted, further, the trade of the four states named with other parts of the old monarchy that are now included in foreign countries, i.e. Galicia, Transylvania and the territories annexed by Italy. But as the external trade of these regions would have to be added again to get the present total of external trade of the area formerly known as Austria-Hungary, it seems safe to conclude that in nominal value the foreign trade of this area was larger in 1924 than it had been in 1913. If we allow for a rise of one half in the price level, we see that between 1913 and 1924 the volume of trade almost certainly shrank; but, on the other hand, it must have amounted in the latter year to at least two-thirds or more of its former volume. If this estimate is safe, the foreign trade of the territories included in the old monarchy fared but little worse, comparing 1913 and 1924, than did the foreign trade of Europe as a whole.

More serious, without question, has been the decline of trade which passed freely within the bounds of the great state of Austria-Hungary, and which must now traverse the frontiers of independent states. Again, however, there is danger of exaggeration; however important to the countries concerned, the matter is distinctly not one of the major problems in the reconstruction of Europe. Illustrative material is presented in Tables V and VI. The first covers several years and includes all except Italy of the countries which inherited parts of the Dual Monarchy. The other is restricted to the year 1924 and to the four countries which composed the core of the old empire. Manifestly the scope of the first table is too broad, of the second too narrow, to serve for a comparison of conditions today with those prevailing before the war; but the two set limits between which the truth must be sought.

TABLE V. SUCCESSION STATES OF AUSTRIA-HUNGARY

Percentage of total trade with other states named.

	<i>Imports</i>			<i>Exports</i>		
	1922	1923	1924	1922	1923	1924
Czechoslovakia.....	21	19	24	41	37	40
Austria.....	45	47	49	51	47	47
Hungary.....	66	69	66	77	72	74
Jugoslavia.....	55	50	45	37	42	45
Poland.....	18	15	20	33	29	27
Rumania.....	45	43	..	38	31	..

The figures in the horizontal rows show such fluctuations as one would expect in the unsettled conditions of the time, but appear sufficiently consistent to warrant our making some generalization. Poland has a relatively small commercial interest in the other Succession States. About 10 percent of its total trade is with Austria. With the other countries of the table the proportion is less, and with the agricultural countries, Hungary and Jugoslavia, it is negligible. On the other hand, the concentration of Rumania's commercial interests in the Succession States is surprising. Before the war Rumania bought only about a quarter of its imports from Austria-Hungary, and sold a much smaller part of its exports to the peoples of that country. There is a slight indication in the figures that the relative importance to Rumania of trade with the other Succession States is declining; this will be borne out, I should judge, by the development in the future. The resumption of trade relations with Germany, once of great im-

portance, has been hindered by political issues which are in process of settlement; and the trade of Rumania with the more distant states of northwestern Europe is likely to extend at the expense of commerce with nearer neighbors.

A discussion of the commercial relations of the other Succession States is best based on a table from which Poland and Rumania are excluded. They fall evidently into two classes. Czechoslovakia and Austria are industrial countries, requiring a considerable volume of trade to maintain their organization, and dealing with many customers. Hungary and Jugoslavia are agricultural countries, much more nearly self-sufficient, and carrying on a trade more restricted both in quantity and in scope.

TABLE VI. TRADE OF FOUR SUCCESSION STATES

Total and internal, 1924, in millions of dollars.

	<i>Total Trade</i>	<i>Imports from states named</i>	<i>Percent</i>	<i>Total Trade</i>	<i>Exports to states named</i>	<i>Percent</i>
Czechoslovakia..	469	75	16	502	162	32
Austria.....	486	187	38	278	83	30
Hungary.....	143	75	53	117	78	66
Jugoslavia.....	106	45	43	122	52	42
<i>Total.....</i>	<i>1,204</i>	<i>382</i>		<i>1,019</i>	<i>375</i>	

Before the war the lands subject to the Hungarian crown carried on slightly over 70 percent of their trade with lands in the Austrian half of the monarchy. After the war the smaller Hungary carried on over 50 percent of its trade with the two countries Czechoslovakia and Austria. The territorial changes have been such that it is impossible to make an accurate comparison, but it is safe to say that the partition has not affected either the volume or the direction of trade so seriously as many supposed it would. Of countries entirely outside the old monarchy, Germany alone carries on a considerable trade with the new Hungary.

Jugoslavia, like Hungary an importer of manufactures and an exporter of food stuffs and raw materials, resembles Hungary in the direction of its trade. About a quarter of the total has been carried on with Austria, considerably less with Czechoslovakia. Trade with Hungary and with the countries of the Balkans has been noticeably small. These countries are so nearly alike in the stage of economic development that exchange relations are not particularly profitable. The feature of greatest interest in the

commercial relations of Yugoslavia is the importance of the trade with Italy. In spite of the political differences between the two countries they have maintained pretty steadily a trade amounting to one-fifth of the total of Yugoslavia; in the year 1925 it exceeded in value Yugoslavia's trade with Austria.

Of the Succession States, Austria is generally acknowledged to occupy the weakest economic position. Lacking food stuffs sufficient for her population, lacking coal and other important raw materials, forced to pay for these necessary imports by the sale of industrial products, and deprived of the free market which the Dual Monarchy formerly afforded, Austria is indeed in a pitiful situation. That the country had not yet reached commercial equilibrium is evidenced by the considerable excess of imports in 1924. It must inevitably pass through a long and painful period of reorganization. But it has at any rate persisted through the most trying period, in which special restrictions on the movement of wares were common in Central Europe, and in which disordered currencies interfered most seriously with the establishment of regular commercial relations. Faced by considerable tariffs in the other Succession States (on metal wares, textiles and other exports), Austria itself has had to frame a tariff for bargaining purposes and has been able to obtain in the past few years some alleviation of the foreign duties.

The question of union with Germany is likely to persist, but on other grounds than that of a common commercial interest. In 1924 only 15 percent of Austrian imports were from Germany and only 13 percent of exports went there. The trade is still less important from the German standpoint; of German imports in 1924 less than 2 percent came from Austria, less than 5 percent of the exports went there. The alternative, a customs union with other Succession States, appears in some aspects more practicable, but would have to overcome nationalistic opposition.

Czechoslovakia stands by itself among the Succession States in the value of its trade and in the wide distribution of its commercial interests. It has a remarkable variety and abundance of mineral resources, including coal; it has fertile land and an advanced system of agriculture; it has an industrial organization comparable to that of the great states of northwestern Europe and able, long before the war, to market its products in distant countries. It trades, to a moderate amount, with all the other Succession States, above all with Austria, to which its supply of

coal is indispensable. Its more important customer, however, is Germany, more than a quarter of its total trade being carried on with that country. Alone among the Succession States it has maintained important commercial relations with the countries of northwestern Europe, and with outside continents. It has established the beginnings of a trade with Russia and the Far East. The commercial position of Czechoslovakia is assured; the question is only how fast and how far its commerce will extend.

The commercial situation resulting from the partition of Austria-Hungary is so complex that it has to be presented in detail or not at all. To accord a similarly extended treatment to other parts of Europe is impracticable. But some light on changes in countries not yet considered is thrown by Table VII.

TABLE VII. TRADE OF CERTAIN COUNTRIES

Total trade, in millions of dollars, and percentage of total trade of Europe.*

	<i>Value</i>	<i>1913</i> <i>Percent Europe</i>	<i>Value</i>	<i>1924</i> <i>Percent Europe</i>
Denmark	379		702	
Sweden	446		713	
Norway	247		356	
<i>Total</i>	1,072	4.3	1,771	6.0
Spain	456		914	
Portugal	133		127	
<i>Total</i>	589	2.4	1,041	3.5
Rumania	244		270	
Greece	57		203	
Bulgaria	54		76	
Albania . . . . .	...		1	
<i>Total</i>	355	1.4	550	1.9
Russia	1,475		490	
Finland	174		242	
Poland . . . . .	...		529	
Latvia . . . . .	...		82	
Esthonia . . . . .	...		41	
Lithuania . . . . .	...		48	
<i>Total</i>	1,649	6.6	1,432	4.9
Germany	4,966	19.9	3,721	12.7

* The figures of value in the table are not corrected to allow for the depreciation of gold; they indicate the relative commercial importance of the countries at a given time, but are less significant than the percentages for comparison of conditions before and after the war.

Measured by the percentage standard, the first three groups of countries (as it happens, all of them peninsular) gained in commercial importance as a result of the war; they would still show a gain if they were measured by the more exacting standard of their share not merely of European commerce but of the commerce of the whole world. But the conditions which stimulated the trade of the neutral countries were temporary. If the table were extended to later dates, we would see that the countries of the Scandinavian and Iberian peninsulas are not holding the position which the war made for them, and are likely to resume their former places. The prospects of the Balkan countries are more promising. The growth of Greek commerce is remarkable and is due only in part to territorial expansion; Rumania will almost certainly improve its commercial position in the near future.

As regards the Russian countries a warning may be permitted like that expressed in the case of Austria-Hungary: the seriousness of the situation is too often exaggerated. Russia has never taken a place in commerce according with its area and its population. It is instructive to compare the percentage of Russia's share in European commerce in 1913 with percentages of other countries and groups of countries at that date. The independent Baltic states have initiated a wholesome commercial development, with every prospect of contributing more to the world's economy than they would have been able to do under Russian rule. The commercial future of Poland is more doubtful. Manufactures had been stimulated in that country by Russian and German and Jewish influences; they were not national Polish products. Deprived of access to the protected Russian market, they have still to prove their competence in the field of open competition. Without them the country will have to rely for its exports on its agricultural and mineral resources and will decline a step in the volume and character of its foreign trade.

Even below Poland in commercial importance in 1924, far below such little countries as Denmark and present Austria, came the great area subject to the rule of the Soviet. The figures for 1925 show a change; the total trade of Soviet Russia in that year is estimated at 657 million dollars. The figures must be left to speak for themselves. Connected with them is one of the great problems of the world: the recovery, by commerce, of a hundred million people dominated by a small group at war with capitalism.

There remains the other great European problem, the recon-

stitution of German commerce. Without any attempt at explanation or prediction, I reproduce below the figures of German trade in recent years and before the war; they give the value corrected for changes in the price level and expressed in percentages based on the year 1913.

TABLE VIII. GERMAN TRADE

	1913	1920	1921	1922	1923	1924	1925
Imports.....	100	37	53	59	45	63	84
Exports.....	100	37	44	61	53	51	65

This is not the record of a normal commercial patient, but a fever chart; the indications of convalescence are still too obscure to be interpreted by anyone but the specialist.

The continent of Europe, as a whole, will not regain the position which it held in international trade before the war. In a decade or so it will recover from the conflict, but it is too old to win back the ground lost. The future belongs to other continents, developing their resources with the vigor and elasticity of youth.

Inside of Europe, as regards the commercial position of the different states, the indications appear to me to favor on the whole a reversion to the former ranking rather than a revolution in it. Comparing figures of the trade of the several European states before and after the war, among all the changes (of which some of the more striking have been noticed in this article) the student is amazed by the stolid persistence with which the currents of trade tend to return to their old channels. Even when quantities and values vary widely the trade often shows an extraordinary fidelity to its old proportions. Reviewing these figures, the student is tempted to a theory of commercial determinism, — a conviction that trade channels have been cut too deep to be altered even by the interruption of the Great War, and a suspicion that even the political forces involved in reparations and international debts will not avail to transform the general plan of commercial relations that used to exist in Europe.

SOVIET RECOGNITION AND TRADE

By Malcolm W. Davis

THE trade strategy of Soviet Russia has been created inevitably as a consequence of two principles basic to the structure of the Communist state — repudiation of the debts of preceding governments and nationalization of private property. Through nearly ten years of Bolshevik administration these two factors have worked constantly to develop the present situation of Russia as a nation dominated by a strict official monopoly of her commerce. By setting Russia economically at war with other nations, these revolutionary policies have laid upon her new rulers the unique task of utilizing her exports and imports to buttress their own position within Russia. Their effort to accomplish this aim has been the key to an understanding of many of the events in Russia since the winter of 1917, and is still the key to what is happening in Russia today.

The feeling aroused by the withdrawal of Russia from the war, when the Bolsheviks made their separate peace with Germany at Brest Litovsk in 1918, at the outset confused and obscured this real issue. The treaty signed there was the first important agreement negotiated by Soviet Russia. Together with it went a trade compact embodying, with modifications, the principles of the earlier German-Russian agreements of 1894 and 1904. The Brest Litovsk treaty was, of course, cancelled at Versailles; but it constituted the first recognition of the Soviet Government and set the stage for a series of significant later events. After its cancellation Russia was left absolutely devoid of diplomatic relations. Then, as the emotions aroused in the Allied countries by the surrender at Brest Litovsk subsided, the true outline of the fundamental differences between Russia and the rest of the world — particularly the Allies and America — appeared more distinctly.

The Soviet Government took the stand that the complete change in Russia automatically altered not only legal relations within Russia but also the status of relations with other nations, robbing treaties and agreements of all force except as they might be specifically declared to be still in effect. To this view was opposed the contention of the western Powers that unexpired treaties must of right be regarded as still binding. This principle was included in definite form in the British correspondence regarding

the *de jure* recognition of Russia in February, 1924, which admitted at the same time the need of a new attitude toward old treaties. In the Russian reply the opposed theory was made equally obvious by the statement that the Soviet Government was ready to negotiate with the British Government regarding the replacement of earlier treaties which had lost legal force through the events of the war and post-war period. A. N. Makarov¹ has explained this position of the Soviet Government as being justified by Soviet jurisprudence not merely on the ground of the fall of the Empire and the formation of a new administration, but by the fact that the state had been completely transformed and the theory that consequently existing treaties must be affected. The new order, it was argued, must find external expression either in a new system of agreements or in specific reaffirmation of old agreements.

Proceeding on this theory, the Soviet Government by decree declared still binding certain collective treaties to which Russia was a party, such as the Red Cross conventions of Geneva and The Hague, the Paris Treaty of 1884 for the protection of submarine cables, and the Brussels Convention of 1910 regarding collisions and aid at sea. Its first new treaties, preceding even *de facto* recognition, dealt with the return of war prisoners and interned civilians. These interests being settled in 1919 and 1920, Soviet Russia turned to the establishment of necessary relations with the states which had formed part of the old Empire. The independence of Finland had been recognized in January, 1918. In 1920 accords were reached with Estonia, Latvia and Lithuania, which carried with them *de jure* recognition of the Soviet Government. The treaties were based on the principle of self-determination and the full independence of the former subject states. In turn, a preliminary treaty of peace was negotiated with Poland in October, 1920, and a final treaty in March, 1921. Trade agreements, which had been expected in consequence of these treaties, were not realized, but there followed a series of agreements regarding railways, post, telegraphs and telephones, boundary traffic, fisheries, shipping, and timber floating. Later, when the present Union of Socialist Soviet Republics was formed, it took over the execution of various treaties which had been negotiated by individual constituent republics.

¹ Prof. Dr. A. N. Makarov, *Das System der Staatsverträge Sowjetrusslands. Zeitschrift für Politik*. Berlin, 1926. Band XVI, Heft IV. P. 331.

The arrangements which regulated the dealings of Russia with states which had been wholly or in part subject to her cleared the way for an effort to establish contact with the world at large. This was accomplished by a series of provisional trade agreements, carrying with them *de facto* recognition. The first strong sentiments of repulsion inspired by the violent phases of the Bolshevik revolution had begun to die down, and the European nations particularly were considering how to revive exchange with a country which had formed an essential part of the economic system of Europe. Great Britain was the first to act, by the agreement of March 16, 1921. Germany followed on May 6 with the recognition of the war prisoner commission of Soviet Russia as a consular and trade mission. Then came accords with Norway on Sept. 2, 1921, with Austria on Dec. 7, 1921, with Italy on Dec. 26, 1921, with Czechoslovakia on June 5, 1922, with Denmark on April 23, 1923, and with Hungary on Sept. 18, 1924. Under most of these arrangements, the *de facto* recognition which was granted meant that relations were resumed only to the extent necessary for trade. The agreements provided for juridical recognition of the Soviet trade monopoly and for its responsibility for contracts, and in some cases conceded extra-territorial privileges to Soviet trade delegations — as, for instance, those with Czechoslovakia, Great Britain and Norway. The Soviet trade delegations exercised many of the functions and rights of consuls. Few of these provisional agreements, however, endured in their original form. Czechoslovakia alone has made no change in the status of her relations with Russia. The other nations who established contact accorded *de jure* recognition later and restored diplomatic services, and many of them concluded commercial treaties.

It was natural and logical that Germany should have taken the lead in doing this, and should have gone further than any other nation. Her Brest Litovsk treaty with the Soviet Government had set the precedent of recognition during the war. Furthermore, after the war the two Powers found themselves outside the political order that had been set up in Europe. For two centuries they had had close contact and had maintained a constant exchange of raw materials from the Russian side and manufactured goods, machinery and technical services from the German side. So, in the new situation, they sought instinctively to achieve a kind of working partnership. In April, 1922, they concluded the Treaty of Rapallo, giving informal guarantees of

neutrality and — what is most significant — mutually surrendering claims arising from the war and revolution. The Rapallo agreement repeated certain of the principles of the Brest Litovsk treaty which cut Russia off from the Allies and which they in turn sought to nullify at Versailles. It emphasized the repudiation by Russia of the rights accorded to her by the Versailles treaty, and so finally marked the end of the old Entente system. But further, by its provisions Germany not only relinquished her war cost and damage claims but also her revolutionary damage claims. The understanding was that Russia should indemnify Germany only if she should indemnify others. Thus Germany took an attitude which recognized the basic Communist position and encouraged the Soviet Government in maintaining it. Diplomatic contacts began, but the results in actual trade were below expectations. The chief effect of the Rapallo accord remained political.

A more important commercial and industrial treaty followed in Moscow in October, 1925. Germany and Russia then agreed on reciprocal "most favored nation" treatment (excluding the Versailles treaty Powers on the German side and the constituent member republics of the Soviet Union on the Russian side). The structure of the Soviet state and the Soviet trade monopoly were recognized. Certain members of the Soviet trade delegation in Berlin received recognition of extra-territorial status and rights, and a plan was outlined for shipments of goods. Finally, just preceding Germany's entry into the League of Nations, a treaty of neutrality was signed at Berlin. It pledged Germany and Russia to friendly consultation for agreement on all political and economic questions. Further, in order to provide against German participation in any application to Russia of the military and economic sanctions of the League Covenant, it included promises of neutrality in case of attack by other nations and guarantees against joining in any economic boycott of other of the parties. The Berlin treaty thus revealed finally the political meaning of the Rapallo compact. It completed a consistent group of agreements placing Germany in a position of unique significance in relation to Russia and tending to make her an intermediary between Russia and the Powers of western Europe. One evidence of this tendency is the settlement reached in Berlin of the dispute between Soviet Russia and Switzerland over the killing of the Soviet envoy to the Lausanne conference, Vorovsky. In consequence, the Soviet Government has abandoned its refusal to

participate in international gatherings in Switzerland and has sent delegates to the Economic Conference under the auspices of the League of Nations.

Only a few other European nations have negotiated full commercial treaties with Russia, even when they have accorded unreserved recognition to the Soviet Government. Italy replaced her provisional trade agreement on Feb. 7, 1924, with a trade and tariff convention. It originally contained a paragraph aimed at the Soviet foreign trade monopoly, but this was suppressed before the treaty was ratified on March 7th. Italy even conceded to the Soviet trade delegation wider extra-territorial rights than Germany had granted, and her tariff treaty was the only one of its kind to be concluded with Soviet Russia. Sweden made a commercial treaty with the Soviet representatives on March 15, 1924, giving force to an earlier Swedish-Russian treaty, and Norway supplanted her provisional trade agreement on December 15, 1925, with a full commercial treaty including "most favored nation" privileges. With Greece, on June 23, 1926, Soviet officials concluded a customs and tariff convention.

After her settlements with the Baltic states and with Germany, Soviet Russia had to wait a long time for full *de jure* recognition by any other European nation. At the end of November, 1923, Premier Mussolini of Italy announced after a series of preliminary interchanges between Italian and Russian representatives that he was prepared to grant such recognition to Soviet Russia in connection with a new commercial treaty. Negotiations were in progress all during January, 1924, and plans were formed for the signature of the treaty outlined earlier, and for simultaneous extension of *de jure* recognition early in February. But Prime Minister MacDonald of Great Britain, acting also as Secretary for Foreign Affairs, anticipated the Italian action by wiring unconditional recognition to Moscow on February 1. Recognition by Italy followed on February 7. With these precedents, full recognition came to the Soviet Government in the course of 1924 from Norway on February 15, from Austria on February 25-26, from Greece on March 8, from Denmark on June 18, from Mexico on August 4, and finally on October 28 from France. The French recognition was accorded to the Soviet administration "as the successor of the former Russian Governments" — thus raising afresh the question of the validity of existing treaties and providing a basis for French bond and property claims.

The most significant failures of the Soviet Government to secure desired trade treaties have been with Great Britain and France. In the case of Great Britain, the aim was nearly achieved. At the London conference that opened in April, 1924, Prime Minister MacDonald of the Labor Cabinet proposed a general commercial treaty to replace the provisional trade agreement. The negotiations were troubled by differences over the principles of repudiation of debts and nationalization of property, and by controversies over Communist propaganda. British bankers and holders of bond and property claims against Russia also voiced active opposition. But a treaty was finally signed on August 8th. Prime Minister Baldwin and the Conservatives, coming into power in the autumn, shelved it. In May of this year, following a raid on the Soviet trade offices in London which showed that they were used as centers of Communist intrigue, the Cabinet decided to break off all relations with Soviet Russia.

In France, the same conflicts of interest that really underlay the deadlock in Great Britain — those concerning debt and property claims — have continued to block any commercial treaty.

In the Orient, Soviet representatives have pursued an active policy of seeking diplomatic and commercial accords with more success than in the Occident. Their dealings with eastern countries have been based on the principle of recognition of the equality of both parties, excluding the special privileges, extra-territorial rights, capitulations and concessions from which citizens of the western nations generally have benefited. The result has been a network of treaties connecting most of Asia with Russia. In the case of Afghanistan, contrary to the terms of an earlier Russian agreement of 1907 with Great Britain, the Soviet Government concluded a treaty on February 28, 1921, terminating recognition of a British protectorate and establishing direct contact. This was followed by a treaty of neutrality on August 31, 1926, and in turn by negotiations for a trade agreement.

With Turkey, on March 16, 1921, the Moscow Government made a treaty abolishing the capitulations and jurisdiction of consular courts and defining boundaries, and followed it with a neutrality treaty on December 17, 1925. On March 11 of this year a trade agreement was signed, making provisions for commerce and navigation on the principle of "most favored nation" treatment and according diplomatic privileges to the heads of the Soviet trade delegation and extra-territorial status to their premises.

To Persia the Soviet statesmen granted exceptional advantages, in a treaty of February 26, 1921, including not only the main principles of treaties with other Oriental countries but also renouncing Russian state property in Persia — except embassies and consulates — and all debts and concessions. Persia also gained the right to a fleet in the Caspian Sea, refused to her by treaty since 1828. Russia secured the right to intervene in Persia in case of activities by organizations hostile to the Soviet Government which the Persian Government could not suppress. But attempts to arrive at a workable commercial agreement have failed. Contacts between Soviet Russia and Persia have been complicated by suspicion and unfriendliness. Last year the Soviet Government declared an embargo on various classes of Persian goods, in the attempt to compel compliance in the sort of trade agreement that Russia seeks. But Persian merchants replied with private boycotts on Russian goods, and negotiations remained deadlocked.

Further east, a somewhat different course was followed in Mongolia. In 1921 preceding treaties were terminated and the jurisdiction of consular courts was ended, with provisions to safeguard Russian citizens against judgments calling for corporal punishment. Diplomatic and consular relations were established under a treaty containing the principle of "most favored nation" treatment. Moreover, in this land of nomadic herdsmen, a so-called independent Soviet Republic has been proclaimed.

With China, in May, 1924, a complicated new arrangement was made, comprising a general treaty, eight declarations, and a provisional agreement concerning joint management of the Russian-built Chinese Eastern Railway in Manchuria. All previous treaties were repudiated, including those with third Powers affecting China, and all special privileges and concessions were renounced, as was the Russian share of the Boxer Indemnity. Equality having been thus established, a period of active Russian diplomacy in China and of encouragement of the Nationalist anti-foreign sentiment began — with consequences which recently have become sufficiently well known.

A Soviet settlement with Japan was reached in Peking in January, 1925, in a treaty which recognized the Portsmouth treaty of 1905 and also admitted the Japanese right to oil concessions in the northern half of the island of Sakhalin off the coast of Siberia. A trade treaty on the basis of "most favored nation" treatment was hoped for, but was not realized.

The elaborate framework of Soviet diplomatic accords and commercial treaties has failed to produce very impressive results in terms of actual trade. Furthermore, the figures do not show that any important difference is made whether or not other nations have recognized the Soviet Government or concluded agreements with it. The tendencies of Russian trade seem to be determined by other factors.

Before the war, in 1912, Russia's total export and import trade across all borders amounted to roughly 2.5 billion rubles. In the fiscal year 1924-25, it amounted to a little less than 1.3 billion rubles, and in 1925-26 to a little over 1.4 billion rubles. But at the same time the wholesale index number of the Soviet State Plan Commission, combining both agricultural and industrial products, as compared with 1913, stood at 174.2 in October, 1925, at the end of the fiscal year, and at 178.8 in October, 1926. Consequently, the actual volume of trade was estimated at about one-third of the pre-war volume. Part of this shrinkage is explained by the fact that the pre-war figures are for the trade of the whole Russian Empire, including states which have become independent.

Of the total trade in 1924-25, according to the official journal "Soviet Trade," exports accounted for about 575 million rubles and imports for nearly 720 million rubles, giving an unfavorable trade balance of about 145 million rubles. Trade across European boundaries amounted to nearly 508 million rubles in exports and 644 million rubles in imports, while across Asiatic boundaries goods were exported to the amount of 67.5 million rubles and imported to the amount of 76 million rubles. In 1925-26, the total exports ran to the amount of nearly 668 million rubles and imports to nearly 756 million rubles, reducing the unfavorable trade balance to about 88 million rubles. Of the totals, about 589 million rubles covered exports across European boundaries and a little less than 79 million rubles represented exports across Asiatic boundaries. Imports across the western and eastern boundaries ran to nearly 674 million rubles and 82 million rubles respectively. The total figures indicate an increase of 16 percent in exports and of 4.6 percent in imports. During the first five months of the fiscal year 1926-27, or up to the end of February, the figures compiled by the People's Commissariat of Trade show a total trade across European frontiers of nearly 7537 million rubles, with exports accounting for over 322 million rubles and imports for 214.5 million rubles. Thus both a considerable gain in exports over the cor-

responding period for 1925-26, and a favorable trade balance of more than 107.5 million rubles for the period were shown. Exports, it should be borne in mind, do not necessarily represent cash actually paid, being often secured on long-term credit.

When attention is turned to the figures for individual countries, indications of suggestive interest at once appear. The three nations of most importance in the foreign trade of Soviet Russia are Germany, Great Britain, and the United States. The Soviet Government buys primarily where it can best secure equipment and raw material for industry. The volume of trade with other countries individually is markedly less, as indicated by the following selected list:

SUBSIDIARY DIVISIONS OF SOVIET FOREIGN TRADE

(In millions of gold rubles)

	Russian Exports		Russian Imports	
	1924-25	1925-26	1924-25	1925-26
Belgium.....	19.3	18.6	3.3	1.9
Czechoslovakia.....	0.4	0.5	21.8	18.1
Denmark.....	13.7	10.4	1.6	1.6
Egypt.....	6.2	2.9	23.0	26.6
Estonia.....	14.0	17.0	4.2	6.5
Finland.....	2.5	4.5	18.6	14.7
France.....	22.1	39.8	9.1	19.0
Italy.....	15.4	33.5	5.2	23.2
Latvia.....	62.7	63.5	2.8	4.4
Netherlands.....	20.5	21.1	33.9	6.8
Poland.....	3.8	3.1	10.3	9.7
Sweden.....	1.0	3.3	15.5	20.4

Czechoslovakia, whose government has withheld *de jure* recognition of the Soviet Government, is seen at a glance to hold a strikingly large share of the Russian import trade in comparison with the amount of exports she takes. Egypt's position is explained by importations of cotton for the Russian textile mills. France and Italy, following their full recognition of the Soviet Government, have managed to increase their transactions with their former ally, but not impressively, and in both cases they buy more than they sell. The Soviet monopoly uses a favorable balance of trade with many nations with whom its volume of traffic is comparatively small, to finance its purchases in the great industrial countries where it can get the things it most wants.

Russia's Oriental trade is on the whole negligible in comparison

with her Occidental trade. This is immediately comprehensible when it is considered that the Orient can not furnish the machinery and manufactures that Russia needs. Persia — despite diplomatic difficulties with the Soviet Government — leads in both the export and import branches, with China half-way behind, and Japan third, buying four times as much as she sells.

For purposes of study of the tendencies of Soviet trade, therefore, the three countries of major importance are taken for the past three years. Even across the Asiatic borders, a considerable share of the commerce goes to them. The following tables show their relative positions:

SOVIET TRADE WITH GERMANY, GREAT BRITAIN, AND THE UNITED STATES¹

(In millions of gold rubles)

	Russian Exports			Russian Imports		
	1923-24	1924-25	1925-26	1923-24	1924-25	1925-26
Germany	66.4	87	111	44.9	101.6	172.2
Great Britain	80.4	185.4	187	48.8	107.8	125.4
United States	6	21.2	25	49.9	199.1	111.9

COMPARISON FOR FIRST QUARTER OF CURRENT FISCAL YEAR²

	Russian Exports		Russian Imports	
	1925-26	1926-27	1925-26	1926-27
Germany	32.2	49.8	39.3	29.2
Great Britain	59.2	68.2	42.7	26.5
United States	7.7	2.4	31	32.6

A first glance at the Russian trade figures might give the impression that politics enter into the direction of commerce in the sense that there is a tendency to throw business to nations from whom the Soviet Government desires and expects recognition. But second thought suggests that politics play their part rather in terms of the internal economic needs of the government. With the United States, under present circumstances, the Soviet Government can have slight hope of establishing diplomatic relations. Yet one fact that immediately commands attention is the disproportionate share of the United States in the Russian imports. If reference is made to the situation before the war, the signifi-

¹ Figures for 1923-24 from "Russia: General Review and Commercial Report," Institute of Commercial Research, London, December, 1926; for 1925-26 and 1926-27 from "Commerce Reports," U. S. Department of Commerce, Jan. 24, 1927.

² Figures from Soviet Union Review, April 1927, as compiled by People's Commissariat of Trade and Industry.

cance of this fact becomes even more striking. Of Russian exports the United States always has taken only a small share. On the other hand, averages for the Russian import trade before and after the war (recently compiled by Mr. Simeon Strunsky of the *New York Times*) show the following suggestive contrasts:

GERMAN, BRITISH AND AMERICAN SHARES IN RUSSIAN IMPORTS

	Pre-War Percentages		Post-War Percentages		
	1912	1913	1924	1925	1926
Germany	50	53	22	16	26
Great Britain	13	13	24	17	19
United States	7	7	25	30	18

The marked increase in imports from Germany in 1926 is attributable partly to the 300 million gold mark trade subvention which the German Government granted in April, as well as to the conclusion of a comprehensive commercial and industrial treaty. But aside from these considerations, the reasons both for the depression of the total volume of Russian trade and for the directions which it has taken in the past three years are not far to seek. State banking and trading monopolies command absolute control of the operations in foreign exchange and of the volume of imports. The system makes it possible both to keep purchasing abroad within the bounds indicated by the volume of exports and the reserves of foreign currency, thus creating an artificial economic balance, and also to direct purchasing in accord with governmental policy. The trade monopoly is part of the Soviet political machine. It is a cumbersome apparatus which hampers commerce, and the cost of administering it and of maintaining trade delegations abroad is high. But it was brought into existence to meet vital necessities of the Soviet régime. The Soviet power — apart from the Red Army — is based on the proletarian class of factory workers. In order to encourage them and to develop the strength of the class as much as possible in a land populated chiefly by farmers, it was desired to emphasize the development of industry. But little capital for this purpose could be secured abroad. Neither foreign governments nor bankers would loan money to a government which had repudiated national debts and confiscated property belonging to their citizens. So the Soviet leaders turned to the manipulation of exports and imports — in other words, to the trade monopoly. It is the essential line of entrenchment of Communist strategy.

For the sake of industrialization of the country, the Soviet Government has been buying factory equipment and agricultural machinery and barring manufactured products so far as possible. In 1913, it is estimated, the proportion of consumption goods imported was 45 percent. That was in the days when Russia was based on an agricultural economy and was willing to buy abroad the finished articles that she needed. In 1925-26, the proportion of consumption goods imported was 15 percent, while 83.6 percent of the total represented productive imports and cotton for textiles.

Further, a high tariff has been adopted, for an open trade frontier would mean a flood of goods competing with the products of Soviet industry and exhausting the reserves of foreign currency. This spring the Council of People's Commissars have announced an even higher degree of protection, raising the average customs duties on the value of imported goods from 22-24 percent to 30-33 percent, and reducing the free list from 80 to 45 articles — among which, significantly, are included temporarily agricultural machinery not made in the Soviet Union and live stock.

The tariff exemption in favor of agricultural machinery points to the central domestic difficulty of the Soviet strategy, the greatest weakness behind the line. The system of forcing home industry has inevitably made prices high within the country. As a consequence, the peasants have to pay constantly more in produce for the manufactured articles which they need. They are compelled to finance the revival of industry, through real prices three to four times above those that prevailed before the war. At the same time, since foreign trade depends on the margin of purchasing power of the government and since prices are both controlled by government agencies and affected by world market quotations, the rates offered for grain and other agricultural products for export are generally so low as to discourage the cultivation of surplus crops. With manufacturing costs remaining practically level, the difference between the selling prices of manufactured articles and the buying prices of agricultural products for export has been steadily widening in recent months. The forces developing peasant antagonism to the government program may be gauged by the estimate of Keynes that the city population is about 85 percent as well off as before the war, while the country population is about one-half as well off.

Fear of rising resentment among the peasants was one of the main reasons for the division in the past year within the ranks of

the Communist party, between the government faction of Stalin advocating a more moderate policy to lighten the load on the peasants and the extremists advocating an unmodified industrialist program. The peasants are capable of formidable opposition. Investigators reported that peasant hostility to Soviet levies on crops, and consequent concealment of grain or even refusal to plant, considerably intensified the Russian famine of 1921-22.

The present trade policy of the government runs the risk of developing a form of practical state sabotage on the farms. Discouragement of production of an agricultural surplus for export strikes at the basis of the foreign trade monopoly, and hence at the plan of building up Soviet state industry. So, side by side with the effort to secure equipment for the factories, there now goes the effort to provide better equipment for the farms and an intensive campaign to cut manufacturing costs. "Vestnik Finansov," a new monthly publication of the Commissariat of Finance, reports intensive studies in the Soviet Institute of Economic Research of the method of financing import trade.

The internal position of the Soviet Government requires retention of the foreign trade monopoly as a means of building up industrial strength. It is the only alternative to foreign loans for the development of industry, which cannot be secured except by the sacrifice of the Communist policies of repudiation of the Russian debts and nationalization of property. Under the system of trade control, the Soviet economists have lately been endeavoring to attract development funds by limited concessions and by the admission of foreign investment in Russian corporations. Centralized state industry has broken down. It was transformed first into so-called "trusts," and many of these, in turn, are being changed into licensed "mixed companies." Up to October, 1926, there were in all 144 concessions — 40 German, 22 British, 15 American, others scattering — and some 36 "mixed companies."

The Bolsheviks may be said to be repeating, in altered form, their tactics of ten years ago. Then they accepted German funds, given in the interest of eliminating Russia as a military factor in the war, in order to establish their own political power. The Allies and America retrieved what they had lost for Russia. Now they are accepting capitalistic support in the hope of consolidating their industrial power. But it is a question whether they can resist the expansive forces which, inevitably, they are releasing in exactly that sphere which is the citadel of Soviet defense.

MR. CHURCHILL AS A MILITARY HISTORIAN

By Sir Frederick Maurice

THE WORLD CRISIS, 1916-1918. BY THE RT. HON. WINSTON S. CHURCHILL.
2 vols. New York: Scribner's, 1927.

MR. CHURCHILL is a student of Macaulay. Unfortunately he has confined his studies to the literary methods of the master. The result is that, while he has given us two eminently readable and in parts brilliantly written volumes, he has, in treading dangerous ground, plunged up to his neck in many a hole. In England to-day oratory is almost dead, and with the decline of oratory the rhetorical style has lapsed into disuse. So, where we find the sonorous periods and the biting invective of the early Victorians applied to descriptions of current events, we experience all the charm of novelty, we are swept along by the exuberance and compelling force of our author, and are little disposed to pause and question his facts.

This method, admirably suited to the politician on the platform, whose object is to persuade an audience not likely to be too well informed of detail, has its dangers when applied to the printed word, and particularly to the printed word dressed in the guise of history. Even Macaulay, trained in the historical method and an expert in historical research, was tempted into rounding off a period at the expense of calm criticism and of cold fact. The amateur historian with a case to maintain should think twice before daring to assume the mantle of Macaulay. Mr. Churchill has a very definite case to maintain. It is that the Great War could have been won far more quickly and more cheaply in the East than it was won in the West. Here is an appeal *ad hominem* admirably suited to the rhetorician. A public still appalled by the sacrifices of war is only too ready to listen to attacks upon those who called for those sacrifices. Mr. Churchill supplies them with a full measure of those attacks. Almost every general, British, French and German, concerned in the war in the West is exhibited to us as a slow-witted, unimaginative blunderer who sent his men to useless slaughter.

Mr. Churchill's main thesis is that the soldiers' doctrine of attack as the best form of defence was, as far as war in the West

was concerned, out of date and entirely inapplicable to the circumstances of the time, so it is of interest to observe that his method of defending himself against the attacks which have been made upon him for his share in the *débâcle* of the Dardanelles is to assume the offensive vigorously and to assault all who opposed that unfortunate enterprise. Now bold assertion and vigorous declamation are not sufficient to support attacks upon persons, unless they have behind them a reserve of fact. Here is where Mr. Churchill's tactics in his latest two volumes fail. The failure is regrettable. During the period which Mr. Churchill describes he had, owing to the collapse of the Dardanelles campaign, ceased to be a member of the British Government, and for the first part he was occupied in commanding a battalion on the Western front and in defending himself before the Dardanelles Commission, while during the second he had rejoined the administration in the minor ministerial post of Minister of Munitions. "Not allowed to make plans I was set to make weapons." He can therefore no longer speak with the authority which he possessed in the first two volumes of the series, when he wrote as First Lord of the Admiralty and a member of the inner council of the Government. But in these last volumes Mr. Churchill's misstatements of fact are so many and so grave that no historian will in future be able to accept any of his assertions about the war without the most careful checking of references.

Mr. Churchill begins his last book with a fierce attack upon Joffre. "This bull-headed, broad-shouldered, slow-thinking, phlegmatic, bucolic personage" was, as it appears, nothing but an impassive, useless figurehead, with no ideas but to send brave men to their deaths against barbed-wire and machine guns. This portrait is based upon a book called "G. H. Q." by M. Jean de Pierrefeu, a clever French journalist, described by Mr. Churchill as "a writer of extraordinary force and distinction" who was employed at French headquarters to draft the official communiqués. His book has had a *succès de scandale* and his caricature of Joffre is as true as are the caricatures of most scandalmongers. Now the writer of history should of course use all sources of information, and I make no complaint that Mr. Churchill has drawn upon M. de Pierrefeu's biting description of life at Chantilly. But I do charge Mr. Churchill with gross negligence in relying upon this so-called authority and upon a number of others of equal value and in neglecting altogether the part of the French

Official History dealing with the prelude to the battle of the Marne, which was published more than a year before his own book.

Here is Mr. Churchill's description of the battle of the Marne:

"Joffre and the French head-quarters were withdrawing their armies with the avowed intention of turning on their pursuers and fighting a decisive battle at an early date. Exactly when or where they would fight they had not determined. All the armies were in constant contact and everything was in flux. But certainly they contemplated making their supreme effort at some moment, when the five pursuing German armies were between the horns of Paris and Verdun.

"Gallièni's intervention decided this moment and decided it gloriously. He it was who had insisted on the defence of the capital when Joffre had advocated declaring it an open town. He had inspired the Government to order Joffre to place a field army at his disposal for its defence. When the endless columns of the righthand German army skirting Paris turned south-east he decided instantly to strike at their exposed flank with his whole force. He set all his troops in motion towards the east, he convinced Joffre that the moment had come to strike, and he persuaded him that the flanking thrust should be made to the north rather than to the south of the Marne, as Joffre had proposed. Finally he struck his blow with all the sureness and spontaneity of military genius, and the blow heralded the battle whose results saved Europe!"

Almost the whole of this last paragraph is pure fable.

General Gallièni was appointed Military Governor of Paris on August 26th, 1914, and he at once set himself energetically to prepare for the defence of the French capital. He wrote during the war an account of his doings, which was published after his death by his pious relatives under the title "*Mémoires du Général Gallièni. Défense de Paris.*" This book is an honest description of what General Gallièni conceived to be his part in the great whole. But he was able to view events from one angle only, that of the extreme left of the Allied line. He, like the other French commanders, knew just as much and no more of the Commander-in-Chief's ideas and plans as was necessary for him to know in order to play his part. It is clear that he did not understand the whole plan and I think that had he lived he would have considerably revised his memoirs before publication. But his children, as is the way with pious relatives, wishing to gain credit for their distinguished father, rushed the memoirs into print and in so doing have done him poor service. The appearance of this book was the signal for a series of attacks upon Joffre. The French public wanted a scapegoat for the failure of the Battles of the Frontiers and for the invasion of France and here

was the opportunity. Mr. Churchill has swallowed these attacks whole, perhaps with less reluctance because Joffre was a convinced Westerner.

Now a full year before the publication of Mr. Churchill's book there appeared Tome I, volume II, of the French Official History of the War,¹ with two large volumes of Annexes, containing every official French military document relating to the events leading up to the battle of the Marne. The account is coldly impartial. There is no comment, no criticism, there are no sonorous periods, there is no brilliant description. All the evidence is given *in extenso*. From this account the following facts appear: On August 25th, the day after the breakdown of the original French plan of campaign had become apparent, Joffre issued General Instruction No. II, of which the first paragraph runs: "The projected offensive manoeuvre being impossible of execution, the future operations will be regulated with a view to the reconstitution on our left, by the junction of the IVth and Vth Armies, the British Army and new forces drawn from the region of the east, of a mass capable of resuming the offensive, while the other armies contain for the necessary time the efforts of the enemy."

Here is the genesis of the battle of the Marne, for this plan formed on August 25th was adhered to resolutely in circumstances of great adversity and brought to final and triumphant execution on September 9th. It is a plan drawn by a large mind on a large scale. No piece-meal counter-attack is envisaged; the Vth and IVth French Armies, the British Army and the new army to be created (Maunoury's VIth Army, later to be known to fame as the taxi-cab army) are to attack together.

Joffre had hoped to bring off this counter-offensive on the Somme about the end of August, but the German pursuit was too rapid. Von Kluck catches up the British 2nd Corps and forces it to fight on August 26th at Le Cateau. Thereafter the British Army retreats rapidly. In order to relieve the pressure on the British, Joffre orders his Vth Army to attack the Germans, which it does on August 29th. While the Vth Army is fighting von Bülow's IInd Army, those on its right and left are retreating. On the 30th von Kluck, responding to an appeal from von Bülow, begins from the neighborhood of Amiens a swerve south-eastwards against the left flank of the bold Vth Army. Simultaneously the right of that army is threatened by the advance of

¹ "Les Armées Françaises dans la Grande Guerre." Paris: Imprimerie Nationale, 1925.

von Hausens' IIIrd German Army, and it is in a very tight place. But this Vth Army is to play a vital part in Joffre's counter-offensive, and this it cannot do until it has been disengaged. So for the next few days Joffre's mind is concentrated on calculating how and when he can free the Vth Army from the clutches of the enemy, and on this he bases his plans and calculations for the great battle which he has projected.

On September 1st Joffre orders Maunoury with his VIth Army to cover Paris on its northern and north-eastern fronts, and directs Sarraill commanding the IIIrd French Army around Verdun to send his IVth Corps to Paris to reinforce Maunoury. It was a part of this corps which was eventually sent forward by Galliéni in taxi cabs. On the same day he puts Maunoury under the command of Galliéni and requests the War Minister to place the fortress of Paris under his command, "in order that, if opportunity arises, he might be able to combine the operations of the mobile garrison of the fortress with those of the field armies." This is the first definite hint of a movement from Paris against the enemy's flank, though it is the natural sequence to the order of August 25th, to which Joffre adheres. Galliéni is at this time, quite naturally, entirely occupied with the defence of Paris and has made no suggestion that the garrison should be employed in attack.

On the evening of September 1st, Joffre, having made his calculations as to how long it will take to free the Vth Army, issues General Instruction No. IV, in which, after explaining that circumstances have made it necessary to continue the retreat, he goes on: "As soon as the Vth Army shall have escaped from the menace of envelopment against its left, the IIIrd, IVth and Vth Armies together will resume the offensive. The limit of the retreat, without any implication that this limit must necessarily be reached, may be taken to be, for the Vth Army, behind the Seine."

The next evening he amplifies this instruction in a note to his army commanders and to Galliéni, in which after specifying the limit of the retreat he says that as soon as it is completed the offensive will be resumed on the whole front. "The British Army will be asked to participate in this offensive by passing to the attack on this front as soon as the Vth Army passes to the attack. The garrison of Paris will attack simultaneously in the direction of Meaux (i.e. eastwards against the German flank)."

On the morning of September 3rd Joffre details his plans in a

long memorandum to the Minister of War, which concludes with the statement that his intention is "to prepare an early offensive, in coöperation with the British Army and with the mobile troops of the garrison of Paris."

Thus on three several occasions Joffre has indicated, in terms which grow in precision as the situation develops, his intention of using the garrison of Paris to attack the German flank as part of a great plan of combined offence, and he suggests the possibility, but no more, of having to retreat to the Seine in order to free the Vth Army for attack. No hint of any kind has yet come from Galliéni that his troops could be used to attack the Germans. These orders Mr. Churchill describes in the following terms: "He (Joffre) issued orders for a general retreat of the French Armies, which contemplated withdrawal not merely behind the Marne but behind the Seine and comprised the isolation both of Paris and Verdun." How far that is a fair and complete summary of Joffre's plan the reader may judge.

Now let us turn for a moment to the Germans. As we have seen, von Kluck on August 30th began to prepare for his wheel south-eastwards. This movement, accentuated on the 31st, was known to Joffre on September 1st mainly as the result of British air reconnaissances. On September 2nd further confirmation of von Kluck's movement was received, but that night and on the morning of the 3rd there was some doubt. A portion of von Kluck's army was again marching southwards, apparently towards Paris. The reason was that on September 1st part of von Kluck's cavalry and advanced guards had bumped incautiously into the British Army and had been roughly handled. So on the 2nd von Kluck had turned again southwards hoping to catch and outflank again the British Army. Failing in this, on September 3rd he resumed his march south-eastwards, and again the British airmen informed Joffre, who that afternoon was satisfied that Paris was in no immediate danger, many hours before he received confirmatory information from Galliéni. If he is relieved of anxiety about Paris, the confirmation of von Kluck's movements increases his anxiety for the safe withdrawal of his Vth Army, which remains the pivot of his plan. Von Kluck is obviously aiming at the left flank of that army and even its right flank is not secure. To meet this latter danger Joffre had formed the left wing of his IVth Army into a separate command and placed it under Foch.

On the evening of September 3rd Galliéni receives his first indication that the Germans are not advancing upon Paris but marching past its north-eastern front. He at once sees the possibility of striking a blow at the German left flank, which he knows to be part of his Commander-in-Chief's plan. But he has not in his possession the complete information which Joffre enjoys and therefore before making up his mind he orders cavalry and air reconnaissances to be sent out early on September 4th, to obtain confirmation of the direction of von Kluck's march. That night Joffre telegraphs to Galliéni: "Part of General Maunoury's forces should be pushed at once towards the east to menace the German right in order that the left of the British Army may feel that it is supported on this side. It would be well to inform Marshal French of this and to keep in constant relations with him."

Accordingly Galliéni, having received confirmatory reports from his reconnaissances, issues at 9 o'clock in the morning an order to Maunoury to be prepared to move east, saying that he will define the direction of the movement later, and he gets his chief of the staff to telephone to Joffre that he is ready to attack either on the north or on the south bank of the Marne. To this Joffre replies at mid-day that he prefers the south bank. The reason for this is obvious. On the morning of September 4th von Kluck's columns cross the Marne, but only the left of the Vth Army is over that river, its right is not yet disengaged. Joffre therefore considers that he will have still to wait a day or two for his complete battle, by which time von Kluck will have plunged still deeper into the country south of the Marne. It is still on the state and position of the French Vth Army that Joffre's plan depends. He has removed Lanrezac from the command of that army and placed it under Franchet d'Espérey, and at 12.45 p.m. he sends to the latter this message: "The circumstances are such that it may be advantageous to deliver battle to-morrow or the day after with the whole of the Vth Army in concert with the British Army and the mobile garrison of Paris against the 1st and 2nd German Armies. Inform me immediately you can attack with prospect of success." This message reaches Franchet d'Espérey when he is conferring with Sir Henry Wilson, then sub-chief of Sir John French's staff. D'Espérey immediately replies: "The Vth Army cannot be ready for battle till the 6th. On the 5th it will continue its retreat.

The British Army will change front facing east on condition that its left flank is supported by the VIth Army, which should advance to the line of the Ourcq on September 5th." At 4.45 p.m. Franchet d'Espérey sends Joffre a further message: "The closest coöperation of the VIth Army on the left bank of the Ourcq to the north-east of Meaux on the morning of the 6th is essential. It must be on the Ourcq to-morrow September 5th."

It was on receipt of this message that Joffre said to his staff, "Very well gentlemen, we will fight on the Marne," and he gave instructions for the preparation of the order issued on the night of September 4th which contained the full plan for the battle of the Marne. Joffre's headquarters were at that time at Chatillon-sur-Seine in a house which had belonged to Marshal Marmont, and it was in a room called the *Chambre de l'Empéreur* that the scheme which defeated the Germans was completed. Meanwhile Galliéni, having issued the orders to Maunoury to be prepared to move eastwards, had soon after noon set out with that general to the British headquarters to see Sir John French and arrange for the coöperation of the British Army. Sir John French had gone off to see his troops, but the two French generals met General Murray, the British Chief of the Staff. The three concerted a plan, subject to confirmation by the British Commander-in-Chief, for an attack by Maunoury south of the Marne against von Kluck's flank, while the British Army attacked his left. While Joffre's orders were being prepared a staff officer arrived at his headquarters with this proposal. To this Joffre answered at once that he preferred Franchet d'Espérey's plan and he directed that the orders should not be changed. On the morning of September 5th he telegraphs to M. Millerand, then Minister for War: "The strategic situation is excellent and we cannot count on better conditions for our offensive. The struggle about to begin may have decisive results, but may also have for the country, in case of check, the gravest consequences. I have decided to engage our troops to the utmost and without reserve to obtain victory."

Well as we know, the victory was obtained. And when it was won a grateful and surprised country, suddenly relieved from a great menace, dubbed it the "miracle of the Marne." At first the credit for producing the miracle was given to Foch, whose counter-attack on September 9th was said to have driven the German Guard into the Marshes of St. Gond. In fact, as we now know, the German Guard had begun to retreat before Foch's counter-

attack reached them. Then the credit was given to Galliéni, who was said to have dragged an unwilling Commander-in-Chief on to the Marne. All the while the real engineer of victory remained silent, not a word of recrimination or of controversy has issued from him. Confident that the facts would come to light, he was silent. And the facts came to light a year before Mr. Churchill perverted his brilliant pen to give a last flicker to fiction.

"The bull-headed, broad-shouldered, slow-thinking, bucolic personage" had, when the original French plan of campaign, elaborated during years of peace, came tumbling about his ears, when the territory of one weak Ally was over-run and its army was shut up in a fortress, when the small army of another was on the exposed flank and in a position of dire peril, when five German armies confident of victory were sweeping forward into France, promptly formed a new plan of campaign, and, with an immense load of responsibility on his shoulders, had adhered to that plan through times of stress and friction, political and military, until he was able to execute it as originally conceived. The pages of military history record few finer examples of broad vision, of courageous and resolute generalship.

I have preferred for obvious reasons to deal at some length with that part of Mr. Churchill's book as to which the historical evidence is complete or very nearly complete, rather than with those parts which raise questions still in the realm of speculation. As to these we must wait with such patience as we can command the appearance of the material for a final judgment. But even in these matters it is already possible to convict Mr. Churchill of many errors. His thesis is that the theory of war of the generals who commanded on the western front, Allied and German, was radically wrong. "During the whole war," he says, "the Germans never lost in any phase of the fighting more than the French whom they fought, and frequently inflicted double casualties upon them." And again, "in all the British offensives the British casualties were never less than 3.2 and often nearly double the corresponding German losses." Lastly, turning to the Germans he says: "It was their own offensive, not ours, that consummated their ruin. They were worn down not by Joffre, Nivelle and Haig, but by Ludendorff."

These statements he supports with a mass of figures and tables admirably calculated to deceive the lay reader. Some of his tables are incomplete, his methods of handling his statistics are

incorrect and his deductions from them therefore erroneous. Speaking of the immense losses of the French in the early days of the war he says: "In the mighty battle of the Frontiers the magnitude and losses of which is scarcely now known to British consciousness more than 300,000 Frenchmen were killed, wounded, and made prisoners." Elsewhere he defines the battles of the Frontiers as those which occurred in the four days from August 21st to August 24th. Now the French Official History gives us the complete French losses for the field armies for the 22 days from August 10th to August 31st; they were (exclusive of officers) 206,515 killed, wounded, missing and prisoners. Of the forces engaged in the battle of the Marne he writes: "In 1914, during the four days from August 21st to 24th inclusive 80 German divisions were engaged with 62 French, 4 British, and 6 Belgian divisions. The four decisive days of the Marne, September 6th to 9th, involved approximately the same numbers." Turning again to the French Official History we find that the actual forces engaged in the battle of the Marne were: German, 46 divisions and 7 cavalry divisions; French, 51 divisions and 8 cavalry divisions; British, 5 divisions and 1 cavalry division. Joffre by skilful generalship had brought superior forces to the decisive battlefield. Of the battle of the Somme of 1916 Mr. Churchill is highly critical and he makes the Allied losses in that battle to be 700,000. The actual returns of the French and British commanders-in-chief show them to be 486,162. In almost every case in which exact information is available Mr. Churchill's figures are proved to be erroneous. He supports his thesis by exaggerating the losses of the Allies and minimizing those of the Germans.

If errors in intricate military calculations may be expected from Mr. Churchill, we at least look to a statesman of his experience for good guidance in estimating the effect of the psychology of peoples upon events, and it is here that he is most grievously at fault. Having set out to prove that attack in the West was wrong he is compelled to advance an alternative policy. "And is there not also a virtue in 'saving up'? . . . Suppose that the British Army sacrificed upon the Somme, the finest we ever had, had been preserved, trained and developed to its full strength till the summer of 1917, till perhaps 3,000 tanks were ready, till an overwhelming artillery was prepared, till a scientific method of continuous advance had been devised, till the apparatus was

complete, might not a decisive result have been achieved at one supreme stroke?"

The reader will recall that during the summer of 1916, while the French, fighting desperately, were being slowly pushed back on Verdun, while the British Army at Joffre's request was waiting and preparing, the question was loudly and persistently asked in France and in America too, "What is the British Army doing?" How could the Alliance have been kept together, if while Russia was being driven back across the plains of Poland, while Serbia and Rumania were being over-run, while the Germans were on the point of entering or had perhaps entered Verdun, a policy of "saving up" till 1917 had been the British policy? Be it remembered that before giving the word for the combined Franco-British assault on the Somme, Joffre had waited until the Germans had captured the forts of Vaux and Thiaumont. He could wait no longer.

Turning to the German offensive of 1918, Mr. Churchill says: "Had they not squandered their strength in Ludendorff's supreme offensive in 1918 there was no reason why they should not have maintained their front in France practically unaltered during the whole year, and retreated at their leisure during the winter no further than the Meuse." What should we be saying to-day of Ludendorff, if with Russia collapsed, with the power of assembling superior forces in the West, with America in the war and landing daily more and more troops in France, he had waited passively until the assembly of an immense American army had enabled the Allies to crush him? How could he, by "saving up" have kept his people, daily suffering greater and greater privations, in the war with the spectre of America's might looming more and more formidable in their eyes? Such suggestions are childish.

Mr. Churchill's alternative policy for the Western front will merely make soldiers laugh. "Suppose we, both French and British, have trained our armies behind the front line to a high standard of flexible manoeuvring efficiency, suppose we have permanently fortified with concrete and every modern device those parts of the front where we cannot retreat, suppose we have long selected and skilfully weakened those parts where we could afford to give 20 or 30 kilometres of ground, suppose we lure the enemy to attack them and make great pockets and bulges in a thin and yielding front, and then just as he thinks

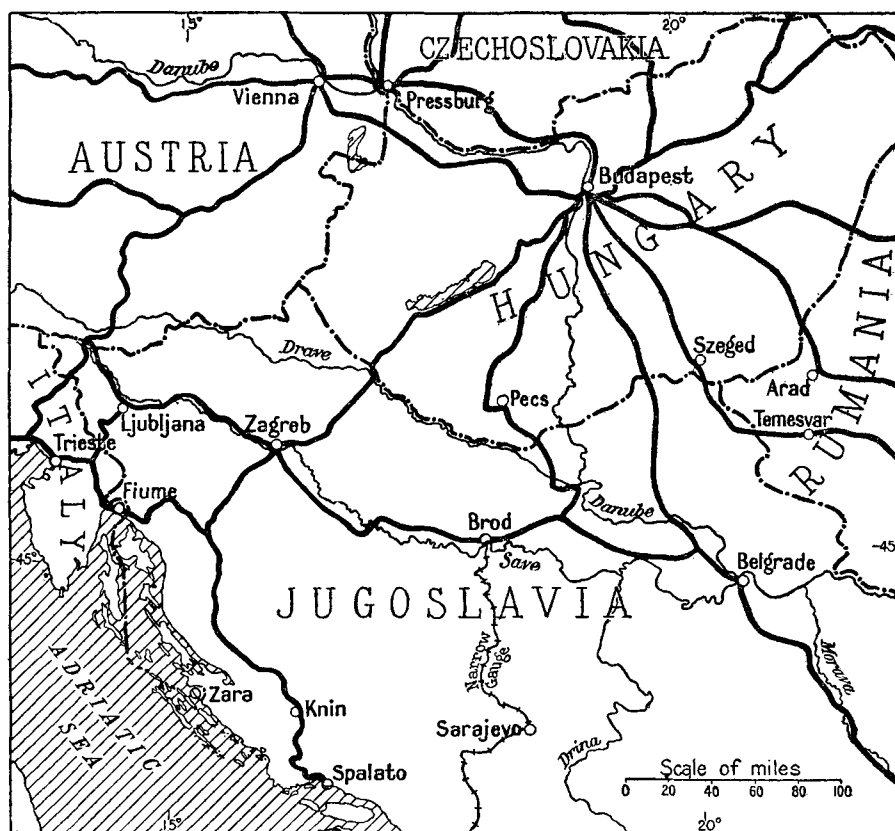
himself pressing on to final victory, strike with independent counter-offensive on the largest scale and with deeply planned railways not at his fortified trench line, but at the flank of a moving quivering line of battle."

To which we may answer, suppose that the Germans were not absolute fools, suppose that they had airmen equipped with good cameras, who photographed every line of trenches, every railway, every depot, every dump of ammunition. Suppose that the results of these photographs were plotted on to maps which showed in detail every defensive preparation of the Allies. In that case, which was the real case, we may refer Mr. Churchill to the Proverb — "Surely in vain the net is spread in the sight of any bird."

HUNGARY'S ACCESS TO THE SEA

By Hamilton Fish Armstrong

ON the eve of the war Hungary was spending six or seven million gold crowns a year to subsidize her merchant marine and had invested over three-quarters of a billion crowns on elaborate harbor works, warehouses and railroad yards at Fiume, her one port. Important results had been achieved. The sea-borne trade of Fiume in 1913 reached about 2,250,000 tons and had begun seriously to rival that of Austria's port, Trieste.



MAIN RAILWAY LINES RADIATING FROM BUDAPEST

Deprived of Fiume by the war, and surrounded by states which nurse unpleasant memories of the haughty Budapest of former days, Hungary has had to bide her time in the matter of regaining some sort of access to blue water. Hamburg has been bidding for her export trade; but not only is Hamburg distant, but Czechoslovakia or Austria must be crossed before German soil is reached, and even the special rates granted transit trade on the German state

railways are not sufficient to persuade Hungarian business men that their natural route lies to the north rather than to the southwest and southeast. Toward the southeast, Hungarian commerce may use the Danube; but in the Black Sea the wheat from the Hungarian plains will face Russian competition, and even at best this is a roundabout route for reaching the Mediterranean and western Europe. Naturally, then, Budapest looks back toward the Adriatic.

Only recently, however, has the Central European political situation developed in a way to make it possible for Budapest to open serious negotiations with either Italy or Yugoslavia, in whose control the Adriatic now lies. Discussions with Italy have turned about Fiume, those with Yugoslavia about the port of Spalato, connected only last year by a broad-gauge railway with the railway system of the Save and Danube valleys. Italy is naturally anxious to attract Hungarian trade to Fiume, which is far from content with the present subordination of its interests to those of its sister Italian ports, Trieste and Venice. Yugoslavia, on the other hand, hopes to break Italy's strangle-hold on the commerce of the Adriatic by building up a rival port, to serve as an outlet for the export trade of Yugoslavia and much of Central Europe as well. Spalato, the port she has chosen for development, is situated about midway on the Dalmatian coast.

Tradition, the superior facilities of Fiume, and the fact that it is about 250 kilometres nearer Budapest than Spalato, predispose Hungary in favor of the Italian rather than the Yugoslav port. But there are balancing factors. Hungarian merchandise must in any case cross Yugoslav territory to reach either Fiume or Spalato, and Belgrade is not disposed to grant special railroad rates for the benefit of Fiume; moreover, she has arranged rates from interior points to Spalato identical with rates from those same points to Fiume. She also is undertaking important improvements in the Spalato harbor. Rail rates being the same, Spalato has an advantage over Fiume in that it lies nearly a day's voyage nearer those Mediterranean and transatlantic ports to which the ocean freight of Hungary, Rumania and Yugoslavia is directed. Incidentally, this competition for Hungarian favors does not tend to sweeten Italo-Yugoslav relations, which are already quite sufficiently sour.

Political elements also enter into the three-cornered negotiations. Rome can see advantages in building up across Central Europe a non-Slavic bloc to counter-balance future Russian influence in the Balkans. Hungary, with Czechoslovakia and Poland as neighbors to the north and Yugoslavia to the south, also has reason to be Slavophobe. The extent to which she fears Slav encirclement may be judged from the fact that serious Hungarian statesmen are willing to talk and write of a union with Rumania under the Rumanian dynasty. A traditional sense of racial superiority and the feeling that Prince Carol would hardly be a dignified wearer of the crown of St. Stephen make this eventuality unlikely. But that it can be talked about at all indicates Budapest's anxiety to secure some non-Slavic friends.

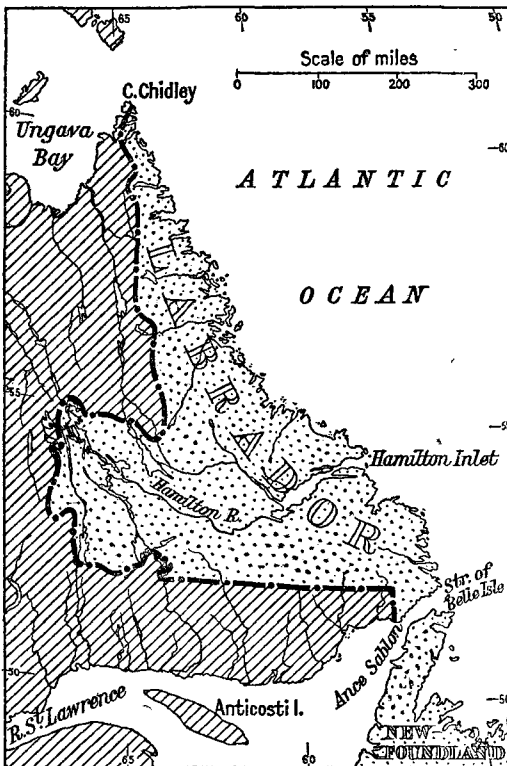
In these circumstances Count Bethlen's recent trip to Rome attracted wide attention. He went ostensibly to sign a general treaty of arbitration with Italy and to negotiate for the use of Fiume. The provisions of the treaty (signed April 5, 1927) are the customary ones found in such general treaties of "perpetual friendship." Regarding Fiume, it was agreed that technical

experts should meet promptly to study the question of Hungarian traffic there; indeed, a delegation under the presidency of Baron Szertenyi has already started from Budapest for Fiume for this purpose.

But for the reasons suggested above, European observers were quick to intimate that Count Bethlen's conversations with Premier Mussolini touched on other much more important matters. Count Bethlen, however, has not remained in office longer than any other Prime Minister in Europe without possessing unusual qualities of caution and wisdom. He is unlikely to jeopardize his country's recent remarkable progress in reconstruction for the sake of acting as an anti-Slav spear-head for Italy. Indeed he admitted as much in a statement upon his return to Budapest on April 17, when he remarked that Hungary could not expect to use Fiume without the cordial coöperation of Yugoslavia; and it is likewise to be noted that in order to soothe Yugoslav sensibilities the Hungarian Foreign Minister introduced into the Chamber of Deputies a new commercial treaty with Yugoslavia on the same day (May 3) that the Italo-Hungary treaty was introduced. On the whole, it seems likely that before committing himself irrevocably to either camp Count Bethlen will wait to see on which side of the fence the grass grows greenest, and that meanwhile he will continue playing Rome against Belgrade and try for useful concessions for Hungary in both Adriatic ports.

THE LABRADOR AWARD

THE decision handed down on March 1 by the Judicial Committee of the British Privy Council settled finally the title to the great table lands of the Labrador peninsula, long in dispute between Newfoundland and the Dominion of Canada. The question was not only one of historic interest but also had important economic aspects, as the Labrador spruce forests suitable for pulping are valued at over a quarter of a million dollars, and considerable mineral deposits are also probably hidden there. The decision of the Privy Council in favor of Newfoundland definitely gives that colony territory on the mainland nearly three times the size of its own island.



The dispute turned about the meaning of the word "coast" which appeared in a Commission issued April 25, 1763, by King George III, naming a "Governor of the Island of Newfoundland and of the coast of Labrador." The representatives of Canada contended that the "coast" was limited to a strip of territory a mile wide running from Ance Sablon, on the Straits of Belle Isle, northward to Cape Chidley. Newfoundland claimed that the boundary should run due north from Ance Sablon to the 52nd parallel, there turn west, and then run north along the crest of the water-shed of the rivers flowing into the Atlantic.

The dispute has prevented both Governments from issuing valid titles and has prevented the development of the varied natural resources of the region. But while settling these

matters, the decision has awakened considerable discontent in Canada against the custom of appealing to the Privy Council. In fact, one of the members of the Quebec Legislature on March 6 introduced a resolution that "This House is of opinion, in view of the judicial organization of the Dominion and our province, it is important that appeals to his Majesty in Privy Council be abolished and that his Majesty be prayed not to grant any more appeals in grace." British opinion, on the other hand, stresses the value of the Privy Council as an instrument in the pacific settlement of disputes between the self-governing members of the British Commonwealth.

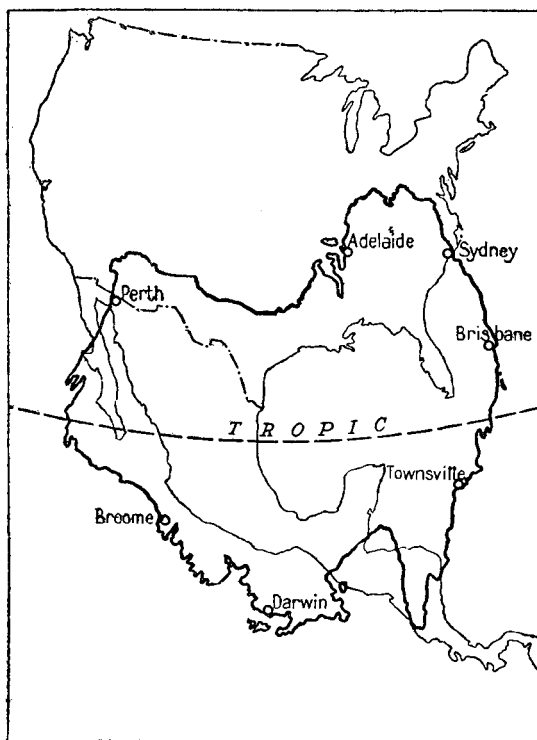
AUSTRALIA AS A FIELD FOR SETTLEMENT

By Griffith Taylor

IN no other continent are the effects of climate so clearly exhibited as in Australia. If the geographer were permitted to design a region for testing the control of climate over settlement he could hardly do better than copy Australia. It is a compact region with none of the long peninsulas or deep arms of the sea which complicate affairs in Europe, Asia and America. It has the most uniform topography of any continent and so is much simpler in structure than its nearest analogue, Africa. In fine, it is like an oval blackboard furnished to the student so that he may proceed to evaluate the climatic factor.

Australia has an area of just under three million square miles — much the same as the United States. It has an average elevation of about a thousand feet, and indeed the *western* half of the continent is a low plateau almost all about this height. The *eastern* half is divided into two longitudinal belts. The coastal belt is formed of highlands of which only small portions rise above 2,000 feet, while the summit of the continent (in the southeast) is only 7,328 feet. Between the western plateau and the eastern highlands are two lowland areas separated by a low indefinite divide. The great artesian area occupies the northern moiety, with an average height of about 500 feet; and the Murray Basin the southern moiety, with much the same average height.

Right across this low continent extends the Tropic of Capricorn, so disposed that about 40 percent of the land is in the tropics and 60 percent in the temperate region. Thus a large portion is much hotter than any region of the United States. Brisbane has about the average temperature of Jacksonville, Sydney resembles Wilmington, N. C., and Melbourne is like Washington, D. C. Wherever the Tropic passes over wide belts of land we find that the latter is very arid in those portions which lie

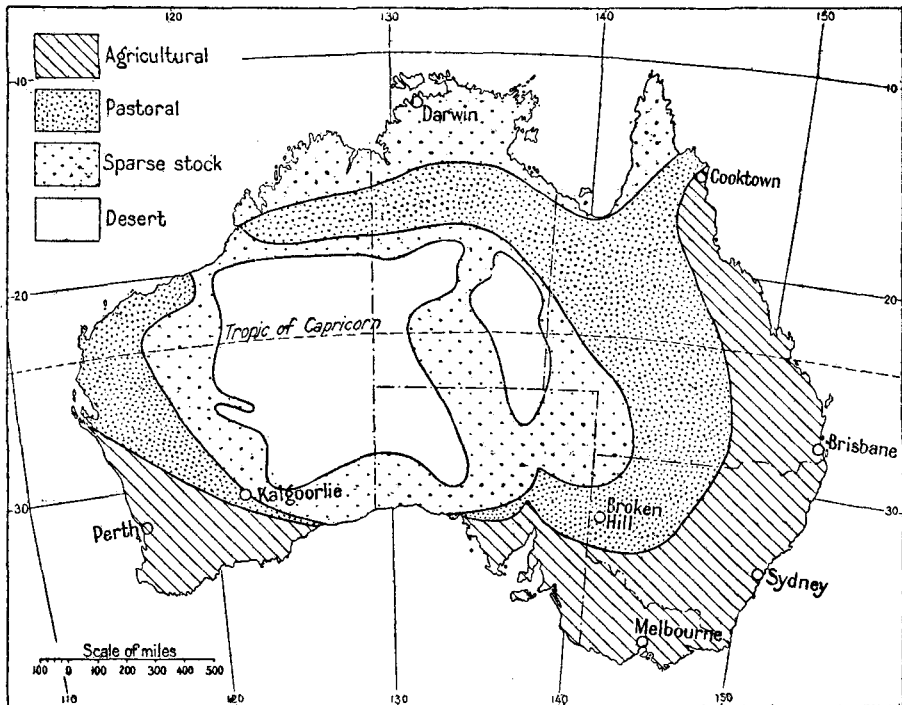


Based on "Geographical Review," Jan., 1926.

AUSTRALIA (INVERTED) SUPERIMPOSED ON THE UNITED STATES, IN THE APPROPRIATE LATITUDE

in the centre or toward the western shores. Hence the Trade-Wind Deserts. In the case of the United States this unfavorable position is luckily occupied by the Gulf of Mexico, but Australia is so disposed that the Tropic cuts across its broadest extent. For this reason the arid environment characterizes more than half of Australia. Indeed the map of the well-known climatologist Koeppen shows over one million square miles in Australia as desert. In the United States Koeppen places in the same category only about 200,000 square miles.

As regards rain, Australia lies in the region between the Equatorial rain-belt and the Antarctic belt. These belts move with the sun, so that in our Australian



A GENERALIZED AGRICULTURAL MAP OF AUSTRALIA

summer (December to February) the equatorial rain-storms affect northern Australia. In our winter (June to August) the sun has moved far north and the Antarctic belt is covering the south coasts. The centre and west of Australia are benefited by neither belt and are consequently arid. The east coast is visited by other types of rain-storms, especially in the autumn, and also participates in the rains mentioned above. Hence it has a fairly uniform rain régime.

We may now turn to an examination of how these climatic controls have determined settlement in Australia.¹

There is a coastal belt of forest-land which of course coincides with the uniform rainfall belt. This extends down the east coast from Cooktown to

¹For the data on which this summary is based see "The Frontiers of Settlement in Australia," by Griffith Taylor, *American Geographical Review*, Vol. XVI, No. 1; also "Environment and Race," Oxford University Press, 1927.

Melbourne. Another forest area of valuable timber occurs in the extreme south-west corner. (There are no true forests of any size in the northern coastlands, for here rain rarely falls from April to November.) Since dairies and mixed farming need a fairly uniform rainfall they have naturally developed in these forest belts. In the tropical portion (along the east coast of Queensland) is grown the Australian sugar crop. Practically nothing but white labor is used, and although it is more costly than the Kanaka (Polynesian) labor used a few decades ago, Australians appear to be satisfied to pay more for their white-grown sugar. Dairying and the growing of bananas and similar fruits are other industries in this region.

The temperate region of uniform rainfall contains the densest population in Australia. Out of the seventy largest towns about fifty-six are situated in this region. In the north, maize and sugar are the chief crops; dairying, fruit raising and mixed farming are the activities of the middle portion; while timber, oats and some sheep and wheat are produced in the southern portion.

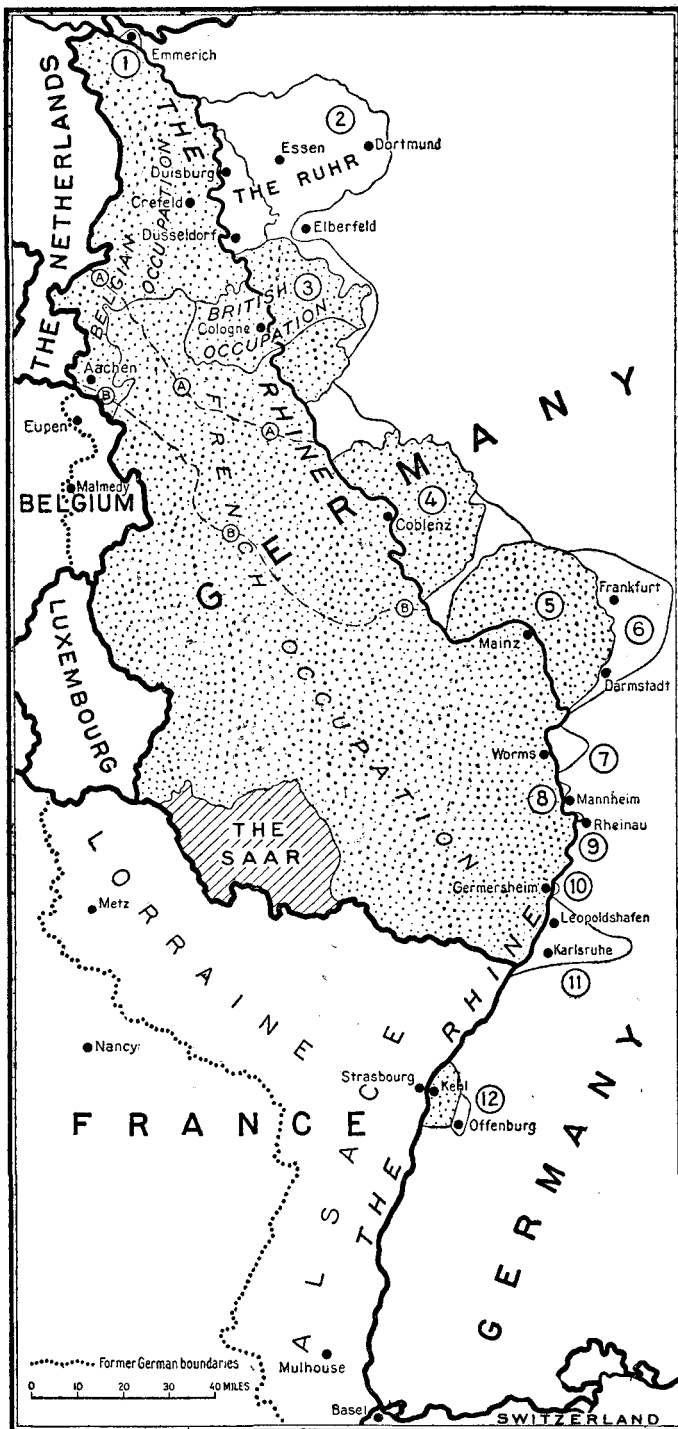
Inland of the forested belt lie the Savanas, or grassland regions. These merge into the forests on their wetter side. Here is the great wheat belt which is slightly on the drier (inner) side of the densest sheep belt in Australia. Close settlement finishes along the inner arid margin of the wheat belt. We pass directly into country entirely devoted to sheep or cattle, and the density of population falls off very rapidly. This belt generally contains far fewer sheep or cattle than is the case where mixed farming occurs. Even the wet tropical Savanas of the north have a negligible population — for they are only suited for cattle, in view of the long drought throughout autumn, winter and spring.

Within this pastoral belt lie two large regions (of about 500,000 and 100,000 square miles respectively) where there are no sheep or cattle and consequently not a single settler. These conditions are not due to lack of knowledge of their capacities, for most of the borders have been settled for forty years. Nor are they due to any very great inaccessibility, for the elevation is almost uniform throughout, and the environment consists of vegetated sand dunes, rocky plains or plains covered with rock-waste.

In this brief discussion of the climatic control of Australia's resources it has not been necessary to consider mineral wealth, for with the exception of mines in the Broken Hill and the Kalgoorlic regions it has not led to any notable settlement in arid Australia. Moreover this sort of settlement only endures as a rule for a score of years. Our very valuable coalfields all lie in the belt of fairly uniform rainfall.

In conclusion, then, it may be stated that 42 percent of the continent of Australia is arid: of this about 20 percent has so far proved useless for stock, while about 22 percent is capable of sparse stock occupation. Another 34 percent is good pastoral country. About 21 percent is fair temperate farming country, though containing almost all the rugged mountain areas. Perhaps 4 or 5 percent, in the northeast, may be used for tropical agriculture. There is probably room in the east and south for another 20 million folk engaged in agriculture and manufacturing before any congestion can arise. Indeed this is perhaps the most promising field for settlement now available for the growing white population of the world.

EVACUATING THE RHINELAND



Under agreements reached when the Locarno treaties were signed, the occupation of the Rhineland has been so reduced as to be little more than a formality. Nevertheless it remains a matter of sentimental importance to the German people, and negotiations looking to an earlier evacuation than scheduled may be expected to recur. (See "The Ruhr Occupation," by Nicholas Roosevelt, FOREIGN AFFAIRS, Vol. IV, No. 1.)

The dotted area represents German territory occupied by the Allies under the Versailles Treaty. The region north of the line A-A-A was to have been evacuated Jan. 10, 1925, but actually was not liberated until Jan. 31, 1926. The district between A-A-A and B-B-B is scheduled for evacuation in 1930, and the remainder of the dotted territory in 1935.

The extensions east of the Rhine represent territory occupied by the French and Belgians, including "Sanctions" and other temporarily held zones, as follows:

1. Emmerich, occupied by Belgians, now evacuated.
2. The Ruhr, occupied by Franco-Belgian troops, evacuated August, 1925. Divided into the so-called "Sanctions Territory," seized March, 1921, and the remainder of the Ruhr basin occupied in 1923.
3. Cologne bridgehead, occupied by British and French.
4. Coblenz bridgehead, formerly occupied by American troops, now held by the French.
5. Mainz bridgehead, occupied by the French.
6. Frankfurt territory, occupied by the French in April, 1920, and evacuated that same month.
- 7, 8, 9, 10, 11. Zones temporarily occupied by French, now evacuated.
12. Offenburg, temporarily occupied by French, now evacuated. Kehl, opposite Strasburg, is occupied under terms of Versailles Treaty.

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A former British Consul gives fascinating and penetrating sketches of leading types in the China of today.

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A highly important document written by the Chairman of the governing committee of the People's Government and setting forth the principles of the foreign policy of the Kuo Min Tang.

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An enthusiastic account of the civilizing work of the railway company, with an excellent map of the territory.

LE PROBLÈME DU CHEMIN DE FER CHINOIS DE L'EST. BY HOUANG TCHANG-SIN. Paris: Écrivains Réunis, 1927, 460 pp. Fr. 45.

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