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R. McRae

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AN AMERICAN QUARTERLY REVIEW



JANVARY
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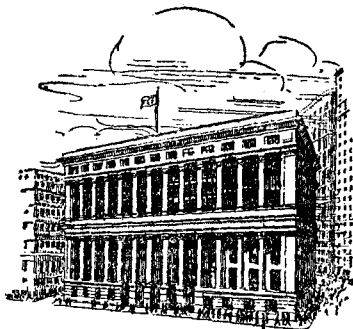
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The Editors.

FOREIGN AFFAIRS

Vol. 16

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FAR EASTERN ANTIPATHIES

By Paul Scheffer

WHEN historical evolutions have reached their climax, either in a catastrophe or in the creation of a new equilibrium or both in one, they usually appear astonishingly logical. Looked at thus in retrospect, the development of Sino-Japanese relations from the date of the first clash in 1895 is no exception. Evidently China and Japan were fated to fight again. Nor is this conclusion, one feels sure, the product of *ex post facto* rationalizing, the systematizing of incidents and accidents. From the beginning there has been a tragic momentum towards a clash. The reasons why this is true bear directly on the present deplorable situation and will continue to influence the future relations of the two countries.

The mystery of the Meiji Emperor's decision in 1867 that Japan should embrace modern civilization, absorbing the thought and adopting the technical achievements of the West, has failed so far to make a sufficient impression on western peoples. That astonishingly abrupt and precise decision confronted the historian, the sociologist and the psychologist with a problem of unparalleled interest and importance. Instead of recognizing it as such, Europeans and Americans looked on it more with curiosity than with the "wonder" which Plato considers the beginning of all wisdom. Very soon even that curiosity subsided; Japan's resolve to "turn to the West" became a matter of course to Europeans and Americans — and very profitable at that. Equally complacent and thoughtless was the attitude taken by the modern world toward the fact that China chose deliberately to lag behind Japan, with the result that today she must be considered on the whole the most conservative, the most "unmodern" nation in the civilized world. Through the decades following 1867 Japan gained over China rapidly and constantly (not to speak of her gains relative to the West). She had resolved to

submit to the tremendous sacrifice which westernization entailed for her. With equal determination China stood back.

From such a discrepancy in the conceptions of their respective destinies, dating back to a certain day in the Victorian sixties, the present war between Japan and China was bound to spring. Here on the one hand was Japan, a nation of some sixty millions in the home islands, acquiring a relatively high standard of life and a great position as a World Power as a result of her decision in favor of industrialization. That decision meant that in due course she would require more and more stability in her markets. Her industrial progress has now reached a point where her policy must become increasingly "dynamic." In order to maintain her achievements she can only extend them further. The whole economic history of the western world is proof of this. And here, on the other hand, was China, slowly moving along her beaten track, still basing the life of her 400 millions on a thousand-year-old agricultural tradition, unperturbed by the immense events taking place in her neighborhood, acquiring only here and there a fragmentary western veneer, and still sheltering much of her capital wealth in the foreign settlements.

This sharp difference in the evolution of the two nations accounts for the position which Japan now holds. The fact that she was the predominant nation in the Eastern Hemisphere — its only Great Power — was taken for granted all over the world so long as China seemed content to lag behind in spite of her superior resources. But it was obvious even when Japan and China parted ways seventy years ago that whenever China cared to try to catch up with Japan the whole Far Eastern fabric would be imperilled. It would be shattered by the progress of China's modernization; and what had been the source of Japan's dominance would become the cause of grave dissent and later of an open clash. If China rose, Japan's fundamental structure was threatened. There was no escape from that. Had China been able to concentrate her great forces on the fulfilment of the same aim as Japan adopted under the Meiji, if she could have proceeded step by step along a parallel line, the abyss would not have opened. A parallel development would probably have produced a more natural balance of power. Japan would not have become accustomed to the idea that China was a colony (in fact even if not *de jure*), to the idea that she had the right and duty to make the hundreds of millions of Chinese eager for Japanese industrial

goods and (as a result of the development of a good administration in China) well enough off to buy those goods. What is now taking place is the beginning of an inevitable attempt to balance the two national civilizations on the same level. China was undoubtedly entitled to do this as soon as she wished. But for Japan this inexorably means the hour of her fate, if not indeed her fatal hour. For the difference in level prevailing hitherto between the two peoples is still the real basis of Japan's position in the world. The tension which now prevails would probably never have appeared if Japan had lived through the same long dull process of western infiltration that China lived through until the day when the Kuomintang came to power, a full sixty years after Japan had experienced her unique "psychological moment."

II. BEFORE THE BATTLE

Japan understood fully and from the beginning how portentous was the Kuomintang program of one-party government in China. There across the sea she saw cropping up the very will which she had considered her own monopoly — the will to possess a central government and to catch up with modern times by a sudden and universal decision. For some years after they made this discovery in 1926-27 the Japanese acted under the half-illusion that they could guide their neighbor's steps, be her mentor, kindly supervise her efforts to industrialize herself and set up a modern administration. Thus would they endear themselves to the "Sons of Heaven," and in turn subordinate them to their own program of economic expansion, safe markets and a "Pax Japonica." It was a brief dream, inspired by the wish to put an optimistic interpretation on a change which they long had secretly dreaded.

The attempt made by young Japanese firebrands in 1932 on the life of the great Japanese statesman, Baron Shidehara, shattered the hope of a prolonged period in which Japan, secure on the heights of her economic and military superiority, could try to create a paternal relationship with "young China." Shidehara had nurtured that hope. The attack on him occurred shortly after the creation of the Japanese dependency, Manchukuo. From then on the conviction that Japan's traditional position could be saved only by military action, and that it had to be saved within the next few years, was openly in the ascendant in Tokyo. Nevertheless the question of how rapidly and incisively she should act remained constantly under dispute. Even the mili-

tarists were inclined to think that for the time being important — perhaps decisive — advantages might be secured in China by proceeding piecemeal, by avoiding a definite clash.

The Chinese were alive to the meaning of all this. They realized that their experiment in adaptation and rejuvenation would have to undergo a dangerous and decisive crisis very soon after its start. They too wished to gain time. Neither country mistook the real situation, nor did either regard any of the successive diplomatic moves, whether ostensibly friendly or openly hostile, as anything more than preliminaries to the approaching fight. The Tangku agreement of May 1933 has never been published textually by either party; the Shigemitsu-Ho arrangement of June 1935 was rendered meaningless by a Chinese declaration immediately after it had been concluded. China was always ready to gain time by talking, but she never bound herself. Time, in fact, was everything to her; and in consequence she naturally never delineated her purposes clearly. Both sides knew that if they defined their fundamental programs they would wreck all possibility of negotiation from the start. Each felt its whole destiny involved; and even a neutral observer could not help recognizing that the success of the aims of one would mean the failure of the vital demands of the other. Both alternately invoked good will and love of peace and common sense as guiding stars toward a settlement; but they never did so simultaneously except during the negotiations which took place at Nanking in 1935, and then both took care that their professions should not be made effective.

III. THE PUBLIC MIND IN JAPAN AND CHINA

With this general picture in mind, I decided a few months ago to revisit China. I travelled through Hong Kong, Canton, Changsha, Hankow and Nanking during July and August 1937. Early in July in Hong Kong I found the competent people who “knew their China” deriding any suggestion that the incident at the Marco Polo Bridge might be the opening event of a final grand struggle. The Chinese will shirk again! The Japanese will continue to “localize” the conflict!

Actually, what was the mood of the Chinese as they entered their decisive hour? If wars can be “popular” this is a popular war in China. It is a popular war — unbelievable as that sounds — with the broad masses. Nor is there reason to believe that the situation is different in the North than among the teeming mil-

lions who live south of the Yangtze. True, all symptoms of propaganda activities are absent. The Nanking Government would have it so; and the public do not seem to care about the soldiers who stand stolidly at the stations waiting to be carried to their ordeal. No songs, no flags. But in spite of the absence of artificial incentives and demonstrations in the western style, I found that the interest of everybody in the war news was intense. Day in, day out, huge crowds stood gazing at the bulletins hung out at the newspaper offices. I have seen rickshaw coolies, those poorest of the poor, to whom I had given what they considered a good tip, spending it all on a paper that had just come out. How different it all was from the year 1925 when Comintern propaganda swept the country with speeches, leaflets and money — catering to the same people and meeting a minimum of success!

Now I found every evidence of decision, of devotion, of passion. This is the great surprise to those who are entitled to consider themselves experts in things Chinese. But I found that while they agree that they are witnessing a nation-wide movement of enormous force they do not believe it can be compared unreservedly with a nationalistic upheaval on the western pattern. They consider it to be fostered by what might be termed personal motives more than by nationalistic feeling or discipline — by the wrath of the Chinese people, their offended pride, their humiliation resulting from what they rate as Japanese arrogance, superciliousness, and a scandalous pretense to the rôle of “elder brother,” a dignity which the “Sons of Heaven” consider has belonged to them for thousands of years. Old beliefs have been revived in China by the Japanese onslaught, and combine with the most modern motivations. The history of Japanese rule in Manchuria and in North China during the last five years is seen as a story of suppression and scornful treatment of the Chinese there, and the population in the regions still uninvaded expect to suffer the same indignities if ever Japan should get a hand in Chinese affairs under any guise whatsoever. Even the simplest people are looking as far ahead as that. It means little to them that Japan denies expansionist intentions provided China will “coöperate.” The coolie feels that his own individual life is at stake, and this reinforces the determination not to submit which comes from his inborn idea of the gradations of humanity — according to which, he knows, he is at the top! His passion is engaged in what he considers a struggle for survival; and Chinese

passion, especially in the south, which at present must be considered as China proper, is very strong once it has been roused.

In the strata of society commonly called bourgeois I did not find the same feeling, at least not to the same degree. The business class was expecting huge financial losses. Many of them had good friends in Japan, for even amidst political strife close business relations had been developed with Japan during recent years. They sincerely regretted in the early stages of the conflict that Japan had ordered back all Japanese nationals in China and had closed all the Japanese banks. The deserted streets in Canton, Hankow and Nanking, where formerly there had been prosperous Japanese trading colonies, offered a sad sight indeed. The better-off Chinese showed a patent wish for reconciliation and some arrangement profitable to both sides. Capital levies imposed by mayors and governors were accepted with little to-do, but without much enthusiasm. There have been instances of attempts to trade with the enemy, even with the Japanese expeditionary force itself, at high prices. Even at this terrible juncture one finds cases where official quarters demand "squeeze." This is negligible, however, in comparison with the energy with which officialdom has been concentrating the strength of the country on the war. As for the intellectual class — university presidents, writers and representatives of the "free professions" — it showed a different sort of enthusiasm and devotion from that of the masses. These men and women unquestionably hate the rulers of Japan, often in the personal way that the coolies do, but in general their feelings and ideas come much nearer to the kind of patriotism western peoples exhibit in a national crisis. This was to be expected. Perhaps a shade of Confucian detachment taints the intellectuals who know the West only from contact with it inside China. Time alone can show how far these differ from the Chinese who have been abroad and have come in touch at first hand with nationalistic absolutism as it prevails almost everywhere in the Americas and Europe. Today, certainly, they all stand with the Nanking Government and Chiang Kai-shek.

The picture in Japan was different. I found much less headlong passion there than in China. There is no lack of strong determination to go through with the struggle, but one is conscious of less surging personal indignation, less complete abandonment to the issue. In September both the Government and the public still preferred to speak of the Chinese "incident" rather than of war.

Everybody understands that a grave hour has struck. Everybody sees the war as part of the long line of demands which history has made and will make on his country, perhaps more than on any other. It forms part of his duty; and duty rules Japan in this stage of her life more than ever. It quite overshadows personal patriotic excitement. Whereas the Chinese masses reacted emotionally to what happened at the Marco Polo Bridge, and strongly influenced the attitude of the Nanking Government, the Japanese know that present events have developed according to the will of those at the top. Many intellectuals have their own private thoughts about the Government's procedure. Traces of the liberal tendencies of bygone days still make themselves felt under the surface. Some wonder what will be the effect on Japan's inner structure when the victorious army returns from the war. But all this does not affect in the least the loyalty of any individual. Each is accustomed to the exigencies of national duty and is prepared to make every bit of his existence conform. In so doing he is motivated less by an abstract "categorical imperative" than by the concrete, constant and acute realization that for Japan life is a perpetual crisis. The conception is deeply laid in the Japanese mind. The Japanese is not used to a state of repose as is the Chinese. The Japanese in his small islands feels himself surrounded by overwhelming dangers and pushes ahead to reach "safety" — faraway and ever-receding. He feels his country imperilled and its life complicated by the very means he has applied to secure its salvation. This constant apprehensiveness and heroic sense of duty showed itself when the nation was ordered to mobilize peacefully to acquire western order and technique. It is no less potent now when the Mikado calls on the nation to offer its individual lives. The outer appearance given by the Japanese of stolidity and even immobility is part of their technique of survival. It does not betray their inward feverishness. In the present situation the Government provides a setting for a certain show of enthusiasm; decorated trucks pass through the populated streets of Tokyo, Osaka and Kobe, loaded with cheering men and women; soldiers are brought individually to their regiments, officers to their trains, and flag dances are performed on such occasions; flags are everywhere. The cinemas abound with warlike films. But the public at large is not demonstrative. This war is considered a serious business. Everybody has to comply with the demands made on him. Everybody does.

This is another leg on the long path of work and labor for survival. Japan, with all her progress and civilization, has always been more somber, stiller, than China. Today she is stern, remote from China's self-confident assurance of eternity.

IV. OFFICIAL POLICIES

Such is the material which those in power in the two countries must mould to their aims.

Each government has elaborated an astonishingly abstract theory about what it will gain from the war. Each theory will seem to the westerner to border on the paradoxical, and by its strangeness to give proof of how little we have managed to enter into the minds of these two peoples. In China during August it was difficult to find anybody who dared believe in victory, apart perhaps from some of the European military advisers in Nanking. But the Chinese leaders found consolation in the definite progress being made toward national unification, in the appearance of something like a national will, in the birth among the masses of a feeling of confidence in a great national future and of obligation to help make it come true. They saw that this would be the result, even if China were defeated in the war, provided meanwhile the people had demonstrated to their own satisfaction their ability to resist the enemy with honor, to be efficient in carrying out a great national task, to sacrifice their lives for the common cause. In this way China as a great nation would come to light. Never mind retreats. Never mind defeats. Never mind even territorial losses. There would still be left enough of China on which to rebuild ultimately the strength necessary to be victorious against Japan next time. And as a matter of fact the Chinese coolie near Shanghai proceeded to give reality to this surprising theory.

The Nanking Government, concocted as it is out of various and formerly divergent elements, would not show its present united front were it not for the relentless pressure exerted on it by China as a whole. If the rumor got about that anyone in the inner ring were weakening in his resistance to Japan he would be exposed to immediate physical danger. Marshal Chiang Kai-shek, being a statesman as well as a soldier, is well aware of this, and he conducted with all possible precautions his one-man conversations with Kawagoe, the Japanese Ambassador in Shanghai (the last one that was heard of was as late as August 19). Of course there are men near to him who are accustomed to think more in

terms of international intercourse than of international conflict, who are for peace should the slightest possibility arise, and who meanwhile favor keeping open a "wire to Tokyo." Till the middle of September the Chinese left an Ambassador and even a military attaché in Tokyo. For something still survives of the old tradition of Chinese statesmanship (even of the Chinese GHQ) to consider diplomatic moves more important than strategic ones, even in wartime. But there are also generals, all former "warlords," who are now with the Central Government: Marshal Pei of Kwangsi, who underwent defeat at the hands of Chiang Kai-shek last year and lost Kwantung; the Communist General Mao Tse-tung, a highly gifted man, who with his troops has abjured the Communist creed for the time being; and General Feng Yushiang, more versatile than any of them. They are for this war with a vengeance, even though the meaning of it is so little in tune with their past. They have to be. This does not mean, of course, that they may not be pondering whether there might not be anarchy following a defeat, and whether they might not reap advantages therefrom.

Meanwhile the Kuomintang is trying to gauge how real are the symptoms of a miraculous Chinese rebirth out of glorious defeat. Strong dissensions exist inside the Party as to whether the ordeal should be used to start a thorough "purge" of China or whether the stirring up of interior troubles should be avoided and help accepted even from suspect sources.

The Nanking coalition comprises all these different factions. Their continuous skirmishing corresponds to the similar friction in the inner circles at Tokyo, though quite other matters are at stake. The greatest danger in the eyes of farsighted patriots is not the Japanese invasion but the danger that the country will split anew under the weight of economic misery, the isolation of different regions from each other, and the immediate demoralization resulting from losses and reverses. They are well aware of the risks they run in applying their theory of a "constructive defeat." But while in August there was still some possibility of patching the conflict up, passion has been too well fed by its own performances in the last few weeks to permit of any other idea at present than to fight to the last.

Japan too has her own theory of this war, her own peculiar interpretation of it. It is quite as extraordinary as the Chinese one.

Prince Konoye acted much as Marshal Chiang Kai-shek acted

during the first seven weeks of the conflict. He sent off a one-man mission to see what could be done with China. He knew that the Chinese Government did not feel itself ready for war, and while the Japanese Army insisted on settling the North China incident with the local Chinese authorities in the usual way, Konoye seems to have hoped that (given Chiang Kai-shek's wish to gain strength by marking time) he might make the affair a springboard for reaching an all-round agreement, consolidating Japan's grip on North China and Manchukuo, and simultaneously placating the "young officers" at home. The ultimate design of the more conservative circles in Tokyo had always been to reach some general arrangement with the central government of China by which both countries would at least be liberated from the plague of continuous surprises, and which incidentally would give more satisfaction to Japanese militarists than they ever could get except by actual war and annexation. But both camps in Tokyo underrated the will and power of China to put up armed resistance. The Japanese who sought to stave off the conflict now quite naturally like to recall how much China contributed to the explosion by what they describe as Chinese trickery and subversiveness. Among other instances they cite Nanking's refusal to receive Mr. Ogata as Ambassador, although China had recognized his good will many times and had paid him particular honor. They say China knew very well that Ogata would have explored every alley of compromise regarding Japan's demands — the demand that China should not "pit one barbarian against another," the demand that she should not make use of foreign countries as factors in her policy towards Japan, the demand that she should try to create satisfactory economic relations with Japan, and the demand that she should conclude an effective agreement for united action against Communism. It is characteristic of the vast scope of the essential conflict in which the two Powers are really involved that since 1935 no further specification of those items has ever been brought forward.

There is another argument used by Japanese extremists, namely that Great Britain was arming rapidly in order to come again into the international arena much better equipped than before, just as China was temporizing in order to gain in strength. Even those Japanese who know the Bismarckian dogma of the inadvisability of preventive wars were forced to admit that this particular war had in its favor every reason that ever

could be adduced as making preventive action wise or necessary.

Nippon too is fighting for a new psychological attitude on the part of China — one quite the opposite, needless to say, of the new psychology which China herself is seeking. Nippon fights against Chinese “stubbornness” and “unwillingness to see the light.” She has embarked on this war in order to make China recognize her basic helpfulness and friendliness, to change China’s insidious reluctance to recognize and honor these feelings. If and when China is ready to change, to bow to those generous feelings, everything can be settled easily and to the mutual advantage of both sides. To achieve this, war unhappily is necessary. China must be made to understand the greatness of her mistake. As soon as the Chinese shall have fully acknowledged defeat and recognized the superiority of the Japanese whom they now despise, then they will have reached the right mood for acknowledging that what Japan wills is best for China.

Anyone ready to listen to this theory will hear it expounded often in Japan, and by the most authoritative persons; and the listener will go away with the conviction, however reluctantly confessed, that his informer has been perfectly sincere in everything he has said. Do not the Japanese Government’s domestic critics refer quite as a matter of course to this theory and denounce bitterly its futility? And Japanese who accept the official legend express grateful agreement if you tell them about the father of Frederick the Great who beat up a timid lackey who had hidden from him, shouting: “You must love me, you rascal!” One often is told that Japan does not seek territorial acquisitions if only China will agree to a “reasonable settlement,” territorial gains evidently being thought unimportant alongside the desired change in mentality. But even accepting that statement at its face value, anybody who knows the real aspirations of Nanking will realize the thorough incompatibility of the basic Chinese and Japanese formulae, and his embarrassment will not be diminished by the thought that both sides are inspired by highly ethical considerations.

The sternness of the Japanese, it will be seen, is more in evidence today than ever before, as also their sense of discipline, their deep and almost mystical belief in the omnipotence of will. They now declare themselves capable even of putting thoughts in the place where they belong. Some will consider this to be inhuman, others superhuman. It is very human. Japan elevates the ambi-

tion of will to metaphysical heights as the result of her profound and everlasting worry regarding her own destiny. As with the Chinese, the dominant formula of Japanese action sounds irrational; but while in the case of the Chinese the underlying tone of their existence as a people, seen through all the ups and downs of their history, is confident and imperturbably self-assured, the Japanese outlook is tragic. Westerners attribute the hyper-concentration and hyper-industriousness of the Japanese to their infinite ambition. But this ambition roots in a pessimism, both conscious and unconscious, about their national position in the world, a pessimism, alas, that instead of being mitigated by enormous successes seems to be increased by them. They know that they are flanked by the whites of the north, 170 million strong, and that next door to them, where they should expect a rich field of activity, they see living a people closely related to them in color but very distant in all other respects. China and Russia, each of them, represents to the Japanese a constant, overwhelming threat, owing to its tremendous superiority of numbers and resources. Japan's reaction is to become a somber, disciplined unit, sublimating its force of will into sheer paradox. A remote parallel might be found, perhaps, in the war cry, "Make the world safe for democracy."

V. INTERNATIONAL ASPECTS

By her force of will Japan has involuntarily mobilized the whole East. She has provoked the formation of the pincers, one claw of which is pushing forward on land, the other on sea. The Soviet Union has decided to form an independent army in Eastern Siberia, destined exclusively to hold Japan in check. England, with a similar aim of being unhampered in her Far Eastern policy, builds a line of fortresses and strongholds along the whole coast of Asia, from Trincomalee to Penang, from Penang to Singapore, and from Singapore to Hong Kong. Siam and the Philippines are arming, to be free to make their choice in any future conflict; and to ensure that they choose her side England intends to hold a battle fleet in readiness in the waters east of Aden. All this activity can point only against Japan. The Netherlands, always loath to buy arms, follows suit. So far there is not the least trace of any advance understanding between London and Moscow about the defense of their Far Eastern interests. But the moment is bound to come when both countries will realize

that they have acted from identical motives; and while it would be premature to guess the outcome of this mutual discovery or its possible reactions on European politics, the Japanese must reckon with England as an eventual addition to the enormous potential strength of China and Russia, combined or single, at some later date. Here is one more reason why at this moment they look beyond the battlefields of China to Marshal Bluecher's army in Siberia, wondering whether Moscow has the same idea about "preventive wars" as they themselves and pondering what is the logical conclusion for them to draw and what will be the logical conclusion for the Bolsheviks!

Japan is driven on, then, by the specter of nations which might rise against her and crush her under their weight. She speculates regarding all possible international permutations and combinations up to the year 2000. Every nation reflects in its general attitude towards the rest of the world the basic circumstances of its geographical position. Japan has gone into this war coerced by the belief that conditions will never be any more favorable to her than they are today, and that they will be definitely less favorable once England is rearmed and once China has acquired sufficient military equipment.

And China? There is little doubt that the moral vigor she expects to acquire in these hours of test will make her in future less amenable to foreign influence than in the past. She will try to become at long last master in her own house and attain the rank of a Power capable of entering into alliances on a basis of equality. She too looks forward over decades. Both sides in the war argue in different ways, as we have seen, but are alike in being inspired by a kind of thought very remote from anything we understand. Neither denies that common sense could effect a solution if this were an ideal world. There the West should come in. But not much credit is given to the West in this regard by the East.

BRITAIN ON THE SEAS

By Hector C. Bywater

SPEAKING at Geneva on September 20, Mr. Anthony Eden, the British Foreign Secretary, said: "At present the aggregate tonnage of the principal types of warships actually building for the Royal Navy exceeds 450,000 tons. I take no account in this figure of the ships already launched this year, nor of a further 55,000 tons which Parliament has sanctioned and which will shortly be put in hand. The last three naval programs partly completed or in actual execution in the United Kingdom at the present time represent a total expenditure of £130,000,000. Naval personnel is being extended at a rate without precedent in our country in time of peace."

Impressive as these figures are, they do not adequately reveal the magnitude of the effort which Britain is now making to restore and consolidate her sea power. Tables published in the Navy Estimates for 1937 show the following combatant and auxiliary units as under construction during the current fiscal year: 5 battleships, 21 cruisers, 5 aircraft carriers, 49 destroyers, 19 submarines, 3 depot ships, 24 escort, mine-sweeping and patrol vessels, 3 gunboats, 17 motor torpedo-boats, and 2 surveying ships — a total of 148 vessels. Nor is this the whole story. A new program is to be introduced to Parliament next March, and while its details are not yet officially revealed, well-informed observers predict three to five battleships, seven cruisers, and a generous quota of destroyer, submarine, and other light tonnage. The personnel of the Navy, which has jumped from 98,000 to 112,000 in the last few years, will be further increased to an approximate total of 125,000 officers and men.

What is the purpose of this gigantic scheme of naval rearmament? That it has been undertaken for reasons of defense, and not for aggression, is self-evident to all foreign onlookers save the wilfully blind or the victims of propaganda from the dictatorial countries. But behind every arms plan there must be, or should be, a definite strategical objective. In this case it is not difficult to perceive. When Sir Samuel Hoare, the late First Lord of the Admiralty, introduced this year's navy budget, he spoke of a "two hemisphere fleet" as the goal in view. This can only mean that Britain intends to become strong enough to be capable of

holding her own simultaneously in European waters and in the Far East. Having regard to the present balance of power in the world, that is a big order. But if the British Commonwealth is to survive it must be fulfilled.

For Britain the potential danger zones are the North Sea, the Mediterranean, and the Western Pacific, and in the absence of a general movement towards appeasement those zones must continue to be carefully watched. It goes without saying that an Anglo-German accord would simplify Britain's defense problems to an incalculable extent. Relieved of anxiety in northern waters, she would be able to concentrate sufficient force in the Mediterranean to defend her line of communications there, while retaining a margin of strength to oppose a strong front to aggression in the Far East. But whether that happy state of affairs will ever come to pass remains to be seen. Not the least valuable feature of the Rome-Berlin axis to its two engineers is the possibility it offers for one to create a naval diversion to relieve the other. Even when her present program is completed, Britain could hardly muster overwhelming force in the North Sea and the Mediterranean at one and the same time, and even were she able to do this it would leave her virtually defenseless in the Pacific. On the other hand, it is scarcely conceivable that she would be fighting singlehanded a coalition of Powers, and in the existing system of international grouping those Powers on whom she might reckon for support are excellently placed for intervening in the Mediterranean and the Far East.

Despite the fact that no thoughtful Briton can be satisfied with this grouping, actualities must be faced. For the present, Britain, France and Russia are bound to consider the prospect of joint defensive action against Germany, Italy and Japan in the event of a new world conflagration. And that a local war involving two of the Great Powers would inevitably develop into a world war is almost the only point on which the political pundits are in complete agreement. Let us, therefore, consider the strategical situation that would arise if these rival three-Power *blocs* came into collision.

Britain already is strong enough at sea to deal faithfully with the German Navy and to spare a powerful detachment for Mediterranean service. Thus aided, the French Navy should be fully competent to settle accounts with Italy, whose naval power is vested mainly in weapons — fast and light surface craft, sub-

marines and airplanes — which are difficult to coördinate strategically or tactically and may prove less formidable than they look on paper. No flights of rhetoric from Rome can conceal the fact that Italy is in a bad strategical position. The prerequisite condition of her retention of Abyssinia is unrestricted use of the Suez Canal, and not merely of the Canal itself but of its approaches as well. In other words, she must be sufficiently strong to command both the Eastern Mediterranean and the Red Sea. That she could never do in face of an Anglo-French coalition. Nor is that all. Notwithstanding the manful efforts she is making to become self-supporting, Italy is still largely dependent on imported supplies. Even under the half-hearted system of sanctions applied in 1935-36 she was beginning to feel the pinch. An effective naval blockade would speedily produce far more painful results.

Italian spokesmen are fond of reminding the world that the strength of their air force would more than compensate for weakness at sea. During the trouble with Britain two years ago they threatened to make Malta untenable, and they still believe — though not entirely with justice — that this threat was responsible for the temporary withdrawal of the British Mediterranean fleet to Alexandria. What they overlook is the fact that Malta is not of absolutely crucial importance to the British Navy. There are other British bases in the Mediterranean, actual and prospective, from which the fleet could operate very comfortably, bases out of reach of the Italian heavy bombers but ideally situated for dominating the only two passages out of the Mediterranean basin. Furthermore, air raiding is a two-edged weapon, and certainly the last with which Italy, if she were wise, would threaten her neighbors. With the possible exception of Japan, no country is more vulnerable to this method of warfare.

And last but not least, while freedom of movement in the Mediterranean is indispensable to Italy in wartime, the same is not entirely true of Britain. If the latter were compelled to evacuate the Mediterranean for the time being she would be seriously inconvenienced, but no more. She could still reach India and the Far East by way of the Cape of Good Hope, at the cost of longer voyages and a temporary shortage of certain supplies. During the 1935-36 crisis over Abyssinia a number of British ships bound to and from the East were, in fact, re-routed via the Cape, and it is a safe assumption that plans for diverting the whole of this traffic have been prepared. In passing, attention may be directed

to the far-reaching schemes of harbor and dock development which are now actually proceeding at Cape Town and Durban, not to mention other ports along the east and west coasts of Africa. Improvisation and "muddling through" may be the customary British practice in land warfare, but in conserving its vital lines of communication — in this case the sea routes — no Power exhibits greater prescience. As we shall see later, this traditional policy is being actively pursued at the present time.

Naval staffs are not in the habit of broadcasting their war plans, but the strategy to be pursued by Britain in the event of war with Italy seems fairly obvious. Britain imports every week of the year over a million tons of food and raw materials, and it is widely assumed that a very high proportion of these supplies derive from the Mediterranean. In normal times, it is true, 20.1 percent of her aggregate imports pass through the Strait of Gibraltar, but only 11.4 percent come from sources inside the Mediterranean itself, the remainder having traversed the Suez Canal. It will be seen, therefore, that the closing of the Mediterranean commercial highway would deprive Britain of little more than one-ninth of her total oversea supplies, for the cargoes coming from places east of Suez could, if necessary, be sent round the Cape. Furthermore, of the 11.4 percent originating in the Mediterranean, only a very small proportion represents food. The bulk consists of cotton, minerals, and chemicals, and for many of these commodities there are alternative non-Mediterranean sources of supply. It is, then, no more than the simple truth to assert that were the use of the Mediterranean route to be denied to British merchant shipping, Britain herself might be inconvenienced but would certainly not be crippled.

In the writer's opinion, it is more than possible that in the event of war the British naval staff would promptly declare the entire Mediterranean "out of bounds" to merchant shipping — with the possible exception of tankers, for which strong convoy escorts might be provided; would re-route the Indian and Far East trade via the Cape; and would concentrate on the task of maintaining strategic control of the Gibraltar-Suez route by the employment of naval and air forces. With the elimination of merchant shipping from the immediate war zone, the task of the British armed forces would be immeasurably simplified. Possessing well-defended bases at Gibraltar, Malta, Alexandria and Cyprus, they should be in a position not merely to offer a strong

resistance to Italian aggression, but to deliver heavy counterblows, the nature of which need not be specified. Against a possible German diversion in the North Sea must be set the virtual certainty that France would be an active ally of Britain in the Mediterranean. Since these considerations must be equally patent to Signor Mussolini, one may be permitted to doubt whether his future plans really include an unprovoked attack on Britain, an attack which would indubitably array against him the united strength of the whole Commonwealth.

As long as the Anglo-German naval agreement of 1935 remains in force — and it is expressly stated in the documentary exchange that it is to be a permanent arrangement — the total German combatant tonnage will not exceed 35 percent of that of the British Commonwealth. It is true that two factors join to give Germany a somewhat higher relative strength than the ratio indicates: first, because her fleet is of absolutely modern construction and will contain none of the over-age tonnage with which the British fleet is, and will continue to be, burdened; secondly, because Germany can count on massing the whole of her fleet in the North Sea and (or) the Baltic, whereas Britain must always maintain powerful squadrons in the Mediterranean and the Far East, and can never hope to have more than half her Navy available for service in home waters. This notwithstanding, the German Navy is not likely to become a serious menace while the 1935 agreement endures. Recent suggestions from Rome that Germany contemplates a revision of the pact in the near future are probably a case of the wish fathering the thought.

There is no doubt that the one "depressed area" in the field of British strategy is the Far East. Here her weakness is as palpable as the impossibility of remedying it at an early date is plain. When the Washington Five-Power Agreement was signed in 1922 the British and American naval experts were under no illusion as to its strategical consequences. They were fully aware that the keys of the Western Pacific had been presented to Japan as a free gift, but no doubt they hoped that she would not abuse the gift. As a safeguard against this contingency the Nine-Power Treaty was concurrently negotiated. Recent events in China are calculated to shake the faith of the most confirmed idealist in the value of parchment safeguards.

British interests in the Far East greatly exceed those of any other Western Power, not excluding the United States. Apart

from "real estate," represented by Hong Kong, Britain has enormous capital investments in China, the loss of which would deal her a staggering blow. Then there are her possessions in Malaya and Borneo, whose natural wealth is considerable. Australia, a vast and thinly peopled continent, contains enough territory to satisfy the most rapacious of the "have not" Powers. All these interests and properties must be defended in the last analysis by the British Navy, for in no case are the local defense forces adequate to withstand attack by an aggressor of first-class rank.

Previous to the completion of the new naval base at Singapore, Britain's strategic position in the Western Pacific was critical. Nowhere in that area was there a single dock to take modern battleships; yet without docking facilities a fleet is for all practical purposes immobilized. Today, or at any rate in the very near future, three of the largest warships can be docked simultaneously at Singapore. The next step is to provide ships to fill the docks. For the time being no capital ships can be spared from European waters, but as the naval program matures new battleships will come forward to relieve the older units, which may then be available for service in the Pacific. According to unofficial news published in London, the five modernized battleships of the *Queen Elizabeth* class will eventually be stationed at Singapore, which is then expected to supersede Hong Kong as headquarters of the Pacific Fleet. With the battleships will be one heavy and one light cruiser squadron, several airplane carriers, and an appropriate force of destroyers and submarines. If the Pacific Fleet is organized on these lines its strength will be equivalent to that of the present Mediterranean Fleet. Should war become imminent it would no doubt be reinforced by the Australian and New Zealand squadrons, comprising two heavy and three light cruisers, all modern. The projected Pacific Fleet will thus be a formidable organism, and one that will enable Britain, for the first time since the World War, to provide fairly adequate protection for her vast interests in that ocean.

It is true that the projected fleet will be markedly inferior to the Japanese Navy, but it should be strong enough to practise the defensive strategy which the situation calls for. As long as this fleet remained "in being" — that is to say, intact and mobile — Japan would be unlikely to embark on any large-scale oversea expedition against British territory in the Pacific. In all proba-

bility, therefore, the appearance of the new fleet at Singapore will automatically banish the potential Japanese menace to Malaya and Australia, as well as to the Dutch East Indies. As regards the latter, the maintenance of the *status quo* is a no less vital matter to Britain than to Holland herself, and in the event of a Far Eastern conflict it is practically certain that the British forces would have the support of the modest but very efficient Netherlands squadron. The Achilles heel of the British Commonwealth in the Far East is Hong Kong. It is much to be doubted whether this position could be held against a heavy Japanese attack, and many British strategists question the wisdom of attempting to do so. As they justly point out, the ultimate fate of Hong Kong would be determined by the outcome of the war — a war, be it noted, in which economic forces would weigh hardly less heavily than armaments.

A word must be said about Russia as a possible participant in a Far Eastern war. Even if we discount the stories of an immense fleet of Soviet submarines at Vladivostok, it is clear that Russia is in a position to make things very unpleasant for Japan. The existence of many hundreds of bombing airplanes in and around Vladivostok is not mere rumor but proven fact, and most if not all of Japan's industrial centers lie within their striking range. Whether air power is capable of forcing a decision in war is still an open question, but it is a reasonable assumption that repeated heavy raids on her teeming cities would compel Japan to take such counteraction as would gravely weaken her forces in other areas. Russia is the only Power which could strike directly, and in the very first days of war, at Japan's vital communications with the Asiatic mainland. It seems certain, therefore, that until the Soviet aëro-naval forces based on Vladivostok had been destroyed or reduced to relative impotence, Japan would not be at liberty to engage herself deeply elsewhere. We may go still further and assume that war with Russia would so heavily tax Japan's military resources that she would have no margin left for an expedition against Hong Kong, to say nothing of remoter British territories. Her fleet, too, would be so much occupied in guarding essential lines of communication that it would have few opportunities for aggressive operations. These considerations suggest that although Japan is the predominant naval Power in the Western Pacific, her command of the sea would not necessarily be absolute in the event of war with Britain and Russia.

Nor can the possibility of American intervention be wholly ignored, though its treatment in this study must be regarded as academic. That an Anglo-American coalition would prove fatal to Japan is a proposition hardly likely to be disputed. Without dangerously denuding her Atlantic seaboard the United States could muster in the Pacific a fleet approximately equal in combatant power to the entire Japanese Navy, while the adhesion of a British battle fleet of five capital ships and their auxiliaries would give the combined force a decisive superiority. Nor is Japan today so inaccessible to the direct pressure of naval force as was the case up to a few years ago. Since 1934 the United States has been unobtrusively building, as it were, a strategical bridge between Hawaii and the Philippines, and at the same time surveying an alternative route to Japanese waters from the Aleutian Islands. Such stepping stones as Midway Island, Wake Island, Guam, and Dutch Harbor are regaining all the importance they possessed prior to the Washington Treaty of 1922. Moreover, it is still on the cards that the United States may decide to revive the pre-treaty plan of converting Guam into a major naval base. This will largely depend on what policy Washington elects to follow when the independence of the Philippines is an accomplished fact. If the United States should then undertake to guarantee the integrity of the islands, the creation of a big naval base at Guam would appear to be an inescapable necessity.

Having thus briefly reviewed the field of naval strategy as it appears to British observers, a rather more detailed account of Great Britain's current program of rearmament at sea may be appended. To the expert eye two facts are immediately apparent. First, the whole program is actuated by a definite conception of strategy based on the defense needs of the Commonwealth as a whole, and not — as in the case of the prewar naval expansion movement — directed to the establishment of supremacy in one single area, such as the North Sea. Secondly, every one of the scores of new ships now being built has been planned to develop maximum efficiency. At no time in the long and chequered history of the British Navy has so much care been devoted by its constructors to the seaworthiness, floatability and fighting power of individual ships. The vessels now on the stocks are designed from the keel upwards to face and survive ordeal by battle, however devoutly their builders hope that the supreme test will never come.

The five battleships laid down in 1937 are uniform in type, with a standard displacement of 35,000 tons. This means that when ready for sea their weight will exceed 38,000 tons. On paper their armament of 14-inch guns may compare ill with the heavier weapons of contemporary foreign units, but the new 14-inch gun is a rapid-fire, hard-hitting weapon which can engage effectively at all practicable ranges. By adopting it in preference to a heavier caliber the designers have saved about 30 percent in total weight. Part of this economy has been devoted to speed, but most of it to protection. For obvious reasons one must not particularize, but it is permissible to say that the new British battleships will be as hard to sink as any now afloat or building — and perhaps harder. In the next group of five ships, probably to be laid down in 1938-39, guns of 16-inch caliber may be mounted. Concurrently with this new construction a great program of modernization is under way. Five older battleships and three battle cruisers have been practically rebuilt at an average cost in excess of £2,000,000, and a whole fleet of cruisers is undergoing the same process. The intention is to have ready by the year 1941 a force of not less than 25 capital ships, sufficient to provide squadrons for the Atlantic, the Mediterranean, and the Far East.

Of special significance is the Navy's intensive development of its air force. At the present time five airplane carriers — one of 22,000 tons, the others of 23,000 tons — are building, to accommodate a total of 350 planes. Older carriers, such as the *Furious*, *Courageous*, and *Glorious*, are being modernized. Eventually the Navy will possess ten effective carriers housing well over 500 planes. Now that the Fleet Air Arm has been freed from the hampering effect of dual control, the task of coördinating sea and air power has become simpler. There is reason to hope that in a few years the British naval air service will be the second strongest in existence, outnumbered only by that of the United States.

As recently as 1933 the British Commonwealth had only 15 cruisers of postwar design completed. By 1941-42 there will be 60 of these ships in service, besides 10 older cruisers modernized and rearmed. This force of 70 units is regarded as a minimum which must be increased in the event of a marked revival of cruiser building abroad. A feature of the reconstruction program is the conversion of seven old cruisers into anti-aircraft ships by arming them exclusively with high-angle guns. Further, a number of the sloops now building (known as "escort vessels") are to

mount only high-angle guns. In the same connection all new capital ships and cruisers, as well as all modernized ships, are being equipped with very powerful batteries of long-range anti-aircraft guns and multiple machine guns.

Up to and including 1935, the annual program never included more than nine destroyers, these boats averaging 1,350 tons. In the last two programs provision has been made for a total of 40 destroyers, averaging 1,730 tons. Further, the yearly quota of submarines has risen from three to seven. Escort vessels, patrol gunboats, minesweepers and auxiliaries of every type are also being built in large numbers.

One of the surprising features of this great naval rearmament movement is the speed and smoothness of its progress. It was inaugurated at a time when, as the result of years of depression, the shipbuilding and armaments industries were at a low ebb and carrying on with a skeleton staff of technicians and skilled workers. In these conditions it seemed impossible that Britain's new fighting fleet could be built and equipped without inordinate delay, and even then only at the cost of dislocating other branches of national industry. Nevertheless, the impossible has been achieved. In place of delay, warships of every type are being built far more rapidly than was previously the case, and today the program as a whole is well ahead of schedule. Nor has there been any serious dislocation of other industries apart from mercantile shipbuilding, the cost of which has risen sharply as the result of the Navy's priority demands on steel supplies and the skilled labor market. Once again a sudden emergency has revealed the immense economic and industrial resources at the command of Britain, and not less the national genius for mobilizing those resources and exploiting them to the full when the need arises.

It has already been stated that the personnel of the Navy has in recent years been increased from 98,000 to 112,000 and will be further enlarged to 125,000. Despite the counter-attraction of the Air Force, which in all countries seems to make a special appeal to youth, recruiting for the Navy continues to be brisk. In the current year the Navy's manpower potential has been reinforced by the institution of a supplementary reserve of officers drawn from the yachting community. This reserve has already reached a strength of 1,000. Further, the Admiralty recently undertook the training of merchant service officers in war defense duties, and schools for this purpose have been opened at all the principal

ports. There the officers are taught how to defend their ships against attack by surface raiders, submarines, aircraft and mines. Large stocks of efficient guns are held by the Admiralty in readiness for mounting on board British liners and cargo vessels in the event of war. In consequence of these measures British shipping today is much less vulnerable to attack than it was at the beginning of the World War. It is known, too, that detailed plans have been prepared by the Admiralty for the protection of shipping in war. The machinery for introducing convoy on all the important routes has been set up, and is ready to be put in motion by a stroke of the pen. Although the writer does not share the optimistic view that submarines are no longer a serious menace, he has reason to know that the offensive powers of this weapon have been circumscribed by recent advances in anti-submarine tactics. To what extent aircraft constitute a menace to merchant shipping it is impossible to decide. The British naval view is that merchantmen will have little to fear from air attack while they are at sea, particularly if they carry one or two high-angle guns. On approaching port they would be escorted by naval vessels mounting strong anti-aircraft batteries, as well as by fighter planes from shore bases. The worst danger to merchant ships is likely to come when they are loading or unloading in docks which are within range of hostile bombers. The problem of defending them in these conditions is, however, one for the British Air Force, and hardly concerns the Navy.

As the British Navy is now entirely an oil-burning organism, and only seven percent of Britain's oil supplies is produced at home, it follows that an uninterrupted flow of oil from overseas is an essential condition of national security. The naval authorities, possessing knowledge withheld from the public, are confident that adequate supplies will be forthcoming. Meanwhile, very large reserves of the precious fuel are being accumulated within Great Britain and at all overseas bases of strategical importance. It is believed that the Commonwealth is already stocked with oil sufficient for a war of twelve months' duration. If by that time the Navy had found it impossible to maintain the requisite volume of imports into the country, the oil problem would be overshadowed by the larger one of obtaining the best peace terms.

Although the task of surveying and modernizing the British Navy's world-wide lines of communication had been undertaken long before the Mediterranean crisis of 1935-36, that event led to

the process being speeded up considerably. In particular, the threat to the commercial route through the Mediterranean encouraged the development of harbor and dock facilities along the eastern and western coasts of Africa. Mention has been made of the great scheme of port development now being carried out at Cape Town. Nearby is the naval base of Simonstown, which the Union Government places at the disposal of the British Navy. This station is also being brought up to date. But if the Mediterranean route is liable to become too dangerous for merchant shipping in wartime, Britain has not the least intention of resigning its strategic control to other hands. It was announced in Parliament on November 3 that the defenses of Malta are being rapidly improved. Both Admiralty and Air Ministry have an eye on Cyprus, the development of which as a first-class aëro-naval base appears to be assured. Further, unless Anglo-Italian tension is sensibly eased during the next twelve months, the dispatch of heavy reinforcements to the Mediterranean naval and air formations and military garrisons is practically certain to take place. All this activity expresses the British people's firm resolve not to be hustled out of a sea where freedom of movement is of great importance to the security of the Commonwealth as a whole.

In conclusion it may be affirmed that Britain can face the future with calmness and confidence. Though much remains to be done, the most serious gaps in her defenses are now filled. As the rearmament program approaches maturity her powers of defense and counter-attack, already formidable in Europe, will be projected further afield, and knowledge of this fact is quite likely to have a sobering effect on those foreign states whose sabre-rattling propensities have been encouraged by the apparent growth of pacifism among the British peoples. It is gratifying to be able to record, not as a sentimental flourish but as simple truth, that British opinion sees in the growing naval power of the United States an additional and complementary guarantee of world peace.

STABILIZING THE EXCHANGES

By James D. Mooney

TO THE intelligent American, troubled and worried about the future buying power of his salary, wages, income, or life insurance, "Foreign Exchange" is just another one of the financial phrases appearing in the perpetual crossword puzzle that confronts him every morning in the business section of his newspaper. In the course of the past few years, however, he has learned to his sorrow that the phrase is not always a harmless one. He has often seen breath-taking rises and sickening declines in his own wholly domestic business ascribed by his favorite financial commentator to the "weakness of the franc" or a "rise in the price of gold in London." Quite naturally, therefore, Americans in every economic field have expressed the wish that those in authority in the various countries would get together and agree on something to put an end to these mysterious and unnecessary shifts in the economic weather.

In response to this growing plea for fewer hurricanes over the financial seas, many plausible suggestions, plans, and formulas have been offered. A great deal of loose talk has been heard about "stabilizing the exchanges." Every few days we read that still another after-dinner speaker has said that if only we would stabilize the exchanges we could have fair weather sailing, international trade would flow freely again, and our domestic economy would flourish.

For the past eighteen years I have been one of the group of American business men actively engaged in foreign trade. During this trying time we American foreign traders have had many headaches. We have butted into the bruising wall of exchange embargoes, restrictions, and fluctuations. We have spent countless hours gazing into the crystal ball, to determine, if we could, some faint outline of an international monetary pattern that would enable us to avoid huge exchange losses. We have had intimate and practical experience with all of the various currency experiments that have been tried in that period: the flight of the German mark and the Central European currencies; the Belgian and French devaluations; the English move to a Free Gold Market; the Australian and New Zealand discounts on their own currency against sterling; the monetary experiments of the South

American countries; the Tripartite Agreement; the subsequent devaluation of the franc; and, to make the roster complete, the devaluation of the dollar. The contrast between the high hopes and assurances which accompanied every one of these moves, and, in the main, the disappointing outcome of most of them, give me courage to say a few homely words out of the depths of my first-hand experience. Perhaps by this means I can help some of my fellow Americans to separate a few truths from the tripe they hear talked about the international monetary situation.

II. FALLACIES

During the postwar years of struggle to set our economic world reasonably straight again, the laurels have continually been won by the coiners of new economic phrases and slogans, the generators of pseudo-technical economic terms and manœuvres. Highly entertaining and amusing! — but tragic, too, when we review the gigantic economic blunders of these years and when we realize that the phrase-makers again are distracting our attention with toy balloons labelled “Stabilizing the Exchanges,” “Sterilized Gold,” “International Equilibrium,” and “Stabilized Purchasing Power.”

Governments themselves seem determined to escape from the classical, inevitable, and eternal economic verities. In country after country, political groups in control of government have been fascinated by plausible economic fallacies. No attention is paid to the point that the particular economic experiment about to be tried has been tried five, ten or fifteen years ago — or five, ten or fifteen centuries ago — in some country similarly eager to find the royal road to prosperity; and that such experiments, based on false economic premises, have come, time after time, to a bad end.

For the man working in the field of international trade and finance these fallacies have produced a nightmare. They come into violent collision with the realities. Prominent among the fallacies to which I refer are the following:

First, it is presumed that the big thing wrong with international trade is the lack of stable exchange rates. This is like saying that the big thing wrong with a man who has the plague is his high temperature. The high temperature is only a symptom. Lack of stable exchange rates is a symptom, too. The “plague” of international trade is the disease called “economic nationalism.”

Second, it is presumed that the exchange rates of two paper monies can be stabilized without first stabilizing each paper money in terms of gold.

Third, it is presumed that a paper money can be evaluated by offering to buy gold in terms of that money. Actually, it is the government's readiness to exchange gold for the paper money — the offer to redeem its currency and bonds in terms of gold — that evaluates the paper money.

III. REALITIES

All of the mistaken theories and presumptions with regard to currency and exchange have one thing in common: they represent a flight from the realities of gold and gold prices. The experience I have had in coping with those realities in many countries over a period of years can be boiled down to a summary which is brief but I hope significant:

(1) No country has ever gone off gold or ever does go off gold *actually*. It may go off gold *contractually*; that is, it may refuse to redeem its paper currency in gold, but this does not change in the slightest degree the fundamental attitude of the government or its citizens toward the attractive qualities of gold itself. Whether a nation is "on gold" or "off gold," it is a very significant fact that gold always has been, and still is, the common denominator of all international exchange transactions. In other words, gold is the medium of exchange among paper monies.

(2) The real prices of *world* commodities — wheat, cotton, copper, oil, etc. — are gold prices. These prices are still governed by the world supply and demand for gold and by the world supply and demand for the individual commodities. Internal paper prices of these world commodities in any country are a by-product of the world prices: they are determined automatically from world prices by the gold value of that particular country's paper money.

(3) The rate of exchange between the paper monies of any two countries can be stabilized only when each country's paper money is stabilized in terms of gold. Equalization funds can "peg" cross-rates over comparatively short periods of time and within certain narrow limits, but the exchange rates of two paper monies cannot actually be kept stable unless each paper money itself is kept stable in terms of gold.

(4) It is futile to discuss international agreements for the stabi-

lization of exchange rates of paper money until such time as the stress can be taken off gold for the discharge of international obligations. This stress can be relieved only by making it possible to discharge the obligations more freely in goods or services. In other words, when we begin to convalesce from the disease of economic nationalism, when goods again are as "good as gold" for paying debts, then, and only then, shall we find it possible to keep the exchange rates stable.

(5) When goods move freely again across international boundaries, when national budgets are balanced, and when internal price levels are brought into equilibrium by fighting rising industrial costs, then, and only then, can paper monies be stabilized in terms of gold. And only when paper monies are stable in terms of gold can they be stabilized in terms of one another.

IV. EXCHANGE RATES

Every country issues paper money, and this paper money has a certain current value represented by the amount of gold it will buy. The value may be fixed by statute, as it is in Belgium; it may be fixed between statutory limits, as in France and the United States; or it may be established through an "open market," as in England. The value of one currency in terms of another, that is, the exchange rate between these currencies, is determined by the relative amount of the respective currencies required to purchase identical quantities of gold.

It is, invariably, this price for gold, as representative of the internal value of each national currency, that determines the cross rates of international exchange, and the transaction is worked out each day on the basis of the old axiom that two things equal to the same thing are equal to each other. Thus it might be said that the rate of exchange between the paper monies of two countries is only an x/y expression of the value of the respective paper monies in terms of gold.

In our earliest lessons in algebra we learned that to determine the value of the relation x/y we must determine first the value of x and then the value of y . In international exchange markets, the rate of exchange between the paper currencies — for example, between the paper pound and the paper dollar — is determined from day to day by the law of supply and demand as it acts and reacts on these paper currencies and on gold.

Every day the international markets appraise the value of the

English pound in grains of gold. Let us call this quantity x . It should be borne in mind that in England the pound is "off gold" *contractually, i.e.*, England is not redeeming its paper currency freely at a fixed value in gold. The supply and demand for the paper pound and the supply and demand for gold, therefore, determine daily the value of the paper pound in grains of gold.

The value of the American dollar, which we can call y , in grains of gold, is established by the prevailing price of \$35 an ounce, or approximately 14 grains of fine gold per dollar.

Accordingly, the rate of exchange between pounds and dollars — *i.e.*, the relation x/y — is determined automatically in the international markets simply by dividing the number of grains of gold that an English pound is worth by the number of grains of gold that an American dollar is worth. For example, if the markets on a particular day express the English pound as being worth 70 grains of gold, then the exchange rate automatically expresses itself in our x/y ratio as the ratio 70 to 14, or 5 to 1. Under these conditions, the English pound is said to be selling at five dollars.

If, in the above example, instead of England we had chosen for comparison with the dollar some country whose currency had a fixed statutory price in grains of gold, the basic exchange rate between such a country and the United States would be the relationship between the two respective fixed parities. Actually, the day-to-day cross-rates would vary only slightly from this "par of exchange" as long as both countries were willing and able to redeem their own currency abroad in gold at the statutory par whenever conditions required such action.

V. A STABLE DOLLAR

In current discourses on our monetary problems the expressions "Stabilized Exchanges" and "Stabilized Currency" are used loosely, interchangeably, and often as though they meant the same thing. No distinction is made between the horse and the cart, and most often the cart is put before the horse. It is erroneously presumed that stabilizing the exchanges can have an important effect on stabilizing the currencies. What I want to emphasize is that only stabilized currencies, in terms of gold, can provide the bases for stabilized exchange rates.

Accordingly, I should like to suggest to government officials throughout the world, and to the officials of my own country in particular, that stabilization, like charity, should begin at home.

Again, as an American foreign trader, I should like to say frankly to my friends in Washington that our foreign trade needs no monetary measures designed peculiarly as an aid to foreign trade — no wooden shoes designed peculiarly for outdoor wear. The competing devaluations of foreign currencies can safely be ignored and our monetary policy based firmly on whatever is good for our own domestic economy.

The threat of foreign currency “competition” is, in any event, greatly exaggerated. Even if the dollar were to be tied to gold today, boldly and arbitrarily, the dangers alleged from further devaluations abroad should not concern us. We might, indeed, make a bad mistake in pegging the price of gold at some hand-picked figure, but the consequence of that mistake would be far more serious in terms of its dislocation of our own domestic economy than because of any “under-cutting” of the franc or the pound that might develop.

Quite obviously, it is not the gold value of the franc or the pound sterling (or their equivalent exchange value) that is of importance to the American economy; it is the gold value of the dollar itself. If a penalty imposes itself on our domestic economy, or on our foreign trade, it is because the dollar is over-valued (or under-valued) *per se*, and not because the franc or the pound is under-valued (or over-valued) either internally or “in relation” to the dollar. In other words, if the need exists in any country for depreciating its currency (or appreciating it), it is a need that arises out of an internal price disequilibrium in that country, and not out of any “competitive” adjustment that some other country has taken in an effort to correct *its* internal disequilibrium. Again, like charity and ultimate stabilization, the need for price equilibrium through currency adjustment begins at home.

In short, American foreign trade does not need the help of a fearful weather-eye from Washington on competitive devaluations abroad. Further, our foreign trade can be helped far more by a stable dollar in terms of gold than by any supposedly expedient adjustments which might be made to stabilize the exchange rate of the dollar in terms of the paper currency of some other nation.

VI. WHAT CAN WE DO ABOUT IT?

Now what can we suggest that the United States Government should do about this stabilization problem?

In the first place, we can ask for a vigorous continuance of the constructive efforts President Roosevelt and Secretary Hull are making to take the stress off gold as a medium for the settlement of international balances. The Administration's trade agreements program is designed to secure a freer flow of international trade throughout the world. This policy, which Mr. Hull has termed "enlightened nationalism," is a first vital step toward stability in the exchanges. Until goods can again move freely in foreign trade, the demands existing upon gold will make impossible any sound approach to exchange-rate stability.

Meanwhile, the Treasury should begin redeeming its currency and bonds in gold, not only to foreigners but to any American citizen. I cannot for the life of me see why my government should discriminate against me by refusing me the privilege of buying some gold with my government paper, when it is offering that privilege to foreigners. The unjust discrimination involved is the sort of thing that Samuel Adams and George Washington opposed so bitterly.

Furthermore, the finest kind of gold reserve that any country could have is a gold reserve held in the banks throughout the country and in the socks of its citizens. In the case of domestic emergency, this gold should be attracted into the national treasury by raising the offered price for it, and not by confiscation. This would provide not only a more democratic solution of the gold problem, but a sounder economic solution as well. I say "sounder economic solution" because I would far rather trust the integrated wisdom of these individual Americans in taking care of my country's gold reserve than I would a few government experts in Washington — Democrats or Republicans. My fellow citizens' integrated decisions on whether to buy or sell gold might sound less brilliant than those coming out of Washington, but they would be wiser and surer.

Should the Treasury sell gold to American citizens or anybody else at \$35 *an ounce*? I reply, without blasphemous intent, "God only knows!"

In the countless arguments to which I have listened during the past few years, as to whether the dollar is "over-valued" or "under-valued" at \$35 an ounce for gold, I have not heard of one expert who has constructed a statistical approach to determine what the dollar really is worth in terms of gold. I must confess that I haven't the slightest idea myself whether the Treasury

should redeem its paper at the rate of \$35, or \$20.67, or \$30, or \$40 per ounce of gold. Nor have I met anybody else who has the remotest idea of what the dollar is really worth.

Accordingly, I would suggest that an auction market be set up in New York by private banks or financial men (like the London gold auction market) and that the price be determined there daily by the law of supply and demand. In some reasonable time — two or three years perhaps — the price of gold in terms of the paper dollar would have settled down, or up, to some new normal to replace the rate of \$20.67 per ounce which we abandoned as sub-normal, and the rate of \$35 per ounce which we picked out of the air. When the new normal seemed to have established itself, we could fix the value of the paper dollar — by fixing the buying and selling price for gold — and let moderate fluctuations in the value of gold *vis-à-vis* government paper be taken care of thereafter by variations in the interest and discount rates in the money markets.

And, of course, our old friend the National Budget should be balanced. The IOUs of a careless, sloppy, profligate government are worthless. Anybody responsible for the treasury of a government who is confronted with an unbalanced budget is bound to find himself in hot water in his monetary manœuvres — the same kind of hot water a private institution or individual gets into under similar conditions. In the case of our national government, however, the scale is different. When the situation gets out of hand, not just a few people or a few thousand people get hurt, but millions.

I think I can reasonably claim that in talking this way I am not acting like a frightened old maid. During the past eighteen years I have observed abroad, at first hand, a score of countries suffering from budget sickness, and I have traveled extensively among their peoples, who were compelled to endure the economic misery that developed as the result of depreciated currencies and skyrocketing prices.

Let the cross-rates of exchange go hang! Never mind about “stabilizing the exchanges.” Let us work toward stabilization of the dollar in terms of gold and concern ourselves principally with the effect of such stability on our own domestic economy. It is true that gold fluctuates in value, but it is still a far better anchor-age for our dollar than any of the foreign currencies.

Trying to stabilize the cross-rates of exchange with several of

the countries abroad is only a pipe dream, for two obvious reasons:

First, no two of the countries will agree to peg their cross-rates with each other, because each country feels that its own domestic monetary problems, price levels, etc., are far more important than the cross-rate problem. Each country, therefore, wants to be free to make its internal adjustments, and to change the gold content of its currency, without being hampered by a cross-rate agreement. It has been difficult to keep *two* countries together; imagine the difficulty of getting three or four or five of them to keep the cross-rates of exchange pegged multilaterally!

Second, government officials abroad do not want to peg the cross-rates of exchange. Who knows what the cross-rates should be? Any of the foreign officials who are frank enough to state their position openly will say that they do not know. They tell us, quite properly, that they would rather let the rates gravitate to the normals induced by internal economic conditions, by the flow of international trade, and by the movements of capital. In other words, they feel that the cross-rates of exchange should be established by the law of supply and demand, operating freely on the exchange markets. I think they are right.

The situation in which we find ourselves today demands that our Government should have a monetary policy based on a few simple truths. And our Government should be concerned principally with maintaining integrity in the relationship between the Treasury and the American citizen. Further, our policy should be published in some form that can be understood by a reasonably studious American. I burn the midnight oil, but I cannot understand the monetary policy of the United States Government at the present time. Can you?

THE UNITY OF INDIA

By Jawaharlal Nehru

MOST Americans, bred up in the democratic tradition, sympathize with India's struggle for freedom. They dislike empire and imperialism and the domination and exploitation of one nation by another. And yet they are perplexed when they consider the Indian problem, wondering whether it is possible to build a united and progressive nation out of the seemingly infinite diversity that makes up the fabric of Indian life. They have heard so much of the separatist elements, of the conflicts of religion and culture, of the variety of languages, of the mediæval conditions in the semi-feudal regions of the Indian States, of social cleavages, of the general backwardness of Indian life, that doubts assail them whether it is possible to harmonize all these in a free and independent India. Can democracy be built upon such insecure foundations? Could India stand together and free if British rule were withdrawn?

These hesitations and perplexities are natural. The questions in which they originate must be considered by us dispassionately, and we must attempt to find the right answers. Freedom for a nation and a people may be, and is, I believe, always good in the long run; but in the final analysis freedom itself is a means to an end, that end being the raising of the people in question to higher levels and hence the general advancement of humanity. The vital and most important problem that faces us in India is the appalling poverty of the people. Will political independence help us to diminish this, as well as the numerous ills that flow from it?

It is well to remember that the British have been in effective control of India for more than a hundred and fifty years and that during this period they have had almost complete freedom to act in any manner they chose. No democratic or any other kind of control in fact existed, the British Parliament being too far away and too ignorant to intervene. India was, and is, a rich country, rich in agricultural resources, mineral wealth, human material; only her people are poor. It was indeed the wealth of India that attracted hordes of foreign adventurers to her shores. With these resources and that human material, and following a century and a half of unchecked despotism, one is entitled to ask for substantial

results. During this period Europe has changed out of recognition, Japan has bounded up with an amazing speed, America has become the most advanced and the wealthiest country in the world. But in India we still have grinding poverty, widespread illiteracy, a general absence of sanitation and medical relief — a lack, indeed, of all the good things of life. There are undoubtedly some good works which have followed British rule, notably in the field of irrigation. But how little they are compared to what might have been!

It is idle to blame the Indian people for this when those people have been allowed no say in the matter. The very backwardness of a people is a condemnation of its government. With this patent result of British rule in India, little argument is needed to demonstrate its failure. But even admitting the failure, it is true that our present problems are no nearer solution. It nevertheless is well to bear the fact in mind, for the very structure of British imperialist rule has been, and is, such as to aggravate our problems and not to solve any of them. And because these problems insistently demand solution we have to look for it outside the orbit of the British Empire.

India is smaller than the United States of America, yet it is a vast country and its population is far larger than that of the United States. Our problems therefore are continental. They are unlike those of the small countries of Europe. Till the advent of modern communications and modern methods of transport, it was very difficult for such a vast area to hold together politically for long. The United States grew and developed into a powerful unit, despite the vast area involved, because of the increase in transport and communications. If the United States had had a long history, going back hundreds and thousands of years before modern science and industry revolutionized life, probably the country would have been split up into many small national units, as happened in Europe. The fact that India was split up politically in the course of her long history was inevitable under the conditions then existing. Yet always the idea of the political unity of India persisted, and kings and emperors sought to realize it. Asoka indeed achieved unity two thousand years ago and built up an empire far greater than that of Britain in India today. It stretched right into Central Asia and included Afghanistan. Only a tiny tip in South India remained outside, and this because of the horror of war and bloodshed that came over Asoka in the full

flood of victory and conquest. Other rulers in the past tried to achieve the political unification of India and succeeded in some measure. But this desire for a unified political control of the whole country could not be realized in view of the lack of means and machinery. The coming of the British to India synchronized with the development in transport, communications and modern industry, and so it was that British rule succeeded at last in establishing Indian political unity.

The desire for political unity, in India as in other countries before the advent of nationalism, was usually the desire of the ruler or the conqueror and not of the people as a whole. In India, where for long ages there had been a large measure of local self-government, the people were far more interested in their local freedom and rights than in the machinery of government at the top. Kings changed at the top but the newcomer respected local rights and did not interfere with them. Because of this, conflicts between kings and people did not take place as in Europe; and later, under cover of this, kings gradually built up their autocratic power.

An all-India political unity thus was not possible in the past. What is far more important for us is to see what other more basic unifying or separatist features there were in Indian life. This will help us to understand the present and shape the future. Superficial observers of India, accustomed to the standardization which modern industry has brought about in the West, are apt to be impressed too much by the variety and diversity of India. They miss the unity of India; and yet the tremendous and fundamental fact of India is her essential unity throughout the ages. Indian history runs into thousands of years, and, of all modern nations, only China has such a continuous and ancient background of culture. Five to six thousand years ago the Indus Valley civilization flourished all over northern India and probably extended to the south also. Even then it was something highly developed, with millennia of growth behind it. Since that early dawn of history innumerable peoples, conquerors and settlers, pilgrims and students, have trekked into the Indian plains from the highlands of Asia and have influenced Indian life and culture and art; but always they have been absorbed and assimilated. India was changed by these contacts and yet she remained essentially her own old self. Like the ocean she received the tribute of a thousand rivers, and though she was disturbed often enough,

and storms raged over the surface of her waters, the sea continued to be the sea. It is astonishing to note how India continued successfully this process of assimilation and adaptation. It could only have done so if the idea of a fundamental unity were so deep-rooted as to be accepted even by the newcomer, and if her culture were flexible and adaptable to changing conditions.

Vincent Smith, in his "Oxford History of India,"¹ refers to what I have in mind: "India beyond all doubt possesses a deep underlying fundamental unity, far more profound than that produced either by geographical isolation or by political suzerainty. That unity transcends the innumerable diversities of blood, color, language, dress, manners, and sect." And Sir Frederick Whyte, in "The Future of East and West," also stresses this unity. He refers to the tremendous diversity of India and yet "the greatest of all the contradictions in India is that over this diversity is spread a greater unity, which is not immediately evident because it failed historically to find expression in any political cohesion to make the country one, but which is so great a reality, and so powerful, that even the Musulman world in India has to confess that it has been deeply affected by coming within its influence."²

This Indian background and unity were essentially cultural; they were not religious in the narrow sense of the word. That culture was not exclusive or intolerant to begin with; it was receptive and adaptable, and long ages of preëminence gave it deep roots and a solidarity which storms could not shake. It developed an aristocratic attitude which, secure in its own strength, could afford to be tolerant and broadminded. And this very toleration gave it greater strength and adaptability. There was in it till almost the beginning of the Christian era a certain rationalism, something approaching a scientific outlook, which refused to tie itself down to dogmas. True, this culture and rationalism were largely confined to the upper classes, but they percolated down to the masses to some extent. Superstitions and dogmas gradually crept in and many an evil practice. Buddhism was a revolt against these. But the old way of life was still powerful, and it is one of the wonders of history how India succeeded in absorbing Buddhism without any physical conflict. Buddhism, which had spread throughout India and had made progress from Western Asia right across Central Asia to the Far East, gradu-

¹ Oxford: Clarendon Press, 1919.

² London: Sidgwick, 1932.

ally faded out of the land of its birth. The man who is supposed to be largely responsible for this was Shankaracharya, who lived in the eighth century after Christ. This amazingly brilliant young man travelled all over India arguing, debating, convincing large audiences, and in a few years (he died at the age of 32) changed the mental atmosphere of the country. The appeal was to reason and logic, not to force.

This practice of debate and conference over religious and other matters was common throughout India and there are records of many great gatherings from Kashmir in the north to the far south. Whatever the political divisions of the country, ideas spread rapidly and were hotly debated. India hung together culturally and the mental background of the people everywhere was much the same. Even the masses in different parts of the country were not dissimilar in thought and outlook. The chief places of pilgrimage fixed by Shankaracharya were situated at the four corners of India: Badrinath in the Himalayas in the north, Rameshwaram near Cape Comorin in the south, Dwarka in the west overlooking the Arabian Sea, and Puri in the east, washed by the waters of the Bay of Bengal. Thus there was continuous intercourse between the peoples of the different regions. India as a whole was their holy land.

It is interesting to compare the intolerance of Europe in matters religious to the wide tolerance prevailing almost throughout history in India. Christianity came to India in the first century after Christ, long before Europe knew much about it, and found a welcome and a home. There was no opposition whatever. Even now there flourish in India many early Christian sects which were crushed out of existence in Europe. There are the Nestorians, and various Syrian Christian sects. The Jews came to India also about eighteen hundred years ago or more, and were welcomed. They still carry on their community life and parts of an ancient city where they live are supposed to resemble old Jerusalem. The Zoroastrians also came to India, driven out of Persia, and made their home here, and have flourished ever since. The Moslems first came soon after the advent of Islam and they found ready admittance and welcome and full opportunities for propagating their faith. For centuries there was no conflict except on the frontiers; it was only when Moslems came as conquerors and raiders that there was conflict.

The coming of Moslem rule shook India. For a while there was

a conflict between the old background and the new, but soon the old spirit of India began to assert itself and attempts began to be made to find a synthesis of the old and the new. Even in religion, most difficult subject of all, this attempt was repeatedly made by Nanak, Kabir and others. The Moslem rulers generally accepted the background of Indian life and culture, varied by Persian cultural ideas. There was no difficulty whatever in the adaptation of old Indian arts to new ideas. New styles grew up in architecture and painting which were a true synthesis of the two and yet were essentially Indian. So also in music. Even in dress a certain uniformity crept in, and a common language developed.

Thus the whole history of India for thousands of years past shows her essential unity and the vitality and adaptability of her culture. This vitality took her message in art and thought and religion to the Far East; it took the shape of great colonizing expeditions to Malaysia, to Java and Sumatra and the Philippines and Borneo, as the remains of great monuments there, a thousand years old, bear testimony.

Behind this cultural unity, and giving strength to it, was the ceaseless attempt to find a harmony between the inner man and his outer environment. To some extent this was the mediæval outlook of the Middle Ages in Europe. And yet it probably was something more. The profit motive was not so obvious and riches were not valued in the same way as elsewhere. Unlike as in Europe, honor was reserved for the man of intellect and the man who served the state or society, and the great soldier or the rich man took second and third place. Perhaps it was this want of stress on the outer environment that made India politically weak and backward, while external progress went forward so rapidly in the West.

This past record of Indian cultural solidarity does not necessarily help us today. It is present conditions that we have to deal with, and memories of what has been may be of little avail. But though that is perfectly true, yet an ancient people has deep roots in the past and we cannot ignore them. Both the good and the bad that we possess have sprung from those roots; they give us strength and inspiration; they also burden us and tie us down to many a harmful tradition and evil practice. India undoubtedly deteriorated and the vital urge in her began to lessen. Her power to assimilate and absorb became feebler, and the flexibility of her thought and structure gave place to rigidity. What was

dynamic became more and more static. The rationalism and the scientific basis of her thought continued for a favored few, but for others irrationalism and superstition held sway. Caste, which was a division of society by occupation, and which at the start was far from rigid, developed a fearful rigidity and became the citadel of social reaction and a basis for the exploitation of the masses. For a long time India vegetated, the strength had gone out of her, and it was inevitable that she should fall an easy prey to the better-equipped and more vital and technically advanced nations of the West.

The immediate result of this was the growth of conservatism, a further shrinking of India inside her shell in self-defense. British rule forwarded this process by crystallizing many a changing custom and giving it the force of law. Even more important in keeping India back was the economic structure which British rule built up. The feudal Indian State system, the gilded Maharajas and Nabobs, and the big landlord system were essentially British creations in India. We have them, to our misfortune, still with us. But this desire of the British rulers to keep a semi-feudal structure in India could not hold back the impact of new ideas and new conditions. The British themselves came to the East on the wave of the great impulse given to the world by the advent of industrialism, and India herself was inevitably affected by this impulse. For their own purposes and in order to entrench themselves, they built railways and the other accompaniments of a modern administration. They tried hard to stop the industrial growth of India, desiring to keep her as a producer of raw materials only and a consumer of British manufactured goods. But the industrial revolution had to spread to India, even though it came slowly because of the obstruction offered by the Government.

The British gave political unity to India. This had now become possible owing to the development of communications and transport. It was a unity of a common subjection, but it gave rise to the unity of a common nationalism. The idea of a united and a free India gripped the people. It was not a superficial idea imposed from above, but the natural outcome of that fundamental unity which had been the background of Indian life for thousands of years. The difference that had crept in was the new emphasis on the political aspect. To combat this, the British Government tried to lay stress on the religious differences and adopted a policy

which encouraged them and brought them into conflict with each other. It has had a measure of success, but nationalism, in India as in other countries of the East, is the dominant urge of the time and must triumph. This nationalism is being tempered today by the economic urge, but this is still further removed from the mediæval outlook which thinks in terms of religious groupings in political affairs.

The growth of the powerful nationalist movement in India, represented by the National Congress, has demonstrated the political unity of India. The last seventeen years have seen vast upheavals, in the nature of a peaceful rebellion, taking place throughout the length and breadth of the country and shaking the foundations of British rule. This voluntary organization, commanding the willing allegiance of millions, has played a great rôle in fixing the idea of Indian unity in the minds of our masses. The capacity for united action and disciplined sacrifice for a national ideal which the people have shown has demonstrated not only the probability of Indian unity but its actual existence. In India today no one, whatever his political views or religious persuasions, thinks in terms other than those of national unity.

There are differences, of course, and certain separatist tendencies, but even these do not oppose national freedom or unity. They seek to gain a special favor for their particular group and because of this they hinder sometimes the growth of the nationalist movement. Religious differences affect politics less and less, though still sometimes they distract attention. There is no religious or cultural problem in India. What is called the religious or communal problem is really a dispute among upper-class people for a division of the spoils of office or of representation in a legislature. This will surely be settled amicably wherever it arises.

Language is alleged to divide India into innumerable compartments; we are told by the census that there are 222 languages or dialects in India. I suppose the census of the United States mentions a very large number of languages; the German census, I think, mentions over sixty. But most of these languages are spoken by small groups of people, or are dialects. In India, the absence of mass education has fostered the growth of dialects. As a matter of fact, India is a singularly unified area so far as languages are concerned. Altogether in the vast area of India there are a dozen languages and these are closely allied to each other. They fall

into two groups — the Indo-Aryan languages of the north and center and west, and the Dravidian languages of the east and south. The Indo-Aryan languages derive from Sanskrit and anyone who knows one of them finds it easy to learn another. The Dravidian languages are different, but each one of them contains fifty percent or more words from the Sanskrit. The dominant language in India is Hindustani (Hindu or Urdu) which is already spoken by a huge block of a hundred and twenty million people and is partly understood by scores of millions of others. This language is bound to become the all-India medium of communication, not displacing the great provincial languages, but as a compulsory second language. With mass education on behalf of the state this will not be difficult. Already due to talkies and the radio the range of Hindustani is spreading fast. The writer of this article has had occasion to address great mass audiences all over India and almost always, except in the south, he has used Hindustani and been understood. However numerous the difficult problems which India has to solve, the language problem clearly is not one of them. It already is well on the way to solution.

It will thus be seen that the forces working for Indian unity are formidable and overwhelming, and it is difficult to conceive of any separatist tendency which can break up this unity. Some of the major Indian princes might represent such a tendency; but they flourish not from their own inherent strength, but because of the support of the British power. When that support goes, they will have to surrender to the wishes of their own people, among whom the sentiment of national unity is widespread.

This does not mean that our problems are easy of solution. They are very difficult, as every major problem in the world today is difficult, and probably their solution will depend on international as well as on national factors. But the real problems of India, as of the rest of the world, are economic, and they are so interrelated that it is hardly possible to tackle them separately. The land problem is the outstanding question of India and any final solution of it is difficult to see without revolutionary changes in our agriculture and land system. Feudal relics and the big landlord system are hindrances to development and will have to go. The tiny holdings, averaging a fraction of an acre per person, are uneconomic and wasteful and too small for the application of scientific methods of agriculture. Large-scale state and collective or coöperative farms must be established instead, and this cannot

be done so long as the vested interests in land are not removed. Even when this has been done the vast urban and rural unemployment will not be reduced. For that as well as for other obvious reasons we must push forward the industrialization of the country. This again requires the development of social services — education, sanitation, etc. And so the problem becomes a vast and many-sided one affecting land, industry and all departments of life, and we see that it can be tackled only on a nationally planned basis without vested interests to obstruct the planning. Therefore many of us think that a socialist structure is necessary, that in no other way can such planning be organized and pushed through.

But then the vested interests come in — here lies the real difficulty and the real conflict. Far the greatest of these is the City of London, representing British finance and industry. The Government of India is but its shadow when vital interests are concerned. In addition there are the imperial services and Indian vested interests, the princes and others. The new Constitution of India, though giving a certain leverage in the provinces owing to the extension of the electorate, is essentially designed to protect these special interests and keep British imperialism in India intact. Even in the provinces real power rests with the Governors and the revenues are largely mortgaged to these interests. Such strength as there is behind the provincial governments comes far more from the organized national movement than from the Constitution Act. Fear of conflict with this movement, resulting possibly in the suspension of the Constitution, prevents too much interference with the provincial governments. But the position is essentially unstable; conflicts are inherent in it. Besides, under the financial provisions and reservations really big schemes of social reform simply cannot be undertaken.

But by far the worst part of the Constitution is the proposed Federal structure, for it makes the feudal Indian States permanent and, in addition, gives them some power to interfere in the affairs of the rest of India. The whole conception of a union of imperialism, feudalism and democracy is incapable of realization and can only mean the entrenchment of all the reactionary elements. It must be remembered that the Indian State system is over a hundred years old and that during this century it has continued more or less unchanged. In this period Europe and the world have altered past recognition, and it is a monstrous imposition on us that we should be saddled permanently with feudal relics which pre-

vent all growth. Hence the fierce opposition to the Federal structure and the Constitution Act as a whole.

The National Congress stands for independence and a democratic state. It has proposed that the constitution of a free India must be framed, without outside interference, by a Constituent Assembly elected on the basis of an adult franchise. That is the democratic way and there is no other way short of revolution which can bring the needed result. An Assembly so elected will represent the people as a whole and will be far more interested in the economic and social problems of the masses than in the petty communal issues which affect small groups. Thus it will solve without much difficulty the communal and other like problems. It will not solve so easily the economic problems, but the clash of interest there is similar to that found all over the world. In the world-wide conflict of ideas and politics, India stands for democracy and against Fascism and the totalitarian state. She stands for peace and coöperation between nations and ultimately the building up of a world order.

Will an independent India be strong enough to protect herself from outside aggression and invasion? If India is strong enough to gain her freedom from British imperialism, which has so long been entrenched on her soil, it seems to follow that she will also be strong enough to resist fresh aggression. The strength of a nation is a relative affair, depending on a host of internal and external factors. Most independent countries today are not strong enough to stop by themselves the aggression of a Great Power. Even a Great Power might succumb to a combination of other Great Powers. Probably the United States is the only country so fortunately situated and so strong in every way as to be able to hope to resist successfully almost any hostile combination. The others rely for their independence partly on their own strength, but more so on a combination of circumstances.

India will of course take all necessary steps to strengthen her defenses. For this she has the industrial and other necessary resources. Her policy will be one of friendship to her neighbors and others, and she will rigorously avoid conflict. The National Congress has already declared that in the event of Britain being involved in an imperialist war, India will not be a party to it. There is no doubt that India can build up a strong defense apparatus. Her army today, though lacking in Indian officers, is considered an efficient force.

Who might be the aggressor against India? It is hardly likely that any European nation will embark on so rash an adventure, for each country in Europe fears its European neighbor. Soviet Russia is definitely out of the picture so far as aggression goes; she requires a policy of international peace, and the acquisition of Indian territory would fulfill no want of hers. Afghanistan and the border tribes also need not be considered in this connection. Our policy towards them will be one of close friendship and coöperation, utterly unlike the "Forward Policy" of the British, which relies on bombing combatants and non-combatants alike. But even if these peoples were hostile and aggressive they are too backward industrially to meet a modern army outside their own mountains.

Japan is mentioned as a possible aggressor. It is said that militarists in Japan dream of Asiatic and even world dominion. Perhaps so. But before they can approach India they will have to crush and absorb the whole of China, an undertaking which most people think is utterly beyond their capacity, and one which will involve at some stage a conflict with other Great Powers. How can Japan come to India? Not overland. Deserts and the Himalayas offer an effective barrier, and not even air fleets can come that way. By sea the route is long and intricate and full of danger in the narrow straits that have to be passed. A Japanese invasion of India could become a practical proposition only if China has been completely crushed, and if the United States, the Soviet Union and England have all been effectively humbled. That is a large undertaking.

Thus we see that, normally speaking, there is no great or obvious danger of the invasion of India from without. Still, we live in an abnormal world, full of wars and aggression. International law has ceased to be, treaties and undertakings have no value, gangsterism prevails unabashed among the nations. We realize that anything may happen in this epoch of revolution and wars, and that the only thing to be done to protect ourselves is to rely on our own strength at the same time that we pursue consciously a policy of peace. Risks have to be taken whatever the path we follow. These we are prepared to take, for we must.

We do not underestimate the difficulties before us. We have a hard task, hard because of external opposition, harder still because of our own weaknesses. It is always more difficult to fight one's own failings than the power of an adversary. We have to

do both. We have social evils, with the authority of long tradition and habit behind them. We have within us the elements which have gone to build up Fascism in other countries. We have inertia and a tame submission to fate and its decrees. But we have also a new awakening of the vital spirit of India. The static vegetative period is over, a hunger for change and for the ending of misery and poverty has seized the masses. The world is shaken by war and alarms of war. No one knows what of horror and inhuman cruelty and destruction — or of human progress — the future holds for us. Be that as it may, India will no longer be merely a passive instrument of destiny or of another's will.

In the subconscious mind of India there is questioning, a struggle, a crisis. As of old, India seeks a synthesis of the past and the present, of the old and the new. She sees the new industrial civilization marching irresistibly on; she distrusts it and dislikes it to some extent, for it is an attack against and an upheaval of so much that is old; yet she has accepted that industrial civilization as an inevitable development. So she seeks to synthesize it with her own fundamental conceptions, to find a harmony between the inner man and his ever-changing outer environment. That harmony is strangely lacking in the whole world today. All of us seek it blindly. Till we find it we shall have to march wearily through the deserts of conflict and hatred and mutual destruction.

RADIO AS A POLITICAL INSTRUMENT

By César Saerchinger

SIR JOHN SIMON, Chancellor of the Exchequer, announced in the House of Commons a year ago that the British Government had requested the British Broadcasting Corporation to inaugurate an overseas broadcasting service in foreign languages, and that the B. B. C., "fully realizing the issues," had decided to take appropriate action, including the construction of new short-wave transmitters. Inquiries made by His Majesty's representatives had shown, according to Sir John, that broadcasts in Spanish, Portuguese and Arabic were especially desirable. This step was taken after a long period of hesitation; and it follows — by accident or design — closely on the heels of our own National Broadcasting Company's announcement of a worldwide short-wave service in six languages.

The fact is that the problem of broadcasting for foreign consumption has given government and radio officials on both sides of the Atlantic a great deal to think about in the last two or three years. Its implications for the future are immeasurably important. The two decisions cited above represent the first definite answer of the democratic nations to the political activity which has been carried on via the radio in the Fascist countries, just as British rearmament and the big navy program of the United States are answers to the rapidly expanding military machines of the aggressive dictators. The democratic countries have suddenly become aware that the radio is a weapon which they cannot neglect when planning to defend their national interests.

I

We in America entertain a good many misunderstandings concerning the structure of European broadcasting, for it differs radically from the organization of broadcasting on this side of the Atlantic. Generally speaking, broadcasting in Europe is run, or at least controlled, by the various governments. Private enterprise enters in only to a limited extent. Contrary to general belief, the reasons for this are by no means entirely sinister. In the European democracies the motives behind the establishment of government control were primarily, (a) the desire for an orderly and satisfactory public service, and (b) the prevention of

anything that might give offense to domestic public opinion and to neighboring governments. In totalitarian countries the aims are to regiment the population at home and propagate, as far as the voice will carry, the prevailing political ideology. Thus the spirit behind control may be easy-going liberalism and "fair play" or it may be aggressive nationalism and partisan tyranny, depending on the character of the government in question.

The systems of control under which the various national radio organizations operate range from direct government ownership and operation to private enterprise under loose governmental supervision, not unlike the supervision of the Federal Communications Commission in the United States. In this connection, however, the determining factor is not the type of government. Some democratic countries, like Denmark and Norway, have government-owned and operated radio; others, like Holland, give wide scope to private enterprise. Some dictatorship countries — *e.g.* Russia and Germany — operate their radio virtually as government departments. Fascist Italy, on the other hand, retains a corporation financed and run by private capital.

Midway between the two extremes of government operation and private exploitation is the typically British compromise exemplified by the British Broadcasting Corporation — a non-profit-making public body chartered by the Crown and operated for the national benefit. The model for this kind of semi-socialistic organism is to be found in such bodies as the Port of London Authority and certain British utilities corporations from which the profit motive (though not individual enterprise and ability) has been eliminated. In the case of the B. B. C. the personnel of the board of governors reflects, in a general way, the political complexion of the country, rather than the exact political alignment of the day. While there is no direct coercion from the authorities, it is pretty certain that the B. B. C. will avoid giving offense to the Government or to its licensor, the Post Office.¹ On the other hand, if the B. B. C. should lean too far to the side of the Government, or discriminate flagrantly against the Opposition, protests will be heard both in Parliament and in the country; and such protests must be heeded, for in Great Britain it is always possible that the "outs" may presently be the "ins."

¹ The latter collects the listeners' fees (paid by every radio owner) for the B. B. C. and retains a portion of the revenue.

France, the second great European democratic country, has found another compromise: it has both government and private broadcasting. The government chain of stations is operated as a section of the Postal Ministry, while its management is entrusted to a board on which the government, the broadcasting industry and the listeners are equally represented. In addition, there is a Superior Broadcasting Council on which the licensed listener is represented, *i.e.*, every legitimate owner of a radio set is entitled to vote for candidates. The private broadcasting stations are commercially managed and financed by advertising, as in the United States. The government-operated systems of Great Britain and France, as indeed of all European broadcasting systems with one exception, derive their revenue from listeners' licenses. The word "tax" in this connection is hardly applicable, since the amount is neither based on the price of a product nor variable according to income. It is a fixed charge by the government for the permission to operate a "receiving station." It is, in effect, an admission fee to a year's radio performances provided by, or through the facilities of, the government.

The one notable exception is Holland. Here there are no less than five broadcasting associations, run not for profit but for the benefit of their members. Three of them have a religious bias (Catholic, Protestant and just Christian), and one a political bias (Socialist). The fifth and largest is "general," that is to say, neutral, non-partisan and secular. Each maintains its own studios and program staffs, and all five divide the available time on the two existing long-wave transmitters under an equitable system of rotation, paying rental to the company which operates the transmitters. The shares of this operating company are owned jointly by the broadcasting organizations and the government. The arrangement works smoothly, without a case of friction on record. The most remarkable feature of the Dutch system, however, is the voluntary membership. No one in Holland needs to belong to a radio association, and no one needs to buy a license in order to own a radio set and listen to any or all the programs. Yet there are enough paying members to maintain an adequate radio service with alternative programs. Radio advertising is ruled out by common consent; so is profit. Nobody earns anything but a reasonable salary, and there is not a more prosperous and better-liked broadcasting system in the world.

To sum up, most broadcasting facilities in Europe are, for

practical as well as political reasons, either operated or controlled by the government: there is general recognition of the principle that the ether is public domain and not subject to exploitation for private profit. Out of the thirty national broadcasting systems now functioning, thirteen are government-owned and operated, nine are government monopolies operated by autonomous public bodies or partly government-controlled corporations, four are physically operated (engineered) by the government and privately serviced for programs, while only three are privately owned and operated. In two countries (France and Yugoslavia) government and privately run organizations exist side by side.

II

The political aspects of broadcasting are two — domestic and foreign. If we bear in mind the administrative structure of European radio, as indicated above, it is easy to see why internal political broadcasting, as we know it in the United States, is almost non-existent on the European continent. In fifteen out of the thirty countries that broadcast, covering over four-fifths of the total area of Europe, political matter is prohibited altogether, except that which is broadcast by or at the behest of the government. These countries are: Germany, Italy, Soviet Russia, Austria, Bulgaria, Estonia, Finland, Hungary, Danzig, Poland, Portugal, the Vatican City and the Irish Free State. In at least two more — Czechoslovakia and Yugoslavia — all political and controversial talks are censored by the state. And in most of the remaining countries, democratic or otherwise, some sort of censorship is exercised by the broadcasting authorities themselves, though in most cases on the basis of law and good taste.

In Great Britain all supervision is suspended during election campaigns, and the same holds good for some of the other democratic countries. Turkey — a phenomenon in this respect — boasts a total absence of supervision; but considering the small influence of the radio in that dictatorship, the boast need not be taken too seriously. Spain, before the outbreak of the civil war, permitted political speeches, subject to the usual "internal" control by the program director. At present the radio in Spain is, of course, completely in the grip of the military authorities on both sides.

Anything like really free political expression over the air is therefore confined to the western democracies, with the doubtful

addition of Latvia, Lithuania and Rumania. Moreover, electioneering on a large scale is not possible in any of these countries without a serious interruption of the cultural, public service and entertainment activities of broadcasting; few of them have more than two alternate programs, one of which is usually national and the other regional or local. Nowhere is it possible to buy "time" on the air for political broadcasting, even in the few countries — France, Spain, Luxembourg — where commercial broadcasting exists. The American practice of selling time to politicians and parties is frankly considered "immoral" in Europe, since it is liable to load the dice in favor of the economically strong.

Under a broadcasting monopoly, time for election speeches is usually apportioned by agreement between the parties, or on some principle which the broadcasting authorities consider equitable. In Great Britain, election speeches are confined to a short period — say two or three weeks — before election and each party represented in Parliament is allowed an equal number of broadcasts at peak listening times. Thus only the national leaders of all the parties are heard, since the time is too precious to be wasted on small fry. The system has worked fairly well so far, although a considerable amount of discontent was aroused in 1931 when the first National (coalition) Government claimed equal representation for all its component parties, two of which, the "National Labor" and "National Liberal," were said to exist in Parliament but not in the country. Thus the National Government had a predominance of fifty percent over the Opposition parties, which may or may not have helped account for some of its overwhelming majority at the polls. The matter was amicably adjusted before the next general election, and in the meantime one of the new, government-hatched parties had acquired a certain popular following. What will happen at the next election with regard to the latest "parliamentary" party — the Communists, who elected one member in 1936 — remains to be seen. Communism, it is interesting to note, is not altogether taboo as a subject on the British radio.

Aside from election speeches, the B. B. C. permits "controversial" political matter on the air, subject to editorial supervision. Manuscripts are submitted in advance to see whether they conform to the subject matter, whether their length is right, and in order that anything "indecent, offensive or de-

famatory" may be deleted. Editorial control is further exercised in an effort to keep a fair balance of opinion, each partisan or controversial talk being offset by a direct reply or a contrary argument. Studio debates are a favorite manner of satisfying both sides, and it is worth noting that Fascism, for instance, has been debated in a B. B. C. broadcast by Sir Oswald Mosley and Megan Lloyd George. People like George Bernard Shaw and others of national reputation are given complete freedom within the realm of decency — according to their own judgment.

The rest of democratic Europe confines political matter on the air for the most part to non-partisan speeches, except in Norway, Denmark and Belgium, which come nearest to the British model. In Holland two of the five radio organizations (Catholic and Socialist) permit political speeches. The rest exclude them altogether. In Sweden and Switzerland only "impartial" political talks are allowed, which leaves political parties exactly as they were before radio existed. In Czechoslovakia, which in other respects is a model democracy, speeches criticizing the government are excluded by the conditions of the broadcasting franchise. Czechoslovakia, so far as broadcasting is concerned, would indeed have to be classed with the authoritarian states, were it not for the fact that its rather liberal policy takes account of the claims of national and cultural minorities. Czechoslovakia is the one democratic country using "authoritarian" methods for the consolidation of its régime. Its excuse for the curtailment of freedom on the air is that in view of the country's precarious strategic position the end justifies the means.

The real dictatorships, however, of whatever political complexion, employ radio exclusively as a means of consolidating their power within their geographical and racial boundaries and projecting their political doctrines into the consciousness of every possible listener — man, woman and child. In their hands the radio has become the most powerful political weapon the world has ever seen. Used with superlative showmanship, with complete intolerance of opposition, with ruthless disregard for truth, and inspired by a fervent belief that every act and thought must be made subservient to the national purpose, it suffuses all forms of political, social, cultural and educational activity in the land.

In practice this all-pervading propaganda takes several distinct forms. Political speeches as such are almost unnecessary,

for nearly every talk that goes out on the air has a political twist: whether it speaks of history or science or art or public works or just the ordinary functions of the community, such as the activities of fire brigades, it exalts the national genius, the virtues of the leaders and the infallibility of the leadership principle. Equally "inspired" are the frequent readings of news commentaries, which deliberately — and with tremendous consistency — present every news item that is susceptible of interpretation in a manner flattering to the government and its friends, or derogatory to countries of opposing ideologies. Most effective of all, however, are the so-called *reportages* — direct eye-witness commentaries of events, celebrations and public appearances of the national idol, which are staged with the super-art of the modern cinema director in coördination with the prowess of the military disciplinarian.

I recently listened to a May Day celebration in Berlin. For hours before the actual event the air was filled with descriptive talks pitched in a high lyrical vein, interspersed with patriotic and martial music and the cheering of crowds, as each leader or marching detachment arrived. Then the progress of Hitler's car through the city was described by means of a short-wave transmitter mounted on a truck following his car; then came Hitler himself, greeted by the shouts and singing of the mob. From the platform the politico-religious revivalists worked up enthusiasm to the pitch of hysteria; the people's gratitude to the *Führer* engendered a dithyramb ascribing everything, including the sunshine, to his benevolence, and ending with the words:

*Der Mai ist gekommen,
Heil Hitler!*

This loosed a tempest of cheers. And finally the Leader spoke.

It is a curious fact that neither Hitler nor Mussolini nor Stalin ever speaks into a microphone from the solitude of an office or a studio. The crowd's cheering in response to his physical presence seems to be an indispensable incitement of the leader's own verbal acrobatics. It is said that when Hitler speaks, even the applause is regulated by a series of signals worked by buttons attached to the reader's desk, so that the dynamics of enthusiasm can be controlled. Whether true or not, it is certain that all of Hitler's broadcasts are staged. Thus we have Hitler standing on a symbolic engine in the Krupp works, surrounded by the workmen, while he speaks to men in factories everywhere.

And when Hitler speaks the people of Germany must listen wherever they are. Factory sirens blow, there is a minute or two of silence, and then the voice bursts forth. Loudspeakers in public places relay the speech; not to listen, or appear to listen, is disloyalty. The penetration of the politicized radio into the entire national consciousness is thus complete, its power inescapable. At election times — even though election results are never in doubt — the ubiquity of the government voice turns the country into one great perpetual rally. Needless to say, there is no dissent; the use of radio, as of all vocal expression, is reserved exclusively for those who serve and incidentally own the state.

III

I have used the term “racial boundaries” in describing the range of broadcast appeal in totalitarian states. It is a self-evident but most important attribute of radio that it takes no account of political geography. Strictly “internal” broadcasting is therefore practically impossible in Europe, with its eccentric boundaries. Well aware of the difficulties that this circumstance created, the International Broadcasting Union, as well as some individual governments, took certain measures in the early radio days. The Union tried with some success to limit the power of stations situated near national frontiers. Some governments even forbade the broadcasting of any matter which might give offense to nearby nations. Other countries, however, exploited the advantage conferred on them by nature and began diffusing “internal” broadcasts obviously intended for foreign consumption. Sometimes the tenor of these broadcasts showed that they were aimed at “national minorities” speaking the same language as the broadcasting country; sometimes they were frankly couched in a foreign language.

It obviously is awkward that language frontiers do not conform either to political or physical geography. Strasbourg broadcasts in German, because Alsace is predominantly German-speaking. A similar situation exists in the northwestern parts of Czechoslovakia, in Polish Silesia and Switzerland. Even Russia has a justification for its German broadcasts — the existence of the Volga German Republic! Both Strasbourg and Moscow broadcast news. The Russian interpretation of news, specializing on doings in Hitler's Reich as well as in other Fascist countries, is justifiably regarded in Germany as anti-German propaganda. Nor does Mos-

cow confine itself to news interpretation; it criticizes the news as published or broadcast in Germany and "corrects" it, sometimes with more valor than discretion. And every now and again it leads an ex-German or ex-Austrian workingman to the microphone to tell the Volga German Republic (in the hoped-for hearing of his former comrades back home) how beautifully things function in the factories under the Soviets.

I recently happened to hear a typical Russian commentary on the German handling of news. This one concerned the account published by the Nazis regarding the Arctic expedition of the Soviet fliers and the setting up of a meteorological station near the Pole. The Germans, it seems, had ignored the expedition as long as possible. But at last they announced it, though without mentioning the explorers' nationality. This great conquest, they said, had been made possible by the achievements of "international science." The Moscow announcer, in perfect German, quoted the German papers with copious sneers, and ended up by citing Heine's story of the ass — how some simpleton envied it its long ears. This, he said, was Heine's prophetic vision about the Germans of today!

As for Strasbourg, I have never noticed anything in its news announcing that would not be thought perfectly natural and correct in England or the United States. But to the German authorities its dispassionate impartiality is regarded as an anti-German bias of the worst kind, for it is at complete variance with the news published in the Nazi press. And Strasbourg can be heard far into German territory. There is little that the Germans can do to keep Strasbourg out. They have issued decrees against listening to foreign stations, but clandestine listening, despite the vigilance of Nazi eavesdroppers, continues to occur. There has also been a good deal of attempted "jamming" — setting up a noisy oscillation on the wavelength of the offending foreign transmitter — but the effect of such interference is local and much less efficacious than supposed. In a broadcasting war, offense is far more successful than defense.

The Germans themselves were the first to prove this in the classic case of hostile broadcasting which occurred back in 1926 — at the time of their "minority" dispute with Poland after the plebiscite in Upper Silesia. The Breslau station protested so violently in its broadcasts to the German brothers across the border that the Poles were roused to fury. But the upshot was a "radio

non-aggression agreement" negotiated by the broadcasting administrations themselves, still possible under the Weimar Republic, and this became the model for various other regional agreements in Europe and South America.

But no such agreement was ever signed between Germany and Austria, and the now historic attempt of the Nazis to bring Austria into their political orbit was perhaps the peak performance of radio as an offensive political instrument. The broadcasts of Dr. Habicht, Nazi "Inspector for Austria," from the Munich transmitter, constitute the one recorded case of a consistent radio attack on a foreign nation which achieved a definite political result. The Nazi revolt in Austria, the first attempt on Dollfuss' life, the subsequent Austrian entente with Italy, the Austrian Government's attack on the Socialists in February 1934, and the final abortive attempt to set up a Rintelen government while Dollfuss lay bleeding to death — all these can be traced to the provocations of this "radio war."

If since 1933 border warfare by radio has gone out of date, this is not because the nations have abandoned the most modern of all weapons, but because the advent of the super-power station has made frontier stations superfluous. In 1930 the 100-kilowatt transmitter was unknown.² By 1932 there were five, and the race was on. This development supposedly took place in answer to the activities of the high-power stations of Moscow, which allegedly were flooding Europe with Communist propaganda, although the Russians said they were designed merely to cover the vast area of Russia and Siberia. (It is true that the Russian telephone lines do not furnish an effective communications network and that the high-powered long-wave transmitter was the obvious substitute.) Within a short time, other European stations went up to 120 kilowatts — *e.g.* Warsaw and Prague — then to 150 and to 200, and eventually the goal was 500. A table will best illustrate this development during the last half decade:

NUMBER OF HIGH-POWER STATIONS

		1932	1937
20-29	kilowatts.....	9	16
30-39	"	4	7
40-49	"	2	1
50-59	"	8	9

² In the United States the maximum power permitted even today is, with one "experimental" exception, 50 kilowatts.

	1932	1937
60-69 kilowatts	6	9
70-80 "	1	4
100-119 "	5	27
120-129 "	2	27
130-150 "	0	13
200-500 "	0	3
<i>Total high-power stations</i>	37	116

The European propaganda machines seem to have been perfected. The voices of the national stentors are now so loud that the ordinary listener to international programs often finds his pleasure spoiled by competing political broadcasts. Furthermore, hostile broadcasting has taken on a more sinister aspect in that it is now possible to reach not only neighboring countries but distant ones as well. The most flagrant current case is that of the Bari station (southern Italy), which engages in frequent broadcasts of anti-British propaganda in Arabic for the benefit of the Moslem populations of Palestine and the Near East generally. The British Government, after some time, began to answer this propaganda with broadcasts from the Jerusalem station, operated under the British Postmaster-General of Palestine. The Bari broadcasts, like most propaganda broadcasts, adopt the form of "news" and news commentaries. They are suffused with glorifications of the Fascist régime and the Duce's mission as the protector of Moslem peoples. And they do not neglect to "interpret" Great Britain's motives in Palestine, to report repressive measures, and to deplore the brutality of John Bull in dealing with Arabs and Moslem patriots generally. In short, they are effective incitements to rebellion.

IV

A new factor has recently been injected into political broadcasting by the development of short-wave transmission. This development has created a problem for radio engineers comparable to the scramble for ether space in the early days of European broadcasting. In the political field it creates difficulties even more prodigious: it has turned a European into a world problem.

The peculiarity of short-wave transmission, which at first was thought to be only of local importance, is that it is most efficacious over ultra-long distances — thousands of miles — and especially in transoceanic work. The direct wave, or so-called

"ground" wave, fades after a short distance, but the sky wave, reflected from the Heaviside layer of the atmosphere, encircles the earth. Through the device of directional antennæ (beam system), these waves can be aimed at any desired section of the globe, thereby increasing audibility in that region. Thus it came to be used for transoceanic communications.

As the abstruse science of short-wave came to be mastered (adaptability of certain waves to light or darkness, seasonal cycles of efficiency, sun spot activity, etc.), broadcasters began to exploit the new domain in hitherto unsuspected ways. In 1930 only three short-wave transmitters were used for broadcasting in Europe; today there are over forty sizable ones and more are being built. Short waves require proportionately less power to project them: a two-kilowatt transmitter in Addis Ababa carried the voice of the Negus to America, over 7000 miles away. Many short-wave transmitters now in use are of the order of 40 and 50 kilowatts, and others now being built will go up to 100 kilowatts and probably more.

The value of this method of long-distance transmission in creating a new link between parts of a far-flung community like the British Empire is obvious. Great Britain therefore took the lead; the British Empire station at Daventry, with its six transmitters, reaches virtually every British Dominion and possession with a carefully timed cycle of transmissions. But the Germans, whose "empire" is of a different nature, were not far behind. Prior to the Olympic Games of 1936 they extended their small but very efficient short-wave station at Zeesen to comprise eight powerful transmitters — two more than the British — thus making it the largest and most potent propaganda machine in the world. After the Games were over, this giant station, by virtue of highly intelligent engineering and very astute publicity technique, became the most terrific agency for the spread of political doctrine that the world has ever seen.

Having no colonial territories, the policy of the German short-wave service is, first, to reach "colonies" of overseas Germans wherever they may be, make them conscious of their ties to the fatherland, and preach to them the Nazi philosophy of national greatness; secondly, to promote "good will" and create German markets in competition with other exporting countries; and thirdly, to convince the rest of the world of German greatness and the justice of German aspirations. This is being done consistently

in six languages — and more, as required. It is carried out with tremendous thoroughness, broadcasts being “aimed” with great accuracy and efficiency at definite communities to be “cultivated.” German-Americans in the United States are showered with brotherly love from “home;” South Africans are educated in Afrikaans to understand German colonial claims; the South Americans, in Spanish and Portuguese, learn to revere German music and incidentally German machines; and so on. Nobody is forgotten. A series of broadcasts aimed at Tasmania — opening with “Hello, Tasmania, beautiful Apple Isle” — is but one example of this new “spot” propaganda.

Italy, both master and pupil to German Fascism, is not far behind the big brother in this field. The Rome short-wave station at Prato Smeralda, always one of the best-functioning in Europe, is now, according to official announcement, being supplemented by two short-wave transmitters of 100 kilowatts each and three of 50 kilowatts each, besides an ultra short-wave at Monte Mario. This will carry the Italian “empire station” far beyond its British prototype, although the Duce still considers his empire in its infancy. The use to which these transmitters will be put is not in doubt. Even now the Rome transmitters emit a fairly steady stream of Fascist propaganda, mostly in the guise of news, history lessons and reports regarding the march of Italian civilization in Africa and elsewhere. By early 1937 the Italian short-wave station was broadcasting regularly in Italian, English, Spanish, Portuguese, Arabic, Chinese, Japanese and Hindustani. On December 1 of the same year, the Italians further expanded their foreign-language broadcasts. Talks in Arabic, instead of being given only once or twice a week, became a part of the daily programs of stations at Rome and Bari. In addition to the languages mentioned above, news is now being transmitted by Italian stations in Serbian, Greek, Turkish, Rumanian and Albanian. Even if this be taken as just commercial propaganda, there can be no doubt that both Great Britain and the United States are confronted by vigorous competition from Italy in their most important markets. Rightly or wrongly, however, the British see more in it than that: they feel themselves politically menaced in the Mediterranean, in India, in the Near and Far East, and along their trade routes everywhere.

Other countries with colonial empires — the Dutch, the French, the Belgians and the Portuguese — are all using short-wave

broadcasting to provide their colonists and natives with news and entertainment from home. In none of these cases does there seem to be a determined effort at propaganda outside the legitimate scope. But France, which already broadcasts a cultural program to the United States, is intending to construct a 100 kilowatt short-wave transmitter at Pontoise, which, for a while, may be the strongest single transmitter in the world. The French Radio-Coloniale, run by the Colonial Ministry, today transmits in French, English, Arabic, Italian and Portuguese, all of which languages are spoken in French territories. Of non-colonial countries the first to enter the short-wave field is Czechoslovakia, with its excellent station at Poděbrady (35 kilowatts), which at last accounts was broadcasting in Czech, Slovak and — for the United States — in English.

v

Only an incorrigible optimist would deny that in the last analysis this feverish building of radio facilities is a part of the general preparation for war. The high-powered broadcasting stations of today are the modern equivalent to the classic "champion," who defied the enemy and sought to demoralize his ranks.

What is going on in Spain is but a miniature rehearsal for what may happen in Europe before long. It is not surprising that the military authorities took over the radio immediately after hostilities broke out or that hostile propaganda is emitted from stations on both sides in a steady stream. General Queipo de Llano, the "broadcasting general" of the Insurgents, quickly became as important as the generals at the front. Nor is it surprising that all prewar arrangements regarding wave-lengths were thrown overboard, regardless of the "rights" of combatants and neutrals alike. The defenders of the Alcazar were prevented by Loyalist "jamming" from receiving messages informing them that relief was on the way. Madrid broadcasts on Seville's wave-length, to drown the rebel propaganda; and the rebels try to jam Madrid — not always successfully, for jamming is a two-edged sword.

Broadcasting to the opposing army by means of loudspeakers in the trenches has also become a feature of modern war. Correspondents have told how the forces defending Madrid "attacked" the morale of the Italian "volunteers" by giving them terrifying accounts of the fate of their comrades; how Italian prisoners of war were persuaded to urge their compatriots still

fighting on the Rebel side to desert and "seek safety and freedom" behind the Loyalist front; how General Miaja followed up his Guadalajara victory with a "loudspeaker offensive" in the attempt to woo over the Italian mercenaries.

But this is only a small part of the rôle that radio will play in war. Probably its most important function will be in the realm of worldwide communications. In 1914 radio was in its infancy; wireless communications were still undeveloped, and the long-range radio telephone did not exist. International communications relied on cables, the bulk of which were controlled by Great Britain and the United States. When the German cables were cut by the British Navy early in the conflict, Germany was practically isolated from the outer world. In his book "Mobilizing for Chaos," O. W. Riegel writes: "The extent to which the defeat of the Central Powers can be attributed to the fact that they were effectively bottled up from the standpoints of news and propaganda is incapable of accurate determination, but from the experience of the war the conclusion can safely be drawn that the greater the number of channels of communication under a country's control, the stronger the position of that nation in the event of war."

Today the most important channels of communication are in the ether, and while no accurate count can be given that would be valid for more than a few months, there is no doubt that the dictatorship countries are in this respect at least as strong as the others. Moreover, radio communications, while they can be interfered with, cannot be definitely cut. In order to jam a radio transmission it is necessary to produce a counter-oscillation of similar intensity on the same frequency; and to do this consistently requires not only constant watch but some foreknowledge of the sequence of frequencies to be used by the enemy.

In the matter of communications, secrecy can be assured even in the air by modern methods of "scrambling" speech, plus adequate language codes. It will therefore be difficult in future to intercept a blockaded enemy's messages. Communication between Japan and Germany, for instance, could not be completely stopped by Russia. As for messages broadcast to spies and agents in neutral countries, radio apparatus nowadays is perfected to a point where a minute short-wave receiver can pick up such communications over thousands of miles, and a mere bar of music or a quotation from literature might convey important instructions

to those in possession of the code. The possibilities here are illimitable and too fantastic to prognosticate.

VI

What are the conclusions, and what lessons is a country with peaceful intentions to draw from all this? American radio, both for communication and for broadcasting, is in private hands. We are apt to boast of our free speech, our lack of censorship, and the great scope we give to private enterprise. In peacetime these things are more than desirable, they represent a precious privilege for which we are grateful. But in wartime all this must necessarily cease. Just as every amateur radio in the United States was confiscated in the last war, so every commercial radio station will probably have to be commandeered in the next. Broadcasting would be operated under government control as a public service, for the safety of the population and the regimentation of opinion in the interest of national unity. Or let us suppose that we succeed in staying neutral. Might not this continent become the stamping ground for international spies, for men who, like Captain von Rintelen in 1914, would be sent to prevent our national resources from being used on one side or the other? Rintelen was cut off from Berlin when the British deciphered his cable code. He could not be so cut off under conditions prevailing today. The question arises, then, whether, in our peaceful, haphazard way, we are making the proper provisions now — any provisions, in fact — to counter the preparations of potential aggressors in a future war. Is the voluntary action of the private broadcasting companies enough?

HITLER'S UNDECLARED WAR ON THE CATHOLIC CHURCH

By Waldemar Gurian

IN 1930 and 1931 the Catholic bishops of Germany issued warnings against the rising National Socialist Party. The essence of what they said was that the party program placed a Germanic feeling of race above religion. Different bishops published these warnings in different terms of sharpness — a few omitted them altogether. The influence of these episcopal admonitions must not be exaggerated. In August 1932, for instance, they did not prevent the Center Party (which, without being confessional, was recognized by the bishops as representing the Church) from trying to make a deal with the National Socialists for a coalition against the Chancellorship of von Papen.

In January 1933 the Center declined to participate in a Hitler government, and in the following electoral struggle took an active part against the National Socialists. Nevertheless, on March 23 the Center deputies in the Reichstag consented to the legislation which established Hitler's unrestricted dictatorship. This step was taken at the instance of the President of the Center Party, Monsignor Kaas, and against the opposition of a minority led by former Chancellor Bruening. In his program Hitler uttered some amiable though in reality uncompromising words about the significance of the Christian religion to the state and nation. A few days later the bishops withdrew their warnings of 1930 and 1931 as being no longer relevant.

In Rome, meanwhile, negotiations were begun between Vice-Chancellor von Papen and Cardinal Pacelli, Papal Secretary of State. Shortly before they reached any conclusion the Center and its sister organization, the Bavarian People's Party, decided to dissolve — with the more or less gentle assistance of the Government. Once the Concordat with the Reich had been signed, the premises of the Catholic associations, until then occupied by the police, were evacuated and permission was given for them to resume their activities. In the view of many leading Catholics, it only remained to determine the legal status of the associations in negotiations between the Government and the German bishops. The relationship of Church and State would then — possibly after a few regrettable incidents — be as friendly as in Italy.

What actually happened was something very different. Immediately after the publication of the Concordat, the sterilization law was issued in direct opposition to the doctrine expressed by Pius XI in his Encyclical on marriage. The Catholic press of Germany was compelled to print an article dissenting sharply from the interpretation of the Concordat which appeared in the *Osservatore Romano*. Cardinal Faulhaber's Advent sermons in 1933, defending the Old Testament, were grossly attacked. The authorities took steps to place the Catholic youth associations in a special category. They were forbidden to wear distinctive badges, to conduct walking tours and sporting events, etc.

This policy came to a head in 1934. On January 24 of that year Hitler charged Rosenberg, author of the anti-Catholic "Myth of the Twentieth Century," with the duty of giving philosophical instruction to the Party and to organizations coördinated by it. A few days later the *Osservatore Romano* officially stated that Rosenberg's book had been placed on the Index. Negotiations regarding the fate of the Catholic associations dragged along very slowly. A provisional agreement was reached on June 30, the famous day on which several Catholic leaders, along with many dissident Nazis, were shot without trial. But the entire German Episcopate, in accord with the Vatican, rejected the agreement, and it did not come into force. A few days later the police forbade the publication of a joint pastoral letter by the German bishops; but this fact escaped public attention because the bishops themselves voluntarily renounced the idea of reading their letter in the churches. The press was "deconfessionalized," signifying the end of those Catholic papers recommended by the bishops. In Munich and Nuremburg parents were asked by the National Socialist Party to vote against the continuance of religious schools, though the Concordat had specifically guaranteed that they might be continued.

In 1935 the predominantly Catholic Saar was restored to the Reich. This done, the signal was given for the anti-religious agitation to be pushed even further. Reich Minister Frick openly declared that the objective was the "deconfessionalization" of every branch of public life. Negotiations relating to the fate of the Catholic associations continued to drag along without result. Goering called for a resolute struggle against so-called political Catholicism. He perfidiously pretended that, unlike the bishops, the lower clergy continued to strive for political power.

The first legal offensive against representatives of the Church began in May and took the form of accusing members of Catholic orders, episcopal vicars-general and the higher clergy, of violating the exchange laws. Although the only bishop who was accused, Legge von Meissen, was merely fined, the trial served as material for a systematic propaganda against all leaders of the Church. Monsignor Bannasch of Berlin was arrested on the charge of high treason: he had given information to the Papal Nuncio — the representative of a foreign Power! — concerning the religious situation in the Third Reich. Wolker, President-General of the Catholic Youth, was accused of having knowingly participated in a Catholic-Communist conspiracy. Both were quietly released from prison a few weeks later, but the cases had meanwhile been given much publicity.

The "exchange trials" gradually died down, to give way in 1936 to the first "morality trials." The purpose of these was to establish the general immorality of the Catholic clergy and the Catholic orders. Whole groups were accused of moral offenses; only during the 1936 Olympics were the trials kept discreetly in the background. In their pastoral letter of the fall of 1936, the Catholic bishops again declared their willingness to support Hitler in his war against Bolshevism, even though they had to admit that he had never answered their 1935 memorandum regarding the position of the Catholic Church in the Third Reich. Despite conciliatory moves of this sort, the Hitler Youth was officially declared a compulsory organization for all young Germans, which meant that the Catholic Youth associations had no future.

The attack on the confessional character of public schools now became more acute. In various districts, Württemberg for example, the question was disposed of by so-called parents' elections. In advance of these elections all propaganda on behalf of the confessional schools was forbidden and in the elections themselves it proved practically impossible to vote other than one way. This led to sharp protests from the bishops, particularly Cardinal Faulhaber.

It was this conflict over the schools which, added to the reports of the German bishops who had visited Rome, caused Pope Pius to publish his Encyclical *Mit brennender Sorge* in the spring of 1937. He took up therein the systematic violations of the Concordat by the Government of Chancellor Hitler. The faithful

were warned against: (1), the Third Reich's constant use of the Race-God-myth as a concept of Deity; (2), the National Socialist concept of justice as defined in the sentence "Right is that which is useful to the nation"; (3), the misuse of sacred terms for National Socialist purposes; and (4) a National-Racial "religion." This Encyclical was read from the pulpits. But Catholic printers who dared to publish it at the request of the bishops were put out of business.

The reply of the National Socialists to all this was the institution of proceedings against Chaplain Rossaint and several colleagues for alleged, but unproven, political collaboration with the Communists. They were condemned to long years of imprisonment. At the same time, the tempo of the morality trials was accelerated. Hitler himself, in a speech on May 1, 1937, referred to the low state of morals in the Church and rejected the Encyclical as an interference in the political life of the German people. A protest by the Archbishop of Chicago, Cardinal Mundelein, was seized on as a pretext by Propaganda Minister Goebbels for a bitter attack on the clergy's morals. An authoritative counter-statement by the German episcopacy could not be published. Simultaneously the Reich Government announced that the refusal of the Vatican formally to disassociate itself from the speech of the American cardinal had put an end to all "normal relations between the Roman Curia and the German State."

In the summer of 1937 further steps were taken against the Church. Priests were removed as religious teachers in the public schools. Several bishops were called as witnesses at trials, with the obvious intention of making them appear lax in their attitude towards moral offenses. The Bishop of Speyer was accused of having sent an anti-German report to the Vatican; he was confronted with photostats of his correspondence with Cardinal Pacelli, which had been secretly opened.

Despite all these occurrences, despite the suppression of numerous pastoral letters, despite the throttling of purely religious periodicals and secret measures taken against Catholic publishers, despite the arrest of distinguished clergymen, no final and open break occurred between the Catholic Church and the National Socialist State. Even as late as October 1937 negotiations were still going on between the Nuncio and the Foreign Office. In a message of condolence on the death of the Bishop of Aachen in September, Hitler sought to give the impression that he did not

wish to break with the Church. Similarly, the Nuncio ostentatiously remained in Berlin after the speech of Goebbels referred to above, in order to further the belief that the Vatican also did not contemplate a break.

Such, briefly, are the historical facts of the case "Hitler versus the Catholic Church." How are they to be interpreted? What picture should they convey of the relative strength of the two camps and of their real objectives?

II

The broad lines of the National Socialist Party's religious policy are easily discernible. As Hitler observed in 1933 during a remarkable conversation with Rauschning, then President of the Danzig Senate, the Führer is a born Catholic who knows the Catholic mentality, and as such has no desire to repeat Bismarck's psychological error of the *Kulturkampf*. He knows that frontal attacks, such as the arrest of bishops and interference with religious services, can only help the Church. For this reason he uses indirect methods. One of his purposes is the complete subordination of the Church (even in its official statements) to the National State and its racial tenets. He vaguely entertains the idea of creating a more or less National-Racial Church embracing all creeds, including the Catholics. In 1936 it became known in Catholic circles that Statthalter Wagner of Baden, after his return from a conference with Hitler, had used the expression: "No martyrs, just criminals." This indicates the fashion in which the Church is gradually to be robbed of its moral standing and compelled to capitulate to the National Socialist philosophy. Measures are taken against the Church on the theory that it must be attacked in its political capacity, a field in which it is denied to have any rights. The Center Party is cited as an example of the sort of political Catholicism which unlawfully introduces clerical influences into German national life.

These tactics imply that an open break with the Vatican is to be avoided in order to keep the Catholic population in a state of confusion and uncertainty as long as possible, and even to create the impression that the Vatican is afraid to try to protect its flock in Germany. National Socialists have frequently pointed out that the clergy receive salaries from the state, that Christianity has been saved from Bolshevism by the Nazis, and that it might be a very serious thing for the Church if National Socialism

were to launch a widespread anti-clerical propaganda campaign rather than, as at present, merely to try to restrict the Church's authority.

But matters have now reached a point where such obscurantist tactics can be discarded. More and more frequently and more and more candidly the Nazis say that National Socialism is also a religion. In 1937, Goebbels consecrated places of National Socialist worship. The *Schwarze Korps*, weekly organ of the head of the German police and of the Schutzstaffel, publishes articles not only against "immoral Catholicism" but about the manner in which the Pope allegedly favors Bolshevism and the Popular Front. It demands that the anti-Communist pledge be used also against Catholicism. The paper has furthermore speculated as to the necessity of creating a religion corresponding to the nature of the German people, since (as Rosenberg also maintains) existing Christian groups do not embody the racial beliefs of our time.

Nevertheless, the National Socialist Government even today wishes to avoid an open diplomatic break with the Vatican, for it would merely make more difficult the methods adopted by National Socialist propaganda. And, strange as it may seem, certain Catholic circles still continue, despite all disappointments, to pin their hopes on National Socialism. They regard it as an instrument for the destruction of such anti-Christian forces as Bolshevism and Free Masonry, and they expect — or at any rate hope — that the anti-Church campaign which has now been under way for over four years will cease before long. Reinforcing this tendency is the success which has attended National Socialism's effort to press Catholic propagandists into its service. It must be noted that certain Catholic associations depend on state subsidies. This explains the strange campaign which has been waged by the Association of German Catholics Abroad under the leadership of its General Secretary, Dr. Scherer, and by Father Groesser of the Raphael Society among American and English Catholics. Its object is to propagate the view that there is no persecution of the Church in the Third Reich and that foreign Catholics should in any event refrain from criticizing the National Socialist régime in the interests of German Catholicism itself. Many of those taking part in this campaign honestly believe National Socialist promises and imagine that for them to defend National Socialism abroad would improve the situation of Catholics in Germany. The fact remains that the campaign has

merely facilitated the anti-Church policy of the National Socialist Government.

III

Those familiar with German Catholicism in all its aspects know that under the Republic the Catholic elements opposed to the Weimar Constitution and to the Center Party's alliance with the Social Democrats were much more powerful than outside observers ever realized.

Thus in Bavaria these elements were able to bring about a break between the Center and the Bavarian People's Party. And it was the refusal of the latter to join a coalition with the Social Democrats which made possible in 1925 the election of Hindenburg instead of Marx, the Center Party leader. There were other influential Catholic circles in Germany more or less opposed to the entire concept of political Catholicism, to allowing a political party to represent Church interests. Others, again, suspicious of the influence of the Catholic associations built up with the help of the Center Party, preferred to strengthen the local influence of the bishops; and many of these, in turn, felt that their activities were obstructed by the general secretaries and presidents of the associations. The Catholic aristocracy, influential in some circles, opposed the Center, which had been allied with the Social Democrats in upholding the parliamentary system. Many other important Catholics remained with the Center but, like von Papen, worked against a coalition with the Left and in favor of an authoritarian régime. Dissimilar as many of these elements were, they were alike in inclining to regard National Socialism as a kind of conservative movement. They realized the unreliability of its leadership, but they hoped it might nevertheless facilitate the restoration of a Christian authoritarian régime. Still other Catholics regarded the Center as too unintellectual and felt that personal political interests too often played a part in its struggles. They declined to participate in that struggle, though gladly profiting from it.

All of the Catholic elements here described were quite prepared to recognize the National Socialist Revolution of 1933. This of course weakened the chances that a strong Center opposition party might develop, especially as von Papen, the exponent of national Catholicism, became Vice-Chancellor in Hitler's cabinet. It must also be remembered that even the Center itself looked

upon National Socialism from a purely tactical point of view, regarding it as just one party among others. The Center leader, Monsignor Kaas (a friend of Cardinal Pacelli, Papal Nuncio in Berlin for many years), interested himself in events from the point of view of Church politics almost exclusively. The consequence was that he was satisfied with those of Hitler's statements which sounded advantageous to the Church and neglected the others. In particular, he was favorably impressed by the rapid rate at which negotiations for the Concordat proceeded. One more fact is to be recorded. Many Center Party deputies, having lost the will to fight, developed one desire only — not to be liquidated by the new political order. Indeed, after the dissolution of the Party many of them hurriedly applied for admission to the National Socialist ranks. Their applications for the most part were refused or left unanswered.

Nor were the Catholic associations prepared for a serious struggle with National Socialism. One leader who previously had opposed Hitler's doctrines, immediately after the Nazi electoral victory of 1933 wrote an article entitled, "The Two Adolfs, Saviors of the German People." One Adolf was Adolf Kolping, the founder of his association; the other was Adolf Hitler. As a well-informed Jesuit, Father Delattre, pointed out in the May 1937 number of the *Nouvelle Revue Théologique*, even the bishops held diverse opinions of the National Socialist Government. Thus Archbishop Groeber of Freiburg and Bishop Berning of Osnabruck (who had been appointed Prussian Counsellor of State by Goering) attracted attention in 1933 by statements friendly to the Hitler régime. The latter gave expression to a sentiment widespread in upper Catholic circles when he said in the spring of that year: "We must not once again misunderstand a powerful national movement as we did at the time of the Reformation; we must accept the facts while there is yet time."

It was not the Vatican, therefore, that was responsible for the startling agreement with the new régime represented by the Concordat. Even if it is true, as George N. Shuster declares,¹ that the Nuncio in Berlin, Monsignor Orsenigo, was very favorably disposed towards the National Socialist régime and believed in the sincerity of Hitler's pro-Church statements, his advice alone was not decisive at the Vatican. Large numbers of German Catholic intellectuals, civil servants, and officials of Catholic

¹ "Like a Mighty Army." New York: Appleton-Century, 1935.

associations would not have understood the policy of the Vatican if it had ignored the possibility of concluding a Concordat. True, this seemed a reflection on the Center Party. But the latter was already discredited. And the Concordat did seem to guarantee the existence of the Catholic associations, of confessional schools, and of freedom of religious worship. Nor was Monsignor Kaas the only person under the impression that the National Socialist régime would soon collapse. A Concordat might therefore be signed with Hitler safely, and it would be useful under whatever régime ensued as a legal basis for determining the Church's position. A Concordat with the Reich, favorable to the Church, would be in existence, and it would serve as the starting point for all future negotiations.

At that time comparisons with the Italian situation were popular. In Church circles it was recalled that the Italian Concordat had ensured relations which seemed outwardly satisfactory to the Church, though less stress was laid on the fact that this result had been attained only after several painful incidents, the product of which was the Encyclical *Non Abbiamo Bisogno* (published only outside Italy) attacking the Fascist concept of education and of the State. Finally, if we are to believe the statements of von Papen, the theory that Hitler had conquered Bolshevism played a certain part even with Pope Pius XI himself.

But the most important factor of all was the determination of the Vatican and of Catholicism in general not to appear unfriendly to Germany. Here is the inner explanation of the signing of the Concordat and the generally cautious attitude of the Church towards National Socialism, the inclination to wait carefully as long as possible, the effort to avoid an open break. The Catholic hierarchy did not wish to give the slightest pretext for the charge that the Church is an international organization lacking in sympathy for the special problems of the German people.

I have spoken of the astonishing hope that National Socialism might gradually develop into a conservative, authoritarian government which would create conditions entirely acceptable to the Church. A volume published in 1936 by the Austrian Bishop Hudal, Rector of the German foundation *Anima* in Rome, is a case in point. His work, "Die Grundlagen des Nationalsozialismus," tries to draw a sharp distinction between the conservative tendencies of National Socialism represented by Hitler himself, and the radical, anti-Christian, revolutionary variety

represented by Rosenberg. Although not inspired by the Vatican, the book must be regarded as a kind of trial balloon sent up by influential churchmen.

In 1937, however, the tactics were altered. The Pope decided to make a public gesture with his Encyclical, while the German bishops ceased attributing anti-Christian measures and propaganda to Hitler's underlings and blamed them on the Nazi system itself. This change in tactics corresponded to an inner change that had taken place in German Catholicism and in the German people. The German Catholics who started out by regarding the year 1933 as a "Holy Year for the Church and the German people" have been bitterly disappointed. The anti-Center Catholics who in 1933 received good jobs have since been put out (*e.g.* the Chief President of the Rhineland, von Lueninck, who in 1933 made a sensational speech accusing the Center of having sinned against the Holy Ghost by its alliance with atheistic Social Democrats), or have been relegated to unimportant posts (like Vice-Chancellor von Papen, whose chief business it now is to maintain the impression in Vienna that one can simultaneously be a Catholic and a National Socialist).

Gradually, too, a lack of confidence threatened to arise between the people and the bishops — for all the bishops did not speak out so clearly as the Cardinal Archbishop of Munich. In strictly Catholic circles the silence of the bishops has come in for criticism as never it did in the early Nazi days. A great impression also was made by the uncompromising attitude taken up by the ordinary clergy. Another factor was that whereas in 1933 open criticism of the régime by the Vatican might have been regarded by Protestants as anti-German, by 1937 the Protestants themselves, on exclusively religious grounds, had come to take a position of bitter opposition to the régime as a result of its treatment of many ministers and its attempts to set up a "coördinated" and "racial" Church.

The time had come, in other words, when further hesitation on the part of the Pope would have been inopportune. The long-awaited Encyclical against National Socialist church policy was published. It produced a profound impression. Yet even after this act the Papal Curia would still like to avoid a complete break.

The following seem to be the considerations which have determined this attitude. For one thing, certain provisions in the

Concordat with the Reich actually are being carried out. The financial obligations of the State toward the Church are being fulfilled, even though the contributions are being constantly reduced (in Bavaria, for example), apparently in order to put pressure on the Church and force it into line. The more important Catholic associations have not yet been prohibited, though their activities must be private and they are threatened with gradual extinction through lack of prospective members. Furthermore, it is still hoped that the example of Fascist Italy may be followed, that at long last the Third Reich will attempt, like Italy, to reach a practical working agreement with the Church. There are those who think, too, that the existing good relations between Mussolini and Hitler will perhaps lead to a more carefully considered Church policy in Germany. It is also believed that a declaration of war by the Vatican against the Third Reich would simply make the position of the German Catholics worse. Cancellation of the Concordat would furthermore be contrary to all the Church's traditions; and the only possibility after that would be to repeat more clearly and forcefully the accusation previously raised in the Encyclical *Mit brennender Sorge*.

Nor is it a negligible fact that many persons who once were not particularly friendly to the Church, who for example did not protest against Church persecutions in Russia and Mexico, now remonstrate against Hitler's persecution of the Church. This arouses suspicion in many Church circles, where no trust is placed in anything coming from the Left. It may safely be said that the Vatican wishes to avoid anything that might seem like participation in an anti-Fascist front. A similar factor — and not the least — is the resolve not to give indirect support to atheistic Bolshevism by taking active measures against Hitler.

We may therefore say that the relations between the Catholic Church and National Socialism are now defined. Though there has been no legal declaration of war, a war is nevertheless going on. In this war the attacking party — the National Socialist Government — constantly asserts that it is the one which is being assaulted, and that the measures it takes are merely a defense of the German people's right to live. There exists a treaty of peace. The war proceeds because the provisions of that treaty are evaded. Thus the Concordat concluded by the Church with the National Socialist Government is used by the latter as a means of fettering and oppressing the Church.

IV

The fate of the Concordat, the first important agreement made by Hitler, which was intended to prove him a reliable partner and one capable of observing a contract, is an object lesson in the methods of National Socialist policy. By that method National Socialism claims the right to regard agreements as binding on the other party but not on itself, except insofar as to do so serves its purposes at the moment. The conflict between the Church and National Socialism arises from the latter's claim to control every phase of life. Religion and morals must become instruments of National Socialist policy. If Christianity is not openly attacked, that is merely for reasons of propagandist psychology, in order to save face in the presence of those harmless souls who accept the National Socialist terminology at its face value. A visible legal break has not been reached. But the abyss separating National Socialism from the Catholic Church grows deeper and wider. Those who saw in National Socialism a new bulwark for "authority" are finding their hopes illusions. Instead, National Socialism is emerging more and more clearly as a new "religion," as the deification of the power politics of a group which pretends to represent the entire people. For this reason, the Church is constantly being driven from discussions of purely Church politics into a fundamental criticism of the entire National Socialist system. True, the course of events proceeds slowly, the Vatican paying due consideration to the situation of the Church in Italy and also having regard for the danger of Bolshevism, stated by Pope Pius XI to be imminent. But a settlement is not to be postponed indefinitely.

The National Socialists are conducting their war on the Church not so much by means of a frontal attack as by the process of elimination. Such methods demand a new attitude on the part of the faithful. That is why one must conclude that the future of the Catholic Church in Germany depends above all upon the unknown believers who defend themselves against the totalitarian claims and obscurantist tactics of the National Socialist state. On the success of their attitude depends the answer to a question of the utmost importance, the question whether there will ever again be a humane culture in Germany, one in which the rights of free individuals are fully recognized.

SOVIET STRATEGY IN THE ARCTIC

By H. P. Smolka

WE CANNOT rule out the possibility that Japan's present war against China may grow to involve the Soviet Union and even perhaps Germany. In that event there will come into play a new geopolitical factor which has improved Russia's strategical position in comparison with what it was in 1905 and in 1914. The Soviet Government's recent rapid development of navigation in, aviation above, and industrial enterprise along the shores of the Arctic Ocean has partly solved the age-old and crucial problem of Russia's precarious access to the great outside world. The fact gains additional importance from the circumstance that transportation is still the weakest wheel in the Russian war machine.

Only in the last few months has the world begun to be conscious of Russia's energetic efforts to push open her frozen window in the North and develop a Polar Empire. This consciousness has come largely from Soviet flights across the North Pole and the establishment of a permanent floating weather station in the center of the Arctic. But though these are spectacular they nevertheless are comparatively small parts of the whole vast scheme of expansion in the Far North.

Other items obviously of greater importance are: the regular annual operation of the new shipping route along the North East Passage, with the help of four main ice-breaker bases and a fleet of over one hundred Arctic airplanes; the sinking of nickel mines and oil wells in Northern Siberia (to mention only the most significant industrial enterprises in the Polar regions); the organization of heavy transport on the rivers Ob, Enisei and Lena, with ports and provision for the exchange of loads in their estuaries (Novy Port, Igarka and Tiksi respectively); and the establishment of a chain of independent coal and oil refuelling bases for water vessels and aircraft. In other words, the "backyard of Asia" is about to become the front porch of a newly oriented "Arctic-conscious" Russia.

"Glavnoe Upravlenie Severnovo Morskovo Puti," the Central Administration of the Northern Sea Route, was set up as an independent government department under Professor Otto Schmidt and made directly responsible to the Council of Peoples

Commissars. It has an exclusive charter to develop all of the Union's territory above the 62nd northern parallel, an area of 10 million square kilometers. Everything in this region is under *Glavsevmorput's* jurisdiction — transport by sea, river and air; industry; town building; reindeer breeding; wireless and meteorological services; native education; scientific study of the earth, the flora and fauna. The peoples of the North are the subject of study in two special university-like institutions: the Institute of the Peoples of the North and the Arctic Institute, both in Leningrad. Last year *Glavsevmorput* had already spent an equivalent of \$1,000,000,000 on its activities, while 40,000 men and women, a regular army of invasion against the Arctic, were on its payroll. Russians like to call this enterprise a modern socialist equivalent to the East India Company. Undoubtedly in scope and achievement it is the largest systematic pioneering organization in the world today. Nor can it be denied that its value to the Russian nation will be at least as great in peacetime as in war. If as expected it makes the vast natural riches of Siberia more easily accessible and exploitable, both for the Soviet Union and for the world, its historic consequence will be very great.

At this particular moment, however, the military implications of these vast developments command even closer attention than the economic. Let us picture Russia in the hypothetical but not impossible case of a conflict with both Germany and Japan.

One of the first things that would happen immediately after the outbreak of hostilities would undoubtedly be a German blockade of Leningrad and a Japanese blockade of Vladivostok. After recent experiences in the Mediterranean, the Black Sea ports could hardly be cited as a safe outlet for Russia to the rest of the world. Coöperation between Russia's European and Far Eastern fleet would become impossible. Imports of commodities and war material from the major industrial countries would be out of the question. Two war fronts, roughly five thousand miles apart, would remain linked by just one railway line, almost hopelessly overburdened even by peacetime requirements and easy for a few Japanese airplanes to put out of action at more than one point along the Siberian border.

Russia would thus be bottled up on three sides: west, south and east. But in the north — and there only — there is an independent, continuous and all-Russian coastline, unassailable by anyone. It is icebound for the greater part of the year. But during

three months — or somewhat more, depending on climatic cycles and the increasing efficiency and experience of Arctic craft — navigation has been proved possible in four consecutive seasons. This ocean link from Murmansk to the Bering Strait is valuable from three major points of view: (1) warships can be brought from European to Far Eastern waters, and vice versa; (2) products of the more highly organized industries of European Russia and agricultural commodities from Siberia can be exchanged; (3) supplies, so far as permitted under existing political and commercial relations, can be brought in from the United States, Canada and South America.

Furthermore, all the year round, unlimited air squadrons produced by the warplane factories in the Moscow region and the Ukraine can be flown out to the Far East via the north coast and across the Polar Sea. This route is not only somewhat shorter than the line along the Trans-Siberian Railway but is entirely out of the reach of any enemy. The question of submarines traveling below the frozen surface of the Arctic Sea during the cold season has not yet been mentioned officially by anyone in the Soviet Union. But there are indications that serious attention is also being paid to this scheme, originally devised for exploration purposes by Sir Hubert Wilkins.

I had an opportunity to visit some of the new centers in Arctic Siberia not long ago. I saw Murmansk, where naval dockyards of considerable capacity are nearing completion. These, I am convinced, will soon become the main naval base for the Russian fleet in Europe. Thanks to the Gulf Stream, Murmansk is ice-free all the year round even though it lies well within the Arctic Circle, whereas Leningrad is blocked for a few months every year. From the tip of the Kola Peninsula ships can reach the Atlantic without having to run the triple gauntlet of the Finnish Gulf, the Kiel Canal or the straits between Germany and Denmark, and the English Channel. During the summer, the Pacific Ocean can be reached eastwards by a route that is almost half the distance by the two alternative ways, *i.e.*, by the Panama Canal or the Red Sea; and in those two cases many zones of foreign influence would have to be crossed. Communication with Leningrad from Murmansk can be established "from within" through the recently completed Baltic-White Sea Canal. The depth of this Canal has never been officially announced, though Murmansk is already the head station of the Northern Sea Route. Murmansk is

provisioned with coal for supplying ships as well as the railway down to Leningrad. This coal comes from Spitzbergen, where the Soviet Government operates mines under concession from Norway.

My visit also took me to Igarka on the lower Enisei, a town with a population varying by seasons between 14,000 and 20,000, possessing a permanent harbor with mechanized loading machinery, lumber mills, power plants, theaters, hospitals, schools and agricultural plantations. Situated 400 miles upstream, and about 120 miles north of the Arctic Circle on perpetually frozen tundra soil, Igarka is the main center for the export of Siberian timber. Logs are rafted down towards it during the summer, cut up in the following winter, and shipped off, mostly in British tramp steamers, in the subsequent months of August and September. In wartime Igarka could be used from July to October for load exchange between vessels coming from Europe through Archangel or Murmansk and river craft coming from Central Siberia, thereby supplying and draining the area between Novo Sibirsk and Irkutsk. Novy Port serves a similar purpose for the area of the Ob, the rich wheat district of Western Siberia, the coal and steel combines of Kuznetsk, and (via the Turksib Railway) the cotton fields of Central Asia. Tiksi on the estuary of the Lena would be used as entrepot for transports coming in through the Bering Strait and going out from the whole Lake Baikal and Yakutia region — incidentally affording a safe route for exporting the vastly increased gold production of that district.

I also saw Dickson Island, off the mouth of the Enisei; Matochkin Strait on Novaya Zemlya; the mining district of Dudinka-Norilsk on the western side of the Taimyr Peninsula, and Nordvik, the oil and salt center, on the eastern side. Dickson Island is the main wireless exchange of the Arctic, center for the whole network of Polar radio stations, able to contact by short-wave telephony any major town between Moscow and Vladivostok. There were also under completion at Dickson Island spacious coal storage establishments and bunker-provisions for ice breakers and merchantmen. Matochkin Strait is one of the three gateways to the Polar basin for all craft coming from and going to European waters and serves as the basis of action for ice breakers which convoy shipping caravans through difficult spots on the Northern Sea Route.

The Dudinka-Norilsk region is of importance because the Norilsk mountains contain rich coal, iron, copper and nickel

deposits. The latter are particularly valuable, since nickel is one of the few metals of which, so far as is known, the Soviet Union possesses only small resources. A narrow-gauge railway has been constructed between Dudinka, which lies on the Enisei, and Norilsk, seventy miles east of the river shore, thereby linking the mining district directly to the Northern waterway system. Its coal, situated as it is almost at the center of the Northern Sea Route, will also be of good use to shipping on that route and on the Enisei, saving cargo space to steamers calling at Igarka or on through passage over the whole route. Finally, Nordvik, apart from supplying salt to the potentially vast North Siberian fish-canneries, has oil deposits right on the shores of Yakutia, thereby providing refuelling opportunities for Diesel-driven ocean vessels and aircraft operating throughout the Arctic. Machinery and personnel to lay out plants and operate the Arctic oil field were sent out to Nordvik last year.

My trip by air over part of the network of Arctic Siberian airlines afforded a good opportunity for study at first hand both of the ground organization and the personnel of pilots and mechanics. These are specially trained for Arctic conditions and form a separate force from other Soviet air men. All the machines regularly employed in the Far North are equipped with floats and skis. The air bases are on the rivers, the seacoast and on lakes, since climatic conditions make the construction of landing grounds for the summer extremely difficult. In winter, landings are made on the ice. The flight of the ANT 25 in the summer of 1936, under the command of Chkalov, who also led the first flight from Moscow to California, demonstrated the practicability of non-stop flights across the Arctic Ocean from Moscow to the Far East, via Franz Josef Land, Nordvik, and Yakutia. This airplane landed at Nikolaevsk on the Amur River 56 hours and 21 minutes after leaving Moscow. The North Pole flights have shown since then that the machine has a radius of action of almost 8,000 miles, proof of the correctness of Chkalov's assertion that he could have flown on directly to Tokyo. And the flight was 200 miles shorter than if Chkalov had taken the route along the railway line, where at least for the last third of the flight he would have been continuously within the range of foreign aircraft. There are numerous air bases, along the coast and inland throughout Arctic Siberia, all of them equipped with radio stations, meteorological observation posts, some of them with re-

pair shops, and staffs of trained mechanics. Other flights from California up the American West Coast across the Bering Strait and then along the Northern Sea Route have demonstrated the possibility of flying planes purchased in the United States to the Far Eastern territories. Here again the route is one that would be safe from enemy interference. The same would naturally apply to trans-Polar flights.

Even more important, however, is the development of the Arctic in view of the possibility that war supplies might be imported from America to the Soviet Far East, following the west coast of the United States and Canada and then through the Bering Strait to the mouth of the Lena. Even if the American Neutrality Law in its present form were enforced, Soviet steamers could call at American west-coast ports to load supplies, could then navigate northward (within the three mile limit if need be), and could then slip through the Bering Strait without having ever for one moment to incur the risk of interception by enemy war-ships. Bering Strait and the region south of it can be easily controlled by a very small Soviet force. Navigation beyond it depends entirely on the continuous help, guidance and advice of the Soviet wireless stations and the air scouts that map the route through drifting ice floes by flying ahead of the caravans and the ice breakers that clear passages through blocked areas. It would be entirely impossible for any intruder to make headway in these waters.

Certainly the opening up of the Far North does not compensate Russia completely for its treatment at the hands of her step-mother, geography. The sea route is navigable for only three or three and a half months each year. Even then, the process is costly and laborious. But this route does under the given circumstances afford a partial solution of a crucial problem. And appraised in connection with the general gains that will accrue to the nation from the successful progress of colonization in the Polar regions, one could not write that the strategic advantages are being bought too dearly.

THE ECONOMIC PROGRESS OF BRITAIN

By D. Graham Hutton

AFTER the sudden collapse of the hectic postwar boom in 1920, the British economy found itself faced with problems of a long-run, secular kind. The fissiparous effects of war on the world economy; the onrush of self-sufficiency programs; the over-extension of productive and shipping capacity in the world; technical advances in fuel and power production — all these influences created “depressed areas” in Great Britain where formerly an expanding world trade had developed prosperous business activity. Britain’s postwar unemployment problem was mainly in these areas, and it persisted throughout the period of world recovery from 1924 to 1929; nor could hard-hit export industries look forward to sufficient future earning power to be able to borrow money and equip themselves so as to increase their competitive capacity. Foreign countries could secure loans in the City of London at the prevailing high interest rates; the postwar gold exchange standard provided a makeshift international standard of costs; but the net effect of these two influences was to put Britain’s competitive strength out of court. From 1925 to 1931 the national economy was under constant strain in an effort to come into line with the world’s newly established level of costs. In fact, the British economy never even bridged the 10 percent differential between the dollar and the pound in 1925. The collapse of the postwar world’s levels of debt and prices after 1929 rendered the British effort hopeless.

Between the financial crisis of 1931 and the beginning of recovery early in 1933, the National Government effected at least four major economic revolutions in the British economy. Had they been attempted by an administration that was not a Conservative one they would have been execrated as “Bolshevistic.” These revolutions were: first, abandonment of the gold standard and pursuit of a managed currency standard; secondly, cast-iron governmental control of the money and capital markets; thirdly, establishment of a medium-to-high general protective tariff; and lastly, a rapid and extensive intervention of the State in foreign trade, agriculture and industry through a congeries of regulatory boards, statutory commissions and supervisory bodies. To these were added an expansionist cheap-money policy and a system of

trade treaties and conventions which aimed at bringing individual balances of trade or payments into purely bilateral equilibrium. The logical aim of the latter system was to oust the foreigner from the vast domestic British market in favor of citizens of the British Dominions or the home farmer and his landlord.

This manifold program was devised and begun early in 1932. The embargo on foreign lending and the strict control of new domestic issues, coupled with the liquidity resulting from the depreciation of sterling and the expansion of credit, thrust capital into the construction of the houses for which heroes had been waiting ever since the war. It also facilitated a conversion of the huge War Loan and a fall in the annual cost of running the floating debt. These two reductions alone, and the suspension of budgetary sinking funds, diminished the budgetary burden of the total debt by $33\frac{1}{3}$ percent, from £355 millions in 1929-30 to £212 millions in 1934-35. The new agricultural protective devices and the new industrial tariffs began to canalize liquid reserves and new investment into recovering industries, as well as into those secularly developing industries — automobiles, rayon, electric power and equipment, and printing — which have stood up well in all industrial countries during the depression.

The building boom was a potent factor of recovery in the fortunes of the iron and steel and domestic equipment industries, and, thus, in the coal and coke industry. The value of building plans for private dwellings rose from a monthly average of £3.9 millions in 1932 to £6.5 millions in 1935 and £6.3 millions in 1936; and the number of houses built by private enterprise and public authorities (mainly by the former after 1930) rose from a total of 183,807 in 1931 to 323,926 in 1936. This great stimulus to the capital construction and equipment trades carried the infant recovery during the first two years, from 1932 to 1934; then the continuance of credit expansion, cheap money, tariffs, and falling gold prices of Britain's necessary imports combined to give her the best of both worlds: reflation at home, deflation in the primary-producing countries. The net result was that, with a still large reserve of unemployment, short time working, and cheap imports (despite the depreciated pound), costs did not rise with the restoration of liquidity and profitability in business. To credit expansion was added the ploughing-back of growing profits.

Thus the liquidity of concerns and of the money and capital markets not only continued, it was enhanced; and interest rates

remained low. Deposits in the clearing banks rose from a monthly average of £1,738 millions in 1929 to £1,791 millions in 1932, and thereafter in a steady advance to £2,142 millions in 1936. The banks were driven into the gilt-edged market; their securities portfolio rose from a monthly average of £257 millions in 1929 to £615 millions in 1935 and £613 millions in 1936. The liquid assets of big businesses advanced concomitantly up till 1934 or 1935. Thereafter they were directed into more rapid replacement of obsolete equipment and extension of capacity on the most modern lines. The capital construction boom, the basis of British recovery, went ahead at a faster rate than it ever had done since the end of the abnormal wartime demand upon industry. Municipalities, public utilities, and industrial concerns again entered the capital market as and when the authorities gave them the signal, so that the market could always bear the traffic without sending up interest rates. And unemployment figures, the best index of recovery, fell back from a monthly average of 2,756,000 in 1932 to 1,684,000 in 1936. More striking still, the insured *employed* population rose from a monthly average of 9,348,000 in 1932 to 10,896,000 in 1936 — a figure 676,000 above the corresponding average for the so-called prosperity year of 1929. More significantly, short-time working hours progressively gave way to full employment (with its corollary, full weekly earnings, as opposed to nominal wage rates); the cost of living did not rise; it fell until 1933 and did not pass above the 1931 figure until 1936; so earnings of more and more full-time workers every year were increasing, while the cost of living remained, right down to the figure for last September (the highest since 1930), below the basic figure of 100 in 1929. Thus, the purchasing power of consumers was steadily extending to a wider range of amenities than those immediately covered by the Ministry of Labor index — which is one explanation of the demand for new and better houses, for automobiles, etc., as well as of the country's ability to bear more direct and indirect taxation.

In the depression-recovery cycle, therefore, the British economy moved steadily from a position below the world average in employment, industrial efficiency, and competitive capacity, to a position where it was in the very van of industrial progress; and this striking transformation had been achieved at virtually no current domestic sacrifices or costs. The favorable terms of trade (a corollary of the world depression among primary-producing

countries), coupled with the management of new controls in the home money and capital markets, combined to enable British industry to draw every advantage from the depreciation of the pound and the new tariff. Costs did not rise, as depreciation of the currency usually implies, so long as the managed liquidity of the money market and big businesses reduced capital charges, and so long as the cost of living remained below that of 1929 and 1930. Accordingly, no significant labor disputes occurred until 1937.

II

It is necessary to bear all the foregoing tendencies and factors in mind when appraising the immediate economic outlook; for in 1936 the foundations of British economic recovery began to undergo important changes.

First, the process of clearing out overhanging stocks in the principal world commodity markets neared completion in that year. This technical improvement in the supply position of these markets — a most influential factor affecting the largest importing country in the world — was powerfully reinforced by a second factor: a monetary influence.

In the autumn of 1936 the attempts of the remaining "gold bloc" countries to "reflate on gold" were abandoned in favor of devaluation; and the remaining deflationary psychology in the world was removed, giving place to an inflationary psychology. It is not inexact to describe this change as one from deflationary exasperation and doubt to inflationary apprehension and conviction. Coming on top of the technical improvement in commodity markets, it sent world prices up with a run. The social reforms of the French and United States Governments raised prices and costs in both countries — the logical outcome of devaluation or reflation, as well as the avowed solution of the disparity between the prices of primary and manufactured products during depression. And towards the end of 1936 the industrial world became thoroughly convinced that inflation of credit based on the rapidly increasing world supply of gold was well under way. Merchants and manufacturers increased inventories, not only to cover increasing consumers' demand, but also as a normal "hedge" against an inflationary rise in prices, which was expected to follow a relative increase in purchasing power over and above that regular annual increment resulting from the increase in net new capital investment and construction. Businessmen feared that the

purely monetary factor, in the hands of the authorities in each country, would outrun the normal annual extension of recovery. Prices of food, raw materials, and of manufactures bounded upwards.

Here it is necessary to introduce a third factor into our description of the British economic picture. Before the great expansion of capital construction in Britain due to house building and industrial expansion had even reached its peak, the Government entered enormous demands for other kinds of buildings and equipment. The rearmament program was begun in 1934-35. It was extended in 1935-36, mainly for the Air Force, Navy, and munitions. In 1936-37 it was again expanded considerably. And at the outset of the current year, 1937-38, announcement was made that the budget would contain not only double the amount appropriated for national defense in as recent a year as 1931-32, but that, in addition, a sum of £400 millions would be expended from borrowed money outside the budget during the five-year period 1937-38 to 1942-43. This expenditure was to be for "capital" purposes of defense. The Defense and Ordnance Estimates for 1937-38 disclose that this "capital" will amount to precisely £80 millions (*i.e.* one-fifth of the five years' borrowing), and that it will be mainly for armament factories and their equipment, land for factories, aërodromes, barracks, and naval bases, and (though it is discreetly not referred to as such in the Estimates) war *matériel*. In sum, defense expenditure has risen from £136.9 millions in 1935-36 to £186 millions in the last financial year (in both cases covered by budget revenue) and to £278.3 millions in the Estimates for 1937-38 (of which sum £80 millions is to be borrowed). This £80 millions will not be exceeded; but unfortunately it is almost a certainty that the purely *budgetary* provision of £198 millions will be exceeded, just as the 1936-37 Estimates of £158.3 millions turned out in practice to be £186.1 millions, the increase being divided between Supplementary Estimates of £20 millions and over-expenditure of £7.8 millions.¹ Even a cursory knowledge of the rate at which British rearmament and its financing are forging ahead suggests that the difference between last year's actual expenditure for defense at £186.1 millions, and the current budgetary Estimate of £198 millions, will turn out to be greater than the figures imply; and this despite the

¹ Indeed, in introducing this year's budget Mr. Chamberlain made provision for some Supplementary expenditure inside the budget's purview, though this was only for civil purposes.

additional £80 millions to be borrowed, because the *tempo* of capital construction serving the rearmament program is accelerating by leaps and bounds. It is estimated that from 1929 to 1938 the toll of defense on the (growing) national income will have risen from 2.6 to 5.5 per cent.

Now, the consumption of all capital goods in the home market in 1935 has been estimated by Mr. Colin Clark at about £650 millions, from which must be deducted all of the output for pure repair, maintenance, etc. This leaves a net figure of about £270 millions, of which about £145 millions alone went into the construction of new houses. That was the peak year for housing construction; last year it tailed off. We therefore can broadly guess that in 1936, out of a possible £300 millions of new capital equipment in the country as a whole, anything between £150 and £170 millions will be available for all other net new capital construction. Indeed, the figures since the end of 1935 show that, far from the decline in construction for private owners having reduced the total of all building, the plans for "other" building — *i.e.* public authorities, factories, plants, offices, etc. — have carried the total of all building investment even above the 1935 levels; and this has continued until September 1936. Moreover, the statistics do not include direct building contracts for the Government; they refer only to plans passed by 146 municipal housing and building authorities. As a result, something like an extra £50 millions is being spent on constructional work for the Defense Services and Royal Ordnance Factories in the current fiscal year, over and above the building figures. If to the net amount of annual new building of all kinds — about £150 millions in 1936 — we add the Government's contribution to new capital construction and investment, as indicated in the 1937-38 Estimates, we find that about £170 millions of the £270 millions of net new investment in 1935 is already covered, and this makes due allowance for the decline in private housing. If we estimate the total of net new investment in 1937 at about £300 millions, we still have only about £130 millions to cover the entire field of investment in capital equipment apart from construction of buildings.

This is clearly too small a figure. There are not only the Government factories, but also the "shadow" factories for aircraft, as well as those to which extensions are being made on Government guarantee. There is all the equipment for these plants: the machine tools, working inventories, power plant, etc. There is,

in addition, all the new equipment for private businesses which have been expanding capacity — *e.g.* iron and steel mills, ship-building yards, automobile factories, electrical equipment works. The sudden invasion of the capital construction trades by an unforeseen £80 millions of Government expenditure taken from capital, in addition to an enormous increase in the normal expenditures both of business and of the Exchequer (the latter through the budget) on basic capital goods, has already evoked reactions.

For example, overtime rather than short time is becoming general in the skilled trades, especially those dominated exclusively by the trade unions. The unions have opposed any shortening of apprenticeship or trainees' terms, in faithful adherence to the policy they adopted throughout the postwar period, namely to concentrate on maintenance of the *employed* unionist's wages, at the cost of the *unemployed*. (The state and local authorities were left to look after the latter.) As a consequence, weekly earnings have been rising very fast since mid-1936; and in many trades — *e.g.* iron and steel, engineering, coal-cutting, precision work on tools, aircraft, automobiles and ships — actual shortages of labor have emerged despite a total of 1,300,000 unemployed registered in September 1937. The ranks of the unemployed have now been reduced to those over suitable age and those who are unskilled and unfit, plus those normally changing over from one job to another who happen to be out of work on the day of the monthly count, and a stubborn residue of skilled men who are not required in their traditional callings because of technical progress and the rapid mechanization of their trades. Accordingly, the wages of skilled men are now rising throughout British industry; for, in effect, and as far as basic British industry is concerned, a state of "full employment of resources" seems already to have been reached.

There is, indeed, evidence that rearmament, on top of "civil" reëquipment and expansion, has already produced certain signs of inflation. It can be well argued that the rise in retail prices and the cost of living in the last twelve to eighteen months has far exceeded the rise in world prices of the primary foodstuffs or raw materials of consumption goods; and this is a hint that more and bigger *earnings* (not necessarily wage-rates, owing to overtime) are competing for consumption goods in markets which, because of a concentration of effort and investment on the production of capital goods, are not able to increase supplies. This suggestion is

confirmed by an analysis of recent import figures. Not only has the United Kingdom been importing large quantities of machine-tools, motors, engines and parts, iron and steel, equipment, etc., during 1937 — all for capital goods — but its imports of general manufactures, semi-manufactures and foodstuffs have been steadily rising. These increases have luckily been paid for by parallel increases in British exports, whose prices have risen almost as much as those of the necessary imports; but, clearly, if world commodity prices fall back to their 1935 levels, Britain's exports will tend to fall back, too, as their overseas markets contract. Then the problem of British industrial capacity will be posed in another — and foreign — quarter.

The violent rapidity and extent of Britain's reëquipment and expansion of industrial capacity between 1932 and 1937 are, indeed, the chief elements of danger in an otherwise remarkable prosperity. Consider the figures of the table on the opposite page, bearing in mind that in 1929 British industry was not so prosperous as that of other industrial countries.

There is enough evidence in this collection of interdependent economic indices to explain the sudden uprush of prices, wage rates, earnings, investment and interest rates *during the last twelve to eighteen months*. That is the period in which both the world economy and the British economy passed into an abnormal stage of hectic capital construction, centered upon basic industries working for rearmament; and this stage was entered when already a "civil" recovery in Britain had reached a peak after four years' progress from depression.²

One example will suffice to indicate the extent of the capital-construction boom in Britain. The coal industry had been the major depressed industry since the war ended. It accounted for the biggest element in unemployment and for the worst "depressed areas." Yet it needed the depression of 1932 and its aftermath of recovery to bring interest-rates so low that, at the present time, reëquipped collieries are producing mechanically-cut coal at the lowest unit-costs known for years. Today, output per man-shift is attaining new records every quarter; and there is a shortage of skilled labor alongside persistent unemployment of unskilled labor in that basic industry. What capital equipment at

² Incidentally, the United States and France were the only major industrial countries in which capital construction did not carry recovery forward — of course, for differing reasons. Owing to different monetary policies, however, prices and costs rose just as quickly in those two countries.

PROGRESS OF RECOVERY IN BRITAIN

Monthly Averages, unless otherwise stated

<i>Great Britain or United Kingdom</i>	<i>How Measured</i>	1929	1932	1935	1936	<i>September 1936</i>	<i>September 1937</i>
Production of coal	million tons	21.4	17.4	18.6	19.0	18.8	20.4
Production of pig iron, U. K.	thousand tons	632	298	535	641	651	727
Production of steel in- gots & castings, U.K.	thousand tons	803	439	822	975	1,027	1,163
Production of private cars, U. K. ^b	units ^b	15,196	14,270	25,962	29,479	18,351 ^a	20,888 ^a
Production of commer- cial vehicles, U. K. ^b	units ^b	4,705	5,123	7,681	8,967	7,539 ^a	7,508 ^a
Production of rayon, U. K.	thousand lbs.	4,742	6,043	10,314	12,110	9,860 ^a	10,800 ^a
Production of electric- ity	million kw. hours	858	1,020	1,464	1,685	1,544	1,752
Volume of retained im- ports, U. K.	1935 average=100	108.9	92.2	100	107.2	104.4 ^c	110.6 ^c
Volume of domestic ex- ports, U. K.	1935 average=100	140.3	84.0	100	101.5	102.9 ^c	111.6 ^c
Insured employed	thousands	10,220	9,348	10,377	10,896	11,082	11,555
Bank of England note circulation ^d	millions of pounds	362.3	258.5	394.7	431.4	446.1	488.4
Clearing Banks' depos- its, U. K. ^d	millions of pounds	1,738	1,791	1,999	2,142	2,180	2,209
Clearing Banks' ad- vances ^d	millions of pounds	991	844	769	839	850	943
Clearing Banks' invest- ments ^d	millions of pounds	257	348	615	613	620	611
Yield on 2½ percent consols	percent	4.61	3.75	2.89	2.94	2.93	3.41
Government revenue ^e . .	millions of pounds	815	827.0	844.8	896.6	325.5	334.2
Government expendi- ture ^e	millions of pounds	829.5	859.3	841.8	902.2	405.8	426.8
Wholesale prices (<i>Econ- omist</i>)	1929=100	100	67.8	74.3	78.8	79.6	88.3
Cost of living (Min- istry of Labor)	1929=100	100	87.8	87.2	89.7	90.2	96.3
Net deadweight na- tional debt, U. K. ^f . .	millions of pounds	7,500	7,434	7,800	7,796	7,900 est.	8,100 est.

*Month of August. ^bAnnual figures to September. ^cQuarter ending September. ^dAverage of weekly figures. ^eFiscal year beginning April 1; half-year only for last two columns. ^fIncluding Foreign debt, Floating debt, and Exchange Fund; excluding bonds surrendered for tax payments.

low interest rates has done for coal concerns, new borrowing and the ploughing-back of growing earnings have achieved throughout British industry. And, at the very peak of this "civil" boom in investment and capital construction, the Government enters the arena with a vast non-reproductive, non-yielding public works scheme — introduced by the same Mr. Chamberlain who was loudest in denunciation of the proposals of Mr. Lloyd George and others to overcome depression by "civil" public works in 1931

and 1932 — a five-years' rearmament program of formidable dimensions. Simultaneously, the old arguments of "What will happen, when, or if, it ends?" and "It is only capital consumption!" and "How are we to maintain, obsolesce, and amortize this military equipment?" are all pooh-poohed, as though in 1937 they had not the same validity as they had in 1931 or 1932 when Mr. Chamberlain and his colleagues employed them to confute Liberals and Labor.

Actually these questions, these arguments, hold greater economic validity today simply because the Government's military public works scheme has been launched on the very crest of a "civil" recovery wave. True, there is no difficulty in the mere financing of rearmament; nor, for that matter, in damping-down new borrowing and new capital works by municipalities, authorities, utilities and businesses not directly serving the rearmament program. The Treasury, the Bank of England, and the various "voluntary" watch-committees in the capital and stock markets can easily control the new issues, whether to the public or to syndicates which will later float them off onto the public. The liquidity of the banks and money market, of big businesses which have ploughed back greater reserves than ever before, of the multifarious old and new statutory funds under direct Governmental control, can be assured for months, perhaps for a year or two to come. The Exchange Fund — increased by £200 millions last July to £575 millions — and the balances of Government departments can control the short-term market so long as "hot money" in London, the embargo on foreign lending, the expansion of credit, and the control of new issues can enable the authorities to continue to fund floating debt by converting it into long-term debt at comparatively low rates.

Now there's the rub. For the "liquidity preferences" of investors, individual and corporate, have kept the short-term rates immovably low while the long-term rates have been steadily rising. New Defense Loans must soon appear, or else rearmament financing must swell the floating debt beyond the bounds of safety; and the last two Defense Loans (£100 millions 1952/57 $2\frac{3}{4}$ percent Funding Loan at $98\frac{1}{2}$ in November 1936, and £200 millions 1956/61 $2\frac{1}{2}$ percent Funding Loan at $96\frac{1}{2}$ in December 1935) now show yields of 3.00 percent and 3.15 percent respectively. The low point in long-term rates was reached as long ago as 1935; and though the Government Departments' and Statu-

tory Funds' balances are now so big as to permit the easy *subscription* of new loans, they are still holding large blocks of recent loans, besides old loans, which doubtless could be sold to the public for cash, which cash could in turn be used to subscribe to new loans from which the public might shy away. These extra-budgetary, statutory funds (such as the Post Office Savings Bank, Trustee Savings Banks and Friendly Societies, National Health Insurance Fund, and Unemployment Insurance Fund) are expanding at the rate of about £75 millions per annum; but this can only continue in conditions of prosperity, confidence and increasing employment.

Quite apart from the technical aspect of financing rearmament is the other problem of the obsolescence, replacement and amortization of much of the new war material *within the five-year period*. Battleships will last fifteen years; but in that time they need refits which outrun the initial cost. Amortization of the initial cost, interest on the borrowed money, and funds for refits must all be provided. When we come to aircraft and mechanized land equipment we face much more rapid obsolescence. Here, perhaps, the very same British Government which launched the program will have to find the funds not only to pay interest and repay principal of the present borrowing, but also to write off aircraft, tanks, etc., at a rate of $33\frac{1}{3}$ percent per annum *and replace them*. Thus, the financial program for rearmament, at present limited to five years, will involve a peak expenditure about 1939 and 1940; and, roughly at the same time, the first batch of obsolete war machines, produced under the same program, will come due for replacement.

Considerations such as these impel the conclusion that the 1938-39 and 1939-40 budgets will need at least another £100 millions of revenue, over and above the 1937-38 level — itself a record estimate since the immediate years of postwar inflation. The *Economist* concluded last April, in its Budget Supplement, that a £1,000 million budget was possible "before very long," and it animadverted on the uncertain course of interest rates and on the lag of income tax, surtax, and death duties' yields behind the rise in the national income. These things may have prompted Mr. Chamberlain in his last budget to attempt the imposition of the ill-prepared, ill-digested, and ill-fated National Defense Contribution: a bastard offspring of the old wartime Excess Profits Duty. But that inequitable tax was scotched by Parliament, and

it is now a very tiny mouse indeed. On the other hand, the national income, in money terms, is rising fast; and there is some ground for believing that new direct and indirect taxation of individuals (not firms, for that would penalize capital-goods production) would damp down competition for consumption goods and restrain a rise in the cost of living. In this context, it may be observed that since 1930 the fall in the annual burden of the national debt, the suspension of sinking funds in the budget, and the increase in customs revenue, have together freed about £200 millions, *within each budget*, for other purposes. These "other purposes" have been equally divided between social services and rearmament. Doubtless a bold government could proceed to budget against "painful necessities" by curtailing expenditure on social services and restoring sinking funds in the budget. Assuredly, from 1936 onwards the British economy stood — and stands — in danger of inflationary jams and bottlenecks, both on the capital-goods side of production, and even more so on the consumption-goods side. Some check on these developments must be imposed, or, despite world trends, the level of British prices, costs, etc., will be forced out of alignment, with serious consequences to Britain's associates in the sterling area, especially to the British Dominions, the United States and France.

III

Although all the foregoing appears specifically and peculiarly a British economic problem, several morals emerge which are applicable to the other leading economic systems in the world of still relatively free democratic states. To begin with, Britain, being the first to depreciate her currency, rode on the back of the deflationist countries during a critical transition period, very much to her own advantage. But she has not been able in the long run to avoid what is the normal effect of devaluation: a scaling-up of all values. In France and the United States this process was more rapid and extensive; but Britain is now catching up, and the strain within her economy is increasing.

Secondly, world prices of primary commodities do not necessarily move as sensitively to purely monetary "pump-priming" as do national prices of nationally manufactured goods. The lack of coördination between different groups of national producers of wheat, sugar, cotton, coffee, meat and dairy produce has prevented the prices of such goods from rising exactly in conformity

with devaluations. If there is to be no effective international monetary standard between the semi-free economic systems of the remaining democratic states, and if they do not trade on a common basis of tariff rules and regulations, commodity prices may yet slump again. And if they do, the political effects in Central and Eastern Europe, in Latin America, in portions of certain British Dominions, may well be disastrous. Devaluations, now general, have not saved us from over-capacity and under-trading in the world's primary commodities; they have not modified, but instead have even intensified, the self-sufficiency programs of democratic states alongside the programs of the totalitarian states. In the upshot, world trade suffers — save only as concerns the raw materials that go into armaments. The United States and the United Kingdom would be helping themselves and helping others if, on the basis of their heralded trade agreement, they began to increase the volume of trade between the large and rich markets which they can command. In so doing they would prevent a decline in the world prices of primary products, ease their own domestic problems (the problems of the American South and Middle West can be solved by the same measures which solve Britain's wage and cost-of-living problem), and this without sacrificing interests elsewhere, *e.g.* in Canada or Australia. For such a result it is crucial to aim at increasing the total of trade among the still comparatively free economic systems in the world, not at redistributing an existing volume of trade, clamped down by national controls. This factor must be urged so strongly because foreign trade is the only buffer, both against disparate rises in the various national levels of prices and costs and against an ultimate halt in the annual new investment in armaments. Britain, probably the most deeply committed democracy in this respect, will also be most vulnerable if war does *not* come!

Thirdly, the British economic system in the last six years has been virtually bounced into becoming that of a corporate state. Over the currency, money and capital markets, over the whole realm of agricultural production, over road and rail transport, over production of coal, iron and steel, over shipbuilding, over the unemployed, over electricity, and over much foreign trade, the Government is now able to make its writ run unhindered. To the extent that the five-years rearmament program renders whole concerns, industries and services more dependent on gov-

ernment action, the secular development towards an authoritarian economy during the last six years has been powerfully reinforced. Simultaneously, the trade unions and their "poor relation," the Labor Party — His Majesty's Opposition — have sidled under that umbrella, corporate economy, instituted by their nominal rivals. Is not the same thing discernible in France, Sweden, Czechoslovakia, Switzerland, the British Dominions — yes, and the United States — irrespective of the political group in power? Would their economies, as altered by the state during the last decade, be relaxed, be rendered more flexible, more "free" for individual workers and businessmen, if opponents became rulers? Whoever doubts the answer, and whoever hopes to see a return to the system of economic initiative unregulated by the state, might ask himself this question: Will there ever again occur an attempt deliberately to overcome depression by deflationary methods? The simple question reveals the remoteness of every democracy today from the prewar world, the world of the nineteenth century, still strangely green in memory.

Therefore the problems facing Britain, the Dominions, the United States, Sweden, France, are virtually the same in kind as those facing Germany, Italy, Japan — and only less acute in degree. They can be summarized in one question: How are we to make the least painful transition from an economy founded on international specialization to one founded on economic acts of state? As the arms race careers onward, the identity of economic method in both democratic and totalitarian states becomes more evident. An economist from Mars might well ask why men of property in our remaining democracies, part owners of vast national debts, do not see that their own expropriation is as probable under Fascist economics as under Communist politics — and only more gradual in its advent under the inflationary technique of their own elected representatives in a democracy. These things are not being done in a corner; yet neither the men of property nor the organized workers in Britain, France and the United States have yet become seized of their ultimate significance. Not even the statesmen who control the destinies of democracy have yet seen that behind the various shadows is one substance, that behind all three "isms" — Fascism, Communism, and Liberalism — an œcumenical economic revolution has been taking place.

If, now, we have a few years of peace, the people of Britain, and after her of the other democracies, will awaken to as changed

a national economy, to as changed an economic world, as that to which they awakened two decades ago after four years of war. For Britain as for her democratic associates, the short run holds few dangerous economic surprises; she can ferry herself over the economic cross-currents of the next one or even two years without insuperable difficulties, either in trading or in finance. The economic dangers in the short run will necessarily fall upon the totalitarian states, whose resources have been bespoken by mortgage and then swallowed up. It is in the long run — and not so very long, either — that Britain and her associates will be confronted by the magnitude of their economic problem. If the world gets war, both sets of problems will be solved in a general flux. If we get peace, a peace enduring some years, then both totalitarian and liberalistic states must face economic convulsions during the liquidation of those vast interests, vested in state action, which remain as the *damnosa hereditas* of the Great Depression and its Great Panaceas.

Perhaps Britain's principal danger today is that persistent prosperity which (as in the United States between 1927 and 1929) prevents thought for a day of reckoning. Yet "the reckoning bideth," and the wise man prepares in the fat years for the lean that will assuredly follow. Britain's main economic problem is to find the wherewithal to meet all her normal and abnormal needs today, at the peak of her recovery, and simultaneously to find a surplus wherewith to provide for the rainy day. To the extent to which she succeeds in doing this now, she will keep her head above water later on. If she fails to do so now, it will be a case of *après Chamberlain le déluge*. That is why such significance attaches to the narrowing of political differences in Britain, the closing of the gap between Government and Opposition. It is significant both for Britain herself and for the world. If the catastrophe of war descends upon us soon, the greatest sacrifices will be demanded and made by all. If by skill and wisdom that catastrophe is long averted, then the developing British democracy must either show the world how wisely it can impose upon itself timely sacrifices for peace and security, or reconcile itself to meet greater economic sacrifices, imposed upon it willy-nilly, in a much less rosy future. Upon this issue, almost as much as upon the more clamant issue of peace or war, depends the future of representative government and of Western civilization as we have hitherto known it.

“TOTALITARIAN” JAPAN

By Guenther Stein

SIMULTANEOUSLY with their new war for the domination of China, the Japanese Army and Navy are engaged in another major war — the struggle for complete mastery of the Japanese state and the Japanese national economy. There is nothing new nor accidental in the parallelism of these events. For more than half a century, now, the military has driven incessantly for the fulfillment of both continental and domestic ambitions, the one stimulating and sometimes even directly motivating the other. But never before has the causative interrelation between the tendency of expansionism and that of totalitarianism been quite so close and compelling, nor so complicated and so dangerous to the nation and to the Army and Navy themselves.

There are a number of new features in the present coincidence of the military's two struggles abroad and at home which distinguish it clearly from historical precedents. First of all, it would seem as though the military's initiative at this time has been taken somewhat less voluntarily than on former occasions and without the same conviction and wholeheartedness. It would be a gross exaggeration, of course, to say that this time the Japanese Army and Navy were first attacked by China, and that they adopted an offensive strategy merely in order to defend their positions on the Continent; just as it would be incorrect to assert that the anti-militarist forces at home had seriously challenged the political power of the services and thus provoked them to a counter-attack. Yet it can hardly be doubted that in both arenas the Army and Navy were half-driven into actions which they began to regret, or at least to regard with serious apprehension, at the very moment when they found them utterly unavoidable.

The old psychological fixation of the Japanese military mind in the traditional samurai attitude of taking the offensive against any odds, whenever there seems danger to life or a risk of loss of “face,” and whether or not the dangers are real or imaginary; the irritation of the military at the new factors which reduced the speed of their progress abroad and at home; and a new nervousness lest they would miss what might be their last chance for the long-delayed decisive coup against enemies foreign or domestic — all this made them lose whatever clear judgment and prudence

they possessed, so that they rushed head-on into the dangers of a protracted war abroad and of an ill-prepared parallel fight for the completion of the totalitarian state at home.

During recent years it had become the considered opinion of anti-militarist financiers and liberal intellectuals in Japan that the only way to get rid of the ever-growing predominance of the Army and Navy in domestic politics was to let them commit the spectacular suicide in foreign war on which they had seemed to be bent ever since the “Manchurian Incident” of 1931. Many people abroad who have every reason to wish for the undoing of Japan’s aggressive military power, had gradually come to agree that a new major “samurai” offensive might finally culminate, as happened so frequently to the samurai of old, in the political harakari of the military. And while the originators of this thesis now begin to wonder whether they did not underestimate the dangers involved for themselves in the process, some at least of Japan’s military leaders seem to realize today that the hope of their adversaries may probably be fulfilled.

Moreover, differences of opinion between the Army and Navy have grown to such an extent recently, and they now concern such vital questions, that, even though the conflict is of long standing, it must also be regarded as a fresh feature aggravating the new situation. As long as Japan’s fight abroad is confined to China, the dissension between the Army and Navy, considerable though it is on almost every concrete issue, need not necessarily cause a fatal split which might benefit substantially either China or the domestic adversaries of the military services. They are at least united in the common desire to see the Nanking Government defeated as the center of anti-Japanese resistance in China, and a “war economy” established as the basis of a totalitarian polity at home. But both services envisage, and prepare for, that “real war” against their respective major enemies whom they already are fighting in China now in a preliminary way — the Army against the Soviet Union, and the Navy against Britain. They hardly conceal their wish to deal with these, their real antagonists, with the full backing of a perfectly totalitarian state, as soon as their present campaign in China is over. But Japan’s economic and military power is so restricted that either turn — suicidal as it might be even by itself — must necessarily exclude the other, at least as far as the idea of simultaneous action is concerned. Therefore, whichever of the two services predominates in

the totalitarian state that is to be the outcome of the present domestic campaign will get the chance of carrying out its particular ambition, and of forcing the other into coöperation.

Further, dissension within each of the services, and especially within the Army, may also be regarded as greater today than at any of the former vital turning points in Japan's history. The kind of peace to be imposed on China; the juncture at which this is to be done; and the way in which the North is to be made "independent" and then to be exploited for Japan — all these are questions in which the radicals and the so-called moderates among the Army leaders do not see eye to eye. And even these two main groups are split, according to personal affiliations and ambitions rather than primarily along lines of strategy and policy. Much more important, each of the services is also divided regarding the desirability and the actual timing of the war against the "real enemies," as also regarding the measure and kind of regimentation into which the political, economic, and social life of the nation must, and actually can, be forced in order to achieve an optimum of national military strength.

Taking into account all these facets, a close observer must emphasize how much a situation which looked at from afar may seem fairly clear nevertheless is full of uncertainty. The direction and the speed of Japanese expansion after the present war with China cannot be foretold, nor yet the degree of intensity and the success of the military's fight for the completion of totalitarianism at home. This is even more true because the civilian groups which still share political power with the military have recently undergone certain changes in attitude. For example, opposition against the perfection of the totalitarian features of the Japanese state has markedly decreased. The big financial and industrial interests, the bureaucracy, the political parties, and even the influential circles around the Imperial Court, have come to desire "stronger government" with more centralization of power and initiative.

This is, first of all, because at heart all of these groups are thoroughly expansionist, and because they realize that expansion can be actually carried forward only if there is a minimum of friction inside the direction of the state and a maximum of exploitation of the restricted resources of national strength. Furthermore they seem to realize that, whether they want it or not, changes toward a completion of totalitarianism are inevitable. Each group, then, and each of their numerous subdivisions, wants to secure a firm

position in the “renovated state” and to forestall the preëminence of its adversaries. Here is one of the reasons why, to the surprise of many foreign observers, Japan has not advanced even further towards the totalitarianism obviously in preparation for many years. It explains also the seeming contradiction between the impression of a “Fascist” country that Japan makes on anybody who observes it from the viewpoint of the Japanese masses or as a liberal intellectual, and the impression of an almost anarchic liberalism which it gives when looked at from above, from what ought to be the apex of a solid “Fascist” pyramid.

It is in the economic sphere that structural conditions are least favorable for the rapid completion of a totalitarian state. Here the shortcomings of existing semi-totalitarian arrangements are most pronounced and attempts at more effective regimentation, in the name of war economy, are most timid.

By far the largest part of Japanese economy still consists of exceedingly small production and distribution units. These are so closely identified with the family, so unfit for merger into larger groupings, and so backward technically that the installation of any centralized control aimed at increasing national productivity could be accomplished only by a revolution at least as immense as that which transformed Russian agriculture. In this category are included retail trade as well as small-scale manufacturing, which still is estimated to provide nearly half the country’s industrial production and industrial exports. True, these are striving to improve their miserable conditions through coöperative organizations, and this process might be intensified, but so far all the state’s half-hearted attempts to be of assistance have been frustrated by opposition — from the small merchants themselves and from the legion of oppressive middlemen who are so characteristic of semi-feudal Japan. These groups are often supported by the land-owners and big industrial and trading interests, who fear that their selling prices for fertilizer might be depressed or their buying prices for rice, wheat, and silk might be raised if strong agricultural coöperatives came into existence. The guilds of small-scale manufacturers, again, are opposed by their large-scale rivals in industry, or are entirely dominated by the big trading and financial concerns. The question also has a political aspect, for coöperative associations might finally give expression to the inarticulate dissatisfaction of the long-suffering middle classes which make up fully three-quarters of the population.

But the present political powers in the country, including the military leaders, are far from sharing the desire of the most radical "young officers" of the Army and Navy to "mobilize" these social strata politically and use them as the ideological basis for a "real" Fascist state on the European pattern. They want to have nothing to do with such a dangerous and un-Japanese experiment. Thus one of the much propagandized measures for creating "national unity" on the occasion of the war with China was a ceremonial "reconciliation meeting" sponsored by the Government, between the agricultural coöperatives and their opponents in trade and industry.

But Japan's economic structure does not differ from that of modern Western nations, totalitarian and otherwise, merely in that it contains an abnormally large proportion of very small units which would be difficult to regiment. At the other extreme of the scale are a dozen plutocratic private concerns, vertical as well as horizontal, which play an immense rôle in Japanese economy. In no other great nation in the world do a few huge enterprises like those of the Japanese "big families" — Mitsui, Iwasaki (Mitsubishi), Sumitomo, Yasuda, Okura, Aikawa, etc. — almost monopolize the banking and insurance business, predominate in the export and import trades and in so many important manufacturing industries, and control directly or indirectly, singly or between them, so much of the whole economic life of the nation, right down to the cottage industries of the miserable and over-taxed peasantry.

Rivalry between the giant concerns, even when they have interests in common, has reduced their potential political power. Government efforts to create or strengthen cartels in the major industries, in order more easily to control them on the traditional German pattern, have always been defeated by the individualism, or rather "familism," of the various units. But now that a totalitarian state seems gradually to be developing, big business has begun to strengthen its collective power, both against the state and against its medium-scale rivals. When the ambitious Minister of Commerce and Industry, Mr. Shinji Yoshida, an admirer and pupil of German planned economy, prepared to command the merger of all the country's important business associations, in order to create a central organ through which the national economy could be controlled from above, the big concerns themselves took this plan in hand and founded the "Federation of Economic

Bodies," bringing in all the Chambers of Commerce and Industry, the Japan Economic Federation, and almost all the other business associations of national importance. Ostensibly they acted for patriotic reasons, in order to strengthen the war economy; but the real intention behind their quick action was, of course, to fortify their own positions against outside assault. The Federation made this fairly clear when it styled itself "the highest private organization serving as adviser to the Government on economic, financial, and industrial policies;" and when it resolved "to decide on important economic policies in order to meet the present situation and to submit them to the Government, as well as to announce them at home and abroad." If there is to be a real totalitarian state, the Federation, dominated by the big concerns, will certainly fight with much cunning to sell its coöperation on the best possible terms.

Nor are these the only reasons why the military will experience great difficulty in attaining strict state control over economy. Many leaders seem to have increasing doubts as to the ability of their own military kind and of their bureaucratic satellites to take charge of and direct the country's whole economic life with the efficiency requisite either in the present conditions of actual war in China or in view of a further and more "real" war elsewhere. Since the "Manchurian Incident" military officers have been studying economic books and trying their hand at writing propaganda pamphlets and magazine articles about the requirements of war economy; and more recently still they have been working out a Five-Year Plan for the strengthening of the country's armaments capacity. All this has not been sufficient to convince their responsible seniors of their expert knowledge. Nor were the government officials who had been charged with learning from the Fascist experiments in the West able to produce enough feasible and concrete projects to satisfy the expectations of the military leaders and encourage them actually to try to take over direction of the national economy. The plans which these officials brought home from their visits to Germany seem to have been particularly discouraging. Basic conditions in Japan were seen to be too different from those obtaining in the Third Reich to recommend an imitation of the National Socialist economic system. And when Japanese totalitarians looked about for individuals with the personal resourcefulness of Dr. Schacht and the others responsible for whatever success German methods have

attained, they were overcome with envy and discouragement. This is not to say that even the comparatively moderate Army and Navy leaders are prepared to scrap their ambition to secure eventual mastery over the national economy. But at the moment they want to win only the title to exercise such mastery, letting the financiers and industrialists stay in temporary command, and waiting to supplant those not willing to accept military guidance at some moment when full economic "renovation" can be attempted with less risk than at present.

That such is the ultimate aim and intention is clearly indicated by the economic emergency legislation passed by the extraordinary session of the Diet in September and by the way in which that legislation is actually being applied. The Government demanded and secured, under the pressure of a state of acute emergency, a first instalment of discretionary power to interfere in almost every branch of economy. So far it has refrained from using its new power in a general way. And even the Army and Navy Ministers have since said that they hoped voluntary co-operation between business and the Government would not be superseded by coercion. On the other hand, each of the important bills included in this emergency legislation is to remain in force "until one year after the cessation of the present China Incident."

The "Law in Respect to the Application of the Armament Industry Mobilization Law, for the China Affair" empowers the Government "to take control of, use, or requisition, the whole or part of factories and businesses which have any bearing on the requirements of war, or to issue orders for the distribution and supply of industrial raw materials and fuel, etc." But a joint statement issued by the Army and Navy, in explanation of the law, said: "It is hoped that the aims of the law can be achieved through autonomous and positive coöperation on the part of the private enterprises concerned. Consequently, the law is intended solely to authorize the Government to exercise appropriate guidance over private industry, when necessary." Indeed, the Army and Navy seem to feel certain of getting a maximum of industrial efficiency from that very large section of the modern Japanese economy which is directly or indirectly dependent on armaments and whose whole history is one of most profitable coöperation with the state — provided its customary big profits, subsidies, and special privileges are continued.

This of course is not what the radical elements in the Army and

Navy have been demanding ever since they turned their interest to economic matters. According to their view, the services of the armament and allied industries should not be secured by granting them large and secure profits, the like of which no other branch of the Japanese economy can exact from its customers. They feel that the strictest sort of state control, or even state management, is required in order to overcome the "evils of capitalism," at least in that sphere of economy which is of importance to national defense. They demand that armament expenditures should produce more war materials than big industrial profits permit. They also think that unprofitable but nationally important enterprises like coal liquefaction and the manufacture of automobiles would get quicker development in a framework of planned economy. The revelation last year that some private firms had corrupted a distinguished general in charge of buying war materials intensified the desire of the young radicals to put an end to "the evil machinations of capitalism." There is every indication that this desire will increase, whatever the military outcome of the present conflict in China.

The "Law for Temporary Measures Regarding Exports and Imports" gives the Japanese Government another instrument for wielding a very large measure of control over the general economy of the country if it inclines to do so. According to this law, the Government is now entitled to: 1, "specify articles and restrict or prohibit their export or import when such a step is considered necessary to secure the satisfactory working of the national economy in connection with the China Affair;" 2, "set conditions or impose restrictions on the manufacture of goods for which the articles in question constitute the raw material;" 3, "issue orders regarding the distribution, transfer, use or consumption of the articles in question or their manufactures;" 4, "collect reports or conduct inspections regarding matters pertaining to such restrictions or prohibitions." These provisions are very elastic; there is hardly a type of industrial manufacture in Japan which they could not be made to cover.

The Minister of Commerce and Industry, who finally drafted this bill after having been defeated in his initial attempt to introduce legislation for a much more clear-cut and comprehensive control, has so far confined its application to an almost non-controversial matter of undeniable urgency, *i.e.* the prohibition or restriction of some 300 kinds of foreign imports which are of a

more or less dispensable character and which represent an annual value of nearly Yen 200 million. This step was necessary to check the embarrassing rise of the country's import surplus, which this year may reach a record high of between 700 and 800 millions, and which definitely threatens the stability of the yen. In every other regard the Minister still has found it necessary to carry on direct negotiations with industrial organizations in order to achieve the aims he has in mind. An example of the sort of problem confronting him is the need for convincing the woolen industry that a high percentage of domestic staple fibre must be added to foreign wool if the yen is to be maintained. So far he has failed in this. Nor has he been able, so far, to perfect the rather nominal price control legislation. Instead, a propaganda campaign to reduce popular consumption — dampened, of course, by the influence of business interests — is being tried in order to slow down the rise in prices. The cost of living in Japan has already increased by one-third since the "Manchurian Incident" in 1931, while the concurrent worsening of the "national emergency" prevents salaries and wages from rising.

Another major instrument of potential control, the "Law for the Emergency Regulation of Capital Investment," entitles the Government to: 1, "regulate the use of domestic capital, as a means of mutually adapting the supply and demand of capital and goods in connection with the China Affair;" 2, "submit to Government permission the lending of capital in connection with the creation or extension or improvement of the equipment of an enterprise, as well as transactions like the subscription to, the underwriting of, or the issue of securities by banks, trust companies, insurance companies, the Central Treasury of Coöperation Societies, the Central Treasury of Merchants' and Manufacturers' Guilds, the Federation of Credit Associations, or underwriters;" 3, "appoint, for examining or discussing important matters concerned, a Temporary Capital Regulation Commission."

One of the aims of this law is to preserve the resources of the capital market, already narrow, for the requirements of the armament and allied industries. These are being urged to increase their productive capacities as much and as fast as possible, at the expense of all other branches of economy. These, at least for the time being, are not to invest any capital above Yen 500,000 in expansion schemes, unless they get a special permit. But here,

too, the powerful influence of the business community is showing itself. Power to make decisions as to when the investment of capital is to be allowed has been given to a committee in which private interests are well represented. Actually, of the first three permits granted only one was in favor of an iron manufacturing company of any importance to national defense; the second went to a cotton spinning mill, in spite of the fact that the Japanese spinning industry already has a large surplus of idle spindles and was supposed to stop internal competition by not acquiring new equipment; while the third permit was given to the country's largest candy concern, which promised to manufacture some "special food" for the Army and Navy.

This laxness in the control of newly accumulated capital is bound to be especially disappointing to the fighting services, because it was mainly the lack of capital (and of foreign exchange for the purchase of more foreign machinery) that forced them, just on the eve of the war against China, to give up their ambitious Five-Year Plan for the wholesale expansion of the armament and allied industries of Japan and Manchukuo. The services are still fighting the financial authorities to try to salvage something from the wreckage of their Plan, especially those parts which provided for a tremendous expansion of the production of iron and steel, coal, artificial oil, and certain machinery; but it seems that, as so often before, most of the projects, drafted in any case by way of compromise and mutual "face saving," will remain just blueprints.

Only in one field have the Army and Navy effectively imposed their control on national economy. Now more than ever before are they the real masters of the Treasury, at any rate as regards decisions about their own expenditures. Despite apprehensions of a disastrous inflation within the next year or two, they have managed to raise their combined appropriations from Yen 455 million, before the "Manchurian Incident" in 1931-32, to Yen 877 million in 1933-34, and to an estimate of Yen 1,410 million in the current year. Even leaving out of account the cost of the war (or its aftermath) during the last three months of the current fiscal year, their expenditures for 1937-38 are figured at almost Yen 4,000 million. Their combined appropriations reached a sum equal to 36 percent of the total non-borrowed revenue of the state in 1931-32, 61 percent in 1933-34, and fully 70 percent in the original estimates for the present year. Actually the figure

for the current year is already 184 percent. To meet the demands of the military services the total national debt, already very considerable in view of the country's economic strength, had to be raised from Yen 6,200,000,000 in 1931-32 to Yen 11,000,000,000 at the end of the 1936-37 fiscal year. And the present war with China will likely increase it further to something like Yen 15,000,000,000 by March 1938. Even in this field, however, the military have so far been defeated whenever they wanted to extend their control to matters of procedure, *i.e.* the devising of schemes for fresh direct taxation.

But it is not directly in the economic and financial spheres that the fight for a totalitarian system of economy is really concentrated. The real battle is being waged mainly in the political arena. And here the totalitarian enthusiasts, if by no means satisfied, have reason to be increasingly hopeful.

One cabinet after another during the past six and a half years, beset by a bewildering conflict of group and personal ambitions, has shelved the real problems. They have drafted plans of reform which were never meant to be carried out, appointed and reconstructed commissions, brain trusts and planning boards which were never meant to do more than save "face" all around, and preserved the *status quo* of badly-defined government authority under a worse-defined and little heeded Constitution. Each cabinet alike strove to get rid of parliamentary and public interference; and each stumbled, therefore, deeper into the unknown and hence alluring *terra incognita* of totalitarianism. All this has happened without the emergence of any personalities ambitious and self-confident enough to regard themselves, much less to impress others, as equivalents of a "Duce" or a "Fuehrer."

The cabinet of Prince Fumimaro Konoye is no exception. The Premier himself, politically unambitious but sufficiently awake to realize that Japan is at the crossroads of her political destiny, certainly strives to exercise a moderating and constructive influence. His course seems to be dictated by the desire to retire soon, having prepared the way for some stable government which would be neither adventurous nor without a spirit of courageous enterprise, neither the dictatorial organ of one group of interests nor a pseudo-democratic body at the mercy of conflicting influences. The ideal government he seems to envisage would have to be strictly authoritative in its domestic policies, though not lacking in the old Japanese art of compromise and ceremonial

decorum. In its international dealings it would be prudently yet stubbornly expansionist, following the Pan Asiatic line that Japanese chauvinists have fixed for their country to follow until it finally conquers or breaks down. Such a Government would have to be prepared — and, if need be, willing — to fight a major war of decision in pursuit of its aims, if only to prevent the domestic upheavals a stalemate would entail. But at the same time it would have to try to be subtle enough to achieve its objectives abroad by the mere political pressure of the country's growing military strength and the driving force of its new totalitarian discipline; that is, its first line of attack would be by the "peaceful means" which most so-called Japanese liberals have been used to recommend for the missionary purposes which they share with their more impatient domestic opponents.

In the domestic arena Prince Konoye recently made a courageous move. As is well known, he has carried on a silent struggle against the freshly stimulated political ambitions of the dominating "Army Center" which aspires to establish a purely military dictatorship. To meet this menace he has attempted to find allies in two very different camps, hoping to reconcile them for at least the time being. One camp comprises the radical "young officers" who have a certain following in the patriotic associations and in the "Social Mass Party," the leaders of which recently turned from semi-Fabian ideals to an ideology akin to National Socialism. They aim at a totalitarian state with socialist slogans, as closely copied from the German model as is permitted by the peculiarities of Japan's economic, political and social structure and her national psychology. They also contain elements which are quite ready to repeat murderous incidents like those of May 15, 1932, and February 26, 1936 (in the latter they killed, among other national leaders, a prominent general belonging to the "Army Center"). The other allies of Prince Konoye's bureaucratic régime are "big business" circles which oppose pure Army dictatorship as the acutest danger, but whose former animosity against totalitarianism as such has recently given place to conditional acquiescence. These are clever enough not to object to mere socialist slogans so long as there is no fear of their being given practical application.

This strange alliance is reflected in Prince Konoye's choice of personnel for the newly-created Cabinet Advisory Council. This may turn out to be of actual consequence only as further govern-

mental "super-structure," but the fact that it was created offers an important clue to the type of totalitarian state which the Premier thinks might consolidate the *status quo*. The Council's ten members do not include a single representative or potential upholder of the "Army Center," but about an equal number of "radicals" and "moderates." Among the latter is the "pro-capitalist" General Ugaki, who failed to form a Cabinet immediately before Prince Konoye because the Army denied him a Minister of War and gave him so drastic a warning that he asked to have his name struck from the list of retired generals. There are, further, the moderate Admiral Abo, and the industrial leader and chairman of the new Federation of Economic Bodies, Baron Goh, a fairly outspoken critic of the military's financial demands. Among radicals, the Council comprises General Araki, famous for expansionism as well as totalitarian extremism during the "Manchurian Incident," but whose influence over the "young officers" seems since then to have somewhat diminished, and Admiral Suetsugu, the famous firebrand of the Navy, now often mentioned as one of the few candidates for the succession of Prince Konoye in the Premiership. And there is Mr. Yosuke Matsuoka, Japan's representative in Geneva during the Manchurian crisis. When Mr. Matsuoka took up his present position as President of the South Manchuria Railway Company, in the summer of 1935, he made the following prophetic statement: "Most of the people of Japan do not yet quite understand the great importance of our future operations in North China, and their lack of understanding will, beyond doubt, bring about a really serious crisis for the nation. Regardless of how serious the crisis may become, however, Japan cannot halt her North China operations. Their progress will decide the destiny of the Yamato race, its rise or fall in the world situation. To carry it through, domestic renovation is inevitable, and I think it is within sight."

Whatever may become of Prince Konoye's Cabinet and of his attempted political alliance during the next months of potential crisis, this much is certain: the tendency toward totalitarianism has recently been growing so fast, in spite of all obstacles, that it now seems the only direction in which Japan's internal politics can possibly develop for some time to come. The economic crisis which is in store will accelerate the movement. And lack of enthusiasm on the part of Japan's well-disciplined population will probably be the least serious difficulty in the way of the

consummation of a totalitarian state. The fact is that the Japanese people in their present state of political development stand ready to be led or moulded by any group or man. Most of them are restless, it is true, hoping simply for better luck in the future, and some even are thoroughly discontented with developments which they saw approaching but could not hinder. Yet most are willing to submit to whatever is asked of them in the sacred name of the Emperor, at least as long as there is a plausible “national emergency.” For the ideological field is the only one in which centralization and regimentation have never ceased to exist through all the seventy years since the official but in many respects only nominal “abolition of feudalism.” This semi-feudal type of ideological totalitarianism has indeed been strengthened continuously and successfully — without a guiding party, without brown or black or any other color shirts, without more marching than early military training involves, and without concentration camps.

The Japanese people, even most of those who struggle against the hypnotizing influences of semi-feudal traditions and training, still are imbued with the same old spirit of loyalty and unquestioning submission to the head of the family, to the master of the economic enterprise, to the military leader, and to the sacred Emperor. They still respond to demands for romantic heroism and self-sacrifice, still have an unwavering belief in the superiority of the divine Japanese race and its mission in a barbarian world. The story-tellers in the streets prepare the ground. The school textbooks teach these myths — or truths — to the exclusion of any others, hammering them in unremittingly from elementary school to university. Radio, cinema, theater and most Japanese literature broadcast them, true to pattern; if the form is slightly amusing it therefore is even more effective. The press cultivates them even in times of comparatively free political criticism. Family pressure; neighborly interference in a country of crowded, open houses; the patriarchal office and the factory régime; patriotic street associations, and the omnipresent police which still makes its weekly rounds of calls and keeps its watchful little police boxes at the street corner — all these prevent “thought offenses” in the widest sense of the phrase. This mechanism for the enforcement of Japan’s peculiar totalitarian ideology is ever on the alert, always uncompromising in its petty interference and oppression. Primitive as it appears, it has proved to be sufficient,

so far, to deal both with outside influences and with internal tendencies toward emancipation. That much it certainly can do, even though it has not always been able, and obviously is not able at present, to generate much active enthusiasm.

But though they conform to rule so thoroughly, the Japanese nevertheless seem to be slowly preparing themselves for fundamental changes of social attitude. More and more of them seem to be learning to compartmentalize their conventional opinions and behavior, developing alongside of their traditional attitudes a kind of alternative personality, progressive and critical. This some day might break through and take hold of them with surprising rapidity. It also is undoubtedly true that social unrest and a half-articulate dissatisfaction with the military and the Government had been spreading through the country just before the war against China began. Indeed the Diet at that time, in spite of its pitiable impotence, gave the fighting services fair warning of the unfriendly feeling entertained toward them by most of the population. But, once more, the totalitarian system of thought, strengthened by all the peculiar agencies available in Japan, responded to the requirements of the "national emergency."

Perhaps in the course of a serious economic crisis such as Japan seems to face in the near future there may take place the long-dreaded political awakening of a population at last thoroughly dissatisfied. The necessity of forestalling that development is, in the eyes of most political persons in Japan, an additional and highly important reason both for creating a state of genuine national excitement on the basis of a major war and simultaneously of establishing, while there is still time, a thoroughly regimented state on somewhat more modern and more efficient totalitarian lines. Only a few critical minds realize that, on the contrary, the danger of an awakening is itself the strongest argument in favor of moderation, both at home and abroad; they foresee that a new round of expansionist and totalitarian adventures, and especially the desired mobilization of popular dissatisfaction for the benefit of National Socialism, can make the awakening unpredictable in its dangerous consequences.

PAN ARABISM AND THE PALESTINE PROBLEM

By Robert Gale Woolbert

MOST persons interested in international affairs regard the present conflict in Palestine as one primarily between the Jews and the Arabs. The British, according to this thesis, are there as a disinterested and benevolent third party, performing the ungrateful task of keeping Arab and Jew from each other's throat. Britain is looked on as being apart from and above the struggle for power now gradually approaching a climax in the Holy Land.

However true this may have been several years ago, it is not a correct picture of the situation as it now exists. It is the British mandatory government which has become the principal object of Arab hostility. This bitter anti-British feeling is the first and most powerful impression that strikes the outsider visiting Palestine today. This means, not that animosity towards the Jews has lessened, but that the Arabs have concluded that only by the use of force can they prevent Britain from making the whole of Palestine into a Jewish State. Britain's denial of any such intention only proves to them the essential perfidy of British policy.

The Arabs fear that Palestine will be swamped by Jews. In recent years the Jewish proportion of the population has been rapidly increasing until today it constitutes thirty percent of the total. The abrupt rise in the number of immigrants, beginning in 1933, was what brought the Palestine situation to a head.¹ The Arabs demanded a cessation of Jewish immigration. Now, under the terms of the Mandate the number of immigrants given permission to enter Palestine is to be determined with regard to the economic capacity of the country to absorb them. The Arabs charged that the British were interpreting this provision much too liberally and that as a result the Jews would in a few years form a majority of the population. No one who has been in the country and talked with the Jewish leaders can doubt that these — Zionist and non-Zionists alike — look forward to the day when

¹ Official statistics for Jewish immigration are as follows: 1929 — 5,249; 1931 — 4,075; 1933 — 9,553; 1934 — 42,359; 1935 — 61,854. In addition there were large numbers of clandestine immigrants.

they control the Palestine government. As the Royal Commission quite clearly understood, the Arabs unalterably oppose any such eventuality, and to ward it off they demand their independence. When they have it, they will deal with the Jews in their own way.

In essence, then, the struggle is not (to quote the Royal Commission's Report) "an inter-racial conflict arising from an old instinctive antipathy of Arabs towards Jews." As the Report adds: "Quite obviously . . . the problem of Palestine is political. It is . . . the problem of insurgent nationalism." The Arabs are not interested in the argument that the National Home has greatly benefited them economically, even if they admit it to be true. They did not ask to be enriched; and they would much prefer, they say, that the Jews go away and leave them poor but masters in what they consider to be their own house. To prevent the Mandatory Power from letting the political control of Palestine pass to the Jews, they are prepared, if necessary, to fight.

This in a nutshell is the background for the revolt, or guerrilla war, which the Arabs began waging against the British authorities in the spring of 1936. When the Royal Commission went to Palestine in October of that year to investigate and take testimony, the Arabs boycotted it because the British Government refused to suspend Jewish immigration at once. The Arab leaders were dislodged from this position only through the intervention of King Ghazi of Iraq and King Ibn Sa'ud of Arabia.

From then until the publication of the Commission's Report in July 1937 was a period of comparative truce between the Arabs on one hand and the British and Jews on the other. (Jewish lives and property had of course borne the brunt of the Arab attack.) When the proposal for partition was made public a new wave of Arab protest quite naturally arose. Anti-British feeling, smouldering for several months, again flamed out. Some of the more belligerent and nationalistic Arabs were not to be restrained, and sporadic acts of terrorism were committed in spite of pleas by Arab leaders for moderation and patience. The renewed violence has been directed principally against officials in the British administration. But this time, however, the British have met arson, bombings and assassination with such stern measures as the curfew, wholesale arrests, the destruction of the houses of suspected incendiaries, the imposition of large fines and the quartering of military garrisons on towns where outbreaks occur. They have

also dissolved Arab political organizations and sent prominent Arab leaders into exile.

The net result, at the time these lines are written, has been to widen the gulf between the Arabs and the British. The recent decision of the authorities to restrict Jewish immigration to the country's "political" capacity to absorb it, which if made a year ago might have led to a compromise or at least a *détente*, has come too late. More drastic measures will be required — either the use of further force or frank conciliation. Though the former may temporarily restore order, it merely postpones settlement of the issue; while the latter can be achieved only by demanding further sacrifices from the Zionist ideal, already badly mutilated by the partition proposal.

This dilemma clearly illustrates the impossible situation into which the British got themselves by making contradictory promises to the Jews and to the Arabs during the World War.² As has been aptly remarked, Palestine is the "too-much promised land." The British, in order to escape from the resulting impasse, propose that each side surrender part of what it was promised. The Jews, after much private soul-searching and public debate, have decided to accept the principle of partition on the theory that half a loaf is better than no bread at all, and in the hope that the diminutive Jewish state can in the future, near or distant, be extended to the whole of Palestine.

Precisely because they fully realize the nature of this powerful if seldom expressed hope of the Jews, the Arabs are determined to prevent partition. Let the Jews come and settle in Palestine, they say, until they constitute 35 percent — or even 40 percent — of the total population. But let them live there as a minority in an Arab state, not as citizens of an independent Jewish homeland.

Now in case the British cared to impose partition by coercion, the armed opposition of the Arabs would not in itself present a serious military problem. The Arabs, especially some of the young stalwarts, indulge in very tall talk about their ability to cope with the British Army. Their inflamed imaginations do not consider what a different affair another conflict would be from the

² See "Alternatives to Partition," by Viscount Samuel, and "The Arabs and the Future of Palestine," by H. St. J. B. Philby, *FOREIGN AFFAIRS*, October 1937. For other aspects of the Palestine problem see "Arabs and Jews in Palestine," by Henry W. Nevins, *FOREIGN AFFAIRS*, January 1930; "The Palestine Situation Restated," by Felix Frankfurter, *FOREIGN AFFAIRS*, April 1931; and "Immigration and Labor in Palestine," by Sir Andrew McFadyen, *FOREIGN AFFAIRS*, July 1934.

desultory guerrilla fighting of 1936. The present writer can testify that the British preparations in Palestine indicate that the Mandatory is not again going to stand for any nonsense.

Normally the military problem involved in suppressing an Arab uprising would not alarm the British authorities unduly. As one experienced observer remarked to me: "The Governor of an Indian province, accustomed to ruling 40,000,000 people with an iron hand, could settle a revolt in Palestine in an afternoon." In view of the fact that the Holy Land's million and a half inhabitants live in an area no larger than that of the state of Maryland this is not such a hyperbole as at first appears. Nevertheless, Sir Harold MacMichael (former Governor of Tanganyika Territory), who has recently been appointed to replace the conciliatory Sir Arthur Wauchope, is faced with a situation which cannot be resolved "in an afternoon," not because he may lack the armed power but because Palestine is not India.

In the first place, Palestine is, in theory at least, held by Britain as a mandate and not as a colonial possession. Her task supposedly is to prepare the people of Palestine for self-government. The manner in which she discharges it is subject to review by the Mandates Commission of the League of Nations. Various international contracts also limit her freedom of action.

Secondly, the Holy Land occupies such a central place in the religious affections and political interests of so many people throughout the world that events there are followed with a concern out of all proportion to their intrinsic importance. For nearly two centuries mediæval society was rent asunder by the efforts of the Christians to recover the Holy Sepulchre from the Infidel. Even as late as the nineteenth century the quarrels of monks in Jerusalem set armies to marching in Europe. But if Jerusalem is the Holy City of the Christians, so is it also the Zion of the Hebrews. Any happening in Palestine today may arouse the passions of Jews on six continents; and given the power wielded by individual Jews in the press, legislative assemblies and public life of many Great Powers, a shot fired in Tel Aviv may well be heard round the world.

It is a great handicap for the Arabs that they have few powerful compatriots dwelling in Christian countries who can be called upon to defend the Arab cause before the occidental world. They do, however, possess other weapons, and these they are learning to wield under the guidance of the Grand Mufti of

Jerusalem, His Eminence Haj Mohammed Amin el Huseini. These weapons are Pan Arabism and Pan Islamism; for it must not be forgotten that Jerusalem, with its Haram-ash-Sherif, is one of the three sacred cities of the Moslems. These instruments are still blunt tools, and lie in the hands of inexperienced or indifferent nations. But in time the nations may become expert and the weapons sharp; and the British know how easily a cunning hand could turn them towards their jugular vein. Over forty million Arabic-speaking people straddle the short route to India; and there are, scattered through the world, more than two hundred million non-Arab Moslems, one-half of them inside the British Empire. The dominant political tactic of the Arabs in Palestine, led by the Grand Mufti, has been to arouse the sympathy and, if possible, obtain the active assistance of the Arabs and Moslems everywhere. In short, His Eminence has tried to lift the Palestine question from its local setting and make it a Pan Arab and Pan Islamic problem.

How has the Mufti sought to accomplish this and how successful has he been? He is a man of great personal charm and astuteness, as anyone who has talked with him can testify. He is still relatively young. After having been an officer in the old Turkish army, he changed his allegiance and served with the Emir Feisal in Damascus. In 1918 he was helping the British recruit Arab troops. However, he soon came into conflict with the authorities, was sentenced to ten years imprisonment for an incendiary speech during the Jerusalem disorders of 1920, and fled to Trans Jordan. But he was amnestied after a short time, and in 1921 was named Mufti of Jerusalem to succeed his half brother. In the following year he was elected President of the Supreme Moslem Council for Palestine. In this position he enjoyed the control of (1) the *Waqf* funds, the income of which in 1936 was £67,000, and (2) the *Sharia*, or religious, courts. He also had supervision of orphans' funds valued at £50,000 annually. His prestige was further heightened when in 1931 he presided over a Moslem Congress in Jerusalem, at which were present 145 delegates from every corner of the Islamic world. With all this authority in his hands he had become the most powerful Arab in Palestine.

At the same time that he was consolidating his ecclesiastical position, he was also building up a political organization, called the Palestine Arab Party but generally referred to as the "Mufti's Party." The actual head of this group has been Jamal Bey el

Huseini, the Mufti's cousin. It is the largest but not the only Arab party in Palestine. There are four others, the most important of them being the National Defense Party, usually called the Opposition or "Nashashibi" Party from its president, Ragheb Bey Nashashibi. Ragheb Bey was the mayor of Jerusalem from 1920 to 1934. He more than any other man is responsible for the new Jerusalem that surprises and delights the visitor today. The rivalry between the Huseini and Nashashibi families is of very long standing and in a country where tribal loyalties are still strong is of considerable political import.

All the Arab parties are at one, however, in their determination to oppose the creation of a Jewish national state. To cement their joint forces in a single body, in April 1936 they set up the Supreme Arab Committee (later renamed the Arab Higher Committee), of which the Mufti was elected President. Haj Amin's power thus became even greater, to the dismay of his opponents in the Opposition Party, some of whom refer to him as "the spider" or as "Rasputin." Nonetheless, they maintained a common front during the disturbances of 1936 and towards the Royal Commission. When the latter's Report was published in July 1937, the Opposition Party withdrew from the Arab Higher Committee because its leaders felt that the Report should at least be considered. During the disturbances of recent months a number of the victims of Arab terrorism have been members of the Opposition Party or Arabs who had sold land to the Jews. Many Arabs held the Mufti responsible for these acts despite the fact that he had issued public pleas for law and order. Nevertheless, the Nashashibi faction is no less adamant against partition than the Mufti himself; and there is scant evidence thus far that the British have succeeded in driving a wedge into the Arab ranks.

Over one-tenth of the Arab population consists of Christians of one sect or another; yet they have taken the same stand toward partition as their Moslem compatriots. Several of the leaders of the Arab Higher Committee, dissolved by the Mandatory authorities on October 1, 1937, were Christians, as is also the Secretary of the Opposition Party. The Christian Arabs sent a delegation of church dignitaries to intercede with the heads of the Greek Orthodox Church in the Balkans; the Rumanian Patriarch is reported to have received them with particular favor.

This solid support from all the Arab elements put the Mufti in a very favorable situation to make trouble for the British. His

accumulation of offices gave him unrivalled power in the country — his position was described by the Royal Commission as that of an *imperium in imperio* — while his function as the religious custodian of Jerusalem gave him great prestige among Moslems everywhere. There are those who will tell you that the Mufti's ambitions, far transcending the narrow bounds of Palestine, aspire to the religious leadership of Islam, vacant since the Turkish Republic's abolition of the Caliphate in 1924. Be this as it may, he has not hesitated to make use of his high religious position in arousing Moslem sentiment against Britain.

Certain circumstances have played in the Mufti's favor. Arab anxiety over the rapid expansion of Jewish immigration was mounting to its peak at the very time British prestige in the Mediterranean was being shattered by Mussolini's behavior in the Ethiopian affair. The Arabs quite naturally concluded that Britain was not so formidable as had been supposed — a belief later strengthened by the dilatory manner in which she went about suppressing the 1936 revolt. In another if less direct way the Ethiopian War helped raise the pitch of Arab nationalist agitation in Palestine. It will be recalled that fear of Italian aggression had finally terminated the long negotiations for Egyptian independence by the signature of the Anglo-Egyptian Alliance on August 21, 1936. A few days later, on September 9, the French signed a treaty with Syria, promising the latter virtual independence within a few years. They entered into a similar arrangement with the Lebanon Republic on November 13. Since 'Iraq had already been independent for some years, Palestine and Trans Jordan were the chief Arab states still remaining under foreign tutelage. This, of course, only further embittered the Palestine Arabs.

Whether Italian propaganda, money and arms had anything to do with the revolt of 1936 is difficult to say. Certainly the Fascist Government would not hesitate to embarrass Britain by stirring up trouble among her Moslem subjects, as the broadcasts in Arabic from the Bari station and the invitation to the Mufti to seek refuge in Italy bear evidence. However, few Arabs have any desire to substitute Mussolini for George VI. They vividly recall the barbarities of Graziani's conquest of Cyrenaica. What it comes down to is largely this: Fascist and Arab for the time being have a common interest in making trouble for the British Empire.

Perhaps the reader has become somewhat confused by the seemingly indiscriminate use of the expressions "Pan Arab" and

"Pan Islamic." The two manifestly cannot be the same thing: there are 250,000,000 Moslems in the world, and of these only a fifth speak Arabic. Is it not therefore quite incorrect to suggest that the names of the two movements can be casually interchanged? The answer is that of course it is quite incorrect to confuse the two but that this is precisely what the Arab Nationalists are constantly doing, intentionally or otherwise. The tendency was well exemplified in the speeches and resolutions of the Pan Arab Congress held at Bludan, a mountain resort in Syria, September 8-10, 1937. Among the some four hundred and fifty delegates to this picturesque gathering were Orthodox Archbishops who presumably were much more interested in Pan Arabia than in Pan Islam. Many of the lay delegates were likewise Christians. Yet resolutions drawn up at the concluding session of the conclave appealed — as will be indicated shortly — to both the Arab and Moslem worlds.

The Congress had been called for the specific purpose of demonstrating Arab solidarity against the partition of Palestine. It was conceived in some degree as a counterpart to the periodic congresses of world Zionism. Among those who attended there were no responsible statesmen in office. Pan Arabism is still too young and experimental a movement, Great Britain's power is still too dominant in the Near and Middle East, for a member of the 'Iraqi or Egyptian cabinets, for example, to participate in such an openly anti-British manifestation. Furthermore, some of the more distant Arabic-speaking countries did not, as far as I have been able to ascertain, send delegates. Since no non-Arabic-speaking country was represented it was in no sense a Pan Islamic gathering. My personal impression, gained on the spot, is that the delegations from Palestine, Syria and 'Iraq were the most active, being followed by those from Egypt, the Lebanon and Trans Jordan.

The sole *raison d'être* of the Congress was to protest partition. That fact is reflected in the resolutions adopted, which may be summarized as follows:

1. Palestine is Arab and its preservation as such is the duty of every Arab.
2. All offers of peace from the British are to be rejected if they contain a vindication of Jewish political and racial demands. The Jews are to be permitted to live in Palestine only as a minority, with the same rights which minorities possess elsewhere.
3. The Palestine Report is rejected, in particular the proposal for partition.
4. The Palestine question can be solved only if the following steps are taken

first: (a) the withdrawal of the Balfour Declaration; (b) the abolition of the Mandate; (c) the signing of a treaty creating an Arab state after the example of 'Iraq; (d) the immediate prohibition of the sale of land to Jews and of further Jewish immigration; (e) the suspension of arbitrary measures and all restraints on liberty; and (f) "The delegates pledge before God, before history, before the Arab nation and before the Islamic peoples to carry on their struggle and their efforts on behalf of the Arab cause in Palestine until it is saved and its sovereignty rests in itself."

5. There were also resolutions calling for more intensive propaganda and for a boycott on Jews as a patriotic duty. The Executive Committee was empowered to impose a boycott on British goods and to ask other Moslem countries to do the same unless Britain altered her policy towards the Arabs.

The Congress officially thanked the following for their help in forwarding the Arab cause: the Arab sovereigns, the President of Syria, and all the chiefs of Arab and Moslem states "who have shown solicitude for the cause of Palestine;" the Pope; Pandit Jawaharlal Nehru, President of the All India Congress Committee; Fauzi Kaukji, the military adventurer who led the 1936 revolt; and the Arab press. The reference to Pandit Nehru — who is not a Moslem — was inspired by his public declarations of sympathy for the Arab cause. The Moslems of India likewise protested against partition at numerous meetings, by strikes and by petitions presented to legislative bodies.

However, in spite of these appeals to the Moslem world — indeed, to all colonial peoples — the only places from which substantial support can be expected in the near future are, with the possible exception of Italy, the Arab countries of the Near East and North Africa. How have these countries responded to the Mufti's campaign?

The 'Iraqi Government has on several occasions actively intervened in the Palestine question. Typical of its attitude was its note to the Mandates Commission shortly after the Palestine Report was published, in which it vigorously protested against partition as unjust, dangerous and ineffective. The 'Iraqi Minister of Justice went on record as saying that a Jewish state would be a menace to nearby countries. There were several mass demonstrations, one of them attended by more than 50,000 people, at which the Government's stand against partition was clamorously upheld.

Syria is one of the centers of the Pan Arab agitation. One European observer not long ago reported that talks with Syrian politicians, intellectuals and businessmen revealed that "the pan

Arab ideal must be regarded as the strongest and most dynamic force in the life of modern Syria." The Lebanon, being preponderantly Christian, manifests less Pan Arab sentiment than its neighbors; and it is definitely suspicious of Pan Islam. The Lebanese Government was lukewarm to the Bludan Congress and to its program of interference in Palestine. The President of the Republic, Emile Eddé, is reported to have described Pan Arabism in his country as "a utopian dream of a few fanatics only." This statement is typical of the "Phœnician" policy advocated by certain Lebanese politicians, who look upon the creation of a Jewish state contiguous to the Lebanon as a reinforcement against the "Moslem peril." Still, some of the leading intellectuals of Pan Arabia are Lebanese Christians.

The Emir Abdullah of Trans Jordan, who owes his position to Britain, has been very loath to join in condemning the British policy in Palestine. He is a natural rival of the Mufti, for in the projected Arab state to be created out of Palestine and Trans Jordan there would not be room for them both. The Emir's administration is therefore friendly toward the Nashashibi Party. Some of the Trans Jordan delegates to Bludan were arrested on their return home, though I was informed on the highest authority in Amman that this was done for reasons quite unconnected with their participation in the Congress.

Sa'udi Arabia is said to have contributed — unofficially — both men and arms to the 1936 revolt in Palestine. A convention of ulemas that met at Ar-Riyadh last summer informed King Ibn Sa'ud that the creation of a Jewish state in a Moslem land could not be permitted and that he should help prevent it. Ibn Sa'ud has great respect for the religious doctors; but thus far he has been circumspect enough not to antagonize the British too openly. What he will do in the future no one knows, for he is a man of few words but of decisive actions.

The recent renewal of Italy's treaty with the Yemen indicates that the British have not strengthened their position in that quarter as much as they could have hoped. The Yemen is rather out of the current of Arab thought and events; yet it is difficult to believe that the Imam Yahia and his house would, or could, follow a line at variance with that of the rest of the Arab countries.

When on September 18 the Egyptian Foreign Minister, Wassif Boutros Ghali Pasha, delivered a speech in the League Assembly in opposition to partition, many observers were surprised. The

Wafd Government was supposed not to have any interest in Palestine, or at least not to have any desire to annoy the British unnecessarily. Yet the Minister said: "The Palestinian question is engaging the closest attention of the Egyptian Government and people, because of the neighbourly relations between Egypt and Palestine, and of the religious and historical relationship which unites Egypt and the Holy Places, the bonds of fraternity based upon a common language, religion and civilisation that connect us with the people of Palestine, and also because of the close relations of alliance and friendship existing between Egypt and the United Kingdom, the mandatory power." Having made this bow to impartiality, he went on to assert that "Right and justice require that Palestine should remain in the hands of the Palestinians. This is the natural law in its simplest and clearest form." In further remarks Wassif Ghali sought to placate Britain, but the fact remains that the British would have preferred that he had not made the speech.

From conversations which I had with other members of the Egyptian cabinet, including the Prime Minister, Nahas Pasha, the words used by the Foreign Minister echoed a sentiment prevailing generally. You may say if you wish (though I think it untrue) that Egyptian politicians do not really care what happens in Palestine, that they raise the question only for demagogic reasons in order to deflect popular attention from the crying need for internal reforms — the same charge that is made against the governing clique in 'Iraq. But does not the very fact that the cabinet feels obliged to defend the Arab case indicate that there must be many Egyptians who do have a lively interest in Arab nationalism? There is no use dragging a red herring across the path unless the cat likes herrings. The politicians may be insincere and their appeal may savor of demagoguery, but the fact that they make it shows the inclinations of the electorate.

In this Pan Arab madness there is for the Egyptian Government a certain amount of political method. Egypt considers herself the leading Arabic-speaking country and the center of Arabic culture today. With her large intellectual class, her enterprising and modern press, her El Azhar University and other important educational centers, it is hard to deny this claim. Her prestige therefore demands that she share in the credit for any success which the Pan Arab movement may achieve. This may be narrow self-interest — as is 'Iraq's desire to keep her Mediterranean out-

let at Haifa from falling into non-Arab hands — but it all goes to swell the ever-widening stream of forces strengthening Arab nationalism.

An obviously patent case of demagoguery is that of the recent protest by the ulemas of Libya against partition. Does anyone suppose that this declaration would have been made without the permission, or even instigation, of the “Defender of Islam” in the Palazzo Venezia?

Recent reports of unrest in French North Africa have contained statements that the authorities have uncovered a Pan Arab plot to throw off European control and set up native governments. That the Tunisian, Algerian and Moroccan nationalists are striving for independence is certainly news to no one. On the other hand, the statement that leaders of those movements have proclaimed Pan Arab objectives comes somewhat as a surprise. Has the leavening force of the Palestine question become so great as to cause ferment among the provincial-minded “Arabs” of French North Africa? (There is, of course, practically no Arab blood in North Africa, though most of the natives speak Arabic as their mother tongue.)

My impression — based on recent talks with such leaders as the Sheik Thaalbi, venerable leader of the old Destur Party in Tunisia, and Si Allal el Fassi, head of the National Reform Party in Morocco, now exiled to French Equatorial Africa — is that among the intellectuals there is considerable sympathy for the cause of Pan Arabism and a general desire to aid the campaign of the Mufti. Some of the intellectuals have studied in Cairo and elsewhere in the Near East. Many of them possess, or have invented, long genealogies to prove their descent from the Prophet. To be an Arab, or at least to be taken for one, is a mark of great social distinction in North Africa where authentic Arabs are so few and far between. Any movement labelled “Pan Arab” therefore carries a certain appeal.

The conditions that make it possible for these nationalist movements to prosper are local. Take Morocco, for instance. The mimeographed report of the Moroccan Reform Party’s congress held at Rabat on October 13, 1937 (twelve days before the party was dissolved and its leaders arrested), is full of complaints about suppression of the press, the forcible closing of Koranic schools and other indignities to the Moslem religion, the harrying of the countryside by irresponsible soldiers, and various other acts of

violence and savagery on the part of both the French and native Moroccan officials. The only reference to extra-Moroccan affairs is found in the statement that the reactionary "Berber policy," introduced by the French in 1930, "has aroused the general dissatisfaction of Morocco and of the Arab-Mussulman world." The report asserts categorically "that the Party is not subject to any foreign influence."

This is hardly a Pan Arab manifesto. It is rather the statement of a group of intellectuals who use the increasing disaffection, especially among the *fellaheen*, as a means of securing popular support for their program of political independence. They are able to obtain that support because of the discontent created by several years of severe drought. Empty stomachs make for unrest in North Africa as well as anywhere else. As they say in Tunis: "Le meilleur Résident Général, c'est la pluie."

True, there have been manifestations of Pan Arab and Pan Moslem solidarity in French North Africa (the latter is probably the stronger). In Tunisia money was collected to aid the Arab cause in Palestine, while numerous letters, telegrams and delegations protested against partition. The Congress of Algerian ulemas at Oran asked the French Government's intervention to prevent the dismemberment of Palestine. In French Morocco the Higher Arab Committee's appeal for moral support was answered with prayers and addresses in the mosques, while in a letter to the Mufti the National Reform Party in Spanish Morocco announced itself ready for any sacrifice on behalf of the Arab cause.

These demonstrations do not signify that the Moors — some of whom are in any case occupied at present in reconverting Spain to Christianity — are about to betake themselves *en masse* to Palestine in order to save it from the Infidel. They do, however, signify that the Pan Arab and Pan Islamic banners have been raised in North Africa. Indications are, furthermore, that the French probably would be well advised to minimize the importance of these movements rather than magnify them, unless they are prepared to admit that that is the only way to deflect outside attention from the serious economic, social and political conditions demanding drastic remedy in their North African empire. Otherwise, they — and for that matter, the British too — will make Pan Arabism respectable among all their Arab-speaking subjects and protégés.

The foregoing pages obviously do not present the panorama of

a harmonious and united movement. Probably many years will pass before this embryo Pan Arabia becomes politically mature. Some observers are dubious that it can ever be more than a dream and an aspiration, or a word in the mouths of self-seeking politicians. These critics are very doubtful that the innate tribalism of the Arabs can be sufficiently subdued to permit the Arab states to overcome mutual antagonisms and pool common interests under a single government.

But are these skeptics taking the long view? In our own day we have seen seeming miracles wrought in the name of nationalism. Are we justified in making an exception of Arab nationalism? Can we be sure that the obstacles facing Arab unity — now apparently so tremendous — will not eventually be overcome? Are not the British and French by their suppression of Arab nationalism creating precisely the milieu in which it can flourish? Will such an Arab nation be a centralized unitary state or a loose confederation? Will it be confined between the Nile and the Tigris, or will it include all Arabic-speaking peoples? A fantastic suggestion? Perhaps. At the Bludan Congress I asked a young delegate from Gaza, a graduate of Cambridge, whether the Arabs envisaged as a practical possibility the rebirth of an Arab empire extending from the Indian Ocean to the Atlantic. His reply was, "Why not?" And indeed, as we survey the world about us, we dare not utter a categorical negative.

ITALY AND THE JUGOSLAV IDEA

PAST AND PRESENT

By Count Carlo Sforza

ONE of the earliest prophets of political independence for the South Slavs was Mazzini. Immediately after the Italian wars against Austria in 1848-49 a bitter feeling naturally existed among the Italian masses against the Croats; for along with the Germans these had been the best Hapsburg soldiers on the battlefields of Lombardy. Mazzini was able to rise above this feeling, and with rare generosity and breadth of vision wrote as follows: "The movement of the South Slavs is, after that of the Italians, the most important in the Europe of the future." While not minimizing the obstacles in the path of Yugoslav unity, he nevertheless firmly believed that in time they would be overcome. "And," he continued, "if Italy were now to rise on behalf of all the peoples which are seeking freedom, and if, after each victory, she were to grant treaties of peace and liberty even to those who, though our enemies on this side of the Alps,¹ might, beyond those mountains, become our brothers . . . then all difficulties would disappear and the end of the Austrian Empire would be the reward of battle."² In 1871, a year before his death, he predicted: "The Turkish Empire and the Austrian Empire are irrevocably condemned to perish. Italy must wish to hasten their death. And the sword that will kill them is in the hands of the Slavs."³

Less well known than these passages from Mazzini are Cavour's clairvoyant words about the Slav movement and the Croat revolt against the Magyars, uttered October 20, 1848, in the Parliament at Turin. No other man in European public life saw realities so clearly as the young Piedmontese deputy. "Within the Empire there dwells the Slavic race," he said, "numerous, enterprising, audacious, but sorely proven for several centuries. It extends from the Danube to the mountains of Bohemia. It

¹ An allusion to the Croats. The main reason for the loyalty of the Croats to the Austrian Emperor in 1848-49 was their hope that he would protect them against Magyar predominance. Francis Joseph repaid the Croats for their services against Italy by leaving them completely in the hands of the Magyar aristocracy when he made terms with Budapest and accepted the new formula of "Austria-Hungary."

² In "Lettere Slave," reproduced in my "Mazzini" (Milan: Treves, 1925).

³ A newspaper article, reproduced in my "Mazzini."

wishes to obtain its complete emancipation, reconquer its nationality. This cause is just and noble; it is supported by legions still rude but brave and energetic; it therefore in the distant future is destined to triumph." The current conflict between Croat and Magyar was, he held, merely the "prelude to a terrible war of race, a war between Germanism and Slavism."⁴

When in 1914 this "war between Germanism and Slavism" actually broke out, there was no Cavour guiding Italy's policy. The Marquis di San Giuliano, Foreign Minister at that time, had neither the courage nor the vision of a Cavour. In his diplomacy down to 1914 he had relied too much on cleverness and fortuitous events. Before becoming Foreign Minister he had been Ambassador in London, where in 1910 I had been Counsellor with him; he went from London to Rome convinced of the decadence of English power *vis-à-vis* Germany, an idea, by the way, which had often been the subject of friendly divergence between us. "Yes, Germany is stronger than England," I used to retort when he made that statement, "but the German leaders are fools; they reckon only on their material force. . . ." When the war broke out I was Minister to China. But there I learned very soon, from San Giuliano himself,⁵ that the bellicose policy of Austria and Germany and, perhaps most of all, the language which Germany used to Rome — half menacing, half flattering — had rapidly converted him and obliged him to admit the dangers of the "*Drang nach Osten*" which threatened to write finis to Italy as a Great Power. When Austria sent her ultimatum to Serbia without previous agreement with Italy, thus violating article VII of the Triple Alliance, San Giuliano not only did not hesitate an instant to declare the neutrality of Italy, but felt clearly that the most vital interest of our country was to fight on the side of the Entente. At the same time he felt that Italy must protect herself against the effects of that partiality for Austria-Hungary which he already detected in London and Paris. On August 20 he telegraphed to the Italian Ambassadors in London, Paris and Petrograd: "The Entente apparently wishes to spare Austria-Hungary; and it is in this state of mind that I see the principal obstacle to our eventually deciding to depart from neutrality." Already on the previous day he had told Sir Rennell Rodd, the British

⁴ "Atti del Parlamento," 1848.

⁵ "How right you were, in London, with your comparison of the powerful car and the stupid driver" — so he wrote to me in Peking, approving the views which I had submitted to him in a private letter about the way we should shape our neutrality in the Far East.

Ambassador: "Before engaging in negotiations of any sort I must be shown commitments and acts against Austria. Up to now I have seen none. It is my impression that in England they want to spare the Austro-Hungarian Monarchy."

At the same time San Giuliano preserved very cool relations with the Central Powers. His attitude toward the question of *Italia Irredenta* was well summarized in his dispatch of September 15 to the Marquis Imperiali, Ambassador in London, in which he said in substance that even if the Entente Powers were to promise Italy the Trentino and Trieste, she could not regard that as a real concession; that the Trentino was destined to fall to Italy on the inevitable day that the Hapsburg Monarchy disintegrated; that that was why more than one Italian statesman had never accepted the hypothesis that Italy could take the Trentino in compensation for further Austrian territorial expansion in the Balkans; that as for Trieste, if Italy were to acquire it, that would be not only to France's interest, but to England's and Russia's as well, for the Adriatic aspirations of Pan-Germanism would thereby be destroyed and a cause for future friction between Italy and Germany would have been created. "Never forget," he said in concluding his instructions to Imperiali, "that our principal adversary is Austria-Hungary and not Germany; that on the contrary the main purpose of the Triple Entente is to crush Germany; and that for the Entente the Adriatic question is only secondary. This is why we must have explicit and peremptory promises of real collaboration against Austria-Hungary."⁶

This feeling on the part of San Giuliano that "*Austria delenda est*" necessarily contained the idea of a strict coöperation not only with Serbia but also with the anti-Hapsburg Slavs of the Dual Monarchy. When in mid-September 1914 Pašić, the Serbian Prime Minister, asked in Paris and Petrograd that "Slav interests in Dalmatia be not forgotten," San Giuliano took no umbrage at this *démarche*; he realized that it was perfectly natural, and his only action was to charge the Italian Minister in Serbia to impress upon King Peter and Pašić that

⁶ These documents have never been published, a thing which as an Italian I regret, since they constitute the best demonstration of Italian loyalty and foresight during the San Giuliano administration after the outbreak of the war. When I was Foreign Minister I ordered that a Green Book on that period should be published, for Sonnino, San Giuliano's successor, had published only the documents concerning his own period. It was a fault of mine not to remember that Ministers must never say: "Next year I'll do so-and-so." Needless to say, the Fascist régime did not use the materials which had been collected. Dictators must maintain the bluff that everything begins with them.

"Serbian action should be in harmony with that of Italy." San Giuliano believed that, once Italy was in the war, an allied Serbia would represent an enormous moral force on the side of the anti-Austrian bloc. In fact, when writing to Squitti, Italian Minister in Serbia, he did not hesitate to say: "The extreme good will of the Triple Entente for this little country will be useful to us in our struggle to the death against Austria. The disintegrating force of the nationalities will have the greatest influence in the outcome of the conflict; it must be the weapon of our war."

A few days later the Italians who had volunteered to fight in France against German militarism asked the authorities in Rome and Nish (then the temporary capital of Serbia) to be transferred to the Serbian front; they complained of the inactivity in which they were kept on the French front. Pašić expressed his joy that Italians should wish to fight on the side of the Serbs. San Giuliano raised no objection. "So much the better," he said. "Let them go, though it is not for the Foreign Minister of a neutral country to take official notice of them." Prime Minister Salandra, however, opposed it.

In the meantime San Giuliano's health rapidly deteriorated and on October 16 he died. His death promptly revealed what he had meant to Italy and to the Entente. As we have just seen, one of his last thoughts had been: the disintegrating force of the subject nationalities of Austria-Hungary must be the weapon of our war. This intelligent conception, which might in itself have been enough to destroy the Austro-Hungarian Monarchy well before the end of 1918, unfortunately disappeared with its author.

Salandra, the Prime Minister, filled San Giuliano's place at the Consulta for a period of four weeks. They seemed to him an eternity. He was an upright man, but timid and badly informed. Each telegram which he dispatched carries the mark of his uncertainty. He gave the impression not of a statesman but of a lawyer who, unable to master the subject matter of his case, seeks to drag it out with long-winded arguments. Almost all his telegrams to the various Italian ambassadors contain this phrase: "I leave it to Your Excellency to decide whether . . ."

In Serbia, Pašić and Squitti immediately sensed that with such an air of uncertainty prevailing at Rome there was no use in continuing the conversations which San Giuliano had authorized.

In mid-November Sonnino consented to become Foreign Minister. He had been the only prominent Italian politician who

at the outbreak of the war had expressed the opinion that Italy could join in on the side of her Central European allies. But this had been forgotten. After all, he was well known for his circumspect nature and an instinctive desire to move against the current, in which there was an element of moral nobility. The public therefore had concluded that his attitude in the first week of August was but a reaction against what he regarded as an excess of popular sympathy for Belgium, Serbia and the democratic Powers. The entire country placed its trust in Sonnino. He had yet to prove himself in the domain of foreign affairs, but his undoubted gifts, especially his faculty for silence, were not such as to displease Italians. "Nobody will put anything over on him," was the widespread sentiment.

With Sonnino at the Foreign Ministry, the Germans picked up hope. Von Jagow, Secretary of State for Foreign Affairs and Sonnino's personal friend, sent his congratulations and expressed the hope that Italy would soon range herself with her allies. The Germans sought to tempt Sonnino with Savoy, Nice, Corsica and Tunisia, as well as with promises to bring pressure at Vienna in regard to an eventual cession of the Trentino. Sonnino's only reply was that Italian public opinion was already utterly opposed to participating in the war on the side of the Central Powers. At the same time he was much annoyed by British queries concerning the Italian occupation of the Dodecanese; he therefore adopted a policy of silence toward London, where a resumption of the conversations begun by San Giuliano was anxiously awaited.

Meanwhile, the Serbs were being pushed farther and farther south by the Austrian armies. The Serbian Government complained bitterly that it had been left without munitions by the French. In spite of his natural reserve, Pašić spoke about it with Squitti. A man like San Giuliano, who had understood that the struggle was in reality a new War of the Austrian Succession, would probably have seized this opportunity for negotiating with Pašić. Sonnino merely buried himself all the deeper in his silence.

Being unable to send a sufficient quantity of munitions to Serbia, France and Britain considered the advisability of offering her the northern part of Albania and of offering the southern part to Greece. This would permit the Serbian Government to cede Macedonia to Bulgaria and, it was hoped, would bring Greece into the war on the side of the Entente. As soon as Sonnino got

wind of the scheme he protested vigorously to the Entente governments. Italy's vital interests, he declared, would not permit a violation of the decisions concerning Albania which had been made at the Conference of London in 1913.

Thus, with Paris and London there had been created an atmosphere of distrust; and towards Serbia there was an attitude of silence. This continued as long as Sonnino remained in office. It endured even when Bissolati, the leader of the Reformist Socialist Party, entered the Cabinet. Bissolati was the only Italian statesman with whom I had the feeling of speaking the same language during my brief returns to Rome from Corfu, where I had gone from China in 1915 as the Italian representative at the temporary seat of the Serbian Government. Little attention was paid to Bissolati's advice because, so they said, "he is an idealist." In reality he was so little the idealist that he was almost the only one (with San Guiliano) to fathom the true character of the war. Unlike the "realists" whose prophecies were never realized, practically all of Bissolati's predictions about the war and the peace turned out to be correct. Distressed by Sonnino's lack of understanding, I would visit Bissolati in his modest apartment on the Tiber and say to him: "Things seem to be going badly on all the European fronts. If only Italy would save the world by bringing about the decomposition of Austria-Hungary with the help of the Jugoslavs and the Czechs!" To which Bissolati one day replied: "Perhaps, but I am not so sure that I would be able to accomplish that even if I were Prime Minister. You have seen how even the most intelligent of all those gentlemen, Lloyd George, understood the point of view which you and I hold. He even became enthusiastic about it — for a week. Then his attention turned to other things."

Bissolati represented, in antithesis to the pseudo-*real-politik* of Sonnino, the best and truest traditions of Italian political thought. But there were other Italians, many of them prominent, who also were preaching the necessity of a benevolent policy towards the Yugoslav idea — Senator Ruffini, the greatest Italian authority on ecclesiastical history; Senator Albertini, the creator of what before Fascism was the most important Italian newspaper, the *Corriere della Sera*; the historian Ferrero; the conservative leader Amendola, killed ten years ago by the Fascists; the historian Salvemini and the poet and critic Borgese (both these latter now exiles in the United States, the first at Harvard Uni-

versity, the second at the University of Chicago); and others of minor fame.

Some of the leading Italians who during the war proclaimed the necessity of coöperation with the Slavs had been partly influenced by personal contacts with the most dynamic Yugoslav leader produced during those fateful years, Frano Supilo. Supilo was a self-educated man, the son of a poor Ragusan mason. In spite of having been excluded from Hapsburg schools at the age of fourteen for having trampled upon the Austrian flag, Supilo had managed to learn German and Hungarian as well as a smattering of French and English. Italian he had come to know as a boy in the streets of Ragusa, and long nights of toil had made him familiar with the works and doctrine of Mazzini and the other great Italian writers of the *Risorgimento*. Upon becoming the editor of a Croatian paper at Fiume, he campaigned in favor of an understanding between the Italians and the Slavs as a counter-agent to the offensive of their common enemies, the Germans and the Magyars. Soon the young and unknown Ragusan became one of the most important leaders of his people and for many years he was the mainstay of the Croatian agitation.

Supilo was one of the Slavs who were accused of being in the pay of Serbia in the forged documents produced at the famous Friedjung trial. The affair gave Supilo European notoriety, though it also won him the hate of the governing class in Austria. On the eve of the annexation of Bosnia and Herzegovina, Dr. Lueger, the famous burgomaster of Vienna and head of the Austrian Christian Socialist Party, sought to win Supilo over to the annexationist policy. Instead, Supilo warned the Russians of the coup that was being prepared. If Isvolsky had paid attention to the young Croatian the Bosnian affair might not have been so simple for Austria.

At the outbreak of the war, Supilo managed to escape from Austrian territory into Italy, where he already possessed several friends of long-standing, the most intimate of them being Guglielmo Ferrero, the historian of the Roman Empire, and his wife, Gina, daughter of the famous criminologist Lombroso. Ferrero has related to me the circumstances of their first encounter. One day in September 1902 a young man entered his study in Turin. He had a gigantic figure, a poorly proportioned body, and an enormous head and face. He entered with an embarrassed and timid air, and introduced himself by saying: "Sono un Croato"

("I am a Croatian"). At that time in Northern Italy one still called a person a Croat when one wished to say something disagreeable to him, a reminder of the days when the Austrians had held Lombardy-Venetia with Slav troops. Somewhat surprised, Ferrero asked him what he wanted. Supilo replied that with Ferrero's permission he would like to talk about the situation of the Slavs in Austria, and without more ado commenced speaking rapidly in picturesque and colorful Italian. Such was the beginning of an intimate friendship that lasted until Supilo's death fifteen years later.

Supilo's letters to Ferrero cannot be read by farsighted Italians without deep emotion. If Sonnino had understood and adopted his ideas, the Battle of the Piave — the first of the Entente's great victories in 1918 — might perhaps have taken place two years earlier: in accordance with the ideas held by San Giuliano as far back as August 1914, Austria might have been dismantled from within at the same time that it was being attacked by the Italians from without. But Supilo had none of the secondary qualities useful to the professional diplomat. Fired by his inner passion, by his vision of the future, he could not tolerate the doubts of ordinary men or the objections of the fearful. He fell on them with violence. The Pan-Slavist prejudices which he had seen on his visit to Petrograd in December 1914 had increased the distrust which he as a Croatian felt for the Russia of the Holy Synod. He confided to Bissolati that Sazonov had appeared hostile to the idea of a Yugoslav union in which there would be as many people professing Roman Catholicism as Greek Orthodoxy.

In view of the pro-Russian legend that had grown up around Nikola Pašić, the Serbian Prime Minister, it was not surprising that the latter's first contacts with Supilo were difficult. Nevertheless, in spite of his natural reserve, Pašić recognized the power that the other represented. At their last meeting, which took place at London in August 1917, they talked furiously for three hours. In the end Supilo was conquered. On the following day he wrote to Gina Ferrero: "I was serene, but in a state of extraordinary tension. I spoke, I accused him, I defended my political conduct . . . but I thanked him for the immense sacrifices which Orthodox Serbism had made in consenting to drown all its old mentality in the new spirit. . . . I felt as if I were transformed, so strong, so happy. . . ." Even the impassive Pašić

was raised to heights: his eyes filled with tears, he took Supilo's head in his hands and kissed him several times on the brow.

A month later, on September 25, Supilo died at London in the fullness of his moral and intellectual powers. With him disappeared something more than a man — he was a sort of natural force. If he had lived, above all after reaching his understanding with Pašić, and if in Sonnino's place there had been someone with a mind like Bissolati's, the war on the Carso and in the Alps would have finished a year sooner, and with it the World War.

Alas, Sonnino never understood. Cadorna, the head of the Italian army, had realized the necessity of a strict coöperation with Serbia. In 1921 he wrote in his book "La Guerra alla Fronte Italiana": "Since the war was not a localized one between Italy and Austria-Hungary, but a general conflict in which Russia and Serbia had common objectives with us on the territory of the enemy, the three armies should have given each other their support in pursuance of these common ends; . . . namely, the defeat of Austria, which in turn would have led to the fall of Germany." But Cadorna failed to convince Sonnino.

Sonnino's conduct in 1914 and 1915 would seem inexplicable were it not for the fact that he believed the war would be short. He thought that peace would be made in the autumn of 1915 and that Italy would be able to dictate its will on the other countries that had been exhausted by war. Bissolati, the "idealist," had said in the summer of 1914: "The Italian people must realize that this is going to be a very long war, strewn with defeats. . . ." Giolitti had been the first, in August 1914, to talk of a war of three years: he erred on the side of optimism.

Several times during the Corfu years Pašić took up with me the problems of a real Italian-Jugoslav entente. His prudence was extreme. He had quickly understood how deep and sincere was my feeling about the necessity of an Italo-Slav entente; but, at the same time, with a tact and finesse which in another country and another social sphere everyone would have called aristocratic, he never tried to get from me an implicit judgment on my chief, Sonnino. Only once did we touch this subject; it was when he learned from others that I had offered Sonnino to resign or to be recalled, since I felt myself unable properly to represent his policy *vis-à-vis* the Serbs. To which Sonnino had replied by asking me to come to Rome as soon as possible. On my arrival he said: "You must stay there; it is your duty. Continue to speak

and act according to your conscience. You know that I have never disapproved of your actions in the past and I am sure I can count on you in the future." That was Sonnino: stubborn, devoid of imagination, enclosed in the clauses of his Treaty of London as in a besieged city; yet, at the same time, a man completely lacking in personal vanity — whence his respect for those who held firmly to conceptions radically different from his own. On the occasion when he learned of my offer of resignation Pašić asked me: "Don't you think that you could arrange a meeting between M. Sonnino and me at which we could exchange our views? It is not," he added with his customary courtesy, "that I imagine that I can plead the cause of an entente between us better than you. But it might be well for M. Sonnino to see personally how sincerely I desire an entente that could hasten the end of the war."

The encounter took place at Rome on September 10, 1917. Though I was not present⁷ the reports of the meeting given to me by the two participants were in essentials identical — an uncommon event in conversations of this sort, where generally each party goes away convinced of having heard things which in reality the other had not the slightest intention of saying. Sonnino was favorably impressed with the spontaneous admission by Pašić that, "as between Italy and Jugoslavia a strictly ethnographic frontier was not to be thought of, and that instead it would be necessary to take account of geographic and strategic factors." Above all, Pašić emphasized the new security which Italy would find in the fact that the eastern shore of the Adriatic would no longer belong to a Great Power but to a nation that was much less powerful than Italy. Furthermore, asked Pašić, with Pola, Trieste and several of the islands in her possession, was it not evident that Italy would have the uncontested mastery of the Adriatic? This part of the conversation impressed Sonnino very favorably, for he had perhaps expected professorial statements such as were then being published in the *Bulletin Yougoslave*, the directing spirit of which was the Croat leader Trumbić. But Sonnino was far from pleased by allusions to "a half of Istria" and the partition of Albania. In view of the manner in which the conversation took place, it could hardly have had pos-

⁷ According to diplomatic tradition I should have been present as the Italian Plenipotentiary to Serbia; but Sonnino was not anxious to accentuate the official character of the visit and I had no reason to wish to take part in a useless conversation. My wife's impending confinement was the reason which I cabled to Sonnino from Corfu for not coming to Rome. And, as I felt sure would be the case, Sonnino gladly agreed.

itive results. Perhaps it was unwise for Pašić to have broached formulas that to Sonnino meant the dismantling of his Treaty of London, on which he counted so much. I had advised Pašić also to see Prime Minister Orlando, for he was more likely to appreciate the necessities of the war along our front. When I asked Pašić why he had not done so he replied: "I had the feeling that it would not please M. Sonnino and I wish to be able to converse with him freely in future." Which shows that though the two had not understood each other, there was mutual respect between them.

Unfortunately, a month later, Sonnino publicly uttered a sentence which demonstrated the impossibility of an Italo-Jugoslav entente: "Among our war aims is neither the dismemberment of the enemy states nor changes in their internal systems." All of Sonnino's errors sprang from the same cause: it did not dawn on him that the war in which Italy had already lost hundreds of thousands of men was nothing more nor less than the War of the Austrian Succession. With his lack of imagination he believed that the Austria of the Hapsburgs could issue alive from the tempest.

Certainly even Sonnino must sometimes have recognized the truth; but that truth was too revolutionary, it was too uncomfortable to an honest but narrow mind, and he always finished by setting it aside. A case in point occurred when Wilson on January 8, 1918, proclaimed his Fourteen Points. I then deemed it my duty to repeat my ideas and predictions to my chief. I did so in a long private letter of which it is enough, here, to reproduce the following phrases: ". . . and at the Peace Conference everyone will find a way of paying homage verbally to Wilson's principles while thinking only of how to save their own material interests; we alone, bound by too antithetic a formula, risk being in disagreement with Wilson and with the whole world; and in fighting hopelessly for the Treaty of London risk compromising all our interests. European hypocrisy will gain face (as the Chinese say) by denouncing our *sacro egoismo*, which runs the risk of being the least effective and the least realistic of all the Allied egoisms." Some days later an Italian torpedo boat brought me Sonnino's answer. He gave himself the pleasure of pretending not to be replying directly. But he wrote: "It must be granted that President Wilson's formulas can complicate the field of discussion; I authorize you, then, to reopen with Pašić the conversations that

you had with him before his last visit to Rome." Unfortunately Pašić was not in Corfu; he only came back three weeks later. Just before his arrival Sonnino sent me another message annulling the previous instructions and telling me to await new ones. They never arrived; his doubts had again overcome him.

Only one new event interrupted the *status quo* psychology, and this only as a brief interlude — the meeting in Rome in April 1918 of the conference of representatives of the oppressed nationalities of Austria-Hungary. The main Italian members were Ruffini, Borgese and Amendola. The Jugoslavs were represented by Ante Trumbić, President of the Yugoslav Committee in London, and by several other Slavs from Austria, among them the famous sculptor Meštrović. There was a delegation of eight members of the Serbian Skupstina, for whose voyage to Rome I made all the arrangements. In addition there were present representatives of all the other oppressed nationalities of Austria-Hungary. The discussions between the Italians and Jugoslavs were sincere but difficult, and this not so much on account of any divergence of view as of a different method of reasoning. The leader of the Austrian Jugoslavs, M. Trumbić, was a perfect gentleman and an ardent Slav patriot; but — and this made him irritate both Italians and Serbs — he discussed everything, as was traditional in Austrian politics, from the viewpoint of "diritti storici," from the viewpoint of theoretical jurisprudence. Through his long participation in various Austrian assemblies, Trumbić had acquired the Austrian habit of first of all declaring a theory intangible, and then abandoning it through endless bargains in order at last to arrive at some new juridical formula.

Thanks to the patience of the Italians and to the helpful collaboration of Beneš and Wickham Steed, an accord was at last reached — to the honest joy, incidentally, of Trumbić, whose juridical conscience was salved by all the objections with which he had sowed the road to understanding. The accord proclaimed that "the unity and independence of the Yugoslav nation are a vital interest for Italy." But despite the adoption of this thesis, which Prime Minister Orlando solemnly confirmed at the end of the Conference, Sonnino's lack of comprehension continued. I need give only one example. In accord with Prince Alexander and with Pašić, I wrote from Corfu to Sonnino and suggested the creation of a Yugoslav legion on the Italian front. It would have shown the Croats who still were faithful to the Hapsburgs that

the colors of their nation were flying alongside of the Italian flags. "We waste" — I quote from one of my dispatches — "our Croat and Slovene prisoners when we use them in the rear on agricultural work; their usefulness would be infinitely greater if it were known in Austria that we were treating them as brothers delivered from the Hapsburg yoke, as allies; a Yugoslav legion fighting on our side with Serbian uniforms and Serbian flags might help to break the morale of the Croat divisions still valiantly fighting against us under the orders of the Austrian Emperor." In the end the question was referred to the Council of Ministers. Orlando was favorable to the plan; but it fell through before Sonnino's categorical refusal, who went as far as threatening to resign.

A few days later the Austro-Hungarians launched the battle of the Piave. It was more formidable than any which they had either begun or endured in four years of fighting. All their forces — 60 divisions — were concentrated on the destruction of the Italian army. It was the Monarchy's last card. After nine days of violent struggle the Austrians were beaten. They lost 200,000 men, 200 cannon, 2,000 machine guns; but they lost something much more important — all hope of ever conquering the Italians.

The fighting spirit of the Croat troops of Emperor Charles at the Piave was not noticeably below that of the Germans and the Hungarians. That proved one thing in particular — that in politics, and above all in foreign policy, one must avoid blunders from the very beginning. When one is dealing with national souls and consciences one must avoid the first misunderstandings, the first wounds. Later remedies and explanations seldom succeed in wiping out impressions made by early mistakes.

Three months after the battle of the Piave, the armistice took place on all the fronts: on the Italian front on November 4, 1918. The course of the Peace Conference is too well known to need description here. Sonnino's law at Paris was the written law, the law of his Treaty of London of 1915. In vain did eminent Italians say to him: "Your treaty was conceived in order to protect us against a neighboring Austria-Hungary and against a distant Russia which might establish naval bases in the Adriatic. These two countries no longer exist in the same form. The problem is changed. Is it not better for us to make friends of these Yugoslavs, whose liberty was desired as long ago as by Mazzini, and thus leave ourselves energy to secure other advantages in the world?"

To all such pressure Sonnino replied by a simple repetition of his demand for the application of his treaty. And those, Italians or foreigners, who called his attention to the necessity of taking steps at Paris to ensure the colonial expansion of Italy were considered by him almost as *agents provocateurs*, come to torpedo his precious diplomatic instrument. In the poisoned atmosphere of the Paris Conference he hardly put up a fight. Shocked by the appetites which his British and French colleagues cloaked under generous phrases, irritated to find that they nevertheless spoke to him of his egoism, he shut himself up in his silence and refused all negotiation. One almost admires him, when one thinks of the transactions in which Clemenceau and Lloyd George were indulging. But though one is free to take up that sort of attitude with regard to one's own affairs, one cannot deal so with the fate of a nation.

When in June 1920, on the fall of the Nitti-Tittoni cabinet which had succeeded the Orlando-Sonnino cabinet after the armistice, I myself became Foreign Minister under Giolitti,⁸ I met Trumbić, then Yugoslav Foreign Minister, at the Spa Conference. The frankness with which we were able to talk encouraged me to hope for good results from direct negotiations. At the beginning of November 1920 the Yugoslav plenipotentiaries came to Rapallo to solve at last the Adriatic question. I have related elsewhere⁹ the vicissitudes of this negotiation and do not need to retrace them here. But I might emphasize that the Rapallo Treaty was the first postwar peace pact freely accepted by both sides.

In January 1924 Pašić came to Rome accompanied by his Foreign Minister Ninčić. They signed with Mussolini, who had then been in power for fourteen months, a new treaty engaging the two countries "à se prêter leur appui mutuel et leur collaboration cordiale pour le maintien de l'ordre établi par les traités de paix."¹⁰ This treaty was in fact nothing more than a repetition of the anti-Hapsburg Convention which I had offered Belgrade at the end of 1920. Unfortunately both for Italy and for Yugoslavia the 1924 treaty remained a dead letter. The fact is enough to

⁸ I have told in my "Makers of Modern Europe" of my conversation with Giolitti before accepting the post; he agreed completely with my views concerning our relations with Yugoslavia.

⁹ "Makers of Modern Europe" (Indianapolis: Bobbs-Merrill, 1930) and "Europe and Europeans" (Indianapolis: Bobbs-Merrill, 1936).

¹⁰ The treaty of Rapallo was written in Italian, though I never indulged in nationalistic boasting. All the subsequent Fascist treaties with Yugoslavia were written in French.

explain the skepticism with which people everywhere have received the renewed assurances of friendship and collaboration which the Fascist Government on one side and the Stoyadinović cabinet on the other exchanged in a new treaty signed at Belgrade in March 1937.

For a treaty of that sort to be lasting and fruitful it is necessary that both sides really feel and understand that the prosperity and independence of all the "Succession States" of Austria-Hungary are of mutual interest. This is true of Italy no less than of Yugoslavia. At Rapallo I was able to obtain frank and free recognition from the Belgrade government of the fact that half a million Slavs were destined to become Italians since they lived on our side of the Alps. I succeeded in this because the Yugoslav plenipotentiaries were struck by my statement that some day, perhaps, we should find ourselves together defending Trieste and Pola, and Ljubljana and Zagreb, against the menace of a new Teutonic push towards the south.

A treaty of friendship with Yugoslavia can have meaning in the eyes of those who direct Italian policy only if — like Mazzini and Cavour — they feel in their hearts that the free and prosperous existence of all the national states that issued out of the disintegration of the Austro-Hungarian Monarchy are equally necessary to the cause of general peace and to the security and international influence of Italy. For an Italian government to forget this supreme truth is equivalent to forgetting that six hundred thousand sons of Italy perished in the World War for the destruction of that European anachronism — the Austro-Hungarian state. On the Yugoslav side, a policy of friendship and collaboration with Italy cannot aid in creating a new and fruitful atmosphere if it originates merely in tactical considerations and reasons of expediency. Of course, loving my country and desiring European peace, I do hope that even that sort of a policy will continue — *faute de mieux* — between the two governments. But it must be frankly admitted, precisely for the sake of the future relations of two free peoples, that the limited understanding involved is not to be identified with the ideal political, moral and economic collaboration between Italy and the Succession States hoped for and foreseen by the prophetic genius of Mazzini and Cavour.

I based the policy which emerged as a living reality in the Treaty of Rapallo and the Anti-Hapsburg Convention on the

principle that the prosperity and independence of the Succession States of Austria-Hungary are an element essential to the force and progress of Italy as a Great Power. That is why, giving answer in the Italian Parliament to those who kept on repeating their antiquated grievances against the Jugoslavs, I said: "The two peoples must agree. If they do not agree out of love they shall one day agree out of necessity." But in my mind this formula was — and still is — just as essential for all the Succession States of Austria-Hungary in their relations with each other as in their relations with Italy. (Contrary to the actions of my predecessor, Tittoni, I had kept my negotiations with Belgrade quite independent from those with other Little Entente cabinets, though the understanding with Belgrade implied in my eyes an equal degree of intimacy with Prague and, I hoped, with Bucharest.)

An agreement between Rome and Belgrade that fails to take account of the past common struggles and ideals of the two nations may be useful; it may even be desirable; but it will be only a piece of diplomacy, it will not be living history.

Unfortunately, the historians have not yet pointed out what the Great War really was: the War of the Austrian Succession. But the *Drang nach Osten* which was halted in 1918 was less menacing than is the new racial Germanism naïvely convinced of the right and might of its "mission." Diplomatic pacts — even those concluded with the best of intentions — will be of little avail against this potential danger if the new states which drew their life out of the dying Pan-Germanism in 1918 are not aware of the duty of a common solidarity and if those who rule Italy do not realize the risk of unconsciously preparing the way for the erection of new and far worse hegemonies.

CAN THE NETHERLANDS BE NEUTRAL?

By J. A. Van Hamel

WE HEAR from all sides the question: "Can the Netherlands be neutral?" The reply is: "What else at the present time can she be?" More and more she is coming back to the fundamental principle of neutrality which, after a long experience with other policies, she took as her guiding doctrine in the nineteenth century — a self-determined neutrality, begotten both of her strong sense of national independence and of her good will towards all her neighbors. She is coming back to this attitude deliberately, by the force of circumstances, after a brief sojourn in that quite different atmosphere of collective security which the Covenant of the League of Nations for a time engendered in Europe.

The establishment of the League profoundly changed the Dutch people's conception of their international position. Under the spell of the League spirit they prepared to abandon the attitude of neutral reserve to which they had learned to look for safety. They willingly shouldered the burdens of League membership in the belief that through the general acceptance of these obligations everybody's peace would be protected. True, from the beginning a few eminent skeptics expressed misgivings. The absence of the United States and of Germany was felt to leave bad gaps in the new front against war. Nevertheless, non-militarist Holland, peaceful and pacifist Holland, commercial Holland, idealistic and unsophisticated Holland, greeted the new plan with satisfaction and on the whole placed her confidence in it. The general assumption prevailed that the old principles of neutrality had been superseded, for under the Covenant the Netherlands would have to side against an aggressor. The time-honored freedom of the neutral to trade with both belligerents would no longer redound to Holland's national prosperity. Her territory would not be closed to the passage of military and naval forces acting under international sanction. Even her own armed force might have to participate in collective enterprises.

Holland never quite regarded these various possibilities as practical realities: the mere fact that they existed as hypotheses was supposed to be sufficient guarantee that they never would be given actual application. The juridical force of the collective

menace was believed to be so imperative that law-breaking need not again be feared. The Dutch people have a very firm belief in the value of contractual obligations and in the strength of the written word. The majority of them therefore regarded the League of Nations as a definitive safeguard against international mischief — a safeguard reënforced by the Kellogg-Briand Pact. They readily went in for reduction of armaments, for arbitration and conciliation, and for all the rest of the League's program. It became old-fashioned to refer to "neutrality." As for the United States, though its absence was deplored its obviously peaceful inclinations were enough to dispel any fear that it might interfere with collective action for peace. And after Germany entered the League in 1926, all seemed to be for the best.

A few years later came the bitter disenchantment. Collective security failed to prevent energetic governments from taking warlike action to gain their private ends. The Dutch took part in the application of sanctions against Italy, and were sadly disillusioned by the League's failure in this affair. The national state of mind altered profoundly as a result. The Dutch again found their national bark adrift in an unscrupulous and dangerous world. They saw themselves, their country, their colonial empire, exposed to the breakers swelling in Europe and in Asia. There seemed to be no limits to the opportunism and ruthless expansion of aggressive military Powers. Respect for contractual undertakings had disappeared. Holland realized that she must reconsider her plans for the defense of her vital interests.

Now the potential dangers which she faces are of two kinds: possible direct aggression by a strong Power, and the possibility that in a conflict between other belligerents she will be prevented from remaining neutral. It may be said in general that, so far as Europe is concerned, Holland is less fearful of deliberate aggression than of violations of her neutrality. The same cannot be said of the Netherlands East Indies, which lie more directly in the expansionist path of other Powers.

True, the risk of aggression in Europe cannot be ruled out entirely. Chancellor Hitler's government has shown an inclination to interfere in neighboring countries which number Germanic elements among their populations. In this connection the Dutch are not so much afraid of bad intentions as of unpremeditated impulses. Does not Nazism tend to penetrate and absorb wherever the opportunity offers? Holland obviously would be an

extremely important economic prize. Nevertheless, the Dutch incline to think that for the present no serious anxieties need be entertained in this quarter. Perhaps the most conclusive reason for this feeling is that the Germans know that Holland is perfectly prepared to live on friendly terms with a Germany that leaves her alone, but that she would resist implacably a Germany that tried to conquer her by force of arms. The overwhelming majority of the Dutch people feel psychologically far removed from Nazi Germany. The attempts of the Dutch National Socialist Party to influence public opinion in favor of Germany and against England and France entirely failed. The Party's efforts today are concentrated on trying to make Holland's neutrality "benevolent" towards Germany in the event of an international conflict. But the Dutch realize quite well from long experience that real neutrality can exist for them only if it is in no degree "benevolent" to either side.

What the Dutch want most is to maintain a clearly defined and rigorous neutrality. They see their country surrounded by Great Powers involved in endless complications. They see themselves as a buffer or as a possible corridor for one side or another in case those complications lead to war. They also see in the Pacific Ocean an arena of conflict. There too the Dutch East Indies are situated at the crossways, much as the mother country is in Europe. Holland does not attribute deliberate warlike intentions to any government; but she knows that if the general situation becomes delicate, her own position will be delicate also.

Amidst all these alarums Dutch national opinion has grown much more resolute. This evolution has been particularly remarkable among the Left parties. From the days before the World War the democratic parties and intellectual groups of Holland evinced only a lukewarm interest in the traditional national values. In recent years this has changed completely. Democratic leaders have come to realize that the country's prosperity, its progressive social institutions, its high state of civilization and its very competently administered tropical empire can be preserved only if they are prepared to defend the nation's freedom, if necessary by force of arms. As part of this reawakening of the national spirit the House of Orange Nassau has acquired widespread and sincere devotion, and the republican opposition has correspondingly faded away. The army, the navy

and the colonies hold places of honor in the public's affection. Patriotism is no longer considered something out of date.

As the best safeguard of her national existence, Holland has therefore returned to self-chosen and self-imposed neutrality.

This is not a newly invented concept. Out of the confusion of the Middle Ages Holland crystallized as an independent merchant-commonwealth, small in territory but worldwide in economic reach, and with a strong feeling for freedom. But Holland's national existence, dear to herself, was also useful in supporting the European Balance of Power. She opposed the expansionism of Spain under the Hapsburgs and of France under Louis XIV and Napoleon. It is fair to believe that if another expansionist state should arise on her borders — and since 1870 her attention naturally has been focused on Germany — she would again have to play this rôle.

The Dutch feel most akin in character and aspirations to the British. In national emergencies they usually have found themselves supported by Britain, who feels it of supreme importance both that a solidly independent state shall exist on the opposite shores of the North Sea and that it shall maintain its key position between the Straits of Malacca and Australia. British rearmament today is reassuring to Holland. Nevertheless she learned long ago that she cannot expect a definite political connection with England. Anglo-Dutch alliances at times have served their purpose, but on the whole they have caused disappointment. Under present conditions, no alliance — with Britain or with anyone else — offers a secure foundation for Dutch policy.

The wisdom of Holland's determination to avoid entangling alliances is supported by commercial considerations. Her economic interests reach to every corner of the earth. True, her colonial trade brings her into especially close contact with Britain. Yet her economic life also is vitally tied to the Continent, particularly with the great German industrial centers for which Rotterdam is a principal port. And the Dutch East Indies, halfway round the world, further diversify her economic interests.

It should be understood that Holland's desire to recapture her previous position of neutrality does not reflect any wish to disavow League principles as such. Her people remain sympathetic with the League's objectives and understand that to resign their membership might be taken as a repudiation of its ideals. They would not want this. But at present they can count on very

little security as a result of League intervention and they therefore would not join in any eventual League action. Recent events have shown that other members hold exactly the same views. Better times for the League may perhaps come again. Holland is alive to the fact that great countries like England and France still attach importance to the League. But the Joint Declaration made in July 1936 by the Dutch Government in conjunction with other "smaller" governments clearly stated that Holland must consider herself virtually free from the stipulations of the Covenant concerning collective economic, political or military action. This also implies freedom from the proviso concerning the passage of troops or of naval units acting for the League. The principle that Holland's territory is inviolable is thus reestablished.

Their attachment to the notion of self-determined neutrality makes the Dutch disinclined even to let it become a matter of discussion with other countries. In consequence, they reject any international guarantee. The integrity and inviolability of Dutch territory is "axiomatic." This was made plain recently when the Dutch Government replied to certain courteous suggestions by Herr Hitler. Like the reputation of Cæsar's wife, an axiom cannot and should not be discussed.

This attitude may disappoint governments which hope to set up a Western Pact of mutual security. But however desirous Holland may be to contribute to peace between her neighbors, it is a fact that she cannot participate in regional undertakings of the kind suggested. She neither needs nor wants separate undertakings of mutual guarantee and assistance. She therefore could not give or accept such undertakings. They would expose her to the danger of the very entanglements she is determined to avoid. Nevertheless, it recently was suggested in some semi-official Dutch circles that the Powers might stipulate in the proposed Western Pact that any aggression against Holland by one of them should be considered by the others as an aggression against their own territories. Holland could not be a party to this declaration, but would take cognizance of it. But the suggestion has not met with general approval. From the Dutch side, even that sort of a proposal appears to be going dangerously far: it would hamper the Government's independent decisions at critical moments and in addition lull public opinion into too easy reliance on the half-security of international arrangements rather than on a neutrality arising out of the nation's own resolution.

The practical consequence of the broad position here indicated is that Holland again finds herself situated much as she was in the years 1914-1918. Yet to a certain extent the circumstances are different. The difficulties which she would have to face in the event of a general war are now increased. Suppose that as in 1914 there was a conflict between Germany on one side and England and France on the other. The Germans might act on the assumption that they would have been more successful at the Marne if their armies had marched across Holland as well as through Belgium. The Franco-German border is so strongly defended today by permanent works that an invader would only break his head against a wall, and the Belgo-German frontier is also strongly protected. Might not Germany be tempted to widen her front by launching troops across Dutch territory?

Then there is the development of the air weapon, with its vast possibilities. The shortest route for bombers between Germany and England is over Dutch territory. Will not one side or the other land in Dutch territory or try to use it as an operating base? Again, Germany has created powerful motorized divisions which could invade Dutch territory at a moment's notice, or with no notice at all. France has also been developing divisions capable of quick attack.

In the Far East, it is not hard to imagine conflicts between the various Powers with interests there that might easily jeopardize the security of the Dutch possessions. In any general war the territorial waters between Java and Borneo, between Borneo and Celebes, as well as the other straits, would be important passages for naval forces. The numerous islands might be useful as naval and aircraft bases, and important oil stations like Balikpapan and Tarakan on the east coast of Borneo or others on Sumatra would offer temptation to belligerent parties. In 1914-1918 Holland succeeded in making the contestants respect the neutrality of the Dutch East Indian empire. This may be more difficult in the future.

For all these perplexities, domestic and colonial, there is but one answer: Holland is determined to keep her neutrality inviolable. She is not seeking alliances. She knows that small nations, once embarked upon the dangerous waters of international struggle, never know whether and how they may reach port. It has not been unknown even for allies to leave weaker brothers in the lurch. In certain critical circumstances — *e.g.*

in case of actual invasion — she may have to accept assistance from without. She could not defend herself singlehanded against a Great Power for long. But that would be entirely a question of policy, to be decided by the Dutch Government in the moment of crisis. It will make its choice carefully as to which side, in the circumstances, offers it the best protection. But it cannot enter into any previous plan or understanding for that purpose.

In the opening days of any war of defense the Netherlands would of course have to rely wholly upon her own forces. Her opponents might be strong out of all proportion, their armaments enormous, their technique terrible. The Dutch have faced such situations before, and have found themselves able, even against the appearance of overwhelming force, to hold their own. History justifies them, they think, in their stern belief in the providential power of persistence. Their successful struggles against some of the best armies of Europe, such as in their War of Liberation from Spain or in 1672 when the French penetrated to the very heart of the country, confirm the notion that in extreme difficulties they will be helped if they help themselves. There is not much reasoning or calculation about this. It is merely a part of the axiom.

Holland's foreign policy as here set forth demands heavy sacrifices in the form of increased armament. The nation is accepting them willingly. Certain politicians still under the spell of the "peace period" were shocked to find that public opinion expected them to speed up the rearmament process much more than they had intended. Military experts do not deny that there is still much, very much, to be done before our defenses are complete. But at least the country now knows what has to be done.

Concrete fortifications, permanently manned, have been established along the eastern and southern frontiers against the possibility of attack by armored columns. An increase in the yearly contingent for compulsory military service is being prepared, as well as an extension of the training period. The shortage of artillery material, armored cars, aircraft, etc., is being reduced. As far as the navy is concerned, a fair number of new units (cruisers, flotilla leaders, submarines, mine-sweepers and mine-layers) have already been launched, are under construction, or are being planned. In the East Indies a permanent "fleet in being" is now available, with a seagoing squadron and reserves. The oil stations at Tarakan and Balikpapan have been fortified. The naval bases will be ready for cases of emergency. The East

Indian army has also been modernized. All this, of course, means substantial financial sacrifices.

The question of air defense is receiving careful examination. Neutrality implies the complete prohibition of the passage of belligerent aircraft over Dutch territory. There used to be discussion as to whether the prohibition ought not to be limited to flights below a certain altitude. It is now assumed, however, that such limitations are impracticable, and this is the legal position which the Dutch Government will take in the event of a general war. The application of the doctrine of "air neutrality" will doubtless require a considerable supply of aircraft and of anti-aircraft artillery. Plans to provide this equipment are now under consideration.

The Dutch nation feels that its present determination firmly to defend its neutrality is supported by the lessons of the Great War. As the various war memoirs are published, we learn more and more clearly that the Germans were several times restrained from disregarding Dutch neutrality only by the existence of efficient and fully mobilized Dutch military forces. Similar considerations, we are told, also counted with the other side.

Holland today intends to base her policy on the expectation that the same solid arguments will again prevail in any analogous circumstances which arise. She is encouraged in this belief by observing the lessons of recent warfare in several areas. A defense conducted with small arms and individual fighting seems to have been much more successful than expected against the forces of mass aggression. Air attacks have been less decisive than expected, and air defenses, when properly equipped, have been more efficacious; while tanks and motorized forces have not been found such fearful weapons as they were believed to be. On land, the hardest weapon to resist is still the individual machine gun; at sea, small craft, mines and submarines continue to play a vital rôle. These advantages should not, of course, be overrated. The menace of superior numbers and resources is manifest. But the people of the Netherlands are convinced that great power of resistance still resides in a small nation which possesses a well-equipped, efficient and determined army and navy. Fortified with this conviction, they purpose to maintain their neutrality if possible, to parry an invasion if necessary.

THE SCRAMBLE FOR SWEDISH IRON ORE

By Joachim Joesten

THE civil war in Spain has bared the relentless struggle being waged by the Great Powers for essential raw materials. Not oil but iron ore is now the chief issue. As part of the hugest armaments race in history an unprecedented iron and steel crisis has broken out, and the industrial nations of Europe are fighting for possession of every lump of ore, every piece of scrap. When gold is no longer at hand to secure the precious mineral, bombs or the threat of bombs are used to make the owner yield it up. This lust for iron to turn into arms may at any moment lead to a repetition elsewhere of Bilbao's tragedy.

Luckily in Sweden, the possessor of vast reserves of iron ore, there is as yet no sign of a coming "civil war." The chances that there ever will be one are small. At present the country is experiencing the "mixed feelings" of a rich man counting his treasure while a gang of desperadoes looks on. Today, iron ore is a main source of national wealth; tomorrow it may become the prime cause of national sorrow. For there are already, as a leading Swedish paper recently put it, "rumors about foreign speculation as to how to secure the iron ore one needs by means other than a contract of delivery." The tragic example of the Basques is a bad omen for Sweden — and she knows it.

Sweden is the world's biggest exporter of iron ore. True, three other countries — France, Russia and the United States — each produces more iron ore; but each consumes a much larger portion of its own output than Sweden does. True, also, that France is ahead from the standpoint of the actual number of tons shipped abroad. In 1936, French iron ore exports amounted to around 18 million tons, while Swedish shipments were about 11.2 million. But this mode of reckoning is misleading for it takes no account of the different percentages of iron content in the various ores. Swedish export ore contains on the average exactly twice as much iron as the "minette" of Lorraine (66 percent as against 33 percent). Last year Sweden surpassed France in value of exported ore, and her superiority is likely to become greater in coming years.

Sweden's outstanding rôle in the world iron ore market is due primarily to her immense mineral riches lying north of the Arctic Circle. In Northern Lapland is a mining district which is estimated to possess more than two billion tons of ore, or over nine-tenths of the total high-percentage iron ore in Europe. The Lapland deposits are also unusually accessible. At Kiruna, for example, the ore is not obtained from underground mines; it is simply stripped from the mountainside. About 750 million tons are thus available for easy extraction.

Sweden possesses other important deposits of iron ore but none of them is so important as the Lapland deposits, either in size or quality. Of these secondary fields the most important are those of Bergslagen in central Sweden. The ore available here is estimated to total 200 million tons, three-quarters of it owned by the Grängesberg Ore Trust. The remainder belongs to several private companies, many of them affiliated with the German steel industry. The Bergslagen ore is less rich in iron than the Lapland ore (52-55 percent as

against 60–70 percent), but has the advantage of greater purity. It seldom contains more than 0.02 percent of phosphorus, whereas in Lapland the proportion ranges from 0.012 to 2.5 percent. The Kiruna-Gällivare ore is almost all shipped abroad, but much of the Bergslagen output goes into home consumption. Swedish steel manufacturers have always aimed at a very high quality and hence employ only the purest ores. The more phosphorus-bearing grades are exported, especially to Germany, where the basic Bessemer process is in wide use.

Operations have lately been resumed in a number of mines in central and southern Sweden which had been abandoned as unprofitable, some of them over a century ago. British and German prospectors, particularly the latter, are inundating the country, eager to reopen half-forgotten, low-grade mines that no Swede with any business sense would dare to touch. So great is the ore famine among the Great Powers that expense hardly seems to count.

The Swedish output of iron ore has been growing rapidly in recent years, as follows (in millions of tons): 1933 — 2.7; 1934 — 5.2; 1935 — 7.9; 1936 — 11.2. Exactly two-thirds of the 1936 total was mined in Lapland. Exports have fluctuated widely, as the following figures (in millions of tons) show: 1929 — 10.9; 1932 — 2.2; 1934 — 6.8; 1936 — 11.2. The 1929 peak thus was exceeded by last year's figure. By the end of September 1937, Sweden had shipped abroad 10.3 million tons, 25 percent more than during the same period of 1936. In all probability exports will this year exceed 13 million tons. Before the armaments race really got under way Sweden was mining more ore than she could dispose of through domestic consumption and foreign exports combined. She therefore accumulated large stocks. The last four years have seen these supplies dwindle to almost nothing, under the demand from abroad.

More than half the ore exported from Sweden is shipped through the Norwegian port of Narvik, on the Atlantic Ocean. The remainder of the Lapland ore is shipped from Luleå on the Gulf of Bothnia, where the harbor is blocked by the ice for four or five months a year. The major part of ore from the mines in central Sweden is shipped from Öxelösund, the rest from Gävle.

Roughly 85 percent of the total iron ore exported is in the hands of *Trafikaktiebolag Grängesberg-Öxelösund* (T. G. O.), the famous trust which is the world's biggest producer and exporter of iron ore. The company's capital and funds at present total 175 million kronor. In addition to mines, railways, factories, power stations and so forth, the T.G.O. operates its own ore transport fleet of 25 ships aggregating 173,000 tons. An all-important subsidiary of this Trust is *Luossavaara-Kirunavaara Aktiebolag* (L.K.A.B.), the company that owns practically all the mines in the Lapland district. This company also holds a majority of the shares in a firm called *A. B. Hematit*, the owner of large mining interests in Tunis and Algeria. However, only half of L.K.A.B.'s share capital (110 million kronor) is in the hands of T.G.O. The other half has been owned since 1907 by the Swedish state. On September 30, 1947, the State can redeem at a fixed value the L.K.A.B. shares now held by T.G.O. The bulk of Sweden's ore mining industry may therefore be nationalized ten years hence. What is more, the state also has a contractual right to carry out this nationalization forthwith (with compensation) in case "foreign influences are found to exert an improper hold on the company."

Late in September 1937 a deputation from Norrland, headed by two mem-

bers of the Riksdag, asked Herr Wigforss, Minister of Finance, for immediate nationalization on the ground that "private interests" should no longer be allowed "to influence, outside the government, the policies of our country." In plain English this meant that German influences were being exerted on the management of T.G.O. in an attempt to enforce an ore policy different from that favored by the Swedish Government. But even without the threat of nationalization the state possesses several means for keeping such influences in check, principally through its right to appoint half the directors of T.G.O. Effective control is further ensured by means of taxes, royalties, railway freights and, most important, the imposition of a legal export limit.

For many years Sweden shipped, on the average, three-quarters of her total iron ore exports to Germany. The rest went to Britain, Belgium and the United States. Of late, however, Germany's share has decreased slightly (from 73 percent in 1934 to 71 percent in 1935 and 1936) and in the future will drop still further, while Britain's proportion will rise. This incipient reversal of relative positions is a direct consequence of the civil war in Spain. In using their superior financial resources to snatch away this Swedish ore the British are merely giving the Germans tit for tat.

Before the civil war, Spain was the largest supplier of the British ore market; her share in it in 1935 amounted to 26 percent. After the outbreak of the war General Franco did his best to divert the ore under his control in Spain and Morocco to his allies. The fall of Bilbao faced British industry with an almost complete interruption of ore shipments from Spain. Hitler had foreshadowed this development in his speech at Nuremberg on June 26, 1937, when he frankly admitted that the war in northern Spain was being waged primarily to secure ore supplies for the Third Reich.

Defeated in Spain, Great Britain took her revenge in Sweden. Here was the one place where she could make good the loss of the Spanish ores. Late in 1936, negotiations were started with the Swedish Ore Trust and early in 1937 sensational rumors began to circulate to the effect that for the ten-year period beginning in 1938 Sweden was committed to sell all her iron ore exports to Britain. This was of course a wild exaggeration. For Sweden brusquely to cut off all shipments to Germany would practically amount to a declaration of war and would surely be met by immediate and drastic retaliation.

Germany, it must be remembered, obtains more than 50 percent of her total ore imports (by value) from Sweden. What is still more important, the very backbone of Germany's armaments industry is Swedish ore, whereas the less martial branches of the German steel industry largely consume domestic and French low-grade ores. Swedish ore exports to Germany in recent years are as follows (in thousands of tons): 1929 — 7,382; 1932 — 1,578; 1934 — 4,965; 1936 — 7,990. Such wide fluctuations naturally markedly affect certain sections of Sweden's economic life, a fact deplored by farseeing Swedish economists. At first the ore magnates did not share this sentiment. They regarded their preponderance in the German market as axiomatic and sacred. Only three years ago, a Swedish newspaper launched a campaign against T.G.O.'s onesided sales policy, urging the company to open up new markets in England and the United States. The Ore Trust was indignant at such heresy and requested the editors to stop their "damaging" interference.

But though Germany still has devoted advocates within the Ore Trust it is Great Britain who today enjoys the greater political sympathy of the Swedish people. The Swedish Government has become keenly aware of the risks, political as well as economic, inherent in Germany's preponderant interest in Swedish ore. In the event of another war, the strain on Sweden's neutrality might become unbearable, the more so since Soviet Russia, though not herself interested in getting ore from Sweden, might nevertheless seek to cut off the supplies of someone else. Of late the Soviet authorities have been busily adding to Russia's potential strength for war in the Far North. Great Britain's desire for ore to replace the losses in Spain therefore appeared to the Swedish Government as a godsend. They felt it almost equivalent to a British guarantee of Sweden's neutrality and independence.

There was, however, one serious hitch. Under an agreement made in 1927 between the Swedish Government and T.G.O. (and ratified by the Riksdag), exports of ore had been limited to 9 million tons from Lapland and to 1.5 million tons from the Grängesberg field. Since the remaining fields supplied at best one million tons a year, the average maximum limit of Swedish shipments was around 11 million tons annually. With Germany at present taking about 8 million tons (this year probably 9), and other countries receiving minor fixed deliveries, there was not much left for increasing the British share. It was a serious dilemma, with two equally unpleasant horns: either to say "no" to Britain, thereby annoying a good friend and losing a valuable guarantee, or to reduce the German quota and risk the worst.

Wisely, the Stockholm government decided to avoid this alternative by raising the export limit. A proposition to this effect was recently submitted to the *Kommerskollegium* (Board of Trade) and will shortly be placed before the Riksdag. It has the almost undivided support of public opinion and will doubtless become law. The bill permits an extension of the present export limit from 9 to 11 million tons a year for the Lapland district and from 1.5 to 1.7 million tons for the Grängesberg field during the period ending in the fall of 1940. Within this period, the Ore Trust is given full license to adapt its annual deliveries to the conditions of the market. It therefore will be enabled — if its mining, railway and shipping facilities permit — to satisfy the British demand to the tune of several million tons a year. (In 1935 and 1936, British imports of Swedish ore amounted to 773,478 and 1,231,520 tons respectively.) Shipments to Germany are not to be increased beyond this year's level. At most a small "symbolical" addition to the German allotment will be made to offset the very substantial increase in Britain's share. For some time, as long-term contracts with Germany have expired they have been renewed only from year to year. The possibility of later progressive cuts in the amount of ore delivered to Germany therefore remains open, whereas Britain is authoritatively reported to have secured a five-year contract for Swedish supplies.

It remains to be seen whether the present solution will satisfy all parties concerned. Repeated grumblings in the German press, some more or less openly voiced threats, and in particular the desperate efforts of German agents to prevent the British "intrusion" in Sweden, seem to denote that peace on the iron ore front is remote.

JAPAN'S WAR ON CHINESE HIGHER EDUCATION

By Chih Meng

BEHIND the front lines of combat in China looms another struggle which, though not sanguine nor even spectacular, may prove epoch-making in Far Eastern history.

China's coastal cities, beginning as centers of trade and shipping, have been her points of contact with the West. Gradually and inevitably modern schools and industries were established in those localities, and these played a great rôle in China's progress towards modernization. Nanking, and ports like Shanghai, Canton and Tientsin, became the heart and nerve centers whence radiated the impulses and directives that shaped the country's political, economic and educational systems. If years ago China had anticipated that she would ever be the object of a large-scale Japanese attack she might have planned differently. As it is, most of her administrative, economic and educational centers are on the front line of warfare.

Just how important the rôle of higher education is in the development of China's nationalism may be partly gauged by Japan's determination to destroy it. In 1931-33 when the Japanese attacked China they no sooner occupied a Chinese city than they immediately took over the schools and saw to it that all "disturbing" elements were cleared out and "friendly" instruction given. In the present war, Japanese planes have been going out of their way to destroy Chinese higher educational institutions. The most flagrant examples have been the destruction of Nankai University, the Woman's Normal College and the Hopei Technical Institute at Tientsin, and the Central University at Nanking. In Shanghai three universities, Tung Chi, Che Chih, Fu Tan, and the Commercial College, were destroyed. The University of Shanghai, an American-supported institution, has been partly wrecked. In Southern China, Amoy University in Amoy and Chung Shan University in Canton have been bombed from the air.

In resisting Japan's undeclared war against her, China is prepared, if necessary, to sacrifice her coastal cities. In consequence, she has already taken steps to move her centers of higher education. Temporary university districts have been set up at Sian in the Northwest and at Changsha in Central China. The faculties and students from Japanese occupied areas have pooled their resources and begun instruction there. The Sian district is administered jointly by the authorities of National Peiping, and National Normal Universities and Peiyang Technical Institute. The Changsha district is in the hands of the authorities of Nankai, National Peking and National Tsing Hua Universities. Students and faculties from other danger zones have been allocated to institutions in West and Southwest China.

Because of the traditional Chinese reverence for education and for the scholar, the colleges and universities have had great influence on public opinion and action ever since the advent of the Republic. Among scholars there is no North or South. They have argued and fought against dictatorship, civil

war, and foreign aggression. Because of the esteem in which they are held and their idealism and disinterestedness, they have been able to mould public opinion and have even been persuasive with those in power. The Chinese Student Movement has already made history and will help to make the nation's future. Dynasties and governments have come and gone; but educators and students have kept alive the nation's fundamental unity and democratic traditions.

Out of a total of some 499 higher educational and cultural institutions in China, 423 — or over 84 percent — are located on the east coast. This includes 16 out of 20 American-supported colleges and universities. At the time of this writing eleven universities in Tientsin, Nanking and Shanghai have already been wholly or partly destroyed. Peiping, Tientsin and Tangshan, which together contain 108 institutions, are under Japanese military occupation. In Shanghai, center of most severe fighting, there are 136 institutions, 30 of them colleges and universities.

As in America, the colleges and universities of China are centers for training. In them the students develop their ideals of life and their physical and mental powers. Here they also broaden their outlook by coming into contact with men of other countries. But unlike the United States, China does not produce more college men than she needs. On the contrary, there are not enough trained men to go around. Also there is not so much "college life." There is more active participation in social and national affairs. In this the professors and students work together.

Probably it is not too much to claim for Chinese higher education that it has helped largely to make the blueprint which China has followed in her reconstruction. Most Americans are able to read this blueprint because it is so much on the American pattern and reveals such distinctly American influences. The goal is democracy; the process is education; the underlying philosophy is to live and let live.

The development of modern education in China constitutes a romantic chapter in the history of Chinese-American relations. American-trained leaders and American-supported schools have much to do with the accomplishments of Chinese modern education and the development of its general aims. Modern medical education was introduced into China over 100 years ago by an American physician. The first Chinese who studied abroad graduated from Yale in 1854. Since then, 20 American supported colleges and universities have been established in different parts of China. They served to stimulate the growth of Chinese institutions in the early years and have now become an integral part of the Chinese educational system. In some fields of study they continue to make distinctive contributions, such as in medicine, the Peiping Union Medical College; in agriculture, the University of Nanking; and in women's education, Ginling College.

During the last 30 years the Chinese themselves have established 105 colleges and universities, with about 50,000 students. With these must be mentioned 374 research institutes, academic societies, museums, libraries, and observatories. The majority of this total of 499 institutions are administered by American-trained leaders or professors, equipped with American apparatus and run more or less according to American curricula or routine. One might

ask how it has been possible for the youngest educational system to modify and rejuvenate so amazingly the oldest continuous educational system in the world in such a short time?

In 1847 a New England missionary brought to America three Chinese boys to be educated in the American manner. One of them, Yung Wing, succeeded in graduating from Yale in the class of 1854. Upon returning to his homeland this first Chinese-American Bachelor of Arts noted an interesting observation in his diary: "My country needs modern guns and modern educated men." It developed later that he was more enthusiastic over modern education than modern guns. After years of "lobbying" he finally convinced two high officials of the Empire to risk the lives of a few boys on the other side of the world. He was commissioned in 1872 to establish the first Chinese Educational Mission to the United States and 30 boys were brought to America each year for four years to be educated in American schools. That first experiment was short-lived. In 1876 a conservative commissioner was appointed. He was alarmed at the spread of democratic ideas and habits among the 120 Chinese boys who were then studying in the public schools in Springfield, Massachusetts, and Hartford, Connecticut, and he brought about the recall of the Mission in 1878.

Although a few of these first Chinese students stayed on in America, the main stream of Chinese students to the United States did not begin again until the first remission to China in 1908 of the surplus of the American Boxer Indemnity. In that year Congress authorized President Roosevelt and Secretary of State John Hay to return to China the unclaimed portion of the indemnity fund paid to the United States by China for damages to American life and property during the Boxer Rebellion. The Chinese Government used this fund, amounting to \$10,785,286.12, for the purpose of preparing and sending Chinese youths to the United States to obtain modern education. The Educational Mission was reestablished, and its work is now being carried on by the China Institute in America. From 25 to 80 Chinese students have been enabled to come each year to study in different American institutions.

Ever since China became a republic in 1911 there have been increasing demands for modern trained men to run schools, to build roads, to fly airplanes, and to do many other things to make an old nation new. So the government and parents have sent more and more of China's young men and women across the Pacific to be trained for new careers. The number of Chinese students in the United States increased from a handful in 1908 to the peak number of over two thousand in 1924. Today they number about 1,700. In China there are several thousands of the so-called American Returned Students — the name given to those who have studied in America and have returned to their homeland with collegiate or professional training and usually with one or more academic degrees. A large number of them have contributed toward their country's modernization, including the inventor of the Chinese typewriter, the founder of the Woman Suffrage Party, four participants in the 1911 republican revolution, founders of eight colleges and universities and the Father of the Chinese Renaissance.

Although during recent years American Returned Students in China have been active in engineering, diplomatic and government service, their greatest

contribution has been and still is in the field of higher education. They have been teachers of teachers and moulders of China's modern educational system for a quarter of a century. They have deservedly won world-wide recognition for their feat of making steady progress in education from the kindergarten to research in spite of seemingly insurmountable difficulties during China's recent years of internal and foreign troubles.

The reader now sees to what degree American philosophy and educational technique have played a rôle in China. Despite attempts by politicians, the universities have successfully resisted regimentation and many of them have been towers of strength in defending academic freedom. Certain individuals even risked their lives by exercising the privilege of being critics and mentors of the government. It is among the university professors and students that those who would like to militarize China under a Fascist régime find their most deadly enemies.

China and Japan came into contact with Western influences at about the same time. The doors of both were battered open by Western guns. But they learned different lessons and chose different masters. Japan chose Germany as her teacher and has made herself into one of the world's great military powers. China, on the other hand, preferred America and has persisted in the effort to establish a modern democracy.

Japan's present undeclared war has made it extremely difficult, if not impossible, for 84 percent of the higher educational institutions in China to reopen or to function normally. In Japanese-occupied territory, the leaders of both Chinese and American institutions are confronted with the choice of closing entirely or reopening under Japanese direction. Japanese military authorities are determined to stamp out all "anti-Japanese" influences wherever they can. Perhaps Japan will not go so far as to destroy American-supported schools. But she has already issued repeated warnings that she would not tolerate any professor or student who is "unfriendly" to Japan in the schools. What happened to Chinese schools in Manchuria is now being repeated in North China. All schools must teach history from textbooks edited and printed in Japan, which give the "correct" story of Chinese-Japanese relations. Already thousands of these textbooks have been shipped to Peiping and Tientsin.

The desperate situation makes it possible that the students will search for what seems a short cut to national salvation. They might be converted by Fascists and militarists, who seem the men of destiny when a country is forced to fight for its very existence. In other words, alongside the war itself two opposing world currents emanating from Occidental civilization are engaged in mortal combat today in the Far East. The West in the nineteenth century taught Japan imperialism. It failed later to convince her of the desirability of a new international order based on conciliation and justice. In all the world today we see nations which are willing to pay for war acting with practically a free hand against nations which want peace but are not willing to pay its price. Does this mean that China will be compelled to make a new blueprint for her future course?

RECENT BOOKS ON INTERNATIONAL RELATIONS

By Robert Gale Woolbert

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General: Political and Legal

THE GOOD SOCIETY. BY WALTER LIPPMANN. Boston: Little, Brown, 1937, 402 p. \$3.00.

This contribution to the political philosophy in our day was reviewed at length by Professor McIlwain in the October issue.

AN INTELLECTUAL AND CULTURAL HISTORY OF THE WESTERN WORLD. BY HARRY ELMER BARNES. New York: Random House, 1937, 1250 p. \$5.00.

Another *tour de force* by one of America's most prolific writers on the social sciences.

PRELUDE TO 1937. BY F. J. C. HEARNshaw. London: Murray, 1937, 180 p. 5/.

A rapid summary of world history, 1931-1936.

DIE ZUKUNFT DER FREIHEIT. BY HERRMANN STEINHAUSEN. Zurich: Europa Verlag, 1937, 237 p.

A well-written speculation on the individual's place in the modern political order.

NATIONALISM AND CULTURE. BY RUDOLF ROCKER. New York: Covici Friede, 1937, 574 p. \$3.50.

The eternal antagonism between the state and culture demonstrated and discussed in a somewhat unsystematic manner by an anarchist theorist.

DICTATORS AND DEMOCRACIES. BY CALVIN B. HOOVER. New York: Macmillan, 1937, 110 p. \$1.50.

A decidedly worth-while little book which again demolishes the myth that the capitalist thrives under Fascism.

THE END OF DEMOCRACY. BY RALPH ADAMS CRAM. Boston: Marshall Jones, 1937, 261 p. \$3.00.

A disconnected series of vigorous essays by an American architect who longs for a return to what he imagines to be the good old days of feudal corporatism. Among other things he advocates a constitutional monarchy for the United States as a refuge from our present democratic demagoguery. Many will feel relieved to believe that they do not have to take this book seriously.

DEMOCRACY IN TRANSITION. New York: Appleton-Century, 1937, 361 p. \$2.50.

Members of the Ohio State University faculty present a coördinated inquiry into the revolutionary changes now taking place in American social and economic life, and propose the adjustments which they regard as necessary to enable our democratic traditions to survive in a changing world.

WETTERZONEN DER WELTPOLITIK. BY WALTHER PAHL. Leipzig: Goldmann, 1937, 340 p. M. 6.80.

An interpretation of political tensions existing in various theaters of conflict throughout the world.

THE NEXT WORLD WAR. BY TOTA ISHIMARU. London: Hurst, 1937, 352 p. 15/.

A Japanese naval officer, author of "Japan Must Fight Britain," again prognosticates a general war by 1940.

IF WAR COMES. BY R. ERNEST DUPUY AND GEORGE FIELDING ELIOT. New York: Macmillan, 1937, 368 p. \$3.00.

Two American army officers tell what will happen in the next general war. They confine themselves to military questions, avoiding excursions into the fields of politics and economics. A sober, intelligent treatment of a highly controversial subject that should appeal to layman and expert alike.

REVOLT AGAINST WAR. BY H. C. ENGELBRECHT. New York: Dodd, 1937, 367 p. \$2.50.

The causes, methods of conduct and results of modern warfare described in grim detail by one of the authors of "Merchants of Death."

PRELUDE TO PEACE. BY HENRY A. ATKINSON. New York: Harper, 1937, 222 p. \$2.00.

The General Secretary of the Church Peace Union and of the World Alliance for International Friendship through the Churches finds disarmament the only way to prevent war and he proposes a program for achieving it.

BACKGROUND OF WAR. BY THE EDITORS OF *Fortune*. New York: Knopf, 1937, 296 p. \$2.50.

Six articles, originally published in *Fortune* during the first part of 1937, are here gathered together to form a composite answer to the question: "What are the chances of peace?" Attention is confined to the policies of the major European Powers. The chapters on Britain, Spain and Russia are perhaps the best.

SWORDS OR PLOWSHARES? BY EARL CRANSTON. New York: Abingdon Press, 1937, 256 p. \$2.00.

A religious approach to the problem of preventing war.

KAMP UDEN VAABEN. BY NIELS LINDBERG, GAMMELGAARD JACOBSEN AND KARL EHRLICH. Copenhagen: Levin og Munksgaard, 1937, 216 p. Kr. 6.

An analysis of non-violent resistance against national or social oppression.

FASCISME. BY R. SCHEPPERS. Brussels: Editions Rex, 1937, 159 p. Fr. 10.

Inspirational readings for Rexists.

SUI CARATTERI GIURIDICI DEL REGIME TOTALITARIO. BY GIUSEPPE D. FERRI. Rome: Cremonese, 1937, 72 p. L. 6.

A brief pioneer study on the juridical nature of totalitarian régimes.

TEORIA GENERALE DELLO STATO FASCISTA. BY SERGIO PANUNZIO. Padua: C.E.D.A.M., 1937, 310 p. L. 40.

A technical study into the legal theory underlying the Fascist state, by a professor in the University of Rome, author of numerous works on political philosophy.

THE COLONIAL PROBLEM. New York: Oxford University Press, 1937, 448 p. \$8.50.

The report by a study group (chairman, Mr. Harold Nicolson) of the Royal Institute of International Affairs. The authors have sought to treat the subject as comprehensively as possible and have not confined their attention to the British Empire. They have subdivided their study into three parts: the international aspect; the colonial aspect; and questions of investment, trade, finance and land settlement. There are fifteen appendices and two maps.

COLONIAL POPULATION. BY ROBERT R. KUCZYNSKI. New York: Oxford University Press, 1937, 101 p. \$1.75.

A statistical expert analyzes colonial census figures.

GIUSTIZIA ED ESPANSIONE COLONIALE. BY ANTONIO MESSINEO. Rome: *La Civiltà Cattolica*, 1937, 244 p. L. 10.

A Jesuit explores Catholic doctrine and returns to report that it justifies the right of nations to engage in colonial expansion if "vital necessities" demand it.

ELEMENTI DI DOMMATICIA DELLA COLONIZZAZIONE. BY SANTI NAVA. Florence: Casa Editrice Poligrafica Universitaria, 1937, 181 p. L. 25.

A fundamental contribution to the literature of political theory by a recognized Italian authority.

DE ORDENING VAN DEN OMROEP IN EUROPA. BY C. CH. GRUTZNER. Alphen a. d. Rijn, 1936, 551 p.

An instructive treatise on how to regulate broadcasting in Europe. The author offers several illuminating suggestions.

LEGAL MACHINERY FOR PEACEFUL CHANGE. BY KARL STRUPP. London: Constable, 1937, 85 p. 4/6.

A German law professor's draft convention (with commentaries) for setting up the legal machinery to effect peaceful change.

RECENT THEORIES OF SOVEREIGNTY. BY HYMEN EZRA COHEN. Chicago: University of Chicago Press, 1937, 169 p. \$3.00.

A critique of current thought.

THE BRITISH YEAR BOOK OF INTERNATIONAL LAW, 1937. New York: Oxford University Press, 1937, 282 p. \$5.50.

This eighteenth issue of an important annual publication contains, *inter alia*, treatises on the Spanish Civil War and Danzig.

THE SOURCES OF MODERN INTERNATIONAL LAW. BY GEORGE A. FINCH. Washington: Carnegie Endowment, 1937, 124 p. Gratis.

A useful guide by the managing editor of the *American Journal of International Law*.

POLITISCHE PAKTE UND VÖLKERRECHTLICHE ORDNUNG. BY ASCHE GRAF VON MANDELSLOH. Berlin: Springer, 1937, 116 p. M. 6.60.

An attempt to make international law fit the needs of Hitler's expansionist policy.

DIPLOMATSIYA. BY PAVLE KAROVITCH. Belgrade: Goetz Kohn, 1937, 188 p.

A guide to the technique of diplomacy, by an experienced member of the Yugoslav diplomatic service.

INTERNATIONAL LEGISLATION. BY TORSTEN GIHL. New York: Oxford University Press, 1937, 158 p. \$3.75.

Recent changes in international law interpreted by the Chief of Archives in the Foreign Ministry of Sweden.

THE TEST OF THE NATIONALITY OF A MERCHANT VESSEL. BY ROBERT RIENOW. New York: Columbia University Press, 1937, 247 p. \$2.75.

An attempt to clear up a legal concept which is often discussed loosely. A timely study in days when the area of naval warfare is steadily expanding.

THE JEW IN REVOLT. BY WILLIAM ZUKERMAN. London: Secker, 1937, 255 p. 6/.

Socialism, not Zionism, is put forward as the real salvation of the millions of Jewish workers.

L'ISLAM DANS LE MONDE. BY ARTHUR PELLEGRIN. Paris: Payot, 1937, 181 p. Fr. 20.

An excellent survey of the Moslem world: its history, culture and traditions; its present political state and aspirations; and its relations with the European imperialist nations. Particular attention is given to French Africa. The author is a member of the "Grand Conseil de la Tunisie."

ENTRETIENS SUR L'ÉVOLUTION DES PAYS DE CIVILISATION ARABE. Paris: Hartmann, 1937, 139 p. Fr. 15.

Worth-while papers by various contributors on numerous phases of the "Arab renaissance" in North Africa and the Near East.

ALL THE WORLD'S FIGHTING FLEETS. EDITED BY E. C. TALBOT-BOOTH. New York: Appleton-Century, 1937, 688 p. \$3.00.

A handy reference work, giving exact information (with illustrations) on all navies.

General: Economic and Social

LIMITS OF LAND SETTLEMENT: A REPORT ON PRESENT-DAY POSSIBILITIES. PREPARED UNDER THE DIRECTION OF ISAIAH BOWMAN. New York: Council on Foreign Relations, 1937, 380 p. \$3.50.

Ten specialists have collaborated in the preparation of this survey of the settlement possibilities of the world's remaining empty lands. Though working independently, they all reach the conclusion that only small-scale colonization of these areas is practicable and that this will afford no material relief to the countries now feeling the pressure of population upon their means of subsistence. Where the population is thin there are meagre opportunities for newcomers because of unfavorable climate, lack of transportation and educational facilities, and remoteness in space or time from the world's markets. The text is profusely illustrated with maps and charts. Current discussion of colonies for the "have-not" countries gives the work a timely interest. It was prepared for the American Coördinating Committee for International Studies.

INTERNATIONAL CONTROL IN THE NON-FERROUS METALS. BY W. Y. ELLIOTT AND OTHERS. New York: Macmillan, 1937, 801 p. \$6.50.

A compendium by five specialists who have examined very thoroughly the international control of nickel, aluminum, tin, copper, lead and zinc production. There are also chapters on the political and economic implications of this control. The text is supported with a profusion of tables and graphs.

MINERAL RAW MATERIALS: SURVEY OF COMMERCE AND SOURCES IN MAJOR INDUSTRIAL COUNTRIES. PREPARED BY THE STAFF OF THE FOREIGN MINERALS DIVISION, U. S. BUREAU OF MINES. New York: McGraw-Hill, 1937, 342 p. \$5.00.

A mass of important information made readily accessible in a systematic arrangement, first by minerals and then by countries.

RAW MATERIALS OR WAR MATERIALS? BY ALFRED PLUMMER. London: Gollancz, 1937, 144 p. 3/6.

This little book seeks to elucidate the real facts in the "Have versus Have-Not" controversy. In Part I the author, Vice-Principal of Ruskin College at Oxford, examines the present distribution of certain key raw materials among the Powers, and in Part II he sets out the economic and political implications of his statistics. On the whole he is content to let the democratic Powers continue to possess most of the world's resources, at least until the others will coöperate in the League to further collective security, disarmament and similar pacific policies.

LA QUESTION DES MATIÈRES PREMIÈRES ET LES REVENDICATIONS COLONIALES. BY GILBERT MAROGER. Paris: Hartmann, 1937, 265 p. Fr. 18.

A sound study, prepared for the Centre d'Études de Politique Étrangère, on the basis of the author's personal investigations in various European countries.

AN ECONOMIC HISTORY OF EUROPE SINCE 1750. BY WITT BOWDEN, MICHAEL KARPOVICH AND ABBOTT PAYSON USHER. New York: American Book, 1937, 948 p. \$4.25.

An up-to-date synthesis.

ET ØKONOMISK FOLKE FORBUND. BY BJARNE BRAATØY. Oslo: Grundt Tarum, 1937, 98 p.

Lectures at the Nobel Institute on international economic coöperation.

INVENTAIRE ÉCONOMIQUE ET FINANCIER: MONDE-FRANCE 1936-1937. BY E. DOUSSET. Paris: Dunod, 1937, 270 p. Fr. 35.

Statistical information on world production, commerce, cost of living, population movements and public finance.

OFFENMARKTPOLITIK ZUR KONJUNKTURREGELUNG. BY FRIEDRICH SAROW. Munich: Duncker und Humblot, 1937, 111 p. M. 4.20.

The theory of open market policy and its recent practice in England, Germany and the United States.

MIROVOYE EKONOMICHESKIE KRIZISY, 1848-1935. EDITED BY Y. VARGA. Moscow: Sotsekgiz, 1937, 808 p. \$3.50.

A massive study of world economic crises, edited by a leading Soviet economist.

The World War

THE ANNEXATION OF BOSNIA, 1908-1909. BY BERNADOTTE E. SCHMITT. New York: Macmillan, 1937, 264 p. \$3.75.

An exhaustive history of a crisis that prefaced the World War.

HISTOIRE DE LA GUERRE MONDIALE. VOLUME I. JOFFRE ET LA GUERRE DE MOUVEMENT, 1914. BY GENERAL DUFFOUR. Paris: Payot, 1937, 432 p. Fr. 36.

This solid, dispassionate but readable treatise completes a series, the other three volumes of which have already been reviewed here. The General devotes most space to the campaign in the west, though the Eastern and Balkan fronts are not entirely neglected.

THE WAR IN THE AIR. Volume VI. BY H. A. JONES. New York: Oxford University Press, 1937, 583 p. \$10.00.

This concluding volume of the "Official History of the War" is the story of the part played by the Royal Air Force. It is an elaborate treatise, in part based on British and German archives, with many maps and with a supplement of appendices.

LA GUERRA SUL FRONTE FRANCO-BELGA, 1914-1918. BY ALDO VALORI. Bologna: Zanichelli, 1937, 399 p. L. 25.

A military history, for laymen, of the war on the western front.

BRITTANY PATROL. BY H. WICKLIFFE ROSE. New York: Norton, 1937, 367 p. \$3.50.

A first-hand account of the "suicide fleet" that patrolled the French Coast.

DAS WELTKRIEGSENDE: GEDANKEN ÜBER DIE DEUTSCHE KRIEGSFÜHRUNG 1918. BY BERNHARD SCHWERTFEGER. Potsdam: Athenaion, 1937, 206 p. M. 5.80.

A professor of military and diplomatic history at Göttingen examines the relationship between the civil and army leaders in Germany during the last phases of the war. On the whole an objective analysis.

THE WAR AND GERMAN SOCIETY. BY ALBRECHT MENDELSSOHN-BARTHOLDY. New Haven: Yale University Press, 1937, 299 p. \$2.75.

The late German historian's posthumous work is not so comprehensive as its title might indicate, but rather a series of essays on related phases of the subject. This volume is part of the "Economic and Social History of the World War" prepared for the Carnegie Endowment for International Peace.

THE ENEMY WITHIN. BY CAPTAIN HENRY LANDAU. New York: Putnam, 1937, 323 p. \$3.00.

A circumstantial reconstruction of German espionage activities in the United States during the war. A very easy book to read.

BREST-LITOWSK: VERHANDLUNGEN UND FRIEDENSVERTRÄGE IM OSTEN 1917 BIS 1918. BY VOLKWART JOHN. Stuttgart: Kohlhammer, 1937, 149 p. M. 7.50.

A reliable account of the peace negotiations that marked Russia's exit from the war. DEJINY MAFFIE. Volume I. BY MILADA PAULOVÁ. Prague: Československá Grafická Unie, 1937, 664 p. Kč. 85.

A complete account of the Czechoslovak secret organization working against Austria during the World War, with documents and illustrations. This volume covers the period from the beginning of the war to the departure of Beneš for Western Europe.

GEGENSPIELER DES OBERSTEN LAWRENCE. BY HANS LÜHRS. Berlin: Schlegel, 1937, 221 p. M. 4.

The adventures of the Germans who opposed British penetration into Mesopotamia and Iran during the war.

DIE TSCHECHOSLOWAKISCHEN DENKSCHRIFTEN FÜR DIE FRIEDENSKONFERENZ VON PARIS, 1919-1920. BY HERMANN RASCHHOFFER. Berlin: Heymann, 1937, 331 p. M. 13.

The Czechoslovak Memoirs (numbers 1 to 11) presented to the Paris Peace Conference are here reproduced in the original French and in a German translation. They are presumed to be largely the work of Beneš, whose conception of the national state, in particular as applied to Czechoslovakia, is developed in them. These memoranda offer German writers useful ammunition in their campaign against the Czechs.

The International Relations of the United States

COLONIAL POLICIES OF THE UNITED STATES. BY THEODORE ROOSEVELT. Garden City: Doubleday, 1937, 204 p. \$2.00.

Colonel Roosevelt has served as Governor of Puerto Rico and as Governor-General of the Philippines. He is therefore in an unrivalled position to give us a sound critique of American colonial policy, and that is what he has done in this admirable little book. After surveying the expansion of the United States as a colonial power, he concludes that it is impossible for a democracy like ours properly to manage an empire.

THE ORIGINS OF THE FOREIGN POLICY OF WOODROW WILSON. BY HARLEY NOTTER. Baltimore: Johns Hopkins Press, 1937, 695 p. \$4.50.

An exhaustive piece of research demonstrating that in its essential principles Wilson's foreign policy had already crystallized in his mind when he became President.

AMERICAN FOREIGN POLICY. BY WILSON LEON GODSHALL. Ann Arbor: Edwards Brothers, 1937, 553 p. \$5.00.

Selected documents illustrating the development of American foreign policy.

ENGLAND EXPECTS EVERY AMERICAN TO DO HIS DUTY. BY QUINCY HOWE. New York: Simon and Schuster, 1937, 239 p. \$2.00.

From the promulgation of the Monroe Doctrine to date American foreign policy has meekly followed in the wake of British imperial interests, according to this Anglophobe thesis. No one will object to Mr. Howe's advocating that in the conduct of its foreign relations the United States consult its own and not Britain's interests. However, his strange mélange of facts, accusations, rumors and hallucinations does not prove that American policy is the tail to the British kite, except in so far as our interests happen to coincide with Britain's — which naturally is not infrequently.

LES ILLUSIONS DE L'AMÉRIQUE EN MATIÈRE DE CRÉDIT DE 1914 À L'EXPÉRIENCE ROOSEVELT. BY EDMOND CHASSERY. Paris: Librairie Technique et Économique, 1937, 307 p. Fr. 35.

A sound though largely conventional résumé of American policy, its shortcomings and its European repercussions.

JAPAN IN AMERICAN PUBLIC OPINION. BY ELEANOR TUPPER AND GEORGE E. McREYNOLDS. New York: Macmillan, 1937, 465 p. \$3.75.

A scholarly study of American attitudes toward Japanese policies since 1900.

FORTY YEARS OF AMERICAN-JAPANESE RELATIONS. BY FOSTER RHEA DULLES. New York: Appleton-Century, 1937, 289 p. \$3.00.

An American journalist experienced in Far Eastern matters challenges the wisdom of the Open Door policy as practised by the United States.

FINANCIAL DEVELOPMENT OF THE UNITED STATES. BY WILLIAM J. SHULTZ AND M. R. CAINE. New York: Prentice-Hall, 1937, 757 p. \$5.00.

American financial history from colonial times to the present, with due attention to international finance.

THE TWILIGHT OF AMERICAN CAPITALISM. BY A. S. J. BASTER. London: King, 1937, 218 p. 9/.

A critical but not hostile interpretation of the New Deal, in which attention is centered on governmental intervention in economic life.

TOGETHER WE STAND. BY LEONARD J. REID. London: Cassell, 1937, 162 p. 5/.

The Financial Editor of the *Daily Telegraph* regards the American scene in the hope of finding a firmer basis for Anglo-American coöperation.

Western Europe

EUROPE IN ARMS. BY LIDDELL HART. New York: Random House, 1937, 287 p. \$2.50.

Captain Liddell Hart, unlike most military experts, makes no apology for war; he accepts it as a persisting human institution. In his latest volume he dispassionately parades before us the armed might of the world in all its destructive power: the new machines, the new techniques, the new tactics. This is the best summary of the military situation among the major European Powers today and of the nature of the probable war tomorrow. A readable book by an outstanding authority.

INDIVIDUALISMENS ÖDESTIMMA. BY JAKOB DE GEER. Stockholm: Wahlström og Widstrands Förlag, 1937, 182 p.

A book on international politics in which the theme is the German danger to western European culture.

LES MAÎTRES DE LA FRANCE. Volume II. BY AUGUSTIN HAMON AND X. Y. Z. Paris: Éditions Sociales Internationales, 1937, 378 p. Fr. 18.

A continuation of the authors' exposé of feudal domination in French political and economic life. This volume covers the insurance companies, the press, the public administration and parliament.

TOUTES LES PREUVES: C'EST MOSCOU QUI PAIE. BY JACQUES DORIOT. Paris: Flammarion, 1937, 102 p. Fr. 6.75.

An expansion of the speech made in the Chamber of Deputies by the leader of the *Parti Populaire Français* in which he accused the French Communist Party of being supported by Russia, a subject about which Doriot ought to know something as he was once a Communist leader.

LE PROLÉTARIAT. BY HENRI COMTE DE PARIS. Paris: Les Oeuvres Françaises, 1937, 191 p. Fr. 25.

The French pretender promises that the future monarchy will abolish the proletariat by reestablishing the pre-1789 corporate society.

THE FRAMEWORK OF FRANCE. BY H. G. DANIELS. New York: Scribner, 1937, 267 p. \$4.00.

A former London *Times* correspondent in Paris subjects the habits of thought, social institutions, economic life and government of the French nation to critical scrutiny.

PAUL VAN ZEELAND. BY LUC HOMMEL. Paris: Plon, 1937, 93 p. Fr. 3.

A readable and friendly sketch of the man and his political philosophy.

LÉON DEGRELLE ET LE REXISME. BY PIERRE DAYE. Paris: Fayard, 1937, 251 p. Fr. 15.

A Rexist sees Degrelle still as Belgium's savior in spite of recent reverses.

THE HOUSE THAT HITLER BUILT. BY STEPHEN H. ROBERTS. London: Methuen, 1937, 380 p. 12/6.

During more than a year (November 1935 to March 1937) the author, professor of Modern History in the University of Sydney, enjoyed unusual facilities to investigate Germany. He now emerges with a report and an interpretation. Though he has sought rigorously to be objective, his own democratic leanings are apparent. The last chapters, on foreign policy, show clearly the choice before the Führer: either he plunges Europe into war, or he loses his position in Germany.

I KNEW HITLER. BY KURT G. W. LUDECKE. New York: Scribner, 1937, 814 p. \$3.75.

In Mr. Hanighen's article, "Foreign Political Movements in the United States," in the October 1937 issue of *FOREIGN AFFAIRS*, Kurt Ludecke was referred to as one of the early organizers of the Nazi movement in this country. Ludecke was one of the Nazis "of the first hour" and therefore (he says) of the inner circle. This is his own story, told with considerable naïveté if not always with modesty. Whatever the reliability of some of the author's recollections and statements, here at any rate is an authentic document disclosing the mentality and character of Hitler's old guard, and incidentally providing fascinating reading.

HITLER'S CONSPIRACY AGAINST PEACE. BY S. ERCKNER. London: Gollancz, 1937, 288 p. 6/.

Largely a compilation of quotations from recent German books and periodicals showing that the aggressive Nazi spirit resembles prewar Pangermanism.

KOLONIEN IM DRITTEN REICH. BY HEINZ WILHELM BAUER. Cologne: Westdeutscher Beobachter, 1936, 2 v. M. 28.50.

A popular and profusely illustrated addition to the campaign for creating a colonialist sentiment in Germany.

ALFRED KRUPP UND SEIN GESCHLECHT: GESCHICHTE EINES DEUTSCHEN FAMILIENUNTERNEHMENS. BY W. BERDROW. Berlin: Verlag für Sozialpolitik, Wirtschaft und Statistik, 1937, 319 p. M. 6.

The development of the German steel and armament industries mirrored through the rise of the famous Krupp family.

LE CONTRÔLE DES DEVICES DANS L'ÉCONOMIE DU III^e REICH. BY ANDRÉ PIATIER. Paris: Hartmann, 1937, 185 p. Fr. 10.

A case study prepared for the Centre d'Études de Politique Étrangère.

LE CORPORATISME AGRICOLE ET L'ORGANISATION DES MARCHÉS EN ALLEMAGNE. BY RAYMOND BERTRAND. Paris: Librairie Générale du Droit, 1937, 349 p. Fr. 45.

German agriculture under a dictatorially regulated economy.

THE GERMAN UNIVERSITIES AND NATIONAL SOCIALISM. BY EDWARD YARNALL HARTSHORNE, JR. Cambridge: Harvard University Press, 1937, 184 p. \$2.00.

The Nazi "reform" of the German university system placed in its historical setting and described in factual detail.

INTERNATIONAL ASPECTS OF GERMAN RACIAL POLICIES. BY OSCAR I. JANOWSKY AND MELVIN M. FAGEN. New York: Oxford University Press, 1937, 266 p. \$2.00.

A legal study, covering the period down to the fall of 1935. One-half of the book consists of documentary appendices.

VON RECHTS NACH LINKS. BY HELLMUT VON GERLACH. Zurich: Europa-Verlag, 1937, 275 p. Fr. 6.

The memoirs of a Junker who became a non-Marxian radical and pacifist leader. The postwar chapters give a vivid picture of pre-Hitler Prussia.

POST-WAR GERMAN-AUSTRIAN RELATIONS. BY M. MARGARET BALL. Stanford: Stanford University Press, 1937, 304 p. \$4.00.

A scholarly history of the Anschluss movement.

SÖHNE DER WÖLFEN. BY HEINZ HOLLDACK. Stuttgart: Franckh'sche Verlagshandlung, 1937, 196 p. M. 5.50.

Various facets of Italian life illuminated by a German correspondent many years resident in Italy.

GOLIATH: THE MARCH OF FASCISM. BY G. A. BORGESE. New York: Viking, 1937, 483 p. \$3.00.

One of modern Italy's best literary critics and scholars places Fascism in its long-range historical setting. He begins with Dante and comes down through Machiavelli, the Risorgimento, United Italy to the postwar period. A little more than half the book covers the years since the March on Rome. Though Professor Borgese, now of the University of Chicago, is an exile, his book shows no bitterness or passion. It is, by and large, one of the fairest and most readable works on contemporary Italy.

POPE PIUS XI AND WORLD AFFAIRS. BY WILLIAM TEELING. New York: Stokes, 1937, 312 p. \$2.50.

In view of the fact that the author comes from a prominent Catholic family, this book is surprisingly outspoken in its criticism of the Vatican's political action. He pictures Pius XI as a man with pronounced autocratic proclivities, who is apprehensive at the prospect of the Church coming more and more under American — and therefore democratic — influences. Mr. Teeling is troubled by the Fascist tendencies of the Papacy, in particular its close tie-up with Mussolini's régime since the Lateran agreements of 1929.

A REPORTER AT THE PAPAL COURT. BY THOMAS B. MORGAN. New York: Longmans, 1937, 302 p. \$3.00.

A chatty book, full of interesting Vatican gossip, by a journalist who has covered the Papal Court since 1921.

I PROBLEMI DEL MEDITERRANEO. BY GASPARE AMBROSINI. Rome: Istituto Nazionale di Cultura Fascista, 1937, 192 p. L. 10.

A half-century of Mediterranean history interpreted by an Italian professor.

WAR IN SPAIN. BY F. WHITE. New York: Longmans, 1937, 85 p. \$1.00.

An attempt to outline objectively the principal events of the first half year of war.

GENERAL FRANCO. BY RUDOLF TIMMERMANS. Olten: Walter, 1937, 256 p. M. 3.

The Rebel leader's career prior to the civil war, very sympathetically narrated.

COUNTER-ATTACK IN SPAIN. BY RAMON SENDER. Boston: Houghton, 1937, 288 p. \$3.00.

The interesting personal experiences and spiritual reaction of a young Spanish writer who is heart and soul for the Loyalists.

FROM SPANISH TRENCHES: RECENT LETTERS FROM SPAIN. EDITED BY MARCEL ACIER. New York: Modern Age Books, 1937, 199 p. 35 cents.

Letters showing the state of mind of the men in the International Brigade.

LA RÉVOLUTION ESPAGNOLE VUE PAR UNE RÉPUBLICAINE. BY CLARA CAMPOAMOR. Paris: Plon, 1937, 236 p. Fr. 15.

Though the author was a Radical member of the Cortes that voted the Republican Constitution, she severely criticizes the present Loyalist government. She believes that a complete victory for either side in the civil war will not bring domestic peace to Spain or a stable balance to relations between the Powers.

DEFENCE OF MADRID. BY GEOFFREY COX. London: Gollancz, 1937, 221 p. 2/6.

A first-hand narrative by the correspondent of the *London News Chronicle* in Madrid during the opening months of the war.

RED TERROR IN MADRID. BY LUIS DE FONTERIZ. New York: Longmans, 1937, 99 p. \$1.25.

An eye-witness description of chaos in revolutionary Madrid.

THE SIEGE OF ALCAZAR. BY GEOFFREY MCNEILL-MOSS. New York: Knopf, 1937, 313 p. \$3.50.

A day-to-day account of a famous episode.

PAYSANS D'ESPAGNE. BY MINLOS. Paris: Bureau d'Éditions, 1937, 150 p. Fr. 3.50.

A Leftist interpretation of Spain's agrarian problem and its connection with the origins of the civil war and the constitution of the Popular Front.

LE PORTUGAL ÉCONOMIQUE. BY DOCTEUR LUCIEN-GRAUX. Paris: Chiron, 1937, 350 p. Fr. 35.

A detailed economic inventory of both the mother country and her colonies, together with a discussion of Salazar's *Estado Novo* and corporative system. This report was prepared for the French Ministry of Commerce and Industry.

LA POLITIQUE MONÉTAIRE DU PORTUGAL. BY FERNANDO EMYGDIO DA SILVA. Paris: Librairie Générale de Droit, 1937, 38 p. Fr. 8.

A Vice-Governor of the Bank of Portugal explains how his country achieved currency stabilization and thereby prosperity.

UNE RÉVOLUTION DANS LA PAIX. BY OLIVEIRA SALAZAR. Paris: Flammarion, 1937, 293 p. Fr. 18.

Speeches delivered several years ago by Portugal's dictator on finances, corporatism, the new constitution, family life, etc.

Eastern Europe

ASSIGNMENT IN UTOPIA. BY EUGENE LYONS. New York: Harcourt, 1937, 658 p. \$3.50.

After a career as a revolutionary journalist in America — during which he wrote a biography of Sacco and Vanzetti — Lyons went to Soviet Russia fully expecting to find Utopia. Being a Communist, he judged the Communist state in terms of its own program and ideology. Reluctantly (and slowly) he was obliged to admit that the Soviet experiment had misfired, that it was not the fulfillment of the revolutionists' dreams or of its own promises. This book is thus both a personal record of the disillusionment of a sincere Communist and an indictment of official Communism under the Stalin dictatorship.

MOSCOW 1937. BY LION FEUCHTWANGER. New York: Viking, 1937, 151 p. \$2.00.

Though short, this is one of the better accounts of contemporary Russia to be brought back by an outsider. In general, Feuchtwanger paints a rosy picture.

THE SOVIETS. BY ALBERT RHYS WILLIAMS. New York: Harcourt, 1937, 554 p. \$4.00.

Mr. Williams witnessed the Bolshevik Revolution, was a friend of Lenin and is undoubtedly one of the Americans best informed on Russia. This work is the product of many years' research and personal investigation, and though distinctly pro-Soviet in tone, it is a comprehensive source of information.

THE CASE OF LEON TROTSKY. New York: Harper, 1937, 617 p. \$3.00.

A transcript of the hearings conducted to give Trotsky a chance to refute the charges made against him in the Moscow trials. These hearings took place in Mexico during April 1937 before a commission headed by John Dewey. The commission's report was commented on in Professor Radin's article, "The Moscow Trials: A Legal View," in the October issue of *FOREIGN AFFAIRS*.

SOVIET JUSTICE AND THE TRIAL OF RADEK AND OTHERS. BY DUDLEY COLLARD. London: Gollancz, 1937, 208 p. 3/6.

An English barrister who attended Radek's trial explains why he believes both it and that of Kamenev, Zinoviev and others in August 1936 were conducted fairly and arrived at just decisions. The completeness of the confessions in the first trial is laid to the conspirators' desire to shield their accomplices.

RETOUCHES À MON RETOUR DE L'U. R. S. S. BY ANDRÉ GIDE. Paris: Gallimard, 1937, 125 p. Fr. 9.

M. Gide's now famous little book, "Return from the U. S. S. R.," naturally provoked a great deal of criticism, particularly from friends of the Soviets. The present work is in part an answer to certain of these critics, in part an elucidation of his conclusions, and in part additional material on his Russian visit.

A HISTORY OF RUSSIA. BY SIR BERNARD PARES. New York: Knopf, 1937, 570 p. \$4.00.

This revised edition of one of the best histories of Russia covers the period through 1936. The author is Professor of Russian Language, Literature and History in the University of London.

HISTORY OF ANARCHISM IN RUSSIA. BY E. YAROSLAVSKY. New York: International Publishers, 1937, 127 p. 25 cents.

A Communist, and therefore unfriendly, history of Russian anarchism since Bakunin. YAPONO-GERMANSKOYE SOGLASHENIE (OCHAG VOYNY NA VOSTOKE). BY A. VORISOV. Moscow: Sotsekgiz, 1937, 103 p. 10 cents.

The German-Japanese anti-Communist pact from the Soviet point of view.

VÖLKER-RECHT GEGEN BOLSCHEWISMUS. BY E. H. BOCKHOFF. Leipzig: Nibelungen-Verlag, 1937, 251 p. M. 4.

A frenzied blast of abuse against "lawless" Russia.

SOVIET DEMOCRACY. BY PAT SLOAN. London: Gollancz, 1937, 288 p. 6/.

A man who has lived in the Soviet Union for six years finds more "real" democracy there, especially among the workers, than in the so-called democratic countries.

STATYI I RECHI, 1935-1936. BY V. M. MOLOTOV. Moscow: Partizdat, 1937, 272 p. 40 cents.

Speeches by the Soviet Prime Minister.

40,000 AGAINST THE ARCTIC: RUSSIA'S POLAR EMPIRE. BY H. P. SMOLKA. New York: Morrow, 1937, 308 p. \$3.50.

Here is the amazing story of Soviet penetration into the Arctic: the establishment of regular sea and air communications along the northern shore of Siberia, the creation of cities well inside the Arctic Circle, and the exploitation of the region's vast natural resources. Mr. Smolka, who is a correspondent of the London *Times*, recently returned from an extensive tour along this pioneer fringe.

OSNOVNYE ZAKONY PO KRAYNEMU SEVERU. PRAVO NA POLYARNYE PROSTRANSTVA I ORGANIZATSIYA ORGANOV UPRAVLENIYA. OPYT SISTEMATICHESKOGO OPISANIYA. BY M. E. ZINGER. Moscow: Izd-vo Glavsevmorputi, 1937, 144 p. 60 cents.

Russia's claim to the polar areas, officially formulated.

LA LITHUANIE ET LE PROBLÈME DE LA SÉCURITÉ INTERNATIONALE. BY PETRAS VILEIŠIS. Paris: Pedone, 1937, 244 p. Fr. 50.

This apprehensive book shows the anxiety in which the small countries of Eastern Europe are living. Lithuania, says the author, will refuse neutral status until she recovers Vilna. In the meantime her hope resides in general collective security.

PLOT AND COUNTER-PLOT IN CENTRAL EUROPE. BY M. W. FODOR. Boston: Houghton, 1937, 317 p. \$3.50.

Fodor is generally recognized as one of the best-informed correspondents in Central Europe and what he has to say about the postwar history of that troubled area should therefore be both interesting and important. Readers who take up this book with these expectations will not be disappointed, though they will find the material less well organized than might have been hoped. The central theme is the expansion of German influence along the Danube.

FACTS ABOUT DEMOCRACY IN CZECHOSLOVAKIA. BY BRACKETT LEWIS. New York: Association Press, 1937, 99 p. 40 cents.

How democracy permeates all aspects of Czechoslovak life.

BYROKRACIE. BY JAN MERTL. Prague: Orbis, 1937, 265 p. Kč. 45.

The intellectual and social status of bureaucracies, especially the Czechoslovak.

NĚMCI V ČESKOSLOVENSKÁ REPUBLICE O SOBĚ. Prague: Orbis, 1937, 220 p. Kč. 20.

The Czechoslovak Germans present their attitude towards the political, economic and cultural questions of the day.

SÜDOSTEUROPA: BAU UND ENTWICKLUNG DER WIRTSCHAFT. BY HERMANN GROSS. Leipzig: Noske, 1937, 231 p. M. 6.

A thorough treatment of the economic structure of the Balkan countries, plus Turkey and Hungary, by a Leipzig University professor. He clearly shows Germany's commercial supremacy in that area. This is the preliminary volume to a series on the economic relations of Southeastern Europe.

OT VOINATA KŮM MIR. BY ALEXANDER GIRGINOV. Sofia: The Author, 1937, 533 p. Leva 150.

The author's fourth volume on recent Bulgarian history; this one covers the period from the resignation of the Radoslavov Cabinet to the Treaty of Neuilly.

DIE SOZIALÖKONOMISCHE STRUKTUR DER BULGARISCHEN LANDWIRTSCHAFT. EDITED BY JANAKI ST. MOLLOFF. Berlin: Weidmann, 1936, 196 p. M. 12.

Bulgaria's agrarian problem analyzed by a professor in the University of Sofia.

The British Commonwealth of Nations

THE BRITISH EMPIRE. New York: Oxford University Press, 1937, 336 p. \$6.00.

An objective survey of pressing imperial problems, prepared by a study group of the Royal Institute of International Affairs.

THE EMPIRE, YESTERDAY AND TODAY. BY STEPHEN KING-HALL. New York: Oxford University Press, 1937, 101 p. \$1.25.

The Empire's place in British history and international politics.

BRITAIN IN EUROPE, 1789-1914: A SURVEY OF FOREIGN POLICY. BY R. W. SETON-WATSON. New York: Macmillan, 1937, 716 p. \$9.00.

This massive work by a prominent historian brings up to date and within two covers the story told in the three-volume "Cambridge History of British Foreign Policy."

ORDEAL IN ENGLAND. BY SIR PHILIP GIBBS. Garden City: Doubleday, 1937, 286 p. \$3.00.

A war correspondent gives his version of "the real story" behind the varied news of the day: the dynastic crisis in England, the shadow of war over Europe, etc.

THE PEOPLE'S FRONT. BY G. D. H. COLE. London: Gollancz, 1937, 366 p. 7/6.

Britain holds the key position in the struggle between Fascism and democracy, between war and peace. But she will not be on the side of democracy and peace unless she is under a Left government, and a Left victory can only be attained through a union of all the progressive forces in Great Britain. The reasons why the author believes this, and the means he favors for bringing about the creation of a popular front in Britain, are here explained from the point of view of English Socialism.

STANLEY BALDWIN: A TRIBUTE. BY ARTHUR BRYANT. New York: Coward-McCann, 1937, 189 p. \$2.00.

Not very critical praise of the ex-Prime Minister.

A STUDY OF THE CAPITAL MARKET IN POST-WAR BRITAIN. BY A. T. K. GRANT. New York: Macmillan, 1937, 320 p. \$4.50.

A technical study, wider in its scope than the title might indicate.

BRITAIN FACES GERMANY. BY A. L. KENNEDY. New York: Oxford University Press, 1937, 194 p. \$1.50.

A well-written, thoughtful little book by a former member of the London *Times* editorial staff. Mr. Kennedy weighs the foreign policy of his own country and of Hitler, and finds them both wanting in several particulars. He would like peace with Germany and he is willing to consider transferring the West African mandated areas to German tutelage. But he warns that Britain must be prepared to face war "if Hitler will not accept a just and honourable settlement," and adds: "If the Nazi system is to be made a scourge to humanity, we must oppose it to the end, as we opposed Napoleon until his power to do harm was destroyed."

ENGLAND GOES TO PRESS. BY RAYMOND POSTGATE AND AYLMER VALLANCE. Indianapolis: Bobbs-Merrill, 1937, 337 p. \$2.75.

Excerpts (with comments) from English newspapers over the last 125 years, illustrating the ebb and flow of British opinion about foreigners and foreign affairs.

PUBLIC ENTERPRISE: DEVELOPMENTS IN SOCIAL OWNERSHIP AND CONTROL IN GREAT BRITAIN. EDITED BY WILLIAM A. ROBSON. London: Allen and Unwin, 1937, 416 p. 12/6.

Ten authorities describe examples of social ownership and control in Great Britain.

THE COLONIAL OFFICE. BY HENRY L. HALL. New York: Longmans, 1937, 296 p. \$5.00.

The development of administrative machinery and of policy since the early seventeenth century.

THE NEW INDIA. London: *The Times*, 1937, 177 p. 7/6.

Facts about present-day India: her government, politics, economic life, etc.

THE VANISHING EMPIRE. BY CHAMAN LAL. New York: Common Sense Book Service, 1937, 248 p. \$3.00.

An Indian journalist maintains that India is on the verge of a Socialist revolution.

INDIAN SOCIALISM. BY BRIJ NARAIN. Lahore: Atma Ram & Sons, 1937, 158 p.

A professor of economics argues that if Socialism is to be applied to the peculiar conditions of India it must be greatly modified from its Marxian form.

INDIAN ADMINISTRATION. BY G. N. JOSHI. New York: Macmillan, 1937, 316 p. \$2.25.

A well-organized introduction to the intricacies of Indian government.

DYARCHY IN PRACTICE. BY A. APPADORAI. New York: Longmans, 1937, 431 p. \$3.50.

How an experiment in partial self-government has worked in India.

INDIA REVEALS HERSELF. BY BASIL MATHEWS WITH THE COLLABORATION OF WINIFRED WILSON. New York: Oxford University Press, 1937, 192 p. \$2.50.

A trained observer reports on his visit to India and his discussion of current problems with many representative leaders there.

ECONOMIC PLANNING IN AUSTRALIA, 1929-36. BY W. R. MACLAURIN. London: King, 1937, 304 p. 15/.

How Australia adapted her economy to depression conditions.

THE CRISIS OF QUEBEC, 1914-1918. BY ELIZABETH H. ARMSTRONG. New York: Columbia University Press, 1937, 270 p. \$3.00.

The history of French-Canadian "nationalism" during the World War.

The Near East

KEMAL ATATURK. BY HANNS FROEMGEN. New York: Hillman-Curl, 1937, 286 p. \$3.00.

The translation of a popular biography on the creator of modern Turkey.

LE KEMALISME. BY TEKIN ALP. Paris: Alcan, 1937, 298 p. Fr. 30.

The regeneration of Turkey as recounted by an important participant.

THE ARABS. BY BERTRAM THOMAS. Garden City: Doubleday, 1937, 364 p. \$3.50.

Few know the Arabs as well as Bertram Thomas, who at one time or another has served the British Government in Mesopotamia, Trans Jordan and Oman (where he was the Sultan's Prime Minister). In addition, he is the only European to have crossed the Great South Arabian Desert. In this very readable book he has distilled his vast knowledge of the history, culture and present political situation of the Arab peoples.

THE UNVEILING OF ARABIA. BY R. H. KIERNAN. London: Harrap, 1937, 360 p. 12/6.

A history of the European explorations that have gradually reduced the area of *terra incognita* in the Arabian peninsula.

AFGHANISTAN: A BRIEF SURVEY. BY JAMAL-UD-DIN AHMAD AND MUHAMMAD ABDUL AZIZ. New York: Longmans, 1937, 160 p. \$5.50.

A convenient summary of historical, economic and political information.

Africa

AFRICA AND WORLD PEACE. BY GEORGE PADMORE. London: Secker, 1937, 285 p. 7/6.

A native African describes the rôle played by his continent in recent and contemporary world politics. His outlook is distinctly anti-imperialist.

PRESENT-DAY MOROCCO. BY O. H. WARNE. London: Allen and Unwin, 1937, 260 p. 5/6.

A handbook of useful information on the country and its people.

LYAUTEY: MARÉCHAL DE LA PLUS GRANDE FRANCE. BY THE COLONEL DE BOISBOISSEL. Paris: Les Publications Coloniales, 1937, 169 p. Fr. 6.50.

Lyautey's career as the pacifier and regenerator of Morocco recorded by one of his intimate collaborators.

DIE LANDWIRTSCHAFT IM HEUTIGEN ÄGYPTEN UND IHRE ENTWICKLUNGSMÖGLICHKEITEN. BY IWAN EDGAR NAGY. Vienna: Scholle Verlag, 1937, 163 p. M. 5.

An illustrated survey by a former director of the Egyptian Agricultural Museum.

THE TIMES BOOK OF EGYPT. London: *The Times*, 1937, 137 p. 2/6.

Reliable information about the country's recent history, government and politics, commerce and finance, etc.

CON BADOGGIO IN ETIOPIA. BY GENERAL QUIRINO ARMELLINI. Milan: Mondadori, 1937, 282 p. L. 20.

A contribution to the history of the war by one of Badoglio's chief aides.

KRIEG IN ABESSINIEN UND FLUCHT DURCH DEN SUDAN. BY WERNER BROGLE. Zurich: Rascher, 1937, 225 p. M. 4.65.

An eyewitness account of the war from the Ethiopian side by a Swiss engineer.

HALF A LIFE LEFT. BY JAMES STRACHEY BARNES. New York: Coward-McCann, 1937, 329 p. \$3.50.

An English exponent of Fascism continues his adventures begun in "Half a Life." After a few chapters on Albania he recounts his experiences with the Italian armies in Ethiopia during the recent war.

CON I DUBAT, FRONTE SUD. BY MARCO POMILIO. Florence: Vallecchi, 1937, 202 p. L. 12.

The editor of the semi-official *Azione Coloniale* records his war experiences.

The Far East

A HISTORY OF THE MODERN AND CONTEMPORARY FAR EAST. BY PAUL HIBBERT CLYDE. New York: Prentice-Hall, 1937, 858 p. \$6.00.

A competent survey, half of which deals with the last quarter century.

JAPAN OVER ASIA. BY WILLIAM HENRY CHAMBERLIN. Boston: Little, Brown, 1937, 395 p. \$3.50.

The Far Eastern correspondent of the *Christian Science Monitor* gives a competent account of Japanese expansion in Asia; of the Japanese character which has made her a nation of conquerors; and of the domestic situation which supports her ambitions.

PEOPLES OF THE PACIFIC. BY HELEN PRATT. New York: American Council of the Institute of Pacific Relations, 1937, 3 v. \$6.00.

Summaries of the modern history of China, Japan and Russia.

MOSKAUS HAND IM FERNEN OSTEN. BY FRANZ LUDWIG MÖDLHAMMER. Berlin: Nibelungen-Verlag, 1937, 186 p. M. 4.

Soviet activities in the Far East exposed for the benefit of the Anti-Comintern.

CHINA. BY F. C. JONES. Bristol: Arrowsmith, 1937, 2 v. 7/.

Volume II of this succinct précis (which forms a part of the "Modern States Series") covers the past forty years.

WHEN CHINA UNITES. BY HARRY GANNES. New York: Knopf, 1937, 293 p. \$2.50.

A propagandist for the Third International writes about Communist activities in China without saying anything startlingly new.

THE NORTH CHINA PROBLEM. BY SHUHSI HSÜ. Shanghai: Kelly and Walsh, 1937, 112 p. \$3.00.

A diplomatic study of China's case against Japan prepared for the Council of International Affairs, Nanking.

CHINA AT WORK. BY RUDOLF P. HOMMEL. New York: Day, 1937, 366 p. \$5.00.

A copiously illustrated description of the way in which the Chinese masses live: their

tools, food, clothing, shelter and transport. An important book for students of Far Eastern affairs.

THE NEW CULTURE IN CHINA. BY LANCELOT FORSTER. New York: Stokes, 1937, 240 p. \$2.50.

The extent to which western culture has penetrated into Chinese life as measured by a Professor of Education at the University of Hong Kong.

JAPAN — COLOSSUS OF THE FAR EAST. BY LEON GILBERT HALDEN AND SALLIE FELLMAN HALDEN. Houston: The Authors, 1937, 112 p. \$2.00.

A concise summary of Japanese expansion.

LES CONSÉQUENCES DU DÉVELOPPEMENT ÉCONOMIQUE DU JAPON POUR L'EMPIRE FRANÇAIS. BY R. LÉVY. Paris: Hartmann, 1937, 183 p. Fr. 15.

This is the first study group report to be published by the Centre d'Études de Politique Étrangère. The chairman of the group was Professor Demangeon of the Sorbonne and M. Roger Lévy the rapporteur. Their report is amply documented with statistics.

HISTORY OF JAPANESE EDUCATION AND PRESENT EDUCATIONAL SYSTEM. BY HUGH L. KEENLEYSIDE AND A. F. THOMAS. Tokyo: The Hokuseido Press, 1937, 365 p. \$4.00.

The ideals and machinery of Japanese education from kindergarten to university.

SINGAPUR: ENGLANDS PANZERFESTE IM FERNEN OSTEN. BY ARVID BALK. Berlin: Stilke, 1937, 79 p. M. 2.50.

A layman's account of the construction of the naval base at Singapore and of its place in Far East power politics.

MALAYSIA. BY RUPERT EMERSON. New York: Macmillan, 1937, 536 p. \$5.00.

A scholarly study comparing direct and indirect rule in British Malaya and the Netherlands East Indies. The author is Assistant Professor of Government at Harvard.

Latin America

LATIN AMERICA: ITS PLACE IN WORLD LIFE. BY SAMUEL GUY INMAN. Chicago: Willett, Clark, 1937, 462 p. \$3.75.

An historical, economic, social and political synthesis of recent trends by a frequent writer on Latin America.

LA ORGANIZACIÓN DE LA PAZ. BY HERMANN MEYER-LINDENBERG. Bogotá: Imprenta Nacional, 1937, 195 p.

A Colombian interpretation of recent diplomatic history in particular as relates to Latin America.

THE NATIONAL REVOLUTIONARY PARTY OF MEXICO AND THE SIX-YEAR PLAN. BY GILBERTO BOSQUES. Mexico: National Revolutionary Party, 1937, 374 p. \$1.00.

A concrete statement of the objectives and policies of the ruling party in Mexico, with a lengthy description of the Six-Year Plan. The last third of the book is devoted to documentary and statistical appendices and to a bibliography.

MEXICO'S PROGRESS DEMANDS ITS PRICE. BY LOUIS H. WARNER. Boston: Chapman and Grimes, 1937, 344 p. \$2.50.

An effort to make Americans sympathize with the aspirations of their neighbor.

HANDBOOK OF LATIN AMERICAN STUDIES. EDITED BY LEWIS HANKE. Cambridge: Harvard University Press, 1937, 515 p. \$4.00.

"A guide to the material published in 1936 on anthropology, art, economics, education, folklore, geography, government, history, international relations, law, language, and literature."

SOURCE MATERIAL

By Denys P. Myers

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Documents may be procured from the following: *United States*: Gov't Printing Office, Superintendent of Documents, Washington, D. C. *Great Britain*: British Library of Information, 270 Madison Ave., New York. *France*: Gerda M. Anderson, 12 Ave. Ernest Reyer, Paris XIV^e. *League of Nations*, *Perm. Court of Int. Justice*, *Int. Institute of Intellectual Cooperation*: Columbia University Press, Int. Documents Service, 2960 Broadway, New York. *Int. Labor Office*: 734 Jackson Pl., Washington, D. C. Washington imprints are Government Printing Office and London imprints are His Majesty's Stationery Office, unless otherwise noted. Since 1928 a list of Government documents has been printed in the *Monthly List of Books Catalogued in the Library of the League of Nations*.

AGRICULTURAL POLICIES

THE WORLD AGRICULTURAL Situation in 1935-36. (World Agriculture: Conditions and Trends; Markets and Prices. — Agricultural Policies and Conditions in the Different Countries.) Economic Commentary on the International Yearbook of Agricultural Statistics for 1935-36 and 1936-37. Rome, 1937. viii, 352 p. incl. table. 24½ cm. (International Institute of Agriculture.)

ARMAMENT

CONFERENCE for the Reduction and Limitation of Armaments. Publicity for National Defence Expenditure. Action Taken on the Bureau's Resolution of May 31, 1937. Geneva, 1937. 7 p. 33 cm. (League of Nations, Conf. D.178.1937.IX.2.)

TREATY between His Majesty in respect of the United Kingdom, Canada, the Commonwealth of Australia, New Zealand and India, the President of the United States of America and the President of the French Republic for the Limitation of Naval Armament [with Protocol of Signature and Additional Protocol]. London, March 25, 1936. London, 1937. 43 p. 24½ cm. (Treaty Series No. 36 (1937) Cmd. 5561.) 9d.

BALANCE OF PAYMENTS

THE BALANCE of International Payments of the United States in 1936. Prepared in the Finance Division under the direction of Amos E. Taylor, Assistant Chief, with foreword by Daniel C. Roper, Secretary of Commerce. Washington, 1937. x, 95 p. incl. table. 23cm. (U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce.) 15 c.

CAPITULATIONS, ABOLITION

CONVENTION between His Majesty in respect of the United Kingdom and the President of the French Republic for the Abolition of Capitulations in Morocco and Zanzibar, London, July 29, 1937. London, 1937. 36 p. 24½ cm. (Miscellaneous No. 7 (1937) Cmd. 5538.) 6d.

CHILD WELFARE

CHILD WELFARE Information Centre. Summary of Annual Reports received from Governments between January 1, 1936, and the First Session of the Advisory Committee on Social Questions (April 15, 1937). Geneva, 1937. 98 p. 21 cm. (League of Nations, C.316.M.212.1937. IV.6.)

COMMERCIAL AND TRADE RELATIONS

AGREEMENT between His Majesty's Government in the United Kingdom and the Government of Yugoslavia regarding Trade and Payments, London, November 27, 1936. London, 1937 3 p. 24½ cm. (Treaty Series No. 27 (1937) Cmd. 5540.) 1d.

COMMERCIAL Relations. Agreement between the United States of America and the Union of Soviet Socialist Republics. Effected by Exchange of Notes. Signed at Moscow, August 4, 1937. Washington, 1937. 8 p. 23 cm. (Executive Agreement Series, No. 105.) 5 c.

EXCHANGE of Notes between His Majesty's Government in the United Kingdom and the Government of Finland regarding the Importation of Wheat Flour into Finland, London, April 14, 1937. London, 1937. 3 p. 24½ cm. (Treaty Series No. 26 (1937) Cmd. 5515.) 1d.

EXCHANGE of Notes between His Majesty's Government in the United Kingdom and the French Government regarding the Importation of Raffia of French Origin and of British East African Coffee and New Zealand Kauri Gum, Paris, July 16/23, 1937. London, 1937. 4 p. 24½ cm. (Treaty Series No. 34 (1937) Cmd. 5558.) 1d.

EXCHANGE of Notes between the Government of the Irish Free State and the Belgian Government regarding Commercial Relations, Brussels, December 28, 1936/Paris, January 6, 1937. London, 1937. 5 p. 24½ cm. (Treaty Series No. 35 (1937) Cmd. 5562.) 1d.

RECIPROCAL Trade. Agreement between the United States of America and Costa Rica. Signed at San José, November 28, 1936. Washington, 1937. 20 p. 23 cm. (Executive Agreement Series, No. 102.) 5 c.

COURT OF INTERNATIONAL JUSTICE, PERMANENT

THIRTEENTH Annual Report of the Permanent Court of International Justice (June 15, 1936-June 15, 1937). Leyden, 1937. 377 p. 24 cm. (Series E, No. 13.)

LIGHTHOUSES in Crete and Samos. Judgment of October 8, 1937. P. 93-153. 24½ cm. (Permanent Court of International Justice, Series A/B. Judgments, Orders and Advisory Opinions, 1937.)

CUSTOMS NOMENCLATURE

ECONOMIC Committee. Sub-committee of Experts for the Unification of Customs Tariff Nomenclature. Draft Customs Nomenclature. Edition revised in accordance with the observations forwarded by Governments. Volume I. Geneva, 1937. 135 p. 33 cm. (League of Nations, C.295.M.194.1937.II.B. 5¹.)

The final edition of this standardization.

ECONOMIC CONDITIONS, NATIONAL

REPORT on Economic and Commercial Conditions in BULGARIA, by R. B. B. Tollinton, 1935-36. London, 1937. ix. 48 p. incl. tables. 24½ cm. (Department of Overseas Trade. No. 671.) 1s.

REPORT on Economic and Commercial Conditions in CHINA, by Sir Louis Beale, K.C.M.G., C.B.E., Commercial Counsellor at Shanghai; with an Annex on Economic Conditions in Hong Kong, by G. Clinton Pelham, Commercial Secretary at Hong Kong, April 1935-March 1937. London, 1937. vii, 73 p. 24½ cm. (Department of Overseas Trade, No. 678.)

REPORT on Economic and Commercial Conditions in EGYPT, by G. H. Selous, O.B.E., Commercial Counsellor, His Majesty's Embassy, Cairo, May 1937. London, 1937. xii, 200 p. incl. tables. 24½ cm. (Department of Overseas Trade, No. 676.) 3s. 6d.

REPORT on Economic and Commercial Conditions in GREECE, by S. R. Jordan, April 1937. London, 1937. viii, 87 p. 24½ cm. (Department of Overseas Trade, No. 675.) 1s. 6d.

REPORT on Economic and Commercial Conditions in MALAYA, by A. Hartland, to March 5, 1937. London, 1937. vi, 51 p. incl. tables. 24½ cm. (Department of Overseas Trade, No. 672.) 1s.

REPORT on Economic and Commercial Conditions in SIAM, by J. Bailey, April 1937. London, 1937. viii, 48 p., map. 24½ cm. (Department of Overseas Trade, No. 673.) 1s.

REPORT on Economic and Commercial Conditions in SWEDEN, by H. A. N. Bluett, April 1937. London, 1937. viii, 83 p. incl. tables. 24½ cm. (Department of Overseas Trade, No. 674.) 1s. 6d.

ECONOMIC REVIEWS

REVIEW of World Trade 1936. Geneva, 1937. 91 p., incl. tables. 27 cm. (League of Nations, 1937.II.A.9.)

WORLD Economic Review, 1936: pt. 1, United States; prepared in Division of Economic Research. Washington, 1937. vi, 114 p. il. 23½ cm. 15 c.

WORLD Economic Survey. Sixth Year, 1936/37. Geneva, 1937. 261 p., incl. table. 24 cm. (League of Nations, 1937.II.A.13.)

WORLD Production and Prices 1936/37. Geneva, 1937. 136 p., incl. table. 27 cm. (League of Nations, 1937.II.A.14.)

ECONOMIC SITUATION, INTERNATIONAL

ANNEX to the Report on the Work of the League 1936/37, Part II. NOTE by the Secretary-General on the Economic Situation. Geneva, 1937. 15 p. 24 cm. (League of Nations, A.6.(a).1937. Annex II.1937.Gen.6.)

ECONOMIC Committee (Forty-sixth Session — Report to the Council). Remarks on the Present Phase of International Economic Relations (September 1937). The Carrying-out of the Programme of the Tripartite Declaration of September 26, 1936. Geneva, 1937. 28 p. 27 cm. (League of Nations, C.358.M.242.1937.II.B.9.)

INDIGENT FOREIGNERS

ASSISTANCE to Indigent Foreigners. Observations of Governments on the Second Draft Multilateral Convention on Assistance to Indigent Foreigners. Geneva, 1937. 24 p. 33 cm. (League of Nations, C.341.M.231.1937.IV.8.)

INTELLECTUAL COÖPERATION

INTERNATIONAL Committee on Intellectual Coöperation. Report of the Committee on the Work of its Nineteenth Plenary Session. Geneva, 1937. 104 p. 33 cm. (League of Nations, C.327.M.220.1937.XII.A.2.)

INTELLECTUAL Coöperation Organisation. Report of the Governing Body of the International Institute of Intellectual Coöperation. Geneva, 1937. 17 p., incl. table. 33 cm. (League of Nations, C.326.M.219.1937.XII.A.1.)

INTERNATIONAL CONVENTIONS

RATIFICATION of Agreements and Conventions Concluded under the Auspices of the League of Nations. Eighteenth List. Geneva, 1937. 133 p. 33 cm. (League of Nations, A.6(a). 1937. Annex I. V.4.) Annex to the Report on the Work of the League for the Year 1936/37 to the Eighteenth Ordinary Session of the Assembly of the League of Nations.

RATIFICATION of International Conventions concluded under the Auspices of the League of Nations. RESULTS of the Seventh Enquiry addressed by the Secretary-General to the Governments under the Assembly's Resolution of October 3rd, 1930. Geneva, 1937. 39 p. 33 cm. (League of Nations, A.20.1937.V.5.)

INVESTMENTS, INTERNATIONAL

FOREIGN INVESTMENTS in the United States. Washington, 1937. 109 p. 23½ cm. (Bureau of Foreign and Domestic Commerce.) 15 c.

JAPANESE LEASEHOLDS

EXCHANGE of Notes between His Majesty's Government in the United Kingdom and the Japanese Government regarding the Termination of Perpetual Leases in Japan, Tokyo, March 25, 1937. London, 1937. 6 p. 24½ cm. (Treaty Series No. 29 (1937) Cmd. 5548.) 1d.

PERPETUAL LEASEHOLDS. Arrangement between the United States of America and Japan. Effected by Exchange of Notes Signed March 25, 1937. Washington, 1937. 8 p. 23 cm. (Executive Agreement Series, No. 104.) 5 c.

LABOR CONFERENCE, INTERNATIONAL

THE I.L.O. Year-Book 1936-37. Geneva, 1937. viii, 554 p., tables. 24 cm. (International Labour Office.) \$2.75.

INTERNATIONAL LABOUR Conference. Draft Conventions and Recommendations adopted by the Conference at its Twenty-Third Session, 3-23 June 1937. [Geneva, 1937] 84 p. 32 cm.

INTERNATIONAL SURVEY of Legal Decisions on Labour Law 1935-36. Geneva, 1937. li, 443 p. 24 cm. (International Labour Office.) \$2.50.

YEAR-BOOK of Labour Statistics, 1937. Geneva, 1937. viii, 237 p. 24½ cm. (International Labour Office.) \$1.50.

LEAGUE OF NATIONS

JOURNAL of the Eighteenth Session of the Assembly, No. 1 [-22]. Geneva, Sunday, September 12, [-Thursday, October 7], 1937. Geneva, 1937. 22 fascicles. 32½ cm. (League of Nations.)

VERBATIM RECORD of the Eighteenth Ordinary Session of the Assembly of the League of Nations. First [-Fourteenth] Plenary Meeting, Monday, September 13, [-Wednesday, October 6], 1937 . . . Geneva, 1937. 14 fascicles. 33 cm.

REPORT on the Work of the League 1936/37. Geneva, 1937. 2 vols. 24 cm. (League of Nations, A.6.1937.Gen.3 and A.6(a).1937.Gen.4.)

MEDITERRANEAN PIRACY

THE NYON ARRANGEMENT and the Agreement Supplementary to the Nyon Arrangement. Communication from the Minister for Foreign Affairs of France, President of the Mediterranean Conference of Nyon. Geneva, 1937. 15 p. chart. 33 cm. (League of Nations, C.409.M.273.1937.VII.2.)

INTERNATIONAL Agreement for Collective Measures against Piratical Attacks in the Mediterranean by Submarines. With map. Nyon, September 14, 1937. London, 1937. 16 p., map. 23½ cm. (Treaty Series No. 38 (1937). Cmd. 5568.) 6d.

INTERNATIONAL Agreement for Collective Measures against Piratical Acts in the Mediterranean by Surface Vessels and Aircraft. (Supplementary to the Nyon Arrangement.) Geneva, September 17, 1937. London, 1937. 4 p. 23½ cm. (Treaty Series No. 39 (1937). Cmd. 5569.) 1d.

MIGRATION AND REFUGEES

MIGRATION PROBLEMS . . . Memorandum Submitted by the International Labour Office to the Assembly of the League of Nations. Geneva, 1937. 10 p. 33 cm. (League of Nations, A.22.1937.II.B.6.)

NANSEN INTERNATIONAL Office for Refugees (under the Authority of the League of Nations). Report of the Governing Body for the Year Ending June 30, 1937, on the Russian, Armenian, Assyrian, Assyro-Chaldean, Saar, and Turkish Refugee Problems. Geneva, 1937. 22 p., incl. table, 33 cm. (League of Nations, A.21.1937.XII.B.3.)

REFUGEES coming from Germany. Report submitted to the Eighteenth Ordinary Session of the Assembly of the League of Nations by the High Commissioner, Sir Neill Malcolm. Geneva, 1937. 11 p. 33 cm. (League of Nations, A.17.1937.XII.B.2.)

SETTLEMENT of the Assyrians of Iraq. Report of the Committee of the Council for the Settlement of the Assyrians of Iraq. Geneva, 1937. 28 p. 33 cm. (League of Nations, C.387.M.258.1937.VII.1.)

MONEY AND BANKING

MONEY and Banking 1936/37. Geneva, 1937. 2 vols. 27 cm. (League of Nations, 1937.II.A.8.¹ and 1937.II.A.8.¹¹.)
Vol. I, Monetary Review; Vol. II, Commercial Banks.

NUTRITION

NUTRITION. Final Report of the Mixed Committee of the League of Nations on the Relation of Nutrition to Health, Agriculture and Economic Policy. Geneva, 1937. 327 p. 24 cm. (League of Nations, A.13.1937.II.A.10.)

OPIUM

ADVISORY COMMITTEE on Traffic in Opium and Other Dangerous Drugs. Annual Reports of Governments on the Traffic in Opium and Other Dangerous Drugs for the Year 1935. I. Analytical Study. II. General Survey of the Situation in regard to the World Manufacture and Use of and Trade in the Principal Drugs Licitly Manufactured during the Period 1931-1935. III. Synoptic Statistical Tables. Geneva, 1937. 78 p. 33 cm. (League of Nations, C.305.M.203.1937.XI.5.)

ADVISORY COMMITTEE on Traffic in Opium and Other Dangerous Drugs. Report to the Council on the Work of the Twenty-Second Session. Held at Geneva from May 24 to June 12, 1937. Geneva 1937. 36 p. 33 cm. (League of Nations, C.285.M.186.1937.XI.4.)

PALESTINE

PALESTINE Royal Commission. Memoranda Prepared by the Government of Palestine. London, 1937. 207 p., incl. table. 33 cm. (Colonial No. 133.) 9s.

PALESTINE Royal Commission. Minutes of Evidence Heard at Public Sessions (with Index). London, 1937. v, 408 p. 33 cm. (Colonial No. 134.) £1 15s.

PERMANENT Mandates Commission. Minutes of the Thirty-Second (Extraordinary) Session Devoted to Palestine. Held at Geneva from July 30 to August 18, 1937, including the Report of the Commission to the Council. Geneva, 1937. 235 p. 33 cm. (League of Nations, C.330.M.222.1937.VI.A.3.)

CORRESPONDENCE with the United States Government regarding United States Rights in Palestine, London, July 6-August 4, 1937. London, 1937. 4 p. 24½ cm. (United States No. 2 (1937) Cmd. 5544.) 1d.

PASSPORTS

ADVISORY and Technical Committee for Communications and Transit. Passport System. Replies from Governments to the Enquiry on the Application of the Recommendations of the Passport Conference of 1926. Geneva, 1937. 67 p. 24 cm. (League of Nations, C.356.M.241.1937.VIII.4.)

RAW MATERIALS

REPORT of the Committee for the Study of the Problem of Raw Materials. Geneva, 1937. 62 p., incl. table. 27 cm. (League of Nations, A.27.1937.II.B.7.)

ROAD ACCIDENTS AND TRAFFIC

ORGANISATION for Communications and Transit. Committee for the Unification of Statistics Relating to Road Traffic Accidents. Report on the First and Second Sessions of the Committee. Geneva, 1937. 18 p., incl. table. 33 cm. (League of Nations, C.276.M.179.1937.VIII.3.)

Presents the schematic method for recording statistics internationally.

ADVISORY and Technical Committee for Communications and Transit. Permanent Committee on Road Traffic. Report on the Eleventh Session of the Committee, held at Geneva from July 5-8, 1937. Geneva, 1937. 66 p. 33 cm. (League of Nations, C.322.M.217.1937.VIII.2.)

TERRITORIAL TRANSFERS

INTERNATIONAL Transfers of Territory in Europe with Names of the Affected Political Subdivisions as of 1910-1914 and the Present. By Sophia Saucerman. Washington, 1937. vi, 240 p., incl. tables. maps. 24 cm. (The Department of State, Publication No. 1003.) \$1.25.

TURKEY

RÉPUBLIQUE turque. Présidence du Conseil. Office central de statistique. Annuaire statistique. Vol. 8, 1935/36. 88ème publication de l'Office central de statistique, Ankara. Istanbul, Devlet Basimeri, 1937. ix, 502 p. 27½ cm. Primary title in Turkish.

WOMEN

STATUS of Women. Communications Received from Governments and Women's International Organisations since September 1936. Geneva, 1937. 80, 12, 3, 2 p. 33 cm. (League of Nations, A.14.14(a-c).1937.V.3,6,7,8.)



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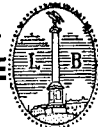
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