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A PLEA FOR BRITISH TRADE

WE are still in the critical days of the War, and while these last a deep responsibility rests upon all parties to force no issue which disunites our people. But every month strengthens the hope that we may soon be able to deal with the problems which will follow peace, and no excuse need perhaps be offered for discussing freely the needs of British trade. If in doing that we cannot avoid some difference of opinion, for we are dealing with problems as difficult and as important as any which statesmen have to solve, Free Traders and Tariff Reformers may at least debate them in the spirit of men who wish to take sides as little as possible just now. The object of this paper is to consider some of the necessities of British commerce in the light of the experience suggested by the War—an experience as grave and as inspiring as any modern nation has passed through.

For this purpose certain assumptions must be made. First, we must assume that the War will end in a defeat of Germany so decisive as to destroy for no brief period the influence and ambitions of her aggressive military caste. If that end were not attained, there could be no lasting peace in Europe, and no possibility of building up trade relations of a permanent and peaceful kind. The nations of the West would live under a perpetual menace, preoccupied not with progress but with problems of defence, and merely sharpening their weapons for a renewal of the War. Secondly, we must assume that the conclusion of peace will leave us bound by many ties to our Allies, their creditors for large advances which make their prosperity important to us, their debtors for many unforgotten proofs of comradeship and common interests. Between ourselves and the great Republics of Russia, France and the United States we may hope for a sympathy and understanding closer than we have ever known before. Between ourselves and the free monarchies of Italy and Belgium, of Roumania and Serbia, and of a reconstituted Greece we shall have strengthened long-established friendships. And with all alike it will be one of the main objects of our policy to maintain the intimate relations we have formed. All these countries, faced, as they will be, with a serious financial and economic situation, will expect the most

liberal help that we can give them in developing their trade, and it will be to our interest to encourage their prosperity. In these circumstances it is not only Free Traders who will feel the difficulty of offering them less favourable terms than we have offered them for many years past, and of levying new duties on the products which they wish to sell. And thirdly, we must assume, what is certain, that the strongest possible desire will be felt to recognise, in every way that gratitude and admiration can do, the debt due from the British people to the men of their own blood, and to strengthen those ideals of unity and freedom which danger only deepens and which neither time nor distance can destroy.

Beyond these governing assumptions there are other points on which most people will agree. It will be generally admitted that we shall have to maintain for years to come defensive forces more nearly proportionate than hitherto to the vastness of the Empire which we hold. Whatever may have been possible in the past—and it is at least open to question whether in recent years our armaments and the commitments of our Foreign Office kept pace with each other—it will not be possible for us in future to base our preparations for defence on the assumption that we can hold aloof from continental interests or are immune from continental dangers. The world is growing daily smaller. Guns bridge mountains and threaten to bridge seas. Even America, in spite of all her wishes and traditions, has been forced into the orbit of Europe. For good or ill we shall be compelled after the War to reject all ideas of isolation, and to regard ourselves more unmistakably than ever as a part of the family of European nations. The theory of the balance of power is capable of grave abuse. But it was a wise instinct which made earlier generations resist at any cost the attempts of Spain and France to dominate Europe. And the same instinct will compel us to guard ourselves securely against such attempts on the part of Germany again. It will be admitted also that, if certain industries which cannot hold their own in competition are proved to be of vital importance to our security in time of war, it may be necessary for the Government to keep them in existence at some economic sacrifice on military grounds. We must not run short of necessities. We must place security first. But a schedule of essential industries is by no means easy to draw up. Even dyes and magnetos are raw materials which other industries require. We must have access to the best that are going, for we could not afford to let any competitor use better dyes, for instance, than our own. Moreover, it is improbable that any nation, however scientific and far-sighted, will ever be able to avoid altogether in the event of war a shortage in some department of supply, and it is certain that Germany with all

her ingenuity and preparation has suffered in this respect far more than we.

It will be admitted again that we must expect in future more action and initiative on the part of our Government and less acquiescence in the old rule of *laissez faire*, though that does not necessarily mean great schemes of expropriation, or Government officials infinitely multiplied to take over the management of every department of affairs. Government control has not always proved a step towards public economy, and public economy will be the most imperative necessity for any Government which survives the War. But there will certainly be demands for Ministries of Commerce and of Labour, for a more efficient Foreign Office, for a more active Consular Service, for the concentration of more brains and thought and money on all problems of production and of distribution, and on developing the material resources of the Empire more vigorously than before. It will be admitted also that, whatever else the War has altered, it has only confirmed more conclusively than ever our absolute dependence on our Fleet. The submarine problem must find its solution and the sea-ways be kept open for our people. We cannot live without our imports, and, important as corn-production during war-time is, no corn-law bounties can do the Navy's work. But beyond the command of the seas the War has proved that we need to possess for our security at least half of the merchant shipping of the world. For the sake of the Navy, if for no other consideration, we must maintain our carrying trade. We must be free to enter every port and to pick up cargoes in every harbour in the world. We must run no risk of losing the lead we have secured in ships, in shipbuilding, in seamen, in every form of sea-borne commerce which helps to maintain our maritime reserve. The margin of safety in this particular can never be too large, and any step that checked or discouraged our shipping activities would be worse than folly, it would be dangerous to the State. It is admitted—it is unhappily beyond question—that after the War we shall be burdened with an unexampled debt, and that our manufacturers and producers, paying a heavier income tax than any in Europe, faced by high prices and scarcity in most of the materials on which industry depends, and threatened with sharp competition, not only from unfriendly nations but from neutrals whom the War has enabled to accumulate, in spite of all losses, considerable reserves of wealth, will need every market that they can possibly capture, every outlet and opportunity of trade they can secure. It is admitted that, though cheapness is not the sole aim of existence, we must, if we are to hold our trade in neutral markets, be able to sell our goods there at least as cheaply as our rivals, and must for this purpose buy our raw

materials at the very lowest prices that we can. And lastly it is admitted that in our unique position we depend upon imports far more than any other nation, for the supply of food and raw materials by which our workmen and our people live.

The advocates of a scientific tariff would probably allow that in this situation there are many problems for which the imposition of duties upon imports offers no complete or adequate solution. The strongest political plea for Mr. Chamberlain's policy—and its political appeal was never stronger than to-day—was the desire to promote Imperial Unity even at the cost of some sacrifice on the part of the Mother Country. Its strongest economic argument perhaps was that a skilfully devised system of tariffs, a protected market secured at home by Government for certain great industries favoured by the State, enables those industries to work on such a scale that, in order to crush competitors, they can afford to take risks and losses which unprotected industries cannot. Whether this economic advantage, purchased at the expense of the consumers, who, after all, are no inconsiderable element in any State, and limited, as it probably must be, to certain selected and powerful interests, is worth the loss and mischief which it generally entails, we need not stop to argue here. But the wisest advocates of tariffs have never claimed for them more than a limited effect. Tariffs, for instance, would not stop German immigration or German espionage. Tariffs alone could hardly stop trade between Germany and England, if the needs of each country demanded the exchange of goods. Imposed by us, they might divert, they could not ruin, German commerce. They could not prevent indirect trade, three-cornered trade, from going on. Tariffs, moreover, against other countries could do nothing to lessen, they could only add to, the scarcity and expensiveness of our food supply. They could add nothing except cost to the raw materials that we require. And the termination of the War, we are agreed, will be no moment when any one of us would wish to add to the charges which any class of the community has to bear. Even a ten per cent. duty on all imports, manufactures and raw materials alike—a suggestion which is said to have had some sanction from Lord Cromer—would strike at our ship-building at an hour when it will need, on military grounds alone, every stimulus that we can give it. And if our system of free ports is responsible—and the fact is not seriously disputed—for our enormous carrying trade, and for the vast businesses connected with it, insurance, banking, international finance, which have made London the clearing-house and the financial centre of the world, British traders have a right to ask that no abstract devotion to any theory of tariffs should be allowed in a time of grave national necessity to imperil that source of prosperity and power.

The question of the possibility of future trade with Germany, a Germany with a record of defeat behind her and the infamous methods of her rulers disavowed, is one on which no one would dogmatise at present. So much depends on the issue of the War, the kind of Germany which emerges from it, the needs and demands of our own people. One thing is absolutely certain: there will be no tenderness on our part towards the German people, and no disposition in our traders or our public to touch any goods from Germany that they can do without. But if trade with Germany under any conditions means danger and contamination, no tariffs would make it palatable. If we trade with her at all we shall trade with her for our own interests only. Indeed it is ridiculous to speak as if we ever had had any other motive for trading with her. In the long run we can only trust to the good feeling of our people, and ask that British traders, in dealing with matters which touch their interests closely, at a time when more exports, more customers, more exchange of products are essential to national success, may be able to count upon the largest measure of freedom which the safety of the State permits. If the inclination of mankind is, as time passes, to forget its rancours, to cease to dwell on even the most legitimate and flagrant wrongs, it is not easy to prevent that by any trade arrangements. Most Englishmen—our soldiers prove it—find it difficult, when their quarrel is over, to keep their animosities alive. And there is after all strong common-sense in the plea which a well-known Yorkshire Member, a veteran manufacturer and educationalist, has recently put forth[1]:

> For those who have never done any business with Germany and Austria, and never expect to do any, it is a light matter to declare that these countries must be 'boycotted' and 'wiped off the slate'; but the whole question presents a different aspect to Yorkshire and Lancashire, where tens of thousands, employed in factories and machine shops, on the railways, and at the East Coast seaports—not forgetting those in the huge shipping industry, valued before the War at 144,000,000*l.* a year—derive their livelihood from trade with these countries. They have died as freely as any in the land to put down German militarism and to win this War; and it is not to be believed that their means of livelihood should be cut off when peace returns, in order to spite a defeated enemy.

If it be thought that the interests of Yorkshire and Lancashire are here pressed too far, it should be remembered that in this matter the whole Empire is concerned. The value of the products we exchanged with Germany lately exceeded 140,000,000*l.* in a year—a volume of trade not easy to replace. And India has a special interest of her own. We find the Bengal Chamber of Commerce protesting that 'they are neither so altruistic nor so ignorant of human nature as to tamper unnecessarily with the

[1] *The Real German Rivalry*, by Sir Swire Smith, M.P.

trade which, in the year before the War broke out, reached an aggregate value of 36,000,000*l.* sterling.' And the Karachi Chamber of Commerce sums the matter up:

> The feelings aroused by the inhuman conduct of the War by Germany, the atrocities she has committed, her disregard of all the standards of humanity and civilisation, must not be allowed to obscure the fundamental economic basis of all modern international trade, and care must be taken in trying to restrict enemy trade *that we do not injure our own.*

It is significant that Germany, with a shrewd eye to her own advantage, relies on victory as a means of extending her markets among the nations she defeats. It would be a singular proceeding on our part—in days when wealth is more than ever the source of power—to follow up our victory by depriving our traders of one of the biggest markets they possess. 'If you would forgive your enemy,' says a shrewd Malay proverb, 'first inflict a hurt on him.' When we have broken the German armies, we may find it easier to realise that forgiveness has other recommendations besides the code of ethics we profess.

But if tariffs offer no solution of the problem between us and Germany, still less is it easy to see how they could help us to solve the problems between ourselves and neutrals or between ourselves and our Allies. Once again let us remember that the paramount need of our manufacturers after the War will be quicker and larger production, and larger markets in which to sell the goods that they produce. How can we hope to increase our markets in Europe by rescinding our system of Free Trade, and by imposing fresh duties, in an hour of difficulty, upon the products sent us by France or Russia, Italy or the United States? Already French interests have protested against our new duty upon motor cars, and the President of the Portuguese Republic has intimated that Portugal looks for better economic facilities from Great Britain after the War. What will these and our other Allies say to tariffs directed against them? And will the neutral countries, on whose products in the scheme of Preference suggested still higher tariffs would have to be imposed, regard that as a reason for giving our manufacturers better or worse terms than they give to our rivals? How could such a change of policy on our part avoid provoking resentment among those whose friendship and whose custom we particularly desire? No answer to these questions is forthcoming yet; and till they can be answered satisfactorily, till a change so disturbing to all our international relations can be shown to be not merely theoretically desirable, but practically feasible and likely to pay, it is difficult to see how any scheme of Preference or Protection can succeed.

But there is another condition vital to our trade. Great

markets and a great output are not the only things our manufacturers need. They must be able to produce as cheaply as their competitors in a day when wages will undoubtedly go up. For this, cheap raw materials are not less vital than they ever were. Mr. Chamberlain's policy of Imperial Preference drew its strength from a lofty desire to realise the unity of the British Empire. But its economic difficulties were from the first a source of grave perplexity to many whom its fine ideals impressed. The spirit which moved Mr. Chamberlain has been lately stirred afresh by some of the proudest memories that nations can possess. But the difficulties of detail in the particular plan propounded have become in some ways even greater than they were fourteen years ago. Its two outstanding features were the necessity of imposing a tax upon food and the undesirability of imposing any tax on raw materials; and it has hitherto proved impracticable to devise a scheme of Colonial Preference which would satisfy these conditions, be acceptable to the British public, and be fair to the various interests in the Dominions. That task has certainly not been lightened since the War by the necessity of studying the interests of ten countries allied to us as well. Lord Balfour of Burleigh's Committee have recently adopted a recommendation of Imperial Preference as a general proposition, but with significant caution reserve for the future any detailed explanation of the scheme they recommend. With a candour which almost amounts to naïveté they admit that they have still to examine the effects which their proposal would have on the export trade and industries of this country, on the interests of the consumer and the rights of labour, on the position of India and on the countries with whom our trade relations are of special importance—in fact on most of the people vitally concerned. Some would have thought that these were considerations which required to be examined before any general conclusion could be reached. No sooner, however, are the Committee's proposals published than the Imperial Conference, for whose benefit they were prematurely issued, dismisses them almost as curtly as the Committee have dismissed the facts, and the Government announces that Preference henceforward is not to involve the imposition of burdens upon food, and must be reconciled with a due regard for the interests of our numerous Allies. About raw materials, apparently, the less said the better. But with food taxation struck out of the schedule, the basis of Mr. Chamberlain's scheme has gone.

This is no matter for party recrimination. But is it not an opportunity for candid Englishmen of all parties to endeavour to realise the Imperial Unity which was Mr. Chamberlain's great object, without insisting upon taxes on necessities or upon tariffs unacceptable to our Allies? Preference on the basis of taxes

clearly involves difficulties which no statesman or economist has yet seen the way to solve. So long as Protectionist opinions rule in our Dominions the problem cannot in fact be solved in any way satisfactory to this country. But Preference on a wholly different basis is by no means so impracticable a thing. Why should we not all pay homage to Mr. Chamberlain's ideal? Why should we not agree that the claims of common citizenship, which he did so much to encourage, never meant more to us than they do to-day? And why should we not try to work out their accomplishment by other methods and on other lines? It seems from the report of a recent speech by Sir Robert Borden that the minds of some of our Colonial statesmen are already travelling in this direction, and the recommendations of the Dominions Royal Commission have also helped to point the way. The development of communications between this country and our oversea possessions, the development of mails, of harbours, of cheap transport, the development of the great natural products of the Empire—a fruitful field too little worked—the development of emigration where it is greatly needed, the development with knowledge, capital, and, if need be, closely guarded Government assistance, not in the interests of promoters mainly, of new openings for industry and trade—the numerous problems of this nature in which British citizens all the world over can co-operate for the common good, offer the largest opportunities that any Empire-builder could desire. By all means let this policy, if anyone desires it, be called by the name of Preference still, for nothing can destroy the preference in affection which our sons and kinsmen can at will command. But let us try to give it a new and wider meaning, which we can reconcile with the necessities of our own people, with the claims of our exceptional position, and with the irresistible logic of the facts.

It is not the object of this paper to revive the recent controversy in regard to cotton duties in India. The gratitude felt in this country for India's co-operation in the War, for the fine services of her soldiers, for the spontaneous loyalty of her peoples and her chiefs, is independent of any consideration of that kind. We rejoice to know that, if India has shared in our losses, she has shared also in the gains and profits which the War has brought, and that her great natural supplies of saltpetre and manganese ore, of mica and shellac, of oil seeds, jute and hides, have received a powerful stimulus from war demands. But the issue of principle raised by the recent cotton duties is one that sooner or later will have to be faced; and on this point two questions must be asked. First, in the competitive struggle before us, can we afford to give any of the rights or markets of British manufacturers away? Secondly, are we in any way bound by considerations of

freedom or of justice to India to permit Indian manufacturers, by the help of the Government of India, to penalise or prohibit the manufactures of Great Britain? On this subject there is, it may be admitted, both in India and outside it a good deal of loose talk. Young India passionately desires to be treated on a footing of equality with the Dominions, and some friends of India have not unnaturally assumed that, because the Dominions are free to impose tariffs against Great Britain, India must demand the right to do the same, as a proof that she is on an equality with them.

It is submitted, in no spirit of disregard for Indian freedom, that the real interests alike of India and of Great Britain should forbid us to accept this plea. In the first place, the industries of India have made out no case for protection of the kind. The recorded profits of Indian cotton mills are significant on this point, and it must not be forgotten that the manufacturers of India, with a great market and cheap labour at their doors, start in a position of some advantage as compared with their British rivals. It may be added that they have shown as yet no special regard for the Indian cultivator, and less readiness than might have been expected to utilise Indian ability for the higher positions in Indian industrial concerns. It would be a strange result of protection if it penalised British manufacturers, in order that a small number of Indian capitalists might make larger profits with the help of American experts. In the second place, the fact that, in the haphazard growth of our Colonial Empire, we missed the opportunity of establishing freedom and equality in matters of trade between all subjects of the King, can be no reason for repeating that error with open eyes in the case of India, where the circumstances are widely different and the issue lies in our own hands. In the case of our Dominions the call of blood, the ties of common kinship, have proved strong enough to obliterate the separatist tendencies of unfriendly tariffs. In the case of India there would be no such ties to compensate for the disintegrating tendencies of legislation against British trade.

> Is it likely [asked Lord Curzon in 1910 with perfect fairness] that any Secretary of State will rise in the House of Commons and seriously propose that India should be allowed to treat this country as, for instance, it might Germany or the United States? It would be a declaration not merely of fiscal independence—it would almost amount to a declaration of hostility between the two countries.

In the third place, we are asking nothing of India that, as friends of India and as friends of freedom, we are not entitled to ask. We seek no protection for the British manufacturer against his Indian rival. If it can be shown that existing fiscal legislation gives any kind of protection, however small or indirect,

to British trade, let that be corrected without hesitation. We ask only for fair play and an open field for all subjects of the Empire, whether they manufacture in Manchester or in Bombay. We offer a free market to India; she has immense reserves of valuable products which we can buy and help her to develop; and we owe her all possible assistance in this way. In return we are surely entitled to ask her—a part of our own Empire—to grant equality and a free market to us. Even the greatest protectionist nations have swept away the barriers which penalise trade between one part of their Empire and another. Can it be urged that respect for freedom binds us to encourage India to erect such barriers against our trade to-day? And in the fourth place, it is surely not too much to hope that the most thoughtful minds in India will realise that the cause of Indian freedom has nothing to gain but everything to lose from the protection of selected interests. As self-government in India develops and the sense of responsibility in Indian statesmen grows, they will not be the last to admit that the needs of cotton manufacturers and iron manufacturers in India—who naturally desire to sell their products at the highest price they can—are a very different thing from the needs of the Indian people, and that the interests of Indian consumers, the poorest, the most numerous, the most dependent on low prices of any community that the Empire contains, demand the freest access to the markets, manufactures and products of the world. In a country where the vast mass of the consumers are still voiceless, it is doubly necessary for the Government to see that they are not exploited by the few.

These considerations should not be lightly swept aside. But it must be remembered that we can only take this line in India, and stand out for fair play for British merchants there, so long as we maintain our own system of Free Trade. Once we commit ourselves to a policy of Imperial tariffs, of protection or preference for this interest or that, once we begin to adjust the claims of one Dominion or Dependency against another, India will claim with irresistible force a share in all the bargains driven, and our claim to a free market among our Indian fellow-subjects will be far less easy to sustain. The Indian question and the German question do not stand on the same footing. But before the War India was the greatest, and Germany the second greatest market that we had. The value of our exports to both countries together was worth 132,000,000*l.* a year. Security unquestionably means more to us than any market in the world. But it would be a grave matter for the merchants of the United Kingdom if, when the War is over, they found their two greatest markets closed or restricted, and tariffs imposed on all their dealings with Allies and neutrals too.

Is it not possible for every party in the new days that are to follow, days of unremitting effort if our losses are to be repaired, to concentrate its efforts, not on fiscal expedients which at best are full of difficulty, but on the essentials needed to revitalise our trade? After all, there is only one certain way of increasing the commerce on which our resources and our security depend, and that is for our producers to increase their products and to excel all competitors in the quality and cheapness of the things which they produce. For that, in the first place, capital and labour must agree to work together with an energy of co-operation which they have never shown before, though that is too large an issue to examine here. And in the second place, we must provide them both with the training, the education, the skilled brains which are essential if energy and co-operation are to secure the best results. 'Train our people, train our people'—that is the demand, the warning, for statesmen and commercial leaders to repeat. Teach them the commercial value of knowledge, the infinite possibilities of science, the practical utility of the widest and most thorough education that Schools, Colleges, Universities, Technical Institutes can give. We are not beaten by any State or Empire in natural wealth or natural ability, in spirit or capacity, in powers of hand or mind. But we are often beaten—and we have only ourselves to thank for it—in the training that our commercial agents and our industrial workers get. In many ways we have to a large extent failed to make the most of the wealth and talent we possess. One expert reminds us that in coal consumption and the making of by-products we waste as much coal yearly as would pay the interest on five hundred millions of debt. Another reminds us that for one skilled chemist whom we train for industry in this country, Germany trains and uses ten, twenty, thirty, perhaps more. Another reminds us that for years past prosperous English business-houses have been represented by Germans in Central Europe, because British commercial travellers do not learn the languages of the customers whose trade they need. Another recalls the fact, which is the root of half our shortcomings, that nine out of ten English children still get no education whatever after fourteen years of age.[2] Without a far more thorough training in arts, in science, in languages, in craftsmanship, and in the general education which alone renders possible all the rest, our traders and our workers must inevitably be handicapped in a struggle the pace of which is increasing every day. Boycotts of rivals cannot take the place of skill. Tariffs may keep foreign manufactures out; they will not teach our manufacturers to make them. Indeed the fear that protection too often shelters inefficiency, and that competition only can

[2] We may hope that Mr. Fisher's Bill will remedy this.

produce the best from men, has always been a far more powerful influence in sustaining Free Trade than any abstract idolatry for the shade of Mr. Cobden. It is the fullest opportunity to learn to work which is required. So long as the British Government grudges to its people the best education and equipment in every form of knowledge that organised brains and money can bestow, it is sending them out to fight with one arm bandaged against their best trained rivals. Oxford and Cambridge, Eton and Harrow, the Grammar Schools, the Board Schools and the Church Schools too, have their place in the demands of this national service, as much as the laboratories of Manchester and Glasgow, or the Technical Institutes of the Aire or of the Tyne. Only they need to be inspired, from the Universities downwards, with new methods of teaching, with a more active and ambitious purpose, with a deeper sense of the possibilities and value both of learning and of time. Whatever else the War has taught us, it has surely taught us one thing, that no race of dilettantes will ever rule the world again.

It must be fairly admitted that the War has shown that many Free Traders—and perhaps not Free Traders alone—underrated the formidable nature of the German menace, the extent to which an unscrupulous and overbearing militarism had taken command of the German people. On the other hand, it has shown us a country, which relies on free ports and direct taxation, raising with no excessive strain a revenue of some six hundred millions, bearing a burden of expenditure that might well be thought appalling and maintaining together a military effort and an export trade without parallel in history. And it has shown us countries, which largely depend on indirect taxation, forced to suspend their tariffs in the strain of war, and to gamble on the hope of indemnities as the only alternative to financial disaster. But beyond that it has shown more clearly than ever the existence of two distinct ideals contending for the mastery of nations. One is the ideal of which the Prussian monarchy is the most complete and capable embodiment, for in Prussia no one questions its energy or power. But it is not confined to Prussia. It is not peculiar to autocracy, though it needs perhaps autocratic conditions for its full success. It is the doctrine of many forms of forceful and organised self-interest, of the 'blind mouths' wherever they are found. It is an ideal based primarily on military force. Its supreme object is success in war. For that object the State must be organised to depend upon itself alone, in a world where all other nations are potential enemies, and many of them, it is hoped, potential prey. When war comes, and it will come often—for on this theory it is a necessary and desirable element in a nation's growth—the nation must respond unstintingly to any sacrifice and accept any code

of conduct which its rulers may impose. When peace returns, the nation, on this theory, still as rigorously disciplined as ever, must at once set to work to prepare for the next war. Its trade meanwhile must be not only a means of enriching itself, but of gaining some advantage over other nations, of probing their defences and discovering their weak spots. Where it is possible to browbeat a weak State into trade concessions, threats and pressure are the weapons to be used. The shining sword is shaken in the scabbard, and the mailed fist rattles on the hilt. Where it is better business to use a gentler method, the influence of good-fellowship may be allowed to work, and useful friendships studiously established. But behind both methods the motive and the object are the same—the motive aggression, the object not only wealth but power. And the underlying view of commerce is that it can be seized by force and kept by skill, if fiscal arrangements are astutely developed to take the place of diplomacy, and tariffs sharpened and directed to take the place of guns. That view of trade modern Prussia has pursued with an energy of skill, of cunning, of expenditure, which has made her a formidable rival. But keen observers have for some time past suspected that in her reckless exploitation of this theory Prussia had of late years over-reached herself, and that the whole imposing structure of her commercial system stood in a perilous position when the War broke out. With all its intelligence and resource it is not likely to stand in a less perilous position when the War comes to an end.

The other ideal towards which the world is groping, blindly enough in these distracting days, and which few accept in its entirety yet, is the exact antithesis of the Prussian creed. It believes that war is not an object for mankind to aim at, but with all its splendid and inspiring elements a ruinous and accursed thing; that the ambition or statesmanship which plunges nations into it, unless they are driven, as we were driven, to fight for honour, liberty or life, is almost invariably a blunder or a crime; that in the world as constituted now there is space for the peaceful development of all; that trade is exchange and not a form of burglary, and that the wealth and prosperity of one nation cannot but minister to the wealth and prosperity of others. It believes that even with foreign nations friendships are worth cultivating, not only with a view to gaining allies for future wars. It believes that in public matters as in private, in diplomacy and trade alike, an alacrity to outwit those whom we deal with, and to secure by sharp practice some gain at their expense, does not in the long run pay so well as candour and fair dealing. And it believes that the more the nations of the world enter into their own inheritance, increase their intercourse with, their knowledge of, each other, and cease to be pawns in games played for profit or ambition by

ruling princes, interests, cliques, the better it will be for the mutual understanding and the peaceful development of mankind.

Between these two ideals, when the War is over, this country once again will have to choose. For the sake alike of British trade and of all the aims which serve to lift a nation, we may hope that it is not the Prussian ideal, however much disguised and diluted, for which our leaders and our people will decide.

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