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than ever necessary that the Christian Church should proclaim in word and deed the social implications of the Gospel.

MR. CORDER CATCHPOOL suggested that if the incompatibility of the democratic and dictatorial systems led to tension and conflict, the same reflections as to evil philosophies applied when "Democracy" attempted to resolve the difficulty by the same method of force. Was that not an evil philosophy and were we to deduce that the incompatibility of the two systems must always and inevitably be resolved by violence?

DR. WOOD said that the question was—were we in resorting to arms, in resistance to aggression, adopting the same evil philosophy? Obviously from our point of view it was an evil, but not necessarily an evil philosophy. It would be an evil philosophy if victory became an end in itself and the moral issue were thought of as a factor with which to achieve victory instead of being regarded as an ultimate objective which can only be achieved by conversion.

MR. HUMPHREY MOORE said that Dr. Wood had urged that there could be no desirable international order until recent wrongs were righted and asked why from the point of view of basic principles he should emphasise the word "recent".

DR. WOOD suggested that the question ought to have been—what wrongs of the past were really part of the living present? Many wrongs were past redress.

MR. GERALD BAILEY said that Dr. Wood was manifestly entitled to make clear the distinction between the current practice of the democracies and the governing regime in the totalitarian States—particularly in Germany. But was the distinction so clear when the issues were examined more fundamentally and the basic responsibilities considered? Wouldn't it be wiser for the peace movement to accept Mr. Middleton Murry's interpretation—namely, that "Hitlerism" though malignant certainly in Germany was, in fact, a disease of Europe and of the whole world—a disease which had resulted from the failure to direct the economy of nations to constructive

human ends and which could only be remedied by the creation of a new social and international order based on a Christian social morality?

REV. HENRY CARTER, referring to the increasing submission of people's minds to the modern State philosophy, said that the younger generation was growing up under its influence and unless they were quite sure what the moral issues were, the world would be heading for moral chaos. Democrats were becoming sceptical of the old Liberal tradition. In view of the doubts as to the real issue of the war, a great many people thought that their chief war aim should be to stop the war as soon as possible. In addition to the two sets of people who were either pacifists or in agreement with the war, there was a large unorganised third section of opinion which was asking itself—"What was going to come out of this war which would be any good at all? Sooner or later something had got to be done about Czecho-Slovakia, and if this was the main issue on which the present conflict turned why wait until Europe is exhausted so that it could not be faced in an wholesome atmosphere?" The longer the war lasted the closer Britain's political and social life would approximate to that of Germany. Even if the war went to an Allied victory there would be increasing restrictions which would be harder to remove than to impose.

When would those who endorsed the war be prepared to "call a halt"? As to how far the Churches could lead the mind of the public, was it fanciful to think that responsible religious leaders in all parts of the world should study to become expert on these issues? He had ventured to urge at a meeting in Holland some weeks before, the setting-up of a panel of Churchmen of that kind. After the Versailles Treaty men went back to their jobs and left the politicians practically unchecked. There should be a body of "world citizens" meeting in continuous session, with various commissions through which they could make themselves manifest. They could play a decisive and wholesome part in the establishment and maintenance of peace.

DR. WOOD agreed that the moral issue could not be settled merely by fighting the war through—the utmost to hope for from that struggle would be the rectifying of certain wrongs. Aggression had to be ended, however, and he was not certain what people meant when they said “Stop the War” and “then make this or that kind of peace”. He could not advocate stopping the war unconditionally. It was not primarily a matter of principle but one of information regarding the actual situation and its possibilities. He would urge the stopping of the war and entering a Conference if there was a reasonable chance of getting the minimum conditions suggested.

The amount of economic co-operation which was possible would depend partly on the character of the Government they had to deal with. He agreed that as the war went on it would become more totalitarian, but he did not think that freedom of speech or democracy was quite so weak as some feared. There would, he thought, be a recovery of faith in parliamentary democracy. With regard to the Churches, he had not wished to suggest that the problem should be left to them, but peace organisations and others should co-operate. It was not the primary task of the Church to defend a system of Government or an international order. Its task was deeper and not so easy to interpret—it was to make men humble, so that they became ashamed of using their fellow-men as instruments of their policies and ashamed of the confidence with which they set out to plan and mould men as if they were machines.

The Economic Basis of Peace

The Questionnaire

1. WHAT estimate can be made of the economic and financial situation at the close of the war—the setting in which the new economic order is to be established ?
2. WHAT are the probabilities of widespread economic exhaustion and financial inflation and what preliminary measures could be taken to offset or prevent these consequences ? How are the economic and social derangements due to demobilisation and disarmament to be controlled and remedied ?
3. Is it desirable to envisage the development of the new international economic order in two stages : (a) the more immediate problem of the rehabilitation of war-exhausted nations—especially the belligerents, and (b) the longer-term problem involving far-reaching measures of economic and social reconstruction and embracing all nations ?
4. WHAT is likely to be the effect of the approximating of the economic and social systems of Germany and Russia, on the old assumptions of a liberal economic internationalism and, in particular, on the contributions which Western democracies are able to make to the post-war settlement ?
5. CAN and should any adjustments be made in the traditional assumptions of a world permanently divided into industrial and manufacturing countries and colonial primary-producing nations—the first and smaller group exploiting the larger ?
6. How far is it possible and desirable for existing commodity control schemes and cartels—by means of which many basic raw materials and foodstuffs are already controlled either on a world-wide or a

European basis—to be extended and improved so as to ensure an equitable distribution, a balance between production and consumption and a reasonable security against trade depression? Is it possible to envisage an international organ of supervision under a League of Nations or a Federal Government?

7. CAN the development of “backward” areas and unexploited natural resources be made the responsibility of international public utility corporations, similar to the Tennessee Valley Authority in the United States?
8. WHAT measures can be taken to provide a reasonably stable international currency system and to promote the freer exchange of goods and services? Should any modifications in the general rule against tariff discriminations be contemplated in the case of contiguous states or regional groups of states associating together in a full or partial Customs Union? What adjustments should be urged in the economic and trade policies of this country and the British Commonwealth of Nations in the interests of a wider economic co-operation?
9. WHAT measures can be taken on an international basis directly to improve standards of living and particularly to raise the standard of life of poorer agricultural populations to the level of more advanced industrial populations? How far will the work already achieved or postulated by the International Labour Office and by the Economic and Nutrition Committees of the League of Nations promote this purpose?
10. WHAT is the essential machinery for the development and co-ordination of the economic and social life of the international community? How far can the International Labour Organisation and the new

Economic Office of the League of Nations be expected to serve these purposes and what is the present relation and probable development of the relation of one organisation to the other ?

11. WHAT would be the bearing of a possible constitutional development along Federal lines either in Europe or over a wider area upon the problem of international economic co-operation and the machinery required to make it effective ?
12. How far does the current economic and financial co-ordination between Great Britain and France for war purposes supply a satisfactory precedent for peacetime organisation and, if so, how is it to be made the nucleus of wider and firmer union when the emergency is past ?
13. WHAT steps could be taken by peace and progressive organisations generally to promote and encourage an adequate Governmental and private consideration of the economic problems likely to confront the world at the close of the war and of the economic measures necessary to ensure a just and durable settlement ?

Rev. HENRY CARTER

I am going to venture, as Chairman to-day, to make two personal observations—points which are deeply written on my own thinking. I have great hesitancy in approaching the subject—not only from a sense of incompetency, which I think everybody must feel to-day, but from this consideration also: We are thinking of the kind of world we want to see when this war is over—what kind of world are we to face then? At the present moment Poland, Finland, Spain and vast tracts of China are in ruins—and, Turkey, where the forces of nature have brought devastation. If we turn from those black horrors and ask ourselves what is happening in the belligerent countries—in Germany, in France and in our own land—difficult as it may be to give a comprehensive answer—there are one or two things which are clear. The whole educational system of this country has been upheaved and, in France, perhaps in a more intense sense, for on her countryside two vast armies are congregated. These great influences are impeding and shattering the educational opportunities of a large part of the younger generation—what is that going to mean to the world of the future? There is another factor—the segregation of the human mind from world affairs. You will have noted the stories of captured Russians in Finland who knew nothing of the world outside Russia: what does Nazi youth know of what is happening outside Germany? Millions of young people to-day are excluded from the study of world affairs in which we can still engage. Every month, every week, that vast ignorance deepens and aims shattering blows at the structure of civilisation. Who can tell what kind of world we shall have to rebuild?

My own contribution to-day will be with regard to these points. We shall have to rebuild human life on an immense scale. What is to be done to restore a sense of

unity to mankind? It will have to be attempted co-operatively, and will mean that Poland, Finland, China, unable to get on their own feet again, will have to be helped by the strength and co-operation of the resources of the world. As to my second point, looking away from the evils which are multiplying around us, it is clear that the fundamental economic problem of to-day is the problem of the hungry man and his family. Right down through the ages the plain working man of almost every country has had "a raw deal". The nations have so organised themselves that the sources of wealth have enriched the few, and the wage earners have had to struggle on as best they could. Talk in economic terms that does not begin with that human picture is missing the impetus for reconstruction.

For my third point I go back to Russia and Germany. Those two great nations are segregated from the rest of the world. What kind of *world* citizenship are we going to try to build up, to bring into being, at the end of the war? Might it not be possible that a part of the world order of the future, and an early part of it, should be the setting up of international schools in every country where boys and girls would get an education not national in conception, an education which would take history as one of the outstanding subjects and regard it as a way of progress for mankind which would get away from strictly nationalistic interpretations of life to that larger conception of mankind as one?

G. D. H. COLE

When I am asked to speak about the economic aspects of the peace settlement, I have inevitably—if I am to make any answer at all—to begin by making a number of assumptions. Not one of us in this room can have any idea of the kind of peace we shall actually be called upon to play our part in making, or of the share which Great Britain and the other “democracies” of Western Europe will have in deciding its terms. We can only envisage the conditions of the settlement by making assumptions, which may turn out to be quite wrong, but may nevertheless be of help to us in clearing our minds and so enable us to do the job better when the time comes, even if it is not quite the job we expected it to be.

In what I have to say to you, I shall follow in the main the order of the questionnaire sent out in connection with to-day's conference, offering observations only when I think I may have something useful to say. *Question One* deals broadly with the economic and financial situation that may be expected to exist at the end of the war, and *Question Two* with the problems of war-exhaustion and inflation that may have arisen, and with disarmament. Before anything useful can be said in answer to these questions, some assumption must be made about the duration of the war. The conditions existing after a short war will be quite different from those which are likely to exist after a war protracted through a number of years. Assumptions must also be made, of course, about the area over which the war extends. It would turn into a different war if Great Britain became involved with the Soviet Union, or if the United States were to become a belligerent. I propose to exclude from consideration both these possibilities, and to speak on the assumption of a war not extending to the American Continent or, subject to what I shall say later, to the U.S.S.R.

Clearly, from the standpoint of probable effects on the standards of living in the belligerent countries, it makes an enormous difference both how long the war lasts and over how large an area it extends. In a long war, the most

likely "bottle-neck", at any rate for France and Great Britain, is finance. Now, it is clearly necessary, in making financial plans, to plan expenditure on purchases from abroad so as to conserve resources enough to cover the maximum period over which the war is thought likely to last. If we could be sure it would be over soon, we could afford both to use up stocks of goods and to purchase from America as many goods as we could find ships to transport, practically without regard to financial considerations. If however the war may go on for a long time, we have to husband our limited resources of foreign exchange and marketable securities so as not to run out of them before the war is over. This means that we have to restrict the purchasing power of the people and to limit the standard of living more than we should need to do if we could rely on the war ending soon. It means, too, that we must keep up exports in order to increase our foreign exchange resources, and thus that we must divert to export goods which home consumers would like to consume. This problem, of course, confronts the French and the Germans as well as ourselves—how far dare we and they use up resources for the purchase of goods abroad, or allow exports to fall off in order to maintain home consumption, at the cost of making the continued prosecution of the war difficult and the strain greater at a later stage?

If the war is relatively short—say, not more than two years at most—it need not leave behind any great exhaustion, and the standard of living, both during and after it, can be kept relatively high. In terms of immediate standards, the people can fare much better if Sir John Simon is prepared to be optimistic about the duration of the war. Similarly, the German people can be allowed to fare less evilly if the Nazis work on the assumption that the war will soon be over, though it makes rather less difference to them because they have in any case fewer financial resources which they can use up.

Secondly, how much destruction is the war likely to involve? So far, there has been very little, except in Poland. There has been no intensive air bombing, and no mass attack on land. Warfare at sea has destroyed a

fair amount of shipping, and hindered transport of goods—but not devastatingly so in either case. Transport has not been really badly hit, and shipbuilding is now proceeding at an increasing pace to make up for losses. On the other hand, if the war turns into a *blitzkrieg*, and each side tries to do as much damage to the other as it can, no one can measure the amount of dislocation of the lives of the people that may be involved. Even so, however, I am inclined to think the potentialities of destruction are often exaggerated. I very much doubt if either Great Britain or Germany possesses, for example, or can possess, the resources in fuel, planes and trained pilots needed for prolonged and intensified air bombardment over large areas of Europe. Wholesale devastation seems unlikely. It would be a different matter if the war turned into a series of *blitzkriegs* in the peasant countries of Europe, on the analogy of the Polish campaign. Then, I agree, these countries might be so devastated that their rehabilitation would call for a great international effort as a vital part of the peace settlement. But we may hope that will not happen—though we cannot be sure.

As to financial exhaustion, a great deal depends on the price policy which the British Government, presumably in consultation with the French, is meaning to follow. It is very difficult at present to discover what the Government's policy is, or even whether it has any, because the conditions which might give rise to serious inflation have not yet arisen. There has been an expansion of war industries, but not so quick or considerable an expansion as to cause a serious drain on labour resources in other industries. Then the calling up of men for the forces has not yet abolished unemployment, or caused any general shortage of labour, as distinct from shortage of particular types of skilled workers. There has accordingly been no tendency to serious scarcity of goods; nor has Government *plus* private expenditure risen to a point involving seriously inflationary tendencies. Expansion of the war industries has been off-set by contraction in other parts of the economic field. There has been no big increase in the total sum paid out in wages and other kinds of purchasing

power such as would involve a large increase in consumers' monetary demand for goods and services. It is impossible to predict how long this state of affairs will last ; for the answer depends largely on the character of the war itself. But it seems improbable that the policy of the British and French Governments will be such, unless strong pressure is applied from outside, as to prevent inflation in the long run if the war goes on. They are unlikely to be ready to push taxation very far, because this involves, in view of the impossibility of getting the necessary sums out of the rich (which in any case they would not want to do) imposing heavy burdens on either the workers or the middle classes—and of the former they are likely to be much more afraid, while the latter constitute the most solid body of supporters. They will, therefore, probably, as the strain develops, resort increasingly to a policy of borrowing, including that form of borrowing from the banks which is the commonest method of inflation.

This brings up the question, also very closely connected with the duration of the war, of the effects which it is likely to have on the class structures of the belligerent countries. A short war might have relatively little effect, leaving us in Great Britain with our habits and standards of living not greatly changed, and involving no such social upsets as would necessarily follow either the impoverishment of the British middle classes or a serious fall in the standards of the poorer part of the people. On the other hand, a three or four years' war would, however it was financed, involve many sections of the people in great difficulties in maintaining the habits and standards to which they have become used. A big social reorganisation would thus be forced upon the country by a long war, whereas in a short war the relative positions of the classes might not be much altered, even if it were financed by somewhat inflationary means.

The second part of *Question Two* deals with demobilisation and disarmament. But we cannot know now either how large an army we shall have to demobilise or how many munition workers we shall have to shift back to peacetime occupations. We cannot even know how large a

military equipment we shall retain when the war is over. At present, as I have said, there is not an unsatisfied demand for labour save in certain very limited fields. If the war is short, the problems of demobilisation will be relatively simple : the longer it lasts and the more deeply our economic structure is affected by it, the harder these problems will become. If we have to deal with vast numbers who have been in the Army and vast numbers who have been making munitions, if the investment of capital is diverted for years from normal industries and services to war purposes, so that our industrial equipment gets seriously maladjusted to peace-time needs, then there will be a gigantic task of reconstruction to be done. Obsolescence in non-war industries and lop-sided development in war industries become more and more serious the longer the war lasts.

Much depends on two further factors. One vital need is to maintain exports during the war both in order to increase our power to make purchases abroad and in order to keep touch with our regular markets. To the extent to which we succeed in keeping up exports, we not only do a good stroke of business, but also ease the post-war difficulties of re-organisation. The more we keep our export trade in being, the less dislocation there will be both of our productive equipment and of the normal mechanism of international exchange. This means that, even at the cost of shortages at home, it is worth while to do all we can to maintain exports at a high level.

The second point relates to the depressed areas. Since the war broke out there has been a considerable revival of activity in these areas, which are mostly centres of heavy industry. But we must not forget that, the more an area revives under the stimulus of war demand, the more serious is likely to be its position when the war is over. To the extent to which normal peace-time industries can be developed in the depressed areas, they will stand a much better chance after the war. But such development is very difficult, when new capital resources are hardly at all available except for war purposes.

When we come to consider the problem of demobilisation and disarmament on an international scale, much larger issues arise. The problem is, of course, to some extent the same ; but the conditions for facing it are different because it involves collaboration between distinct economic and political systems. If we assume the continuance of capitalism, are conditions in post-war Europe (I am thinking now chiefly of the economically more backward areas) likely to be such as to encourage capitalists to put their money into the task of reconstructing the devastated regions? Clearly not, unless the settlement offers a reasonably good guarantee of stable political conditions ; for at this point political security becomes a *sine qua non* of capitalist investment. Prospects of profit, even if high, will not seem good enough unless the capital itself seems well secured. Now, I regard it as unlikely that there will exist in a post-war Europe in process of reconstruction under capitalism conditions which will induce capitalists to invest their money in large-scale enterprises of rehabilitation and development of the devastated regions. They will want higher interest than the potential borrowers can afford to pay—even if they are prepared to lend at any price.

Accordingly, if anything effective is to be done, there will have to be State action, involving international collaboration by States and some sort of international guarantee. This, of course, would be much easier if the States in question were not capitalist States, but Socialist States each in control of its essential national resources and in a position to direct the course of investment both at home and abroad.

At this point I can reasonably put in a word of comfort. Broadly speaking, the industries which expand under pressure of war demand are also those which produce the capital goods required by the ordinary processes of investment. The transition from war to peace economy will therefore be eased if there is a concerted international plan for turning the armament industries over promptly to the task of providing capital equipment for the reconstruction of the devastated parts of Europe. That involves

planning ahead. It means that there should come into being while the war is in progress at any rate a skeleton planning organisation—not to draw up a fixed plan, but to survey the task and work out the appropriate structure and methods for tackling it promptly, so as to set to work on the adaptation of war industries to the new need the very moment hostilities come to an end.

Question Three deals with the rehabilitation of the exhausted nations. To my mind, this raises the question whether it is possible to draw any clear distinction between the immediate tasks of relief and rehabilitation and the longer-term tasks of fundamental reconstruction. If the war is short, exhaustion save in a few places is not likely to be very great. But, the longer the war lasts, the more difficult it will be to distinguish between the short-term and the long-term problem. At the end of a short war, it is possible to imagine a not greatly changed capitalism bringing about some measure of economic rehabilitation, without embarking on any larger reconstruction. At the end of a long war, I cannot imagine this. The economic structure of the belligerents—capitalism itself—will have been so affected that fundamental reconstruction will be the necessary condition of rehabilitation. In either case, the situation will demand as a basis for constructive action a sensible peace—not a “peace” of reparations, indemnities and national hatreds and punitive starvation, but a peace embodying in its terms an agreement to set about a co-operative reconstruction of a shattered Europe. Only such a peace can secure the necessary basis of stable political conditions, without which international measures of reconstruction will be impossible.

Question Four asks what are the likely effects of the approximation of the Nazi and Bolshevik economic systems? I agree that, on the surface, that approximation seems to have gone a very long way. I agree further that they are alike planned systems, based on collective control of the vital economic powers, and therefore in sharp contrast to the planlessness of the capitalism which still holds sway in France and Great Britain. If we consider only the methods and the machinery employed in the two kinds

of "dictatorships", they are clearly very much alike ; for they are both using methods and machinery which "dictatorships" only can use, and which to a considerable extent any dictatorship is bound to use. But to accept this as conclusive evidence of a real assimilation is to ignore the different use to which the same methods can be put. I do not think it can be taken for granted, that because Germany and the Soviet Union are both "dictatorships" and because they have come together for the time being in the province of power politics, it follows that they will go on to become assimilated in their social objectives, or consolidate their temporary agreement into a permanent alliance. After all, the fundamental factors which affect human well-being are economic rather than political ; and in economic objective the Soviet Union and Nazi Germany remain a tremendous distance apart. Nazi Germany is essentially a nation organised permanently on a war footing, and regarding the standard of living of the people as a quite minor matter ; whereas the Soviet Union, whatever may be thought of its recent international behaviour, is essentially a State organised for the running of production in the interests of the main body of the people. It is quite unrealistic to treat Germany and the Soviet Union as forming a common economic *bloc* in relation to the post-war settlement of European affairs.

On the other hand, it is clear that, whether the Nazi dictatorship is still in being in Germany or not when peace is made, it is out of the question that the consequences of the Nazi revolution should be so undone as to turn Germany again into a planless capitalist country ; and it is clearer still that the Soviet Union will not oblige British and French capitalists by remodelling its institutions in accordance with the precepts of capitalist "democracy". We cannot tell with what sort of Germany, or precisely with what sort of Soviet Union, we shall have to reckon in the coming settlement. But it is safe to prophesy that neither of them will be a "capitalist democracy" on the Franco-British model. The Western Powers, whatever happens, will not be in a position to arrange for a peace

on a basis of general reconstruction of capitalist democracy throughout Europe.

Question Five raises the problem of the relations between the industrialised countries and those which depend mainly on the primary products. The nineteenth-century economists based their doctrines on the assumption that providence had mercifully divided the world into countries suitable for industrial development and countries which would supply them with foodstuffs and materials, and that this division had the force of a natural law. This looked true to a considerable extent under the conditions of the nineteenth century. It has still some truth in it for us of the twentieth century, but much less than our fathers supposed. It could be argued in the nineteenth century that both groups of countries profited by the division ; but the advantages to the second group depended largely on certain conditions which no longer hold good, at any rate to the same extent. The point has been reached at which, as populations cease to expand and even begin to fall in the highly industrialised countries, the demands of these countries for certain key-products, such as wheat, cannot continue to rise. Under these conditions, countries which have specialised in the production of these types of commodities can no longer rely on continually expanding markets in the new industrialised regions. This causes them to move towards a more "balanced" economic system, by developing industries of their own, or by resorting, as in parts of Canada, to more mixed kinds of farming. It also makes them less eligible as fields of investment for capitalists in the richer countries—or at any rate causes capitalist investment in them to take forms competitive with, instead of complementary to, the economic structure of the industrial States.

Clearly, under these conditions, the "wide, open spaces" can be filled up only by the development of industries. The forces which are tending to change the primary-producing countries into partly-industrial countries are much too strong to be prevented by anything that the industrial countries can do. I have cited the case of Canada ; but, of course, the conclusion applies not only

to the British Dominions but also to India and China. The problems of these countries are in many respects different on account of their large populations and their deep poverty ; but it is merely foolish to expect that either India or China will remain as a primary-producer subordinating its economy to the industries of Western Europe and the United States, and content to rely on them both for its supplies of industrial products. The supply of capital for economic developments in India and China presents immense difficulties, on account of their poverty. But, now that the Soviet Union has overcome a difficulty nearly as great, it cannot be taken for granted that India and China will not overcome them.

Question Six deals with the question of "control" schemes and cartels. I feel an intense suspicion of any attempt to build any sort of international organisation on the basis of the existing capitalistic cartels, even when they are disguised as "State controls", conferring authority by legislation on capitalist combines. I suspect such ideas because the entire policy of these cartels has been one of restriction. Their essential and central purpose has been to keep up profits by means of price control and restriction of output. Therefore, I feel very sceptical about the possibility of their so changing their nature as to turn into satisfactory instruments for the development of a new order of international co-operation for the promotion of plenty. I dissent entirely from plans based on such foundations. I feel sure it will be necessary to scrap these restrictive organisations and make a fresh start.

Question Seven, which raises the problem of public utility corporations, involves a much wider question, since it is clearly connected with the political aspect of the peace settlement. It is a part of the larger problem of the adaptability of democracy to the purposes of international co-operation and control. The Bank for International Settlements, an outstanding example of international action in the economic sphere, is at present about as undemocratic a body as can be imagined. It is under no sort of control by the States or peoples which its decisions affect. Now, there is a serious danger of bringing into

being, in the name of internationalism, other organisations resembling the B.I.S. in its immunity from control even by the Governments which set them up organisations which the leaders of high finance will use as instruments for defying Governments and flouting the democratic will. The pre-requisite for the democratic working of international "economic" controls and corporations is the creation of some form of democratic international legislature and executive capable of keeping them in order; and this applies to schemes of international action both in the financial and in the wider economic field. In these conferences many of us have in our minds the problems of constructing a stronger and more democratic "League of Nations", or perhaps of building up some closer political organ, such as a "Federal Union". Some of us are doubtless thinking of an organisation wide enough to cover the whole world, whereas others are concentrating mainly on the idea of a closer Federation covering a narrower group of countries. I feel sure the most we can hope for in the way of any real Federation is a group confined to European countries and their Dominions and dependencies—to the extent to which such dependencies remain. I do not believe that anything in the nature of real federation is practicable between the countries of Western Europe and either the United States or the Soviet Union or, say, China, though some looser League including all these countries is very much to be desired. For real Federation demands a fairly high degree of similarity in both the political and economic systems of the participant countries. In finance, it demands not, I think, a single unified currency, but national currencies managed to a considerable extent on common principles. Even this degree of co-operation in finance is dependent on a fairly high degree of economic co-operation. I do not believe it to be practicable to get, as a part of the post-war settlement, either a world-wide currency system or any world-wide system of close economic co-operation. Nor do I think we can expect even countries which federate closely for political and economic purposes to unify their currencies completely; for such unification implies the forfeiting of a

large amount of control over their own economic policies—for example, of their freedom to follow an expansionist policy in order to combat unemployment. Countries will not agree to that until they have reached a degree of economic co-operation which makes them virtually parts of a single country—as England and Scotland are, or the States of the American Union.

Question Eight deals with the freer exchange of goods, etc. On that issue I would say that under existing conditions a free trade policy has ceased to have any real meaning. If all the tariffs of the world were pulled down, financial and other controls would continue to divert trade from the channels which free trade would have it follow. The real question to-day is not of restoring free trade in the old sense, but of replacing the policy of negative restriction on international trade by a positive policy of international economic collaboration. Moreover, I am sure it is impracticable to make the abolition of tariffs a condition even for those countries which agree to enter into close federal relations. Tariffs are for some of them much too important a source of public revenue to be quickly replaced by alternative forms of taxation and it is impossible in practice to distinguish between revenue tariffs and protective tariffs, because any tariff laid on a wide range of goods must have a protective effect. Great Britain could manage without tariff revenue; but many other countries could not—at all events in the near future. The abolition of tariffs is bound to be a gradual thing; and tariffs will be replaced, not by *laissez-faire*, but by agreements between countries designed to promote instead of hamper exchanges. Besides, does anyone who proposes the entry of the British Dominions into a federal union really suppose that they could be induced to give up their tariff autonomy? Even if the European countries entering such a Union agree to a policy of gradual tariff reduction, it will probably be necessary to waive this condition in the case of any non-European areas which become members of it.

As to the machinery of international economic collaboration and its relation to the League of Nations and

to the International Labour Organisation—points which are raised in *Questions Nine to Thirteen*—I would say that what needs to be done in relation to these bodies depends on the general character of the settlement. I want to keep, or to re-create, the League because, in addition to a closer link between as many of the countries of Europe as can be persuaded to come together on a democratic basis, I want some wider body, on as democratic a basis as possible, linking these federated States to the rest of the world. I want the extension of international political democracy to go hand in hand with a developing process of economic co-operation ; but if, as I believe, close co-operation, either economic or political, demands a fairly high degree of affinity in ways of living and in economic structure, as well as in political outlook, it becomes necessary to provide for a less thorough-going international system wide enough to include countries between which this affinity does not sufficiently exist. This might require the coming into being of several groups—a West-European, an American, a Soviet, and probably other groups, and then the making of a League which would join the various groups together.

In the case of the I.L.O., it is much easier to see one's way than in that of the League ; for the I.L.O.'s machinery is already adapted to dealing with very different types of economic system, and can probably be maintained with relatively little change. The League, on the other hand, if it survives, will have to be re-organised on the lines adumbrated in the Briand Plan of European Economic Union.

Our part in making this new League is, in the first place, that of building up as close a unity as we can between those States which have a sufficient degree of affinity in democratic ideas and methods. There are great difficulties in the way of this. At the very outset there confronts us the present " black-out " of public opinion and democratic rights of criticism in France. If there is to be a real democratic growing together of the French and British political systems, there must be a parallel growing together of the public opinion of the two peoples ; and this cannot come

about without full freedom of speech for the citizens of both not only in their own country, but also in the other, or without a continual coming and going, speaking and conferring, of Frenchmen in Great Britain and of Britons in France. The existing paralysis of the machinery of cultural collaboration—*commerce* in the French sense—is disastrous. It is essential that the democratic forces in both countries should use every possible effort to break down the barriers in the way of effective political intercourse. If we are to have democratic internationalism, we must have as its foundation an international public opinion and effective instruments of international democratic criticism and control over Governments and bureaucracies and the restrictive forces of high finance.

Question Nine deals with the very important issue of the measures to be taken in order to raise the standard of living of the poorer agricultural populations of the world. It is clear that any rapid rise in the standards of these countries can most easily be brought about with the aid of a substantial measure of international investment for the development of their resources. Any such investment however, demands both a reasonable degree of political security and a measure of concerted international economic planning, in order to ensure that it shall take as far as possible a complementary rather than a competitive form, and shall be designed so as to encourage rather than restrict international trade. A country can, with the aid of a ruthless form of political dictatorship develop its resources very rapidly without foreign help, as the example of the Soviet Union has shown. But this would be even harder for the densely populated areas of China and India than it was for the Soviet Union, and such a course inevitably involves unnecessary suffering, which could be prevented by concerted measures of international planning and cooperation. Moreover, for the most part the colonial areas, especially in Africa, would be quite unable to improve their resources at any rapid rate without a supply of capital from the more advanced countries, and I hope it will be agreed that the Imperial countries are under an obligation

to assist colonial dependencies in this way. How far these forms of development can be achieved or fostered by the I.L.O., and by the Nutrition and Economic Committees of the League of Nations is, I think, an unanswerable question at this stage ; for the answer must depend on the political and economic structure of the post-war settlement, about which I have said something already.

About *Questions Ten and Eleven* I do not propose to add much to what I have said in passing under previous heads. The essential international machinery for economic and social purposes is, I think, (a) some form of coordinating financial authority, but not necessarily an international bank or an international currency ; (b) an international trade council for the planning of international trade, for general supervision and consultation about tariffs and trade agreements, and for the fostering of complementary bargains either on a bilateral or on a multilateral basis for the positive promotion of international trade ; (c) an international health organisation, which I hope can be developed on the foundations laid by the existing health organisation of the League ; (d) an international labour organisation similarly developed out of the I.L.O. In reply to *Question Eleven*, I would say that I believe much closer economic collaboration to be possible between a limited number of countries which have compatible economic and political systems and general outlooks, than between countries differing widely in these respects ; and I would add that both forms of cooperation will undoubtedly be needed in the post-war world. It would, however, take me much too far afield to attempt to develop this point further.

Question Twelve presents considerable difficulty, both because of lack of detailed knowledge of what is being done at present, and because of the impossibility of predicting how far the two systems—those of Great Britain and France—will have become integrated economically by the time the war is over. Economically there is no doubt that Great Britain and France are well suited for economic collaboration in peace as well as in war. The outstanding difficulties are political rather than economic, for economically the two countries are, or can be made, largely

complementary, and the same applies to the greater part of their colonial possessions and to the British Dominions. Really close economic collaboration, however, demands close political collaboration as well if it is to be consistent with the reality of democracy in the countries concerned. It is therefore indispensable that Great Britain and France should devise forms of democratic political collaboration even while the war is in progress. I have said something about this point at an earlier stage. As for making collaboration between Great Britain and France the nucleus for a wider union, that depends so much on the political character of the settlement that I will not embark further than I have done upon so vast a subject.

To *Question Thirteen* the only answer I can give is that the best contribution that progressive organisations can make is to keep on thinking and discussing not only within national frontiers, but also, to the fullest possible extent, across them, and also to do all they can to ensure that the chances of a tolerable economic and political settlement in Europe are not wrecked either by the development of political hysteria leading to another Versailles, or by a failure to meet *during the war* the legitimate claims of India and the colonial territories within the British Empire, and of the similar territories under French control.

THE GENERAL DISCUSSION

MRS. DUNCAN HARRIS asked whether there was any possibility of "horizontal" Federation which did not necessarily involve complete Federation.

MR. COLE replied that he could envisage close international economic arrangements for the handling of particular problems between countries which it would be impossible to bring into any general federal arrangement. For example, the United States and the other great wheat-producing countries outside Europe might well collaborate with the European countries over the wheat problem much more closely than they had been doing in recent years. But collaboration of this type would be fruitful only if it were directed to advancing the world standard

of living, and not to holding up prices by limiting production. The unification of patent laws was another problem that might be dealt with on a federal basis. He was, however, certain that complete federation was unworkable between countries which were at very different stages of political and class development. In the economic as well as in the political sphere federation could only be made to work satisfactorily between countries which shared a broadly common basis of democratic institutions.

MR. C. A. WILLIS asked if it would not be necessary to have some common form of law.

MR. COLE said that one of the great difficulties was that there are big differences in the basic legal conceptions of the United States and Great Britain on the one hand, and the countries of the European continent on the other. Nevertheless some degree of legal unification was possible, provided that it was started on a limited basis, and that there was set up a special system of federal courts with a defined jurisdiction as in the United States.

MRS. E. M. WHITE asked whether it would, in fact, be possible to scrap the cartels seeing that their powers were growing more and more.

MR. COLE, in reply, said that in practice the change-over to State control had meant in many cases little more than a change in the heading of the notepaper. The cartels had, in effect, been given full power to act in the name of the State. What he would propose was not to scrap such bodies as the Iron and Steel Federation as they now existed, but, for the duration of the war, to use the existing capitalistic organisations in industry as administrative units while making their decisions entirely subject to bodies of persons—Commissions or Boards of Control—having no interest in the trade concerned. There ought to be an impartial control over each industry representing the general body of citizens. The same considerations would apply to international controls established over international cartels. The primary objective would be the subordination of both capitalist and national interests to an international control acting in the public interest of the federated group of countries as a whole.

In reply to a question Mr. Cole said that the rapid removal of controls after the last war had been disastrous, and had been an important factor in aggravating the post-war slump. If the present war went on for a considerable time he felt no doubt that the existing forms of control would reveal their inefficiency, and would have to be scrapped in favour of much more drastic controls operated by disinterested persons in the public interest. In that case we should get, in war-time, a form of control which it would be to our interest to retain permanently, instead of one which would have to be scrapped if we were to get rid of restrictive capitalist policies.

In reply to a remark that people were already saying that, on grounds of equity, Germany should pay reparations after the war, MR. COLE said that military victory is nearly always a disaster, and that the most desirable outcome would be for both sides to realise that before such a situation had arisen. As soon as the attempt was made to make a country pay for war damage and devastation, vested interests stepped in and demanded that the work of reconstruction should be done under conditions designed to maintain their power. The peace that was most likely to lead to a decent democratic settlement was a peace devoid of vindictiveness or attempt to exact reparations—a peace based on a real cooperative attempt to set the devastated countries again on their feet. It had, however, to be realised that if a devastated country has a big post-war unemployment problem, it might be very difficult to persuade it to accept the direct participation of other countries in the work of reconstruction.

DR. ALFRED SALTER suggested that if the war went on for another twelve months the exhaustion of German resources would be so great that any change must be a change to Communism and this would transform the whole situation.

MR. COLE replied that he believed the German economic system to be very much tougher and more capable of resistance than people thought. If it were subjected to a partial blockade such as was now in force its power of resistance was likely to be very great. He said he did

not rely at all, at any rate for at least two years, on the collapse of the German economic system. Nor did he believe that economic pressure would drive the Germans over to Communism, except on the assumption of a very devastating or a very prolonged war. As for Great Britain and France, he did not believe that the Communist method of reorganisation was at all appropriate to the mental and political habits of the British or French peoples.

REV. HENRY CARTER asked what would be the effect on mankind if the U.S.A. managed to stay out of the war and orders for war material poured into her.

MR. COLE pointed out that there were two possibilities—the United States might either supply on credit, or insist on being “paid on the nail”. In the latter case there would be no growing indebtedness of the rest of the world to America, and no financial domination by the United States was likely to arise. He did not believe that America would be prepared to supply large quantities of materials on credit, or to take large quantities of securities—except those of an internationally marketable character—in payment. It was unlikely that the heavy indebtedness incurred by Europe to the United States during the last war would be repeated. Unless, therefore, Europe was left starving at the end of the war, he could not see that the *economic* forces were likely to cause America to play a large part in dictating the settlement.

MR. RITCHIE CALDER asked what would be the possible effects of the enormous release of technological potential in this war. Mr. Cole had said that it was not easy to switch over from war-time to peace-time production, but he did not think that was correct. The great point of modern machine tools was their enormously high adaptability. The technological development of this country had been speeded up by about five to ten years and that tremendous development would have an enormous effect on the post-war world and create a serious problem.

MR. COLE replied that it was easy enough to shift a factory over from one form of production to another, but only, as a rule, at the cost of gutting it of its specialised machinery. It was easy enough to adapt the factory

building and the power plant, but extensive machine re-equipment was generally required, at any rate for factories engaged in finishing processes, as distinct from the production of semi-finished materials. Moreover, war conditions gave rise to lopsided productive activity, whereas an advance in the standard of living required a balanced production of goods unless there were world export markets ready to absorb unlimited surpluses of anything the exporting country was able to send them, and this was a most unlikely assumption.

MR. CLIFTON ROBBINS, speaking of the I.L.O., said that when war broke out the Governing Body delegated its powers to an Emergency Committee. As a result of its activities the Governing Body was meeting in Geneva next week. In discussing Federal Union it was necessary to see the whole thing in its international perspective. Even if the League and the I.L.O. were not going to be the final structure, we should need to consult them in a final world settlement.

MR. COLE agreed that the I.L.O. ought to be preserved and developed. Countries had succeeded in collaborating economically with the I.L.O. even where they had been unable to collaborate politically with the League. The I.L.O. was not a purely governmental institution, but included representatives of the employers and the Trade Unions, and this made it a useful body for building up closer economic collaboration. He thought the I.L.O. had succeeded to some extent in raising standards of living in the more backward countries. The League's health organisation and some of its other technical organisations obviously ought also to be preserved. The real difficulty lay with the political machinery of the League. In aiming at a closer collaboration it was necessary to consider whether the best way was to start out with a world-wide body or to create a more manageable organisation covering a small area, and then link that limited organisation with similar limited organisations in other parts of the world. For example, a Pan-American Federation, an East European Union, a Union of the Far East, and so on, thus creating a world-wide con-federal body into which

it was conceivable that the League might be developed. He was convinced that it was impracticable to persuade the United States to collaborate with the League politically in its existing form.

REV. HENRY CARTER, in closing the discussion, urged three points: The I.L.O. ought not only to be preserved, but could become one of the great instruments of world preservation. The I.L.O. ought to be asked to plan *now* for the true kind of economic collaboration which is essential to the needs of the world.

The second point was that they had done rightly in considering the economic factors, and on two succeeding occasions the question of Colonies and of Federal Union would be before them, but there was another factor—a central factor—which might alter the whole atmosphere of the world. The religious factor was an incalculable one.

The third point was the question “Is war worth while?” He had been looking for remarks on these lines but his notebook was blank.

The Future of Colonies

The Questionnaire

1. How far does it remain true that the basic rivalries of the Great Powers are largely struggles for the control of under-developed "subject" areas? To what extent, for example, are the essential raw materials to be found in colonial territories and in metropolitan States?
2. WHAT is the justification for the continued maintenance of colonial status? How far is it in the interest of the colonial peoples themselves, and what light does this throw on the relations which should exist between the non-self-governing territories and the rest of the world?
3. WHAT is the fundamental economic problem of the colonial areas themselves, and what modifications in international economic policy and in political control are required to meet this situation and to secure the well-being of the native peoples?
4. WHAT are the essential definitions of an effective international trusteeship (*i.e.*, in the interests of both the world at large and the native peoples themselves) for dependent territories, *e.g.*, in relation to immigration, tariff regulations, control of capital investment and public development, the taxation of the native peoples, the securing of land for the natives, use of man-power for military and non-military purposes, and education in self-government?
5. WHAT lessons can be learned from the experience of the working of the Mandate system of the League of Nations in regard to an effective trusteeship for regions not yet ripe for self-government? What are the

weaknesses of the present Mandate system and how can they be corrected?

6. How far can general economic conditions at the close of the war be expected to bear on the economic situation in primary-producing areas and, therefore, on the possibility of realising any large-scale changes in the political control of these areas?
7. WHAT would be the bearing of a Federal development in Europe or over a wider area upon the colonial problem and the future of dependent territories? Conversely, what might be the effect upon plans for a Federal scheme in Europe or on a wider basis, of the acceleration of political and economic freedom in territories at present called "dependent" but capable of rapid progress towards self-government.
8. How far is it possible and desirable to envisage a *direct* international (or federal) administration of dependent areas? Supposing that administration is left in the hands of individual metropolitan countries, how far is it possible within this limitation to develop an international civil service or a common service for certain functions of administration—*e.g.*, for health and education—across dependent territories generally administered by different metropolitan countries?

W. ARTHUR LEWIS

I take my text from the Questions Two and Three. What is the fundamental problem of the colonial areas and what is the justification for the continued maintenance of colonial status? What feature is it that distinguishes areas now colonial from other parts of the world? I think it is their backwardness, the fact that these areas are undeveloped economically, that their peoples are very poor, ignorant and diseased. They have, of course, no monopoly of these evils: the masses of people in Great Britain are also poor, ignorant and a prey to ill-health, but the colonial peoples are even more ignorant, even poorer and even more at the mercy of nature. This is by no means a colour problem or a racial problem: there are parts of Europe which are very undeveloped and very backward, just like other parts of the world now in colonial status. It just happens that some parts of the world have developed more rapidly than others.

Trusteeship, if it means anything, means that there is a duty or intention on the part of the more advanced peoples of the world to assist in the development of the more backward. We in the backward countries need primarily three things: knowledge to enable us to learn how to master nature, capital to enable us to develop our territories, and statescraft—not that our peoples are not well advanced in democracy, but so far it has been on a small scale. The tribe is not an admirable unit for government in the modern world. We need to learn to build up governments and administrations capable of performing all the functions that the modern state is called upon to fulfil.

So far, there is nothing controversial in what I have said. I have simply said that the advanced peoples of the world ought to assist in the development of the more backward. The crucial problem is on what terms is this assistance to be given? Is it to be given altruistically or are the advanced peoples to do what they can to make the best of the bargain for themselves? We owe already

a great debt to missionaries, doctors and teachers and others who have given their lives to the advancement of backward peoples, but who does not know of those others who have gone out to colonial areas solely to seek their fortunes—often at the expense of the native inhabitants? Their principles find no place in any just colonial settlement.

If you ask me what are the principles which should govern the relations between the backward peoples and the more advanced, I shall lay down two principles. The first is that there should be no privileged positions in colonial territories for members of the advanced countries—*i.e.*, no European state or person should be free to say to a colony “you must buy your goods only from us, or sell your goods only to us, or you must link up your currency with ours”. Nor should they be free to impose the colour bar in any of its manifestations—by saying “you must not live in these areas—you may not own land here—you may not work in these occupations or enter into the more important branches of the civil service”—all these manifestations of the colour bar find no place in trusteeship. Nor must there be the privilege of monopoly. I stress this point because the idea of some sort of international trading combine is very popular in some circles. We have had enough of trading combines, industrial combines and land monopolies. These privileges should disappear. That then is my first principle—no privileged position for Europeans in the colonies.

My second principle is that the advanced peoples should be called upon to foot the bill for developing the backward regions. Since this sort of development yields no immediate return if the colonies are left to get the capital they require in the money market, their rate of progress must be very slow indeed. Recognising this and partly to help its own ends, the British Government established a Colonial Development Fund which undertook to give and/or lend to the colonies a sum not exceeding £1,000,000 per annum. If any rapid progress is to be made by the backward peoples, I should like to see a Colonial Development Fund much nearer to £50,000,000.

This seems to me to be a fundamental principle.* Moreover, it is not just a moral or altruistic question, because it cannot be to the interest of people living in any part of the world that the rest of the world should remain undeveloped. The greater development of the colonial areas would mean an increase in the standard of living for the whole world. These then are my two principles.

But the problem for this conference is how we are to secure that right relations shall exist between the backward and the more advanced peoples. What sort of checks are to be put on imperial powers? There are, I think, three possible checks: firstly, there is the check of the backward peoples themselves; secondly, there is the check of home parliaments; and thirdly, there are the international checks. The most important of these is the political and economic power of the backward peoples themselves in their own territories. The Government policy in a colony is not, as people sometimes think, determined in Whitehall, it is determined for each colony in the colony itself. That is why each colony has its own policy and why the policies are so vastly different. It is necessary in each area that the people there shall have adequate checks on their government. For me, this means that in the Legislative Councils and the Executive Councils which are the important bodies, the people themselves must be fully and adequately represented.

It follows, too, that there must be no forcible trusteeship. Peoples who are fed up with being wards must have the right to cease being wards. We are told that self-government should be given when people are fit for it; I believe it should be given when people want it. In certain areas in the British colonial empire, there are peoples who are fed up with the present status and who wish to advance further towards self-government. If it can be shown that a sufficiently large number of people living in those areas desire further advance, then I think it should be granted to them. On the other hand, in other areas people are more satisfied. In the meantime,

* Shortly after this Conference the Secretary of State announced that the Government proposed to increase the Colonial Development Fund to £5,000,000 a year and to spend another £500,000 on Research into colonial problems.

it is fundamental that they shall be adequately represented on the governing bodies and particularly on the Legislative and Executive Councils.

Secondly, there is the check of home parliaments. There has been a lot of discussion on the necessity for greater parliamentary control of colonial policy. Some people have suggested that more days be given to the discussion of colonial affairs ; others want to see a Standing Committee. One brave writer even suggested that the colonies should be represented by their own members at Westminster ! Whatever form it may take, greater control is unquestionably essential.

The third check is the international one—that all the advanced peoples should have the right to see that the imperial power is not abusing its position in the colonies which it governs. This is perhaps one of the most difficult of all the problems and it is not specifically my job to deal with it. It is to some extent a question of whether you prefer to strengthen the Mandate system or would like to see a direct administration by some sort of federal government.

Let me, therefore, summarise the position. If you ask me what I would like to see put into a colonial settlement drawn up at a peace conference, I would say first that it must be laid down that there are to be no privileged positions for Europeans in the colonies they govern—both *vis à vis* other Europeans and *vis à vis* the native peoples themselves. There must be no colour bar and particularly no economic colour bar. Secondly, there must be a provision for financial assistance to the colonies—and this is probably the most important thing of all, because if only the colonies develop rapidly enough, then all the colonial problems will be liquidated. Thirdly, there must be adequate native association with the Government of the colony and this means adequate representation on its Councils. On each Council there should be a majority of the native peoples themselves and no government should have the right to force upon a people measures they are not prepared to accept. Finally, I should like to see in the peace settlement international guarantees to secure that each colonial power shall observe its task in the colonies.

Professor NORMAN BENTWICH

I had proposed to start my remarks in relation to Question Four onwards, but I notice that Mr. Lewis did not deal with the question : " How far does it remain true that the basic rivalries of the Great Powers are largely struggles for the control of under-developed ' subject ' areas ? " I should think that this is less true of the struggle now being waged than it was of the last war and of the struggles between the great Powers during the nineteenth century. At the same time the present unequal division of the government of non-self-governing territories is one of the constant and permanent irritants in international affairs and has been constantly making for bad relations and for resentments and hostilities between the peoples. I was struck a few weeks ago to see Paris placarded with a Government advertisement inviting the French people to subscribe to a Government loan and illustrated with a map of the world showing the colonies, dependencies and mandated territories of the Allied Powers and bearing the caption : " Nous vaincrons parceque nous sommes plus forts ". That idea of control and ownership of vast areas is resented strongly by Germany, Italy and other countries, and has been one of the provocative causes of unrest in Europe since the last war. Although it may not be the principal cause to-day of international strife, yet any settlement which overlooks the existing unequal distribution will still have within it the seeds of future war.

In discussing the essential definitions of an effective international trusteeship, I would begin by referring to the principle which was embodied in the Covenant of the League—namely, that while there are peoples who must be regarded as not yet able to be independent and who are, therefore, for the time being under the government of other peoples, the principle to be fulfilled is that their government is not to be a means of national exploitation,

but is an international trusteeship. The weakness of the settlement of the colonial question made after the last war was that it was applied exclusively to those colonial territories which had been governed by Germany. In the vast areas in Africa, Asia, and other parts of the world which had been colonies of Great Britain, France, Belgium, Portugal and other Allied Powers, no change was made. You had then for a small part of the colonies a new principle of international trusteeship; and that principle was to be applied by entrusting the government to Powers which had experience in governing colonies but which were to administer the territories according to broad principles laid down by the League of Nations itself. The main lines were included in Article 22 of the Covenant of the League. The principles fall into two heads: first, that the interests of the native peoples of these territories are to be regarded as of paramount importance for the governing country, *i.e.*, the right of the native peoples to the soil, to the development of their country's resources, to education towards self-government must be assured by the administration. Secondly, that the resources of these countries must be utilised for the benefit of all countries without any distinction or favour for the subjects of the country which exercised the government. The idea has been called the "dual mandate"—the trust being partly for the native peoples and partly for the rest of the world. who should share equally the opportunity of using the products and materials of these countries. That was certainly an advance; though it was claimed by British ministers, with their habitual modesty in those things, that the mandatory system simply carried out the ideas with which we had always governed our colonies. There was something to be said for that, but not quite all that we might have wished.

This principle of a dual trusteeship was not applied to the colonies belonging to the Allies. It even became a fresh aggravation of the unequal distribution of the government of backward countries, that England, France, Belgium, and to a minor extent Japan, became the mandatories for these countries which had been German

colonies, adding their government to the vast areas they already possessed. If the two ideas, the essential primacy of native interests in the development of the country and the equal participation of the whole world in any benefit, had been fully and sincerely applied, the administration would not have been so resented. In fact, however, the second principle was not applied to a part of these mandates. Those territories placed under the mandate of the British Dominions—British South-West Africa, Samoa, New Guinea—called “C” mandates, were not subject to any conditions as to discrimination against other countries, and there undoubtedly was preference for the mandatory countries. England, too, went back on one of the great foundations of her colonial policy—the foundation of free trade. We applied protection for British manufactures in our own colonies, and gave preference in our markets to colonial produce, thereby producing that discrimination which we had said should not be applied and was contrary to the principle of international trusteeship.

We come to Question Four: “What are the essential definitions of an effective international trusteeship?” The answer is first that these basic principles must be laid down in some international document and assured or sanctioned by some international body with authority to see that they are observed. The second part, the idea of international supervision, was developed by the Covenant and has been one of the achievements of the League in the last twenty years. A League authority was established which was to see to the observance in the mandated territories of the principles of government and administration laid down in the Covenant and amplified in the mandate instruments. The body which has authority is the Council, the body which advises the Council is a Permanent Mandates Commission consisting of a dozen expert persons, a majority being appointed from countries not holding mandates. Within the League Secretariat a permanent section deals with the mandates, receiving not only periodical reports from the mandatory, but all the Press and documents issued in the countries under mandate, and also receiving petitions from persons in the mandated

countries and from bodies interested in the mandated territories. Those two things are an advance towards giving reality to the idea of international trust. It is not enough to say that we follow these principles in the administration of our colonies. There must be somebody to whom the trustee is responsible ; and that body must be an international authority. The Council of the League with its Permanent Mandates Commission has exercised that function for the territories which were former German colonies. Any settlement of the colonial question should extend that principle to the whole colonial area.

It is also clear from the experience of the last years that certain changes are necessary in the execution of the mandate system. The Mandates Commission to-day is precluded in two ways from carrying out its scrutiny of the mandates with necessary thoroughness. First it cannot itself as a body or as a number of individuals visit countries under mandate to see what is wrong. It can only hear reports coming from the mandatory power or receive petitions, and judge from papers and oral examination. Secondly, in the case of a petition, it cannot hear the petitioner in person. While the representative of the mandatory power is there to be examined, the petitioners themselves have no right of audience and no means of putting their case personally. The Mandates Commission has suggested that it would give them a fuller opportunity of carrying out their functions properly if they could do both these things. Thirdly, experience has shown that, while for a time when things were going fairly well internationally the mandatory Powers did have regard to the criticisms and observations of the Permanent Mandates Commission, and the Council used to adopt their advice ; latterly, recommendations of the Permanent Mandates Commission were not treated with the same respect or regard. That was so with all the countries which were mandatories. The Japanese were bad offenders from the beginning ; they paid little account and gave evasive information about questions put to them by the Mandates Commission. In more recent times both England and France have shown scant courtesy to the

observations of the Mandates Commission in regard to their mandates in Syria and Palestine. What has come out of that experience is that an international body, if it is to exercise an effective scrutiny and control, should have more definite powers of seeing that its recommendations are carried out.

I want to say a word or two about Question Six—"How far can general economic conditions at the close of the war be expected to bear on the economic situation in primary-producing areas and, therefore, on the possibility of realising any large-scale changes in the political control of these areas?" One must expect that by the end of the war there will have been a terrible destruction of wealth produced before, and a greater need than ever of deriving from these vast areas a greater quantity of materials with greater rapidity. I think we make too plausible a case when we say that colonies are not very important to us because a very small part of the raw materials come from the colonies, and that it was absurd then of Germany to complain that she had no colonies. That was a disingenuous argument because we have always been anxious to keep our colonies; and also because we and France, who have these vast areas, have also special relations with large parts of the world which are primary-producing countries, but which are not colonies. Other countries which have not colonies to-day would probably extract and derive from areas which we control a larger proportion of the materials that matter than we do, just because they have not other great primary-producing areas.

What can be contemplated as part of a new world order to ensure the carrying out of these ideas of international trusteeship? There are two ways of foreseeing the world-order after the war. In the first, the League would be maintained; the second envisages the idea of a federal union of a number of Powers which have broadly common ideas and aspirations, and which would form one unit for matters of external and economic policy. Personally, I favour a combination of both those ideas. If either of those alternatives happens, one ought to

contemplate a radical move forward in the international administration and government of colonies—not simply a move forward towards an international supervision of these countries. I do not believe you can bring about the radical change required unless the countries which are to give the lead in that respect are themselves to go more wholeheartedly into a pooling of their economic resources to ensure their even distribution to all the different States. If there were a Federal Union, I should hope that the colonies belonging to the countries entering into the Union and which are not so far advanced that they have reached or almost reached the point of self-government, would be placed immediately under a federal administration. Where the colony is ready for self-government, those arguments do not apply; in those cases the attainment of self-government would have to be hastened. It would be for the people themselves to decide whether they remained under national government or control or whether they would prefer to be under federal control.

I would like to combine with the federal administration of these colonies international supervision, under the League as it is at present, but with the wider powers I have mentioned. That double check would give hope that the principles would be carried out. Of course, there may not be federal union—we may advance further or less far. If we do not advance so far, there still remains the League; and I hope that we should be prepared to advance a stage towards international government of colonies. Again, of course, I assume a more effective international supervision over all countries which are not yet self-governing; but in some of them anyhow—those which have made the smallest advance towards self-government—I should like to see introduced at once an international authority which would choose the administrators of the country and see to the whole direction of the administration. Presumably it would have to be some department of the League. Many people say that the international administration of colonies is hopeless, but we have no great experience to guide us on that point.

The experience of the League Secretariat and the I.L.O. during the first ten or fifteen years after the war was encouraging in those health, economic and social sections which were dealing with all sorts of problems by officers from all over the world and achieving in some respects very remarkable results. While they have shown—in the I.L.O. particularly—that international bodies can work together effectively for legislation about social and colonial problems, what we need to try and work out is that an international body can also be effective in the execution of policies which are adopted by the international legislature. Obviously the change could not be made in one sweep; but you could take a part of the present colonies and try it out there, and hope that the results would be such that the principle of international administration could be applied to all countries not already approaching the stage of self-government. Until they reach that position, in order to secure the two fundamental conditions, that the country is primarily used for the well-being and advancement of the native peoples; and that simultaneously its natural resources may be utilised for the benefit of humanity, the more thorough the international administration and direction as well as international supervision, the more fully will those two principles be realised. We must recognise that a national administration—however high-minded large parts of the people of the country may be—is likely to be influenced by certain vested interests within that country which will prevent or check the full realisation of the two parts of the trust. An international body is more likely to be unaffected by private national interests which have been responsible for the abuses and the ills of the colonial system during the last century.

THE GENERAL DISCUSSION

In reply to a question by Mr. REGINALD SORESENSEN, M.P., as to whether in any redistribution of mandates Powers should have one or more mandated areas under their control, PROFESSOR BENTWICH suggested that if

there was a Federal Union, then all those colonies or mandated areas which were under Governments within the Federation would be drawn into one Federal control. For any outside it would be for the League to decide whether to keep the present system of mandates. If so, he hoped they would recognise the desirability of choosing as mandatories as many Powers as possible, retaining the present system of single state mandatories, but strengthening the international control.

MR. WILLIS asked if an international regime or an unsatisfactory compromise between the two, was likely to be better than a national régime? Could the native have a loyalty to "internationalism"—a complicated and abstract idea? MR. LEWIS said that the native of a British colony was not at the outset loyal to Britain; his loyalties had been built up gradually. If they wished to build up an abstract loyalty to an abstract world order, they could do it.

PROFESSOR BENTWICH said that an international body was more idealistic than a national body—that had been the experience of League Assemblies and I.L.O. gatherings. He had not suggested that policy was to be worked out by bringing together people from different colonies: policy would be laid down by an international assembly. The execution would be carried out by some international body. He did not see any difficulty about the loyalty of native peoples to such an international body. There could be just as strong a feeling of attachment to a Federal Union as a native of the Philippines might have to the U.S.A.

DR. RITA HINDEN said that individual European nations had exploited colonies for their own benefit and groups of nations would only exploit them more efficiently. The aim of Federal Union should be to educate the native for self-government.

PROFESSOR BENTWICH agreed that the main thing to build up was the capacity of the native to his own self-government. It would be a step towards fitting them for this if the governing of the peoples was removed from national to Federal or international authority.

MR. JOHN HUTTON suggested that perhaps Professor Bentwich, while realising the value of internationalism, failed to realise the strength of national feeling in other peoples. In the survey of the Mandates system there was no mention of any benefit which that system had done to Palestine, whose economic life had been dominated by its inability to discriminate, and this inability had been utilised by the Japanese to dump goods there. Did the Mandates system make the colony a dumping ground? Did it offer scope for development along any set lines? There was also the question of education. The educational systems of the world were different. What sort of educational systems were we going to adopt? On the question of capital, the presumption seemed to be that having exploited the colonies for the benefit of the British nation, we were to "hand the baby" over to others and tell them that they could have them, after having got all we wanted out of the colonies.

PROFESSOR BENTWICH said he disagreed with Mr. Hutton regarding Japanese imports into Palestine, which were a very small fraction of its trade and were a minor consideration in the whole policy. He did not believe that the national ideal of our people is expressed with any value in the governing of other peoples; it was best expressed in the realisation of its own thought and culture.

MR. LEWIS expressed the hope that the colonies *would* become a dumping ground. Why should they give special facilities to British as against Japanese shoe manufacturers? It was for each colony to adopt those industries which best suited it and then to buy other goods from outside as cheaply as it could possibly get them.

DR. C. E. M. JOAD said that part of the present distress was alleged to be due to the fact that the British Empire had ceased to be a free trade area, and asked whether the British tariffs made it as difficult for the French as it was for the Germans?

PROFESSOR BENTWICH said that the Empire had become a "protected" one following the Ottawa agreements of 1932. Where a colony like Ceylon enjoyed virtual self-government, there had been considerable difficulty in

getting those tariffs adopted, but there was no discrimination as between French and German goods.

MR. LEWIS said that the tariffs were not heavy and could not have had much effect on the French or on the Germans, but the quota system had had a big effect on Japanese goods. Some people believed that these quotas had helped to drive the Japanese into their war on China.

In reply to a question as to what steps should be taken to stop the exploitation of native peoples, MR. LEWIS said that so far as private capital was concerned, use could be made of the machinery of labour legislation. As to public capital, the question would not arise, for it would be used to build schools, hospitals, roads, etc. He urged that native peoples must be in close touch with their own governments so as to control the expenditure and use of capital. He did not believe they were incapable of taking a great part in their own government. Native representation did not necessarily mean an election of non-European representatives. He mentioned the case of Trinidad, where the white Mayor of Port of Spain was elected almost entirely by a black electorate. Unfortunately, Legislative Councils were, in most cases, composed of majorities nominated by the Governments.

MRS. DUNCAN HARRIS enquired as to the possibility of applying the Mandates system within a Federal system, and suggested that something on the lines of the Conventional Basin of the Congo, because of its historical beginnings, might provide ground on which Germany would co-operate on the colonial question.

MR. LEWIS said that the problem of international rivalry or co-operation in colonial questions might be solved in one of three ways—by redistributing territory, by administering the colonies directly through some Federal office, or by leaving the colonies under their present rulers, but extending to them a strengthened Mandates system. As to the first, he did not think redistribution would be an adequate solution, as there would nevertheless still be some dissatisfied powers. Direct administration by a federal government was possible,

but raised difficult questions of policy, administration and control. The extension of the Mandates system would solve some of the economic problems—like the Congo Basin treaty it guaranteed equality of access, and it could be extended to open the ranks of the Colonial Civil Service to all nationalities—but the difficult problems of currency and strategic value could not be solved in that way. It was difficult to say what Germany or any other dissatisfied power would be willing to accept, but the open door should be adequate for all nations not anxious to engage in military or currency war. Finally, we should note that if trusteeship were really carried out, colonies might become a serious financial burden; in which case, rivalry to own colonies might turn into rivalry to get rid of them and the traditional “colonial problem” would disappear.

DR. HINDEN suggested that it was unreal to think in terms of self-government—we should approach the question from the economic aspect and lay less emphasis on the political side. Colonial peoples were down-trodden and suffering from poverty and disease. Financial assistance to the colonies should be one of the primary points of our peace aims. It was impossible for native peoples to stand on their own legs unless there was some form of education and improvement in standards of living before they were capable of self-government.

She suggested that an International Investment Board should set aside large sums of money at very low rates of interest for these colonial countries. There should be not a half-hearted Colonial Development Fund, but an open-handed giving of money to the colonies at no interest whatever, to build not only railways and roads, but to develop the natural resources for the benefit of the native populations.

MR. JOHN HUTTON, referring to the question of self-government, asked were we convinced that our moral approach was correct—were we at all sure of our European morality? Was it not an attempt to fit into the machine age native peoples upon whom these industrial processes were being thrust. Distance was disappearing and all

parts of the world were being linked together in a way which would not be broken, and the colonial peoples were going to be linked to the industrial parts of the world. As to the Colonial Development Fund, all money advanced by the fund had to be spent on materials in this country and, therefore, if there was to be equal opportunity to develop colonies you must have some form of international fund.

The people of this country must be persuaded to take a greater interest in the colonies, and the only way was to have more voicing of the subject in Parliament. What were the possibilities after this war? The alternatives seemed to him to be either federal union or power politics. Federal union implied some form of federalised colonial government. If power politics emerged after the war, there was a possibility of a redistribution of colonies. The strategic aspects of colonies had been over-estimated. Unless there was control of the sea, colonies in time of war were a liability. It was the same with raw materials, which were of not much use in wartime unless they could be imported.

MR. W. C. KEAY spoke of the difficulty of raising capital in the City for colonial development where the risks were comparatively high and suggested that probably the way out was through a co-operative system whereby capital was raised in small units and the benefits went back to those participating.

MR. G. F. DUTCH said that if the suggestion of Mr. Keay was to be successfully carried out there would have to be sympathy on the part of colonial governments with co-operative methods, but settlers and others did not always approve proposals which would give native peoples a chance of self-government. The co-operative method could be used to help the native peoples, but it cut right across the capitalistic system of private enterprise.

MR. MCALLISTER said that those who were engaged in advocating Federal Union were not attempting to decry the efforts of the League of Nations. The trouble was not that it lacked the force, but that it had not the power to make any decisions at all that were binding on all

members of the League. A Federal system meant a Government directly elected by the peoples of the different countries. We should not expect that a capitalistic Federal government would necessarily be in power all the time, or even at the beginning of the system. Capitalist interests tended to be opposed to all progressive elements in the Dominions and Colonies. There was no "colour bar" in New Zealand, but when New Zealand asked for a further loan from the City it was treated with scant sympathy. The point of view to start with was that of the native man and woman. In the concept of Federation there must be the concept of the fundamental rights of man, to be extended to all peoples irrespective of race and colour. There ought to be no serious difficulty in getting the majority of people of this country to believe that that was the right thing to do.

International Co-operation— The Constitutional Aspects

The Questionnaire

1. WHAT major conclusions as to the essential conditions for an effective international co-operation between States can be drawn from the experience of the last twenty years, and, in particular, from the experience of the working of the League of Nations ?
2. How far does the current economic and financial co-ordination between Great Britain and France for war purposes supply a satisfactory precedent for peacetime organisation and to what degree is it desirable and feasible that this co-operation should be made the nucleus of a wider and firmer union of States when the emergency is past ?
3. To what extent is it desirable and necessary that British conceptions of the conditions governing a durable peace settlement and, in particular, the future relations of present belligerents should be adjusted to meet the presumptions of French policy and French opinion ?
4. WHAT are the possibilities of realising a Federal Union of States at the close of the war ? What are the essential conditions governing the composition of the Union and its effective functioning ?
5. How far is it desirable to envisage a series of regional groupings of States on a basis of federation or confederation—*e.g.*, in Europe, the Baltio, the Danube basin, the Americas, etc. ?

6. WHAT is to be the future role of the League of Nations, assuming the development of a regional co-operation of States on a federal basis or the establishment of a single, wider Federal Union ?
7. WHAT is to be the position and function of the quasi-independent organs of the League of Nations working in the field of social, industrial and economic policy—*i.e.*, the International Labour Office and the new Central Office for economic and social questions—in post-war international organisation and particularly in any federal grouping of States ?
8. WHAT particular factors need to be taken into consideration in estimating the relationship of (a) the British Empire, (b) the United States of America, (c) the Soviet Union, and (d) Germany, to any possible Federal Union of States.

Sir NORMAN ANGELL

We are considering the political and constitutional aspects of a new international order. About all constitutions—whether they be confederal or federal—I would point out something which rises from obvious experience. You can take very different constitutions—the constitution of Great Britain, the United States, Switzerland, France, or the British Dominions—constitutions differing radically in many of their details—but those different constitutions produce a very similar social and political result—that is, they give the essentials of an orderly society. It is clear that that same result is not due, therefore, to identity in the form of the constitution, but is due probably to something common to the working of all those constitutions. You can confirm that conclusion by putting the proposition the other way round. You could, for instance, take any one of those constitutions and apply it in certain areas such as, say, Venezuela, San Salvador or Mexico, but you would not get the Swiss or the British result. However admirable the constitution, you would not by virtue of it get the same results in any of those South American countries. Many of the South American constitutions which have produced the disorder that we know in the typical Spanish-American Republics have been admirable constitutions theoretically, but they have not produced admirable results.

You can pursue that line of investigation into experience for a long way. The protagonists of Federal Union are very frequently appealing to the experience of the thirteen colonies that broke away from Great Britain in the eighteenth century. Other colonies broke away from the Mother Country then or a little later, but they did not manage to achieve federation. Federation was attempted over and over again, but the opposite tendency prevailed. Areas which were single provinces under the Spanish Empire split up into several states.

Now why do you get the same constitution producing such different results in some cases, and different constitutions giving identical results in others? When we

think of the success of the thirteen colonies, we are inclined to say " Oh, well, it was due to identity of language and culture ". But the Spanish-American Republics had identity of language and the same cultural background. In fact, their cultures were often much more homogeneous than the cultures of the thirteen colonies. And you had in the Spanish-American Republics what you had not got in the other colonies—the authority of a universal Church, the Roman Catholic Church—which was immensely powerful. How then do we explain these three phenomena to which I have called attention ? We usually explain this difference between the English-American and the Spanish-American experience by saying that the English race possesses the genius for democratic government. But what do you mean by a genius for democracy ? How is it that we have this attribute—if we have ? We have to be more specific than that. Not only does a constitution succeed in one case and fail in another, but you may get the results which you aim at in a constitution sometimes without a constitution at all. We have not got a constitution in the American sense and the British Commonwealth has still less of a constitution. Yet we maintain peace between the six or seven states of the British Commonwealth and we maintain a very real and active co-operation in the case of a crisis like the present, obviously not by virtue of any elaborate constitutional devices.

We have to discern what it is that has enabled certain communities to work a constitution and what explains the failure of other communities to live under a constitution which may be intrinsically good. I suggest the explanation is that the Americans, English, French, Scandinavians and Swiss recognise that whatever the form of their constitution, certain principles come first and are indispensable. Assume that President Roosevelt runs for a third term and is out-voted, we know, speaking in practical terms, that he will vacate the presidential Chair, but if he were in Venezuela, he would not dream of doing so ! It is not that in one case there is power behind the constitution and not in the other. In both cases, power

operates. You have a powerful American army that will defend the constitution and knows when it should so defend it. In the case of Mexico, for instance, the army would probably not know what it had to defend. It did not know in the case of Spain when Franco refused to accept the civil decision—there was indecision as to where force belonged and in those democracies where constitutional government succeeds, that issue at least is clear—that power belongs to the constitution and not to a political party. Unless we are clear on that point, no federal union or covenant or any other form of international order is going to work in the international field. We have been ready enough in the past, in the international field, to arm rival groups, nations; much less ready to arm the constitution—any constitution.

If you look back at the American Press in 1917–1918, you will find that there was immense enthusiasm for a League of Nations and to make quite clear what was meant by that phrase, it was called the League to Enforce Peace. Everybody agreed about it and everybody wanted it, practically speaking there was no difference of opinion whatever. As you know, there were fifty eminent Americans—drawn from all parties—who pledged themselves to the furtherance of this idea, and at a meeting I heard the late President Taft say: “I am supporting the League to Enforce Peace and if the Republican Party ever abandons that idea, I shall resign from that party, giving to my resignation all the publicity and scandal possible.” And two years later they were repudiating the whole thing, despite that initial unanimity. Why did they do this? Because the American public had never understood the implications of the League. They had accepted it with enthusiasm, including the coercive clauses which they had even emphasised, but they recoiled immediately when it was pointed out that it meant that America was no longer independent, that her foreign policy would be in the hands of foreigners (again and again in the Hearst Press they drove home this point that America was about to lose her independence), that grave decisions involving the lives of American boys would be taken in conferences—the

majority of whose members would always be foreigners. If we are ever going to put across either a Covenant or a Federal Union, this very issue of independence has to be fought out, and it has particularly to be fought out with the idealist Left. Why do I mention that? Because we have not faced it. Those who are supposed to be idealists proclaim independence as itself an ideal. A great many in India and Ireland insist that not one shadow of association with Great Britain shall be left. But independence is an anti-social claim. The issue is not between independence and domination and, if we are sincere about the federal principle, we ought to refuse to discuss it in those terms. The real issue is between co-operation and domination, and what Ireland and India are really entitled to is equality with ourselves; neither we nor they are entitled to independence. But the confusion on this point is a very grave one.

How can we argue for federalism and yet at the same time demand the complete disruption of such federalisms as do exist? Why do we want to tear down the house that does shelter us in order to build up something that we have not yet even planned? See what this emotional demand for independence is doing in Scandinavia at this moment—how bitter is becoming the relationship between those states—how the moral confusion gives encouragement to aggression and how it adds weight to the argument of the German who will be able to say: "This idea of a united Europe is perfectly hopeless and unattainable, save by the domination of one great Power." If we cannot reply to that by proving a capacity for co-operation we are lost and we cannot have that capacity for co-operation unless we banish from our vocabulary such words as "independence."

I will short-circuit part of my argument and come to a constructive suggestion as to the kind of way in which we might work towards some sort of international constitution other than through the Nazi method of the imposition of power by one great state. It is very much in the air to talk about the nascent federalism which has begun with the closer union of Britain and France, and

M. Daladier has already mentioned the phrase Federal Union, and it is very hopeful that he should. I think we would all agree that if we could prove the possibility of federal union of two great States like France and Britain ; prove that we could at least unify and make peace over an area stretching from the Shetlands to the Cape of Good Hope—to say nothing of the Dominions and the Empire—if we could do that, we should agree that it was a good beginning. I think that even the extremer pacifist will agree that this is a desirable result. But looking back at the American experience from 1917–1919, one can prophesy that if during the formation of such a federal organisation of an Anglo-French Council or Senate set up to represent the two peoples—France were to ask for specific assurances or a treaty of mutual assistance and military alliance, you would at once begin to get disagreement. You had it before when France gave up the Rhine frontier and was to have had in exchange a guarantee from America and ourselves. America backed out and we backed out. We argued that this sort of guarantee was a dangerous thing and we refused it and France remained without a guarantee until 1936, with the result that her behaviour to Germany was atrocious during the early post-war years. When the discussion of Anglo-French federalism comes to that point, you will get the same disagreement again and we have got to clarify these principles in the mind of a considerable public beforehand if your Federal Union is not to go the way of American participation in the League.

Take another example. Federal Union of the American or Australian or Swiss type involves the abolition of tariffs. Are we agreed in our attitudes to economic nationalism? Even the economists are not agreed! So long as vested interests can appeal to the curious conception of economics bound up with nationalist ideas, I doubt whether you will ever get agreement on this score ; and if you do not get agreement on that, you cannot get a common currency.

At this moment of time, perhaps the strongest political force is nationalism—it is true even of enlightened States.

When we tackle a problem like tariffs and protectionism, we think of it as an economic difficulty. It is not—it is far more a political and psychological difficulty, inherent in certain obstructions of an almost mystical kind. If you enter upon your federal scheme without having made up your mind whether it is better to have a federal army and navy or to have two separate armies and navies acting independently; then attempt to settle that question by simply saying that there ought not to be any armies or navies at all—if you get that kind of stand, the scheme will probably fail.

Lastly, we have to persuade the world that an international constitution is possible, whether it be in the form of a League or something more ambitious in the shape of federation; and we can do that best, not by calling sixty different states together and by trying to get agreement, but by another road: one which puts upon us a more direct responsibility. First of all, we have to make agreement between France and Britain possible. Secondly, having in some measure succeeded there, then there must come from us to the lesser states—let us say to the Scandinavian States and the Low Countries—an offer to share every advantage—economic and political—enjoyed by the Anglo-French federation. We should, in effect, say to those States: “If you think that we are hogging the world, come in and share it with us. If you will grant to us the privileges granted by our Dominions, we will grant to you every advantage which we give our Dominions.”

There is no reason in the world, except the confusion in the public mind, why that offer should not be made. If it is good to have six Dominions, it is better to have sixteen. We do in the British Empire at least accord mutual aid to each other. There is no federal constitution or formal treaty of mutual assistance, but there is a gentleman's agreement which works. If we can work the thing along those lines so that federation is a gradual growth, so that we start from the point where the existing state of public opinion would welcome the suggestion and carry it further; if we work, in other words, with the

grain of common feeling and common ideas, the whole time hammering out those principles by which alone any constitution can work, then I think we have a chance of making our future attempts at international government more successful than those of the past have been.

Mrs. BARBARA WOOTTON

With the substance of what Sir Norman has said, I find myself in agreement. Every constitution and every form of government requires a certain state of mind behind it—both in the people subject to it and in the people who actively operate it in public capacities. It is quite evident and needs no argument that some existing constitutions operate very imperfectly in their solution of internal problems. Sir Norman has suggested that the necessary state of mind for successful political democracy exists in a high degree in the United States and in a very much less degree, so far as internal politics are concerned, in Latin America. We will perhaps accept that the distinction is valid, though I am not sure that we can be quite confident about its range. There is no difference between us, when he says that if we could have the right state of mind, then some kind of common government would be the solution for the world's problems. The only points on which we differ are as to how that state of mind can be created.

It is my intention to try and answer some of the questions set before us. Question Four asks "What are the possibilities of realising a Federal Union of States at the close of the war? What are the essential conditions governing the composition of the Union and its effective functioning?" The answer, of course, is that everything depends on whether or not the people want to realise a federal union of states. If we do want to do so, then it is the easiest job in the world. On the other hand, it is a common view that not merely will federation not be possible at the end of the war, but that it is not proper ever to speak of federation during the war for fear

of alienating the sympathies of the French. I think that that is very unfair to the French. The French have always put security in the forefront of their claims, but it has also to be said for the French that it was they who were to the front in supporting proposals for an international force at a time when those proposals were frowned on by the British. From that point of view I think it may be possible to adapt the ideas of federation to the entirely proper demands of the French for security.

What are the minimum effective conditions for the proper functioning of such a Union? A federation implies a constitution of some kind, and that constitution must lay down political rights which have a common basis throughout the whole of the federal area. You have to give up the hope that you can establish a federal rule over people who recognise minimum political liberty and people who do not. I should myself like the minimum of liberty demanded by the constitution to be a very substantial one; but I should be prepared to make concessions, in that I would be prepared, if necessary, to work a federation with agreement on political liberty in a rather narrow sense. In any case, you must have some form of democratic election which is substantially the same throughout the whole of your federal area. You must allow freedom of political organisation and you must have the kind of election in which it is possible for more than one candidate to stand.

Can we regard the present co-ordination between the British and French Governments as a form of effective federation? There may be something there which might become the nucleus of federation, but the people of Britain and France have not had and are not likely to have any opportunity of electing a common government. In those circumstances, what you can have is a very valuable experience of the technical problems of co-ordination—the bringing together of two separate sets of political habits and administration and combining them.

The difference between a federal authority and an authority constituted on the old League basis is that the federal authority takes a binding decision by a majority

vote, whereas under the League system freedom of action is retained. I am not going to say that there would necessarily have to be direct election. There, I think, I might find myself differing from a number of my federalist friends. I am inclined to take the view that present constituencies are much too large and to view with some dismay the appearance of federal constituencies which of necessity, must be even larger. But that is incidental. The essence is that you must have some kind of democratic election in which there will be responsibility from your federal authority to your voting electorate.

There are a number of serious and practical questions about the composition of any federal electorate. Even in relation to the French and ourselves there is no unanimity as to who are competent persons to vote. When you go beyond the federation of France and Great Britain to the contemplation of a federation which might include India, you are raising other problems of a very serious character—the problems, for instance, of literacy against illiteracy. Some experience has been gained as to how you can overcome these things. You can, for example, allow your separate states to determine who can vote in the federal elections, subject to some federal safeguards. Broadly that is the American pattern. Those are the kind of practical problems which we have to face in thinking out a constitutional machine.

We have also got to face two other sets of problems. Firstly, what powers do we visualise for our federation? It is possible to conceive of a federal authority whose powers did not extend beyond the power to control a federal army and a federal foreign policy—leaving all other powers vested in the separate states. But although that might be possible, it is not a satisfactory form of federation because the object of federation is to overcome the sense of nationalism. In many fields—in economic fields especially—you will find policies in State hands which appear to be economic in intention, but which are really much more designed to promote politico-nationalist ends. Tariffs, currency manipulations, prohibitions on migration often have more a political than an economic

basis. They are one way of achieving certain economic ends, and a bad way too. They are a form of economic planning conceived only in the interests of a particular state and which emphasize before the mind of every citizen the separateness of one state from another. It is very desirable, therefore, that any federation should take over those economic functions along with the control of the army and foreign policy. If the federation is also an Empire, it would be quite essential that it should also place under federal control the administration of any non-self-governing dependencies. So much for the kind of powers that any federation must exercise.

Whom do you visualise joining the federation? Everything depends on the circumstances in which you find yourself at the time of its inauguration. We must, however, guard against a federation which presents itself to other people as another device to demonstrate the significance and eternal life of the British Empire. Although we have to start from where we are, let us recognise that anything which emanates from purely British or Allied sources is going to be regarded with considerable suspicion. Any federation that looks like a federation of one side in the present war against the other side, is just as much doomed to failure as the League was. If Anglo-French co-operation develops, it must be made perfectly clear that it is not a proposition for carrying on the war, but that it is open on equal terms to all from the very beginning.

What would be the position of the League in relation to any federation that may be established? Nobody is expecting that at the end of the war there will be a world-wide federation. Therefore, there would be at the best a limited federation and some states outside it and the problems of international relationships between your federal states and the states not federated would still remain. From every point of view it is to be hoped that any Federal Union—whatever its extent, would enter any kind of corporate League activities. Some new problems will arise, of course. If you have a League much on the pattern of the present League and you should

see a federation of France, Great Britain, Germany, the Scandinavian countries, perhaps, and Holland, Belgium, Switzerland and the British Dominions, some people are going to lose a lot of votes in the League Assembly. That problem is going to be raised in a very acute form, but its importance depends a great deal on what the League is going to do.

On that point I put forward the following suggestion on my own responsibility. In my view the League as a form of international authority for the maintenance of peace and the prevention of aggression with sanctions behind it is a very ill-conceived instrument. It would take some time to go into the detailed reasons for that opinion, but fundamentally I think it is an ill-conceived instrument because it still involves the paradox that the League can only exercise the force of States against *States* ; whereas under a federation, you can impeach the individual members of an offending State government. The important things that the League can contribute are surely its positive contributions through its non-political organs. The realm of any future League organisation would be primarily that of calling the attention of States to technical and social problems arising from their differences, and drafting conventions to overcome these problems. I refer to the kind of work being done by the health organisations and the I.L.O. In the political field I should confine the activities of the League to providing a focus for the discussion of political difficulties. The tradition that grew up in the 19th century was the tradition of the international conference ; political differences before or after wars were resolved at international conferences and one of the jobs of the League is to provide a platform for such gatherings. This does imply that the final basis of world order will never be a League order but a federal one. I am convinced of that both by political logic and by the history of the League.

I should like to say a short word about the United States. There is only one problem for us there and that is the reluctance of the United States to be entangled in the politics of Europe. I do not know whether it is worth

while going beyond that problem because it is such an immense stumbling block to any likely trans-Atlantic federation. The main factor is the isolationism which was immensely strengthened at the actual outbreak of war. I suppose it is conceivable that the opportunity of filling the role of mediator might make a great change. Apart from this one difficulty, the technical problems are not major, largely because American political ideas and methods have much in common with our own, and the adjustments would not be insuperably difficult.

As regards the Soviet Union, I think one of the greatest disasters in our time is that in the Soviet Union an experiment in economic collectivism has been associated with extreme political backwardness; because as a result, people have come to believe that economic collectivism cannot be dissociated from political tyranny. I am convinced that this is an accidental and not an inherent connection. You must assume that you could dissociate economic collectivism from political tyranny. *If* that dissociation could take place, and if the Soviet Government could dump their political tyranny and retain their economic collectivism, the arguments for bringing them into a federal system would be absolutely overwhelming.

It is worth while just to think of the economic problems involved here. A good many economists have been giving their mind to consideration of the question of whether you could combine under one political federal system States predominantly collectivist and States like ourselves. Actually the difficulties do not look insuperable. Many of the problems of existing inter-state relationships arise, only in rather different forms. There are certain concessions you would have to make if you were to attempt to bring a collectivist State under one federation with States capitalist in character. There are economists of what I might call a very "unbolshhevik" outlook who are giving a good deal of attention to the possibility of making that combination; and, so far, it does not look at all an impossibility. It is worth while thinking about the problem if only because of Germany. The economic system of Germany, which is still sometimes denounced

as super-capitalism, actually has very much more in common with collectivism than with capitalism. On the assumption that the solution for Europe is a federation which includes Germany, it may be necessary to consider how we can work together a highly collectivised economic system with one of a largely capitalist character. But the longer the war goes on, the less probable is it that the problem will arise in an acute form, because all countries will become more collectivised.

THE GENERAL DISCUSSION

DR. C. E. M. JOAD asked whether those who felt strongly in favour of Federal Union, but had no cut and dried plan in advance, should urge the British Government to announce at once that one of their war aims was Federal Union, or should they rather work for Federal Union so that it should emerge as a result of the war in the circumstances then prevailing? The advantage of the first suggestion would be that it would tie down the Government and the French Government, and the advantage of the second would be that one could adjust one's demands to the conditions prevailing at the end of the war—conditions which at present could not be known.

MRS. WOOTTON admitted the advantages of both courses, but said she inclined to the first. The pressure upon the Government should, however, be exerted by a really influential body of people—preferably through the political parties.

SIR NORMAN ANGELL said that if it were an electoral advantage to the Government to say it was in favour of Federal Union it would say it. The advantage of getting a Government pronouncement was that it would compel the public to discuss Federalism and give it a certain degree of attention.

MISS C. E. PLAYNE suggested that the Palace of the League in Geneva might be devoted to the study of those practical questions with which all the nations were concerned, such as questions of agriculture, oceanography, etc. Some kind of Federation might be secured to take

over the practical and beneficial sides of the League's work.

MRS. WOOTTON said there were two reasons for not doing away with the work of the League. An enormous amount of enthusiasm had been focussed on it and it would be a psychological mistake to waste the effort that had gone into building up the League ; secondly, the League was the only body in the world which had an International Civil Service. In its technical and health and social activities there was an immense field which ought to be developed. The League Palace should be used for housing those and other activities—it might even house Mr. H. G. Wells' " World Brain " or Encyclopedia !

MR. S. W. PALMER asked whether in the formation of one nucleus of States there was any way in which the formation of a counter-nucleus could be avoided. How was it possible to prevent opposition growing up and developing into a Balance of Power which would divide the world into two armed camps ?

SIR NORMAN ANGELL replied that what he had suggested was that the initiative should come from Britain to invite specifically the Scandinavian States and certain other States, and to make it clear that on conditions of equality the union was open to all other States. If the conditions of equality in regard to economic opportunity and political security were emphasized and the Federation grew, then it would be differentiated from the old form of alliance.

MRS. E. M. WHITE said that Japan might find it advantageous to be " on all fours " with Australia and thus be able to over-run that country. Was it likely in that case that the British Empire would join a Federal Union ?

SIR NORMAN ANGELL said in reply that the " Articles of Association " would grow. In the first instance there would be no absolute and unrestricted freedom of migration. States would not abolish at once all their immigration restrictions, but it could be made clear that grievances would be discussed. In comparing the advantages to the future life of the world with the disadvantages it was essential to keep in mind what the alternative was.

There was a risk of creating a new Balance of Power, but was there not a greater risk in not introducing that element at all? The practical question was—how to obviate the resultant Balance of Power which was certain to come unless something was done on the lines suggested.

MR. GARNER EVANS asked whether Sir Norman Angell agreed with Mrs. Wootton's statement that a Federal force would only coerce individuals inside the Federal area.

SIR NORMAN ANGELL said that he thought people were confused between coercion and defence. Obviously any organisation, any group, any nation or combination of nations would defend itself once the right of self-defence was granted; a nation would defend itself individually when it was attacked—if it was right for Sweden to say "we will defend ourselves if we are attacked", why should it be wrong for a Scandinavian combination to say it would defend itself if it was attacked?

MR. GARNER EVANS raised the possibility of internal violence in the Federal Union. "If a State legislature passes an Act which means war, one State does not proceed against another State, but the Federal legislature does."

MRS. WOOTTON said that that was the core of the distinction between Federation and the League. In the U.S.A. the Federal police exercise the function of enforcing the Federal laws. The United States Army is devoted to defence against aggression from outside all the States. Within the Federation war would be civil war, but civil war is harder to make and involves a very great onus on those who engage in it—for that reason she thought it less likely to happen. At present there is a tradition of "honour" in international war which is not the case so far as civil war is concerned.

MR. S. W. PALMER suggested that the invitation to join the Federation should be made so advantageous that it would secure the maximum of States and so avoid a conflict between those inside and those outside the Federation. What would be the minimum conditions on which the Powers could come in? Germany and Russia might say that they did not want a Federation—

that their national systems were superior to all others. How could they be induced to accept the Federal idea?

SIR NORMAN ANGELL replied that the economic advantages would have to be made very real. We had, in fact, to say to Germany: "Part of the motive in your foreign policy is the fear of strangulation—you can come in and secure all the advantages of membership of this Federation or of the British and French Empires". If that were made real then the offers at least would give to Germany, without fighting, the very objectives for which it professed to be fighting. It would go a long way to avoid the danger of creating a "balance of power" situation.

MR. H. E. NICHOLAS asked whether that principle could not be extended to the League and by offering positive economic advantages provide an increased inducement to States to enter and remain in the League?

SIR NORMAN ANGELL thought it a useful suggestion. He pointed out that in practice when an offer of membership was made it was not possible merely to offer advantages—there must be conditions. When talking of "rights" there should be associated the relevant obligations. The relevant obligation in this case would be to observe certain codes of conduct—one of which would be the submission of disputes to third-party judgment. Offers of economic equality and rights should be perfectly genuine and clear, but they would carry also those obligations.

Mrs. E. M. WHITE said the suggestion was that on no account must we allow a vindictive settlement on the part of France. France said that it was the pusillanimity of Britain which let loose the present monster. If we ran counter to any of the desires of France, how were we to persist in these beginnings of a Federal Union between this country and France? Were we not trying to ride two horses?

SIR NORMAN ANGELL admitted that it was a real difficulty, but assuming our contacts—financial and economic—with France became still closer, we should be in a position to furnish aid and we could surely bargain and lay down conditions on which that aid was to be given. If at the end of the war there was an opposition Government in

Germany and Hitler was beaten and France wanted to impose terms, we should have that leverage if France was dependent upon our financial and economic assistance. We could offer an alternative which would have large economic and financial repercussions and it should be possible to arrive at a decent compromise in which the two Governments would stand broadly for the same sort of policy.

MR. GERALD BAILEY said that Sir Norman Angell was clearly right in saying that from the standpoint of creating a new international order any overdue emphasis on the achievement of independence so far as India was concerned, was an anachronism. But that did not meet the Indian objection, which was that there could be no free co-operation of peoples unless peoples themselves were free. Jawaharlal Nehru in a criticism of "Union Now" had voiced India's apprehension of a scheme which appeared likely only to stereotype and reinforce domination. A free India could make a contribution of immense value to the realisation of a true international Commonwealth.

MR. CORDER CATCHPOOL suggested it would have been better if those generous offers had been made before the war started, rather than now, with a view to reaching a settlement before the war broke out with more intensity.

SIR NORMAN ANGELL said that it was essential that so far as we were concerned and by some means or another, that régime of equality should be created and that Britain should be prepared to surrender the special advantages of her Imperial position and make clear that we were not fighting to maintain an Imperialist monopoly—that we desired to open the advantages of membership of the Empire to the world. That should be made plain by the Prime Minister as a tendency of British policy which we could initiate and which we could control. The possibility of such a regime of equality had been hinted at by the Prime Minister and the Foreign Secretary, but only in very vague terms, so vague that interpreted into German by Dr. Goebbels, they were meaningless. Sir Norman Angell said he did not think there was any hope of getting the Government to make those more precise offers and the

alternative was to secure an "opposition" Government. It was not sufficient that a tendency should dominate British policy—the principle should be made definite and clear in quite concrete statements.

As for the future of the League, it was difficult to answer that question—we were so unable to foresee the shape of things to come. He was inclined to think that having discussed Federal Union and having realised its enormous difficulties, we should end up with a League more in the nature of a Confederation, with an inner nucleus of States on whom would rest the responsibility of the defence of the members through an international force. There were principles in Federal Union which ought to be extended as far as possible to the League. If we could not get the whole of Federalism—then we should take what we could and build on that. Things at the moment were in a fluid state. We should be doing a disservice to peace if we rejected everything else because we could not get Federal Union at once.

MRS. WOOTTON, expressing broad agreement with all that Sir Norman Angell had stated, said that ideas were born revolutionary and died commonplace. Her choice would be to concentrate on Federal Union and not to attempt to get sanctions behind the League.

