

heterogeneous range of functions. Secondly, as the importance of the economic factors in civilisation increases there must take place a corresponding increase in the importance of economic prosperity to national efficiency and power of every kind.

But offensive and defensive methods do not constitute exhaustive alternatives, and the fact that circumstances in the future are likely to be increasingly favourable to the former does not in itself prove that they will be preferable to the *laissez faire* policy at present accepted. Various considerations, however, may be mentioned which should at least make us hesitate to assume the contrary. In the first place, it is important to notice the relation of free trade to the two types of policy which have been contrasted above. According to the generally accepted view the primary and fundamental division of economic systems is into those which involve and those which exclude state intervention. But while for certain purposes this dichotomy is perfectly legitimate, it is also possible to regard free trade rather as a *via media* which is neither protective nor aggressive, which seeks neither to preserve national self-sufficiency nor to hasten national specialisation. This, taken in connection with the fact admitted by most economists, that a certain degree of protection is often necessary during the earlier stages of industrial growth, would appear to indicate, or, at least, suggest, that free trade occupies the same middle place in time as it does in theory; in other words, that under normal conditions of development protection, free trade, aggression, should represent successive phases of national policy. Further, if in the near future industrial specialisation, within certain limits, will be to the advantage of most States, there does not seem adequate reason for regarding it as impossible to facilitate (without unduly accelerating) the process by means, for instance, of a skillfully adjusted bounty system.

While, however, the above considerations seem to point to an increasing employment of offensive tactics, yet State action on the old lines, with a view, for instance, to safeguarding the interests of rising industries, or to providing against the undue

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