

The Economic Combine of the Allies

Powerful effort to crush Teutons

By W. W. SWANSON, Ph.D.

The great wars of the last hundred years have permanently settled nothing, least of all fundamental economic issues. This is true of the Crimean War, the Franco-Prussian and the Russo-Japanese, all of which have given rise to commercial difficulties and problems of far-reaching importance. The present Great War has a curious habit of getting us back to fundamental issues; and in this respect it has abundantly proved that an appeal to arms, far from clarifying the issues underlying international commerce, has only tended to confuse them. Thus history merely repeats itself. The Franco-Prussian War left a legacy of hate which has disturbed the commercial relations of the whole of Europe from that day to this; for thereafter it became the paramount policy of Germany, particularly, to build up the national State at the expense of its neighbours—a policy held up for approval ever since, not only in Europe but in the United States and Canada as well. The ideal of the "self-contained" nation—an ideal first promulgated in Germany by Friedrich Liszt—has worked untold harm among modern commercial states, both great and small. Wars have merely accentuated the danger underlying a national policy of this nature, as is evidenced not only by the commercial disabilities imposed upon her neighbours by Germany wherever possible, but also by the situation arising in the Far East since the close of the Russo-Japanese War. And now it would appear that the present struggle, fought to make "the world safe for democracy," is about to eventuate, on its commercial side at least, in a further vulgar scramble for trading privileges, at the expense of each other's opponents in the war. From this point of view it may be truly said that the democratic states, as well as the autocracies, have learned nothing, because they have forgotten nothing.

The world needs to forget the outworn argument, so often presented to the people by vested interests, that the powerful modern states have attained their position of industrial eminence through a policy of aggrandisement, whether military, financial or commercial. It needs especial emphasis, just at this time, that trade is based not upon strife and enmity, but upon friendly intercourse and mutual goodwill; that both parties to a bargain gain therefrom; and that it is not in the interests of any state that its neighbors should be weak and poor. A little reflection upon the kind of community which the individual finds the best in which to launch a business enterprise will make it plain that prosperity is essential for the growth and development of business. And yet some of the strongest and most eminent leaders of the allied democracies are endeavoring to prove to their respective peoples that it is good statesmanship to weaken our present opponents, in every possible way, at the conclusion of hostilities. There is one condition, and one only, under which such a policy may be regarded as wise, sound and necessary—namely, that the terms of peace merely cover up well-laid plans for a continuation of the battle for world supremacy within a few years' time. On no other ground is it possible to make out a case for the inauguration of a commercial war against our present opponents.

Nevertheless, it is inevitable that there shall be a recrudescence of protectionism, and of such commercial policies as are based upon trade restrictions and disabilities imposed upon traffic with other countries. For one thing all the belligerents have built up enormous new industries, because of the demands of the war. It will not be possible to refuse protection to those who invested capital in war-born enterprises, simply because the need for such special industries no longer exists. And for a few years, national resentment will no doubt preclude trading with former enemies on the same scale as in pre-bellum days. Such national resentment will be capitalized by the vested interests, and every effort will be made by them to impose still higher customs duties upon foreign goods, especially upon such as are imported from Germany and Austria-Hungary. Nevertheless, if the appeal be made to reason alone, it is safe to say that a protectionist policy will not make permanent headway in the United Kingdom. And, since 1911, it is well known that the tariff has received some very hard knocks

in the United States. In fact, the Republic had fairly well abandoned the idea that it was possible to tax itself into prosperity.

On the other hand, Mr. Lloyd George has stated publicly that the United Kingdom will never again be caught in the same predicament into which the present war has driven it; that care will be taken to see that it will become, as far as the necessities of military and economic existence are concerned, a self-sufficient state. This means, for the most part, that British agriculture must be encouraged to bend every effort to produce sufficient foodstuffs to meet the entire domestic need. Without doubt the United Kingdom will insist upon this policy no matter what the outcome of the present struggle may be—whether it lays the foundations of a durable peace or merely eventuates in a truce providing for a breathing spell before the opening of hostilities, within a few years, on a more stupendous scale. Nevertheless, if the tremendous sacrifices of the Great War shall not have been endured in vain, if a real effort is made to establish a durable peace based upon the principles of justice and national honor, Great Britain will scarcely go farther than enlarging her domestic food supply towards freeing herself from dependency for raw materials and other supplies, upon other states. That is the supreme reason why peace should be won now—a permanent and durable peace, no matter what use may be made of the shibboleth "no annexations and no indemnities." It is useless to cry peace, where there is no peace, else the misery and sufferings of the world will have been undergone in vain. No: The war must be continued until the fundamental issues at stake are definitely decided.

It cannot be forgotten, however, that Russia is, for many months to come, practically eliminated from the struggle. Nor must it be forgotten that millions of Americans believe that President Wilson's dictum "peace without victory" is the logical solution of the world crisis. For ourselves we have full faith that the Western Allies have the will and the power to continue to battle until democratic principles have been vindicated, and until the rights of small nations shall be indefeasibly safeguarded. Nevertheless, it is just possible that Russia and Italy may be stampeded into a premature peace by the visionaries, the dreamers and the meddlers of the Old World and the New. In that event the United Kingdom and France would be compelled to sign a treaty of peace which would be virtually a truce, an instrument of future wars.

Under these conditions it would be imperatively necessary for the Western Allies to carry out in full the conditions of the economic conference held at Paris in the spring of 1915. The war has conclusively demonstrated the need of such a programme—under the conditions mentioned. It would then become the part of wise statesmanship to weaken the Central Empires, as potential enemies. France would require to exploit Algeria and to transform Morocco from a protectorate into a crown colony. In these two great African dependencies the French Republic would find the main material resources—iron and other ores, textile products and foodstuffs—necessary for her needs. It goes without saying that Germany would be excluded entirely from this economic sphere. Italy, with practically no mineral supplies of her own and with no coal whatever, would have to rely upon the United Kingdom for coal and upon France for minerals, as well as, perhaps, upon Spain for the latter also. This depends upon whether Spain is controlled, for the future, by the army and the aristocracy on the one hand, or by the king and the democracy on the other. The United Kingdom would seek a closer union with the great British Dominions, as well as with her continental allies. There would be a fierce struggle between Great Britain and Germany for the trade of neutral countries, especially for that of Latin America. At present Great Britain and the United States dominate the South American field, Germany having lost her vast commerce with that continent since the outbreak of war. On the other hand neutral States will be discriminated against by one or both of the hostile groups. It seems clear that

Great Britain, for example, will place obstacles in the way of the development of Swedish commerce, inasmuch as Sweden not only has materially aided Germany during the present war with minerals, foodstuffs, and other supplies, but also because owing to its geographical situation Sweden is likely to be of great service to the Central Powers in any future struggle.

Some of our readers may disagree with the above; but we ask them to keep before themselves two main facts before passing judgment or forming conclusions: First, that it is assumed that the peace terms will be merely in the nature of a truce; and, secondly, that, wonderful as the German military organization is, it would long since have broken down but for the magnificent support given it by German industry. In truth, German industry and German science have done at least as much as the army in defending the Fatherland. Therefore, if there is to be war after the war, the German Junkers will have to reconcile themselves to the importation of Hungarian grain and swine into the Empire, and the so-called "black country," Westphalia and the Rhineland, to the importation of the products of industrial Austria. Those who have followed the economic development of Germany know how strenuously the Junkers and the capitalists have opposed a customs union, based upon free trade, with the Empire's present military allies; but if there is to be a future struggle for world power, the Pan-German dream of a military and economic union of Germany, Austria, Bulgaria and Turkey must become a reality.

Powerful influences are already at work, not only in Germany and Austria, but in Great Britain as well, to achieve the objects explained above. Lord Milner, Earl Curzon, and a group of distinguished British peers and capitalists have worked out a definite scheme for the exploitation of the Empire, and all its resources, along these lines. In a word, British policy will be modelled upon the colonial system once more—a system common to Europe in the eighteenth century. The great British protectorates and dependencies, the crown colonies, and even the dominions, will be farmed as quasi-public estates. With the wealth and material resources of the vast British dominions, the sinews of war will be secured for the carrying of a second, and unending, contest for world supremacy. Little has been heard of the plans of this powerful British committee outside of Great Britain itself; but already voices are raised in protest. Mr. A. C. Gardiner, of the London Daily News, has bitterly assailed the whole project. By entering upon this path George III. lost the American colonies to the Empire. It is a path fraught with danger; but one that must be trod if the peace to be concluded is no peace at all, but merely the preliminary to another world war.

All of the above, if carried into effect, will profoundly influence the economic prosperity of the United States, inasmuch as it will dislocate its whole foreign trade, and cut off a large part of its export trade in foodstuffs. The same may be said of the future economic position of Canada. Nevertheless, it is inevitable if we are to have a commercial war which will carry with it the seeds of another military struggle.

LIGNITE IN THE WEST.

Acting under orders from Dr. A. B. McCallum, of the Bureau of Scientific Research, Dr. Ruttan of McGill has spent six weeks in the west, and has visited all the important centres with a view to understanding the various problems—industrial, agricultural and educational—which are hindering fuller development. The mission was interested particularly in the development of lignite as fuel for domestic purposes.

Dr. Ruttan declared that lignite, which is found in large quantities in the west, can be made equal to anthracite for seven dollars a ton; the people in the prairie provinces are paying fourteen dollars a ton for hard coal at the present time. The Dominion Government has offered to pay the initial cost of the development of lignite if the provincial government will take up the business for the benefit of the people. It is proposed to keep it out of private exploitation.