

**CIHM
Microfiche
Series
(Monographs)**

**ICMH
Collection de
microfiches
(monographies)**



Canadian Institute for Historical Microreproductions / Institut canadien de microreproductions historiques

© 1996

Technical and Bibliographic Notes / Notes techniques et bibliographiques

The Institute has attempted to obtain the best original copy available for filming. Features of this copy which may be bibliographically unique, which may alter any of the images in the reproduction, or which may significantly change the usual method of filming are checked below.

- Coloured covers / Couverture de couleur
- Covers damaged / Couverture endommagée
- Covers restored and/or laminated / Couverture restaurée et/ou pelliculée
- Cover title missing / Le titre de couverture manque
- Coloured maps / Cartes géographiques en couleur
- Coloured ink (i.e. other than blue or black) / Encre de couleur (i.e. autre que bleue ou noire)
- Coloured plates and/or illustrations / Planches et/ou illustrations en couleur
- Bound with other material / Relié avec d'autres documents
- Only edition available / Seule édition disponible
- Tight binding may cause shadows or distortion along interior margin / La reliure serrée peut causer de l'ombre ou de la distorsion le long de la marge intérieure.
- Blank leaves added during restcrations may appear within the text. Whenever possible, these have been omitted from filming / Il se peut que certaines pages blanches ajoutées lors d'une restauration apparaissent dans le texte, mais, lorsque cela était possible, ces pages n'ont pas été filmées.
- Additional comments / Commentaires supplémentaires:

L'Institut a microfilmé le meilleur exemplaire qu'il lui a été possible de se procurer. Les détails de cet exemplaire qui sont peut-être uniques du point de vue bibliographique, qui peuvent modifier une image reproduite, ou qui peuvent exiger une modification dans la méthode normale de filmage sont indiqués ci-dessous.

- Coloured pages / Pages de couleur
- Pages damaged / Pages endommagées
- Pages restored and/or laminated / Pages restaurées et/ou pelliculées
- Pages discoloured, stained or foxed / Pages décolorées, tachetées ou piquées
- Pages detached / Pages détachées
- Showthrough / Transparence
- Quality of print varies / Qualité inégale de l'impression
- Includes supplementary material / Comprend du matériel supplémentaire
- Pages wholly or partially obscured by errata slips, tissues, etc., have been refilmed to ensure the best possible image / Les pages totalement ou partiellement obscurcies par un feuillet d'errata, une pelure, etc., ont été filmées à nouveau de façon à obtenir la meilleure image possible.
- Opposing pages with varying colouration or discolourations are filmed twice to ensure the best possible image / Les pages s'opposant ayant des colorations variables ou des décolorations sont filmées deux fois afin d'obtenir la meilleure image possible.

This item is filmed at the reduction ratio checked below /
Ce document est filmé au taux de réduction indiqué ci-dessous.

10x		14x		18x		22x		26x		30x									
		12x		16x		20x		24x		28x		32x							

The copy filmed here has been reproduced thanks to the generosity of:

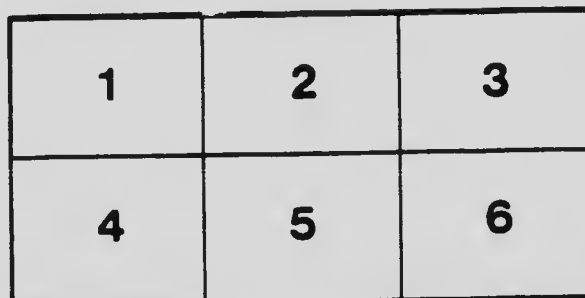
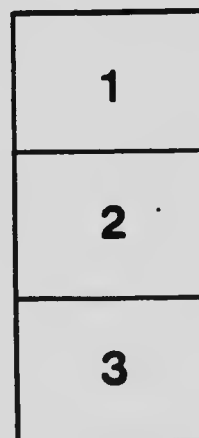
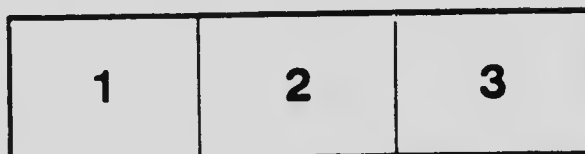
Stauffer Library
Queen's University

The images appearing here are the best quality possible considering the condition and legibility of the original copy and in keeping with the filming contract specifications.

Original copies in printed paper covers are filmed beginning with the front cover and ending on the last page with a printed or illustrated impression, or the back cover when appropriate. All other original copies are filmed beginning on the first page with a printed or illustrated impression, and ending on the last page with a printed or illustrated impression.

The last recorded frame on each microfiche shall contain the symbol \rightarrow (meaning "CONTINUED"), or the symbol ∇ (meaning "END"), whichever applies.

Maps, plates, charts, etc., may be filmed at different reduction ratios. Those too large to be entirely included in one exposure are filmed beginning in the upper left hand corner, left to right and top to bottom, as many frames as required. The following diagrams illustrate the method:



L'exemplaire filmé fut reproduit grâce à la générosité de:

Stauffer Library
Queen's University

Les images suivantes ont été reproduites avec le plus grand soin, compte tenu de la condition et de la netteté de l'exemplaire filmé, et en conformité avec les conditions du contrat de filmage.

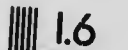
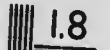
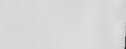
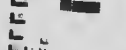
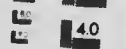
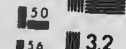
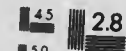
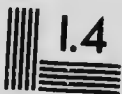
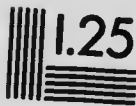
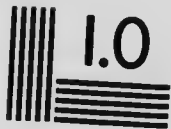
Les exemplaires originaux dont la couverture en papier est imprimée sont filmés en commençant par le premier plat et en terminant soit par la dernière page qui comporte une empreinte d'impression ou d'illustration, soit par le second plat, selon le cas. Tous les autres exemplaires originaux sont filmés en commençant par la première page qui comporte une empreinte d'impression ou d'illustration et en terminant par la dernière page qui comporte une telle empreinte.

Un des symboles suivants apparaîtra sur la dernière image de chaque microfiche, selon le cas: le symbole \rightarrow signifie "A SUIVRE", le symbole ∇ signifie "FIN".

Les cartes, planches, tableaux, etc., peuvent être filmés à des taux de réduction différents. Lorsque le document est trop grand pour être reproduit en un seul cliché, il est filmé à partir de l'angle supérieur gauche, de gauche à droite, et de haut en bas, en prenant le nombre d'images nécessaire. Les diagrammes suivants illustrent la méthode.

MICROCOPY RESOLUTION TEST CHART

(ANSI and ISO TEST CHART No. 2)



APPLIED IMAGE Inc

1653 East Main Street
Rochester, New York 14609 USA
(716) 482 - 0300 - Phone
(716) 288 - 5989 - Fax

44

OXFORD PAMPHLETS
1914

THE WAR AND ITS
ECONOMIC ASPECTS

BY
W. J. ASHLEY

Price Twopence net

OXFORD UNIVERSITY PRESS
HUMPHREY MILFORD
LONDON EDINBURGH GLASGOW
NEW YORK TORONTO MELBOURNE BOMBAY

D-201

112

OXFORD : HORACE HART
PRINTER TO THE UNIVERSITY

THE WAR AND ITS ECONOMIC ASPECTS¹

FOR many years—from the time when I first went as a student to Germany—I have had a warm place in my heart for the German people. Like many other young Englishmen, it was in Germany I first caught the infection of the scientific spirit, the spirit that cares as much for widening the bounds of knowledge as for handing on knowledge already acquired; and what I saw of social intercourse in Göttingen and Dresden made me appreciate the *Gemüthlichkeit*, the cheerful simple kindness, which characterizes so large a part of the people. I have believed that our two nations possessed many traits in common, and had some common interests and duties; and I have done what I could to promote a good understanding between them. And when the University of Berlin, in conferring an honorary degree, took occasion to describe me as 'a true friend of our nation', the epithet was not, I think, altogether undeserved.

To me, then, this war is a special and personal grief. It means the end, for many years to come, probably for my lifetime, of the hopes I have cherished of amicable co-operation between the two countries; the cessation—though that, indeed, in comparison, is but a small matter—of friendly interchange of thought with men

¹ Lecture to the Workers' Educational Association at the University of Birmingham, on the evening of November 18, 1914.

whose work for economic science and for social reform I have long admired.

And though I am convinced that the German Government and the German nation supporting it are profoundly in the wrong; though I am sure that it made a fatally unwise decision in determining, at all risks, to back up—nay, to prompt—Austria; though I feel that it has quite misunderstood both the purposes and the temper of England; though I have not the slightest doubt that it is the bounden duty of every Englishman to do all that in him lies to bring about Germany's complete defeat; I am not going now to deny to Germany the qualities which first called forth my respect, and I am not going, if I can help it, to pay any German the poor compliment of returning his 'hatred'. Hatred, indeed, blinds the eyes; and England wants to be as clear-sighted as possible to bring this war to a speedy and successful conclusion.

Perhaps it was a foolish dream that two States situated as Britain and Germany, the one with a tradition already old of maritime supremacy, the other with all the strength and combined self-confidence and self-distrust of the parvenu, could remain in friendship. The comparison is not mine: it is Prince von Bülow's, the late Chancellor, who in his remarkable book is continually picturing Germany as the *novus homo*, the new arrival, forcing his way to the side of the old-established world-power. I have had friends in England who have urged upon me that, whatever might be the virtues of the body of the German people, the virus of Bismarckian statecraft was working in the small governing class which really determined the nation's policy. And in recent years there certainly have been some disquieting features in the mental attitude even of that Germany

I was myself in touch with, which have given me more than an occasional qualm. In academic circles the legitimate pride in German science seemed sometimes to have become almost an obsession, and to have the effect of shutting out of sight what was being done in other lands. It seemed to be hardly realized that what Germany had to teach the western world in the way of thoroughness and method had already been pretty well learnt, and that there were intellectual qualities of almost equal value, qualities of lucidity and discrimination and balance, which could perhaps be better found elsewhere—even in the despised France. There was a curious national self-satisfaction which failed to perceive that the great new ideas, the waves of intellectual inspiration within and without the realm of scholarship and research, which were affecting the minds of this generation all over the world, were now almost all of them coming from other directions than Germany. Again, it is enough to turn to France, and mention such names as Pasteur and Rodin and Loisy and Bergson. And with this narrowing of the horizon went what I could not help thinking was apparently an almost total inability to understand the point of view of other nations. I have been wont to tell my German friends, for instance, that so long as England contented itself with its tiny army, the one thing on which all political parties in this country agreed was the absolute necessity of a big navy, and that it was hopeless to expect ever to outbuild England in ships; that dependent as England was for the bulk of its food on sea-borne trade, it simply dare not allow itself to be caught up with. I have told them again, that while England would not join France in aggression, it would certainly not stand by and see France humiliated; that for no

friendship of Germany would England abandon the *Entente*. It seemed impossible, however, to make my German friends realize that a nation which proposed to have both the strongest army and the strongest navy in the world was not going the best way to work to promote a peaceable temper either in itself or in others, and that, great as were the virtues of Germany, it was not obviously more lovable to the British public than its neighbour across the Rhine.

The word for it all, I am afraid I must say, is simply 'conceit'. But then I have reflected that there have been times when we ourselves were similarly difficult to get on with. I suppose nobody, at this time of day, would say that Palmerston was positively ingratiating in his dealings with other countries, and if we want to see how confined was the outlook of the middle-Victorian Englishman we have but to go back to Matthew Arnold's criticisms or Thackeray's unconscious exemplifications. And as I believed England had become a little more tolerant, a little less self-pleased, a little less heavy-handed than in Palmerston's time, so I hoped that the German phase of self-glorification and disregard for the feelings of others would also pass away, without a great cataclysm. I was mistaken; but I am not ashamed of having ascribed to Germany a reserve of statesmanship and cool sense which it is now apparent it did not possess.

It is with the economic aspects of the war that I purpose especially to deal. Their importance must not be exaggerated. If the naval forces of the enemy and of the Allies were equal, Germany would be in a far safer position than this country; for Germany has not sacrificed its agriculture to its manufactures to anything like the same extent as Great Britain, and it is

much more able to run the risk of a stoppage of foreign food supplies. The mere magnitude of our trade could not have saved us. Moreover, difficult as Germany's economic position is—as I shall shortly point out—it is not so difficult as to compel, by itself, a speedy termination of the war. The natural resources of the country are great, the credit of the Government is good, and for the first few months some important trades have been kept busy by the manufacture of war material. It is perhaps impossible to find out what the state of affairs actually is in Germany just now; but I should not be surprised to learn that life on the surface has hitherto gone on very much as in England; that such distress as there may have been, has been relieved; and that there is not, as yet, any widely diffused popular discontent. And of course it would be quite absurd for us in England to pretend that the outbreak of war did not at first give a violent shock to the fabric of industry on this side the Channel. Even if we wanted to conceal the fact, the German authorities get our English newspapers, and know perfectly well all about our local distress committees, and about short time in the cotton trade and all the other English trades that are under the weather.

And yet, though the economic factor is not the most vital one, it is one of essential importance, and one which, as the months go on, and as the German forces are steadily driven back, will make itself felt with an ever accumulating weight, and hasten the final submission. For if only Britain and the Allies can retain the mastery of the sea, between the economic difficulties of England and Germany there is a fundamental difference. England's difficulties were due in the main to the complicated mechanism of modern credit, international pay-

ments, and contracts for the future. Germany did not feel these particular difficulties to anything like the same extent ; it is able to boast, for instance, that it did not need a *moratorium*. That, however, is simply because London had become the credit centre of the world and the pivot of the delicate apparatus of the foreign exchanges. But the temporary breakdown of the credit and market system was capable of being repaired, and has in large measure been repaired already, by co-operation between the Government, the banks, and the great organized interests which are involved, and by the assistance thus rendered possible to bill-brokers, to merchants with outstanding foreign accounts, and to dealers in futures. Meanwhile, the productive capacities, the mutual wants, on which British economic activity, at home and abroad, was really based have remained substantially as before. To begin with, quite two-thirds of the annual product of British industry is normally consumed at home. There remain the same needs to be supplied, and so long as our people can import their food and the necessary raw materials, there is no reason why most of this consumption should not be resumed now that the first alarm is over. Of our export trade, the cessation of business with Germany and Austria, even with Belgium and Turkey thrown in, withdrew only between an eighth and a ninth. But, on the other hand, the market in the United Kingdom and in the British Colonies which Germany was losing at the same time can evidently be supplied, to some extent at any rate, from British factories ; not to mention Germany's other oversea markets in which, as we shall find good reason for believing, it must be increasingly difficult and soon impossible for her to dispose of her goods. Even making large allowances for American and Japanese

enterprise, there are certainly quite promising openings in these previous German markets for fresh British trade. Accordingly, when once credit and exchange difficulties have been got over, the prospect is that Britain will regain, and more than regain, all it has lost. For the time being we may be said, compared with last year, to have lost about a third of our foreign trade. It should be observed, indeed, that a distinct falling-off in our trade had already become visible as early as April, and there are indications that it would have declined considerably since, even had there been no war. Moreover, much of the loss of trade has been due to our own prohibitions of export, not to failure of demand in neutral markets. These considerations do not remove, they only mitigate our sense of the severity of the initial blow. But the process of recovery is already taking place. The total volume of our import and export trade, which was 37 per cent less in August than in July, was only 31 per cent less in September, and 21 per cent less in October; and this, allowing for the one day short of September, means a steady improvement of about 8 per cent on the July figures each month since August. The percentage of unemployed in trade unions making returns jumped up from the low figure 2·8 at the end of July to 7·1 at the end of August. Even this was a good deal lower than has frequently been seen in periods of really bad trade. But at the end of September it had fallen to 5·9, and at the end of October to 4·4, which is actually below the average of the last ten years. And now that the Lancashire cotton trade—always one of the least stable portions of our industrial system—has begun to revive, we may count upon a still more rapid recovery.

But compare this position with that of Germany.

There the obstacles to trade are not of the secondary order, resulting from the temporary interruption in the delicate balance of the market machinery; they are of that absolutely primary character which is involved in the sheer physical impossibility of obtaining the imports and disposing of the exports to which its economic life has been adjusted.

Germany in the last half-century has been rapidly industrialized. Its industrial and commercial population, which in 1882 was only 45 per cent of the whole, was in 1895 50 per cent, and in 1907 56 per cent. There has been, as we all know, a most wonderful growth of manufactures, due partly to natural abilities, partly to the discovery of coal resources, which forty years ago were quite unknown. It is possible for a country, sufficiently vast in area and varied in resources, to expand its manufactures without ceasing to be self-contained: the United States would be a case in point, were it not for its cotton export. But in a country like Germany, its vast manufacturing expansion could not have taken place without the acquisition of a wide foreign market; and as manufactures require raw materials, and as foreigners cannot buy unless they also sell, large exports have necessitated large imports. The exports of Germany have steadily been coming to consist more and more of manufactured goods, and its imports more and more of food-stuffs and raw materials. Germany, again, might conceivably have been so placed geographically as to have access by land to its chief markets. It has indeed access by land to a large part of the European continent: but that has only furnished a comparatively small part of the market she has obtained. As long ago as 1900, it was reckoned by a distinguished German economist that 70 per cent of German

foreign trade was overseas, and the proportion to-day is even greater. Accordingly, so long as Germany is unable to command the seas, every single German cargo, inwards or outwards, is a fresh hostage to the fortune of war.

This is not the mere optimism of an English enemy : it is what the economists of Germany have long ago quite clearly recognized. The representatives of German high finance may talk as they please about the vast accumulation of wealth in Germany, and suggest that it can bear with ease even the enormous burdens of a war like this. But the economist knows that the only form of wealth on which a nation can rely in times like these are forms which can feed and clothe it, and that to distribute these means of life they must either be doled out by the State or earned by employment.

Fourteen years ago the leading economists of the German Empire combined to publish a series of lectures in support of the Navy Bill. They were issued, in a handsome but cheap form, under the significant title *Handels- und Machtpolitik*—‘the politics of trade and power’. The recurrent refrain in or after the other of these lectures was always this : that unless the sea could be kept open the wellbeing of the German nation was insecure. As one of them said—a leader in social reform and in international co-operation for industrial betterment, whom it is grief even to think of as an enemy—‘In one way or another, from 24 to 26 millions of Germans’, out of a population, at the time, of some 55, ‘are dependent for their livelihood and work upon unrestricted import and export by water. The freedom of the sea and vigorous competition in the world’s markets are therefore questions of life and death for the nation, and questions in which the working classes are most deeply concerned.’

Since this was written, Germany's position in this respect has become even worse. It is unnecessary to labour the point, for it has been put with the utmost emphasis recently by Prince von Bülow. In 1864, he reminds us, Bismarck, in reply to a supposed English threat of war, remarked to the English Ambassador: 'Well, what harm can you do us? At worst you can throw a few bombs.' Bismarck, says Bülow, 'was right at that time. We were then as good as unassailable by England, in spite of her mighty sea power.' 'To-day'—he goes on—'it is different. We are now vulnerable at sea. We have entrusted millions to the ocean.' If Germany had been deprived of them, he insists, it 'could not have returned to the comfortable existence of a purely inland state. We should have been placed in the position of being unable to employ and support a considerable number of our millions of inhabitants at home. The result would have been an economic crisis which might easily attain the proportions of a national catastrophe.'

According to these economists and to Bülow the one way to ward off this catastrophe was to build a gigantic navy. It is not worth while arguing that they were mistaken: it is too late, and, in any case, English opinion is too much suspected to carry any weight. The bare fact is sufficient that Germany has chosen to plunge into the conflict at such a time and in such a way that, in spite of its great navy, the dreaded catastrophe is now actually approaching.

A few figures may be useful by way of illustration. To begin with, quite 40 per cent of Germany's export trade and 44 per cent of her import trade has been with the countries with which she is now at war. To its allies and to neutrals it cannot convey merchandise in

its own ships (except perhaps in the Western Baltic), because all its ships that have not been captured are now confined to the ports. It can dispense with its own vessels and do its business by means of neutral shipping, or through neutral countries, only for a small and decreasing part of its trade; and this for several reasons. In the first place, the neutral shipping available is very limited. The shipping of the neutral countries is only about one-fourth that of the world, and only a portion of this fourth can be spared for German cargoes. Next, a large part of what Germany might import is absolute or conditional contraband, and will be avoided by neutral ship-owners. Then again, the Allies have put an embargo on the export from their shores of certain indispensable materials for which they are the chief sources of supply, e. g. wool; and England has prohibited the import of an important product, sugar, of which it was Germany's one considerable customer. Indirect trade, through neutral lands, between residents in the allied States and in enemy countries is being stopped by certificates of origin and declarations of destination. The neighbouring neutral countries, moreover, especially Denmark and the Scandinavian kingdoms, partly for their own sake, in order to ensure their own supplies of food, partly to avoid undesirable complications with the Allies, are now prohibiting the export of food-stuffs and of a long list of commodities capable of being used for war purposes. And finally, the proclamation of the North Sea as a military area, and still more, the fact that, owing to Germany's initiative in the laying of mines, it is exceedingly dangerous to shipping, with its consequent freight and insurance rates on cargoes sent to the North Sea to prohibitive figures.

The advocates in Germany of a great policy of naval construction were wont to have the possibilities of 'blockade' very much on the brain; and a German friend of mine used to write in *Nauticus*, the year-book of the navy movement, long articles on historic blockades, such as that of the Southern States at the time of the Cotton Famine. To-day the German coast is not technically 'blockaded' at all; that will come at a later stage of the war, possibly. But the objects of a blockade are being secured, if less dramatically hardly less effectively.

As to food, as I have before said, owing to measures of agrarian protection, Germany is better off than we should be in a like case. The chief bread corn of the people is still rye, and practically the whole German supply is grown within the Empire. But white wheaten bread has, in recent years, been coming into more general use; and even the so-called 'black bread' has a good deal of wheat flour in it, so that wheat now constitutes about two-fifths of the nation's bread. Of this wheat, a good deal more than a third has lately been imported, mainly from Russia. It is hardly conceivable that this deficiency should be made up from other sources. And it is a commonplace in economics that when prices are determined by competition the effect upon price of a deficiency in supply is altogether out of proportion to the deficiency itself. It is a significant thing that weeks after the plan of fixing food prices by authority has been discontinued in England as unnecessary, the German Government has been compelled to have recourse to it; with this notable difference, that while neither corn nor bread was ever in the English list, it is the price of corn which now demands the German Government's most anxious attention. 'The situation', it is officially

explained, 'has been complicated by the stoppage of the usual imports of fodder barley from Russia. As a result, the more valuable German barley has risen to a high price, and rye, which is now cheaper than barley, has been used for fodder instead of being saved for bread.' When we reflect that of late years almost half the German supply of barley has come from Russia, we can well believe 'the situation is complicated'. It looks, indeed, like the beginning of the end, even though the end should be a good way off.

I shall assume, then, that the Allies are going to win, and that economic pressure will contribute more and more, as the war goes on, to that consummation. What is going to be the outcome? Much doubtless that we can as yet hardly foresee; but there are a few large results that are beginning to make themselves discernible.

One result will be the further consolidation of the Empire. It is an old jest, but one which contains a great truth, that we ought to erect a statue to Kruger as one of the Creators of the British Empire. Certainly the Kaiser in that sense will deserve a much finer one. The real danger to the imperial tie is not conscious alienation between the several sister nations, but an unconscious drifting apart, due to the strength of local interests and the weakness of the centripetal forces; not antipathy, but simply the want of mutual intercourse. A war in which the self-governing Dominions voluntarily take an active part reveals to themselves the strength of their sense of imperial solidarity; the very fighting side by side creates a mutual knowledge, mutual understanding and respect, a fund of common memories; and it is out of such a soil that the confederate organization, appropriate for so unique an Empire as ours, is most likely to spring. Just as the creation, in the

decade just past, of the beginnings of a new imperial constitution in the Imperial Conference and the Imperial Secretariate, would have been impossible but for the wave of sentiment which spread over the Dominions during the Boer War, so the still closer intercourse, not only between individual Britons, but also between the several British Governments engaged in a common and world-wide task, cannot but contribute towards the solution of the great British problem: the problem of allying self-governing nationalities in a permanent confederation for common purposes. As it is, the German attack is already converting the loose congeries of Dominions into, not indeed a *Zollverein*, or Customs Union, but a *Kriegverein*, or War Union—an organization for military and naval co-operation. The capture of the *Emden* by the *Sydney* is worth, not only for imperial sentiment, but also for imperial organization, far more than the *Emden* cost us in captured merchantmen.

This is one more illustration of the strength in human affairs both of circumstance and of the unconscious. My German friends, I have noticed, pay us what I have always thought the undeserved compliment of ascribing all our national success to conscious policy, pursued with consistency generation after generation. If only they could discover just what our policy has been and is, they could imitate it, they seem to think, and get the same results! It is in vain I have told them that I thought we commonly had no policy, but just muddled along somehow. That, of course, was a playful exaggeration; just as it is an exaggeration to say that the British Empire has grown simply because it has been attacked, and that it has been forced together only by outside pressure. But it contains quite as much of the

truth as the other view, which assigns everything to conscious policy—a truth which even the Germans will probably learn from this war. No one, for instance, could have expected that the grant of self-government to the Union of South Africa so soon after the Boer War, magnanimously wise as it was, would have borne imperial fruit so splendid and so speedy. The best missionary of the Empire in South Africa, the best reconciler of Boer and Briton, has been William II.

It would be absurd to compare the German colonial possessions, almost devoid of white settlers, and governed entirely from Berlin, with the constellation of self-governing States and mighty dependencies which constitute the British Empire. The German has never yet proved himself a good colonist in a new country, and that is one of not the least reasons why the German colonial territories are relatively so inconsiderable. The notion that Germany is over-full, and that the German people are suffocating for want of room for expansion, is one of those ideas which commend themselves to political theorists, and which have a certain currency when once set going, but have very little basis in fact. As a fact, not only is German emigration very small, about a tenth that of Great Britain, but in proportion to the total German population, it has been falling ever since 1891, and it is only one-sixth of what it was then. But if there is no reason to believe that colonies are craved for by would-be colonists, they have been made useful by Germany as centres for the distribution of German exports—the avowed object, for instance, of Kiaouehou—as well as for the purposes of coaling and wireless stations. The result of the war will be the loss of most of them, if not of all. The English Government will probably want to be as generous as possible when

the settlement comes ; but others will have a say in the matter besides the Government of Great Britain. Considering the circumstances under which it was acquired, not even Germany, I should imagine, can expect to get Kinouchon back. And as for the rest, those too far off from any great British dominion to compel its attention, and really at the disposal of the English Government, may possibly be the subject of negotiation ; but German possessions which the Dominions have themselves conquered, and which are within their sphere of solicitude, will have to remain in the hands of their new masters. This will be a blow to Germany's pride and power which some of us might like to avoid ; but it will be inevitable.

Of more immediate interest to us in England is the dramatic transformation which the war is affecting in the economic policy of the Home Government. Under the pressure of necessity the Government, with the complete support of the nation, instantly abandoned the traditional policy of economic inaction. We now wake up every morning to find Government credit extended to some new department of commerce ; some branch of trade put under an embargo ; some enormous purchase of commodities undertaken, such as sugar ; some extensive new manufacture encouraged and financial assistance offered to investors, as for the production of dye-stuffs.

A transformation I have called it ; and yet, after all, it is only the sudden emergence in new fields of that fresh economic courage which has been so remarkably displayed in our recent social legislation. To those of us who are now middle-aged, nothing is more remarkable than the cheerful and unsentimental hopefulness which, in this present generation, has led the nation

confidently to tackle vast problems, calling for a huge and complicated administrative organization. With the general consent of all parties, the country has not only undertaken the insurance of the labouring classes against sickness, for which other countries provided precedents, and our own friendly societies most of the machinery; but it has embarked on the more novel, the practically quite unprecedented and far more socially important work of insurance against unemployment. The thought of it would have taken away the breath of our fathers and yet it has all done in the most matter-of-course manner. I do not think the significance of new departures of this kind has been sufficiently realized by the German observers who imagined the English were a decadent people.

Of the trade measures, breathing the same new spirit of economic courage, that have followed in rapid succession upon the outbreak of war, the most significant is the stepping of the Government into the arena of manufacture. As to the bill-broking machinery and the futures market, they have only to be put on their legs again and will march as before. But a country in which the Government accepts in principle the duty of 'guaranteeing' the 'permanent' production within the land of commodities previously imported from the enemy's country can never be as before.

There has been a great deal of talk about 'capturing German trade'. The Board of Trade has embarked on what is officially called 'a campaign'; it has compiled statistics of every imaginable article that Germany sells to the world, and that British manufacturers could conceivably supply; it holds 'Exchange Meetings' where would-be purchasers meet would-be producers. And this labour has not been thrown away; it has

helped to familiarize business men with the idea that 'there may be something in it'. Yet those—and there are some—who have felt a little uncomfortable about our setting out to deprive even Germans of their livelihood, may take this comfort. No number of statistical pamphlets and newspaper paragraphs would make the English business man take any practical steps to 'capture German trade' unless the matter were pressed upon him in some more evidently remunerative way. What is really happening is that buyers of German manufactures, both at home and abroad, are beginning to get to the end of their stocks, and are turning to English manufacturers for fresh supplies. In some cases manufacturers whose businesses are depressed in consequence of the war are finding it possible to give employment to their work-people by making some commodity, previously supplied from Germany, which they can turn out with their existing plant. If the revival of trade, during the war or after it, brings back their old customers, they can perhaps dispense with the new ones. But cases like these are not numerous, nor in themselves considerable. What every one knows who moves at all in the business world, is that any considerable invasion of the German markets means the installation of expensive plant; and manufacturers are not going to do that unless they have a reasonable prospect of working it long enough to get back what they have invested, with profit. The word which strikes the key-note of the present disposition of the business world is 'Continuity'. Very big capital expenditures, however desirable, will probably not be entered upon unless the Government follows the dye-stuff precedent and offers a financial guarantee, of debenture interest or the like. But many others of

smaller amount will probably be undertaken, if the war continues and if 'inquiries' from customers accumulate to a stimulating extent, without waiting for a formal guarantee; in the confidence, which I cannot doubt is a reasonable one, that when peace returns they will not be left in the lurch. Great stocks of German manufactures will, of course, have accumulated, by the time peace is made, and these will be thrown upon the market at almost any price. Somehow or other, and there are more ways than one, means will assuredly have to be found to prevent the sudden extinction of the newly created English business.

If I could hope that anything I could say would reach German ears, I should remark that the longer the war lasts the worse it will be for Germany, economically as well as politically. The longer it goes on, the more it will be straitened in its economic activity when peace returns. England has hitherto afforded Germany an elbow-room which has been highly convenient to it in the alternating expansion and contraction which form the cyclical movement of trade. This is very apparent to any one who looks into its industrial history and learns how it was it escaped so lightly from the great depression of 1901-2. That elbow-room is going to be restricted, and the more completely the longer it waits. It is not that the English people has been converted to a new economic creed; it is that the English people will come out of this war with a new attitude towards fellow Britishers and allies, and a new attitude towards enemies; and with new interests also to which its honour will be pledged.

OXFORD PAMPHLETS 1914

Crown 8vo. Separately, in paper covers. Also in series as numbered (I-VII), stiff covers. One Shilling net each series. 35 Pamphlets have now (25 November) been issued and others are in preparation. The historical pieces are illustrated by sketch-maps.

I

1. **The Deeper Causes of the War.**
By W. SANDAY. 3d. net. *Fifth Impression.*
2. **To the Christian Scholars of Europe and America:
A Reply from Oxford to the German 'Address to
Evangelical Christians'.** 2d. net. *Fourth Impression.*
3. **The Responsibility for the War.**
By W. G. S. ADAMS. 2d. net. *Second Impression.*
4. **Great Britain and Germany.**
By SPENSER WILKINSON. 2d. net. *Third Impression.*
5. **'Just for a Scrap of Paper.'**
By ARTHUR HASSALL. 1d. net. *Fourth Impression.*

II

6. **The Germans, their Empire, and how they
have made it.**
By C. R. L. FLETCHER. 2d. net. *Fourth Impression.*
7. **The Germans, their Empire, and what they covet.**
By C. R. L. FLETCHER. 2d. net. *Fourth Impression.*
8. **Might is Right.**
By SIR WALTER RALEIGH. 2d. net. *Second Impression.*
9. **Austrian Policy since 1867.**
By MURRAY BEAVEN. 3d. net. *Second Impression.*
10. **Italian Policy since 1870.**
By KEITH FEILING. 2d. net. *Second Impression.*

III

11. **French Policy since 1871.**
By F. MORGAN and H. W. C. DAVIS. 2d. net. *Fourth Impression.*
12. **Russia: The Psychology of a Nation.**
By PAUL VINOGRADOFF. 1d. net. *Fourth Impression.*
13. **Serbia and the Serbs.**
By SIR VALENTINE CHIROL. 2d. net. *Third Impression.*
14. **Germany and 'The Fear of Russia'.**
By SIR VALENTINE CHIROL. 2d. net. *Third Impression.*
15. **The Eastern Question.**
By F. F. URQUHART. 3d. net. *Third Impression.*

IV

16. **War against War.**
By A. D. LINDSAY. 2d. net. *Third Impression.*
17. **The Value of Small States.**
By H. A. L. FISHER. 2d. net. *Third Impression.*
18. **How can War ever be Right?**
By GILBERT MURRAY. 2d. net. *Fourth Impression.*
19. **The National Principle and the War.**
By RAMSAY MUIR. 3d. net. *Second Impression.*
20. **Nietzsche and Treitschke: The Worship of Power in Modern Germany.**
By E. BARKER. 2d. net. *Fourth Impression.*

V

21. **The British Dominions and the War.**
By H. E. EGERTON. 2d. net. *Second Impression.*
22. **India and the War.**
By SIR ERNEST TREVELYAN. 1d. net. *Third Impression.*
23. **Is the British Empire the Result of Wholesale Robbery?**
By H. E. EGERTON. 2d. net.
24. **The Law of Nations and the War.**
By A. PEARCE HIGGINS. 2d. net. *Second Impression.*
25. **England's Mission.**
By W. BENNETT. 2d. net.

VI

26. August, 1914: The Coming of the War.
By SPENSER WILKINSON. Stiff covers. 1s. net.

VII

Conduct of the War.

27. The Retreat from Mons.
By H. W. C. DAVIS. 3d. net. *Third Impression.*
28. The Battles of the Marne and Aisne.
By H. W. C. DAVIS. 4d. net.
29. The Navy and the War.
By J. R. THURSFIELD. 3d. net. *Second Impression.*
30. Bacilli and Bullets.
By SIR WILLIAM OSLER. 1d. net. *Fourth Impression.*

*Published separately and will also appear shortly
in series.*

The Double Alliance *versus* The Triple Entente.
By JAMES M. BECK. 3d. net.

Thoughts on the War.
By GILBERT MURRAY. 2d. net.

The Leading Ideas of British Policy.
By GERARD COLLIER. 2d. net.

Greek Policy since 1882.
By A. J. TOYNBEE. 4d. net.

Poland, Prussia, and Culture.
By LUDWIK EHRLICH. 3d. net.

The Germans in Africa.
By EVANS LEWIN. 3d. net.

What Europe owes to Belgium.
By H. W. C. DAVIS. *In the press.*

Spectator:—‘These little books are easily the best books of the war accurate, quietly written, full of knowledge, and quite unspoiled by vainglory or bitterness.’

Others in preparation.

HUMPHREY MILFORD
OXFORD UNIVERSITY PRESS, AMEN CORNER, LONDON, E.C.

