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THE ECONOMIC FUNCTIONS OF THE LEAGUE

BY

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*The writer of this Pamphlet is alone responsible
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THE LEAGUE OF NATIONS

SIX PAMPHLETS

for Study Circles

THE LEAGUE AND ITS GUARANTEES. *By Professor Gilbert Murray*

THE LEAGUE IN THE EAST. *By Professor A. J. Toynbee*

THE LEAGUE AND LABOUR. *By C. Delisle Burns*

THE ECONOMIC FUNCTIONS OF THE LEAGUE. *By Norman Angell*

MANDATES AND EMPIRE. *By Leonard Woolf*

THE FUTURE OF THE COVENANT. *By G. Lowes Dickinson*

The Economic Functions of the League.

CHAPTER I.

THE FUNDAMENTAL ECONOMIC PROBLEM.

IF we are to study profitably the economic functions of the League of Nations, we must obviously consider the character of the economic conflicts which have contributed to war in the past, and are likely, in one form or another, again to arise between nations. It will be the task of the League to find some substitute for war as a means of settling those conflicts.

It is too often assumed that "economics" in foreign affairs concern merely "international financiers" and stockbrokers' profits. It has sometimes happened in the past that attempts to call attention to the importance of the economic factor in international conflicts have been deprecated as involving "the sordid assumption" that nations go to war merely because it "pays" or that the motives shaping history are necessarily materialistic and self-seeking.

It is worth while clearing up this preliminary confusion.

Economics are concerned with the means by which mankind supports itself, by which a country, for instance, maintains the actual physical existence of much of its population. It is thus concerned with a very elementary right—the most elementary of all—the right of life. It may happen that in the process of growth, or as the result of some political change, a nation finds itself, or fears, rightly or wrongly, that it may find itself, menaced with the loss of the means by which a great part of its population is fed, faced with the risk of famine. If in these circumstances it challenges the right of other nations thus to expose its population to the terrors and agony of starvation, and from that conflict there arises a war, each will be fighting for its rights, vital rights. The war will, nevertheless, have had an economic origin. The right itself arose out of an economic need—the need for food. But because the origins were economic it would be

merely silly to describe either of these belligerents as fighting "because it pays"; or to lay down meaningless generalizations to the effect that "men won't die for economics"; or that "war has nothing to do with economics." Men won't die willingly for self-interest. But men will and do lay down their lives in order that their country or their children may have bread. The motive is economic, but not selfish.

And the case just described is not a remote contingency. England's need of maintaining an open sea because the food of her population is so largely dependent thereon; the need of great States like Russia for ice-free harbours; the increasing need for certain raw materials like coal and iron and the competition for undeveloped areas containing them, are too patently concerned with shaping the foreign policies of the Powers to be dismissed because they are economic. The tradition of a preponderant navy which has grown up because without it we might starve, soon becomes romantic, national, endowed with emotion, despite its origin.

There is another confusion in this connection worth a word of warning. An eminent Englishman of letters asked early in the war, with an air of triumph, whether anybody expected Belgium to refrain from fighting because it did not "pay." No one supposed that Belgium would decline to fight for that reason. But it is a rather important fact for her that she was compelled to fight for the preservation of her nationality because of the economic need, or greed, of powerful neighbours. She was not, therefore, unconcerned with economic motives because she herself was not actuated by them. She was the victim of them.

Nor is Belgium alone. Much of the "frustration of nationality" which peoples have suffered in the Balkans and Eastern Europe has arisen from the economic needs, or assumed needs, of the oppressor state. *A great part of the difficulty of creating a stable Europe on a basis of nationality arises from the fact that a Europe of national units, each embodying complete sovereignty, may well render impossible the economic process by which alone the European population can live.* This difficulty is very clearly reflected in the Treaties drawn up by the Allies in Paris. A coal-field or port necessary to the welfare of a given nation is inhabited by an alien population. Its inclusion makes another Alsace-Lorraine to disturb the peace of Europe, another frustrated nationality, further Irredentism. The violation of nationality would probably never have occurred but for the impelling economic motive.

It is obvious, therefore, that you cannot solve the political or national problems presented in international affairs without due regard to the economic needs of the populations concerned.

It is astounding how little attention even some serious political thinkers have, in the past, paid to this side of international politics. And even when the importance of the economic factor has been recognized, it has been too often assumed that military victory will solve the problem for the victor, and that the needs of the vanquished can be safely neglected. Before the war a well-known writer put the case for the inevitability of war in these terms:

Germany must fight because she must have further soil for her expanding population. That soil can only come from her neighbours. Thus the need of those neighbours being prepared to resist her attack.

So be it. Germany has fought and been beaten. She still has her population to feed. The problem presented by its growth has not been solved by the war. It has been made worse. Mr. Hoover declares Germany to be much less capable to-day than before the war of feeding her population and foresees the possibility of a vast emigration. He says:

Of the 70 millions of Germans, some 25 or 30 millions lived before the war by trade, by the import of raw material and by exports in exchange for food and other necessities, and these cannot be supported on the land. . . . One possibility that must not be overlooked is that 10 or 12 millions of this population may emigrate eastward or overseas under the economic pressure which will be their fate at best.

Emigration? Where? The dispersal of tens of millions of "Huns" throughout the world might well create problems as grave as those created by the dispersal of the Jews and Irish.

What do we propose that Germany shall do about that increase? Infanticide? Do we propose seriously to deny these potential populations life? If so, we are using our political, naval and military force to deny to millions what is, again, the most primitive of all rights—that to existence. This war was fought to set at naught the doctrine that might, or "necessity," was right.

Again, what are we going to do about it? The problem remains.

The Germans—and if theirs were the only case involved we might burke it, but it is typical of other peoples who are not enemies—raised this question at Versailles. They pointed out that the Treaty deprived them of sources of raw material

by means of which they had heretofore been able to feed a population larger than that which could be supported by the direct products of German soil—just as England has been able to feed a much larger population than her soil could support. The reply (May 22nd, 1919) of the Allies deserves a little careful consideration. It was in these terms:

It would appear to be a fundamental fallacy that the political control of a country is essential in order to procure a reasonable share of its products. Such a proposal finds no foundation in economic law or history.

The Allies are here adopting part of an argument which a certain school had rendered fairly familiar to students of politics and economics before the war. It is certain that during the 19th Century a country did not need to own its resources of raw material. England has built up her immense cotton trade—one of the greatest of her industries—without owning the cotton fields of Louisiana. Even before the war German industry obtained much of its iron from abroad, from French Lorraine, for instance. But in adopting this argument the Allies seem to have overlooked the assumption upon which it was based. That assumption was that two institutions had become, and would remain, permanent in Western society—the institutions of private property and individual trade. On the foundation of these two institutions there had been built up, as between Western nations, a certain economic comity, or code. Dating back to the days of Magna Charta in England the principle had been established, and had been growing in strength, that the private property of the individual citizen—the enemy citizen even—was secure from confiscation as the result of political changes brought about by war. When a territory changed hands as the result of conquest, title to property remained unchanged. When Alsace-Lorraine, for instance, was taken over by Germany the population remained in undisturbed possession of their farms and factories. The change was a change of administration. It may have been evil and oppressive, but it was not the transfer of property from one group of owners to another. When Bismarck had utterly crushed France militarily and imposed an indemnity that was regarded as ferocious and extortionate, he left the rights of individual Frenchmen at home and abroad quite uninterfered with.

For good or ill, however, the principle of the immunity of the personal possessions of the individual citizens of a defeated state has been abandoned by the makers of the Peace Treaties.

They have set up the principle that the property of individual enemy citizens is subject to confiscation by the victorious Power, it being left to the enemy Government to indemnify those citizens if it desires and is able. So far has this principle been carried by the Treaties that we may say without exaggeration that the tendency which for several hundred years seemed to be growing has been reversed.

The breaches that have thus been made in the institution of private property have been strengthened by the measures which all Governments were compelled to take during the five years of war, the measures, that is, relating to the Governmental control of trading and raw materials, etc. International trade does not now, as heretofore, mean mainly transactions between individual manufacturers, merchants and financiers, which in their complexity took little account of nationality. The amount of British coal which Italy receives is no longer determined by individual traders, concerned merely with economic processes. It is a matter of negotiation between European Governments into which enter national political and military considerations of all sorts. This tendency to replace individual economic activities which take little account of political divisions by a form of organization in which the political unit becomes also the economic one, so far as negotiation is concerned, has probably now gone altogether too far to be arrested. The argument used by the Allies in their reply to the Germans was a true argument as applied to the conditions which existed before the war. It is not a true argument as applied to present conditions. Those who before the war urged the futility of conquest were justified in "short-circuiting" their argument by showing that owing to the position which private property and private trade had gained in the Western World, political changes generally left the more vital economic facts unaffected. Incidentally their main proposition that military victory cannot solve the problem of subsistence or be in fact relevant to the "struggle for bread," remains valid, though some of the arguments by which it was supported are out of date. The number of mouths to feed may be reduced in some small proportion by war; but the means by which they were filled are reduced in even greater proportion. We cannot kill off these conquered populations. Moreover, the value of the very wealth which the conqueror has taken, like iron-ore fields, depends upon its exchangeability for other forms of wealth, say food. If exchange cannot take place the conqueror's wealth may

well remain without value. But the production of wealth by the conquered people implies prosperity on their part. And if the exchange *is* made, the conquered wealth returns in one form or another to the very people from whom it was taken.

CHAPTER II.

THE INTERDEPENDENCE OF NATIONS : BRITAIN'S SPECIAL DEPENDENCE ON AN ORDERLY WORLD.

During the early years of the war, the idea grew up that the interdependence of nations was not so great as had been previously supposed, and that each could be much more self-contained than we had believed possible. But the condition of things in Continental Europe revealed by the cessation of war shows that that interdependence is indeed vital. Even a nation like Russia, primitive as is her industrial organization, can be made to suffer enormously from cessation of intercourse with others. The child population of great cities may be crushed out owing to lack of milk because the spare parts of locomotives cannot be imported ; disease may rage because of the absence of drugs and disinfectants and horrible suffering be imposed owing to the absence of anaesthetics. But when we come to nations like England and Germany the dependence of these peoples upon the maintenance of economic relations with foreigners becomes almost dramatic.

What is the most fundamental fact about the economic position of England? It is that about 15 millions of her people are dependent for their food upon foreign imports. Some of her greatest industries depend upon foreign raw materials. These things are obtained by giving in exchange coal or manufactures or services based on coal. The essential point is this : those 15 millions live, and the prosperity of England generally is based on the surplus wealth of foreigners. If one can imagine the foreign world producing only just enough food for itself, those 15 millions would have to emigrate or the whole population would have to accept a very much lower standard of living. For although much might be done by intensive cultivation of the soil, England could not produce the cotton, petroleum, rubber, tea, coffee, tobacco, necessary for her industries or her comfort. This fact, as suggested above, has been reflected in the importance

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that she has always attached to maintaining her sea communications uninterrupted. It has been generally felt that England could be reduced to starvation or ignominious surrender by a blockade. But conceivably England might be blockaded in a new way, not by hostile navies, but by the failure of necessary raw materials and foodstuffs to leave the country of production, a failure due to decline of productivity in those countries or an increase of their own demand upon them. Heretofore much of this foreign surplus upon which the industry and welfare of England has depended has come from America. But the growth of the American population has greatly reduced the available surplus, while the change in our financial relationship to her has increased the difficulty of our obtaining that lessened surplus. Whereas before the war America owed us interest on large investments of our capital, interest which she paid in raw materials and foodstuffs, and while she was indebted to us for shipping services, the situation now is that instead of being the debtor nation she has become the creditor—we owe her money, while a very much larger proportion of her carrying will in future be done in her own bottoms. This throws the British Isles into greater dependence upon the food surplus of countries like South America, Russia, the Near East, the Far East. And to the degree to which the surplus of those countries declines, to that degree does the cost of living rise ; we have to give more in terms of our wealth—coal, manufactures, services—for what we get.

How can our access to that available surplus be best assured? How can the surplus itself be best assured?

There are, broadly, two ways. A country may exercise definite political control over undeveloped areas containing food and raw materials ; or it may co-operate by agreement based on mutual advantage. The latter is the method adopted by European nations in their relations with North and South America, over which countries political control is not attempted.

The difficulties of the first course have been sufficiently indicated by events since the Armistice. Where each country is judge of its own needs in the matter of undeveloped territory, almost inevitably conflict occurs in the scramble for the spoils. And where the imperialistic method is depended upon there is always more or less of resistance on the part of the subject peoples. The dangers under the first head are illustrated by the recurrent difficulties between most of the former Allies, conflicts that threaten to be bitter and irreparable.

Already one great Ally, Russia, has become, in fact, an enemy. For France, Italy, Japan, Poland, to keep Germany and Russia (to say nothing possibly of China, now resisting Japan) permanently at bay and to deal with insurrectionary movements in Egypt, India, Ireland, Ukraine, Dalmatia, would involve not only a permanent cost cutting into the economic advantages of the imperialist regimen, but a serious reduction in the total production of those territories, a production which it is the object of our policy to secure.

In a preceding section it was suggested that those who regard the competition for territory as an inevitable part of the "struggle for bread" must answer this question: "What is to be done with the despoiled, or defeated, populations?" Germany, we are told, was impelled to fight because her population needed territory for food. She has been defeated in her effort. But the population remains. Is it to starve?

The question remains, unfortunately, in an extremely acute form. Much of Europe is to-day faced by absolute famine. Children die in tens of thousands, and millions are afflicted with physical defects that will mark their whole lives, because the ordinary economic processes have so far broken down that milk and bread and fuel cannot be brought into cities. Vast populations go unfed, unclothed, unwarmed, unattended in sickness, unburied at death.*

We are discovering that we cannot ignore this condition. We are compelled for our own safety, to put it at its lowest, to do something about it. Our food is dear because great sources of food like Russia and the Balkans are unable to produce it, their whole social order having gone very nearly to pieces. The high cost of living, which is a part of our own social problem, will never be solved until Russia and Poland and Roumania and the Balkans and Siberia have once more got to work. They cannot get to work until transport has been re-established and until their currencies once more have value. There is a chain of interdependent factors in the problem. Austrian currency is valueless because Austria cannot get coal. She cannot get coal, in part because of the re-arrangement of her frontiers, partly because of the disorganization of her transport; her transport is disorganized because industries like the manufacture of locomotives are

* See the facts contained in the publications of the Fight the Famine Council.

paralysed for lack of coal. She cannot start the necessary economic processes until the world generally will help her. As these lines are being written the Supreme Economic Council is considering the proposal for a great international loan for the purpose of setting Europe as a whole to work.

A League of Nations based on the assumption that it must crystallise a condition of affairs which condemns whole populations to starvation or penury could not hope to live; it would be setting itself, as someone has said, against the human stomach and the human womb. The fact was specifically recognized by President Wilson in the period preceding the Armistice. "Peace," he said, "must rest upon the equal rights of peoples to . . . a participation upon fair terms in the economic opportunities of the world, the German people, of course, included, if they will accept equality and not seek domination."

"It has come about in the altered world in which we now find ourselves that justice and the rights of peoples affect the whole field of international dealing as much as access to raw materials and equal conditions of trade Separate and selfish compacts with regard to trade and the essential materials of manufacture would afford no foundation for peace." (Feb. 11th, 1918.)

CHAPTER III.

THE OLDER FORMS OF INTERNATIONAL REGULATION.

The more familiar method of attempting to ensure the "equal rights of peoples to . . . a participation upon fair terms in the economic opportunities of the world" has been based largely upon the older *laissez faire* and free trade assumptions. Of late we have made some approach to a second method: collective control of resources. The first has aimed at a general international bargaining, ensuring a minimum of restraint in the freedom of individual enterprise. It has aimed at securing within limits free trade or favoured nation treatment. It has produced special conventions with reference to areas like Morocco and the Congo. These pre-war conventions all assume mainly private enterprise in international trade. But, as already indicated, the war itself, with the assumption of immense collective powers by each State over internal trade, by inter-Allied bodies over international trade

and activities, and finally by the Allies over the trade and industry of Central Europe, has probably rendered "control," rather than free movement, the dominant method of the future.

It will be well to examine former attempts to secure equality of opportunity in undeveloped territories.

In 1885 the Berlin Conference was called to discuss "freedom of commerce in the basin and mouths of the Congo, and application to the Congo and Niger of the principles adopted at the Congress of Vienna, with a view to preserve freedom of navigation on certain international rivers." A "General Act of the West African Conference" was passed, the Powers represented realizing that "the great wealth of the Congo and its political weakness, might make trouble in Europe unless the Congo was organized into the legal status of the world."

The Conference of Algenciras, and the London Conference after the Balkan wars were further experiments in this kind of legislature, but they all suffered from one fault—the legislature was international, but the executive merely national. The Conference adjourned after passing laws, and left the enforcement of them to the conscience of individual Powers. There was no means of controlling the executive, and nobody to whom appeal could be made if the laws were not carried out.

Let us examine the Economic Legislation of the Covenant. Article XXII of the Covenant provides that the Colonies and territories captured from the enemy in the late war shall be administered by states as Mandatories on behalf of the League.* The character of the Mandate must vary according to the stage of development, the geographical situation, and the economic conditions of the country. The communities formerly belonging to the Turkish Empire can be provisionally recognized as independent nations, subject to the rendering of administrative advice and assistance by a Mandatory, until they are able to stand alone. In Colonies of the Central African type the League provides that the Mandatory shall secure equal opportunities for the trade and commerce of other members of the League, and shall prohibit abuses such as the Slave Trade and the traffic in arms and liquor. Thus the Mandatory is to have no economic privileges, a provision of great importance, although limited in its application to

* The mandate system is dealt with in two pamphlets, uniform with this, *The League in the East*, by Professor Arnold Toynbee, and *Mandates and Empire*, by Leonard Woolf.

colonies of this type which have changed hands as a result of the war. (See Duggan's "League of Nations," Ch. XI, p. 213).

Article XXIII (e) "provides that members of the League will make provision to secure and maintain freedom of communication and of transit and equitable treatment for the commerce of all Members of the League." The League does not assume to take from any nation its sovereign power over its own tariff policy, and at present most of the highly developed States are committed to a policy of protection. But even without a League the world would ultimately, after an era of costly economic competition, move towards freer trade, and the League will add conscious planning to national evolution.

Article XXIII of the Covenant enacts that the Members of the League "(a) will endeavour to secure and maintain fair and humane conditions of labour for men, women and children, both in their own countries and in all countries to which their commercial and industrial relations extend, and for that purpose will establish and maintain the necessary international organizations."

The Peace Conference appointed, in January, 1919, a Commission on International Labour Legislation, which agreed to a Convention "creating a permanent organization for the promotion of the international regulation of Labour conditions." The organization is to consist of (1) a General Conference of members of the League, and (2) an International Labour Office controlled by a Governing Body. The Governing Body is to comprise 12 representatives of Governments, 6 elected representatives of employers, and 6 elected representatives of workpeople, and its period of office will be three years.

CHAPTER IV.

TOWARDS SUPER-NATIONAL CONTROL.

An Economic Administration of the World—a world government regulating economic activities and possessing very wide powers—was in fact actually in operation during several years of the war. For the power of the Allies over neutral trade was such that the authority of the various Inter-Allied Economic Commissions extended in fact to the whole non-German world.

The functions of Inter-Allied control during the war were fourfold: (1) to co-ordinate the purchases of the Allies in such

a manner that prices were kept as low as possible; (2) to allocate supplies among the Allies in fair proportion; (3) to provide tonnage for the carriage of supplies; (4) to see that purchases were financed.

The first inter-Allied body dealing with supplies on a large scale was the Commission Internationale de Ravitaillement, set up in August 1914. This Commission was designed to co-ordinate Allied purchases within the British Empire; the final authority, therefore, was always the British Government, and the Commission Internationale de Ravitaillement did not control purchase or allocation by means of inter-Allied discussion. As time went on, the British Government, by reason of its central position in the world markets, became sole buyer of certain commodities, such as jute and hemp, on behalf of the Allies, and later this system was extended to foodstuffs.

The first conspicuous piece of machinery set up for this purpose was the Wheat Executive, formed in 1917 by representatives of Great Britain, France and Italy, to buy cereals and pulse foods for the European Allies. Meanwhile, the British Royal Commission on Sugar Supplies had become, in 1916, the single buyer of sugar for these countries, and was followed, in 1917, by the Inter-Allied Meats and Fats Executive. This body purchased in New York through the Allied Provision Export Committee, which consisted of British, French, Italian and Belgian representatives, and was the sole agency through which foodstuffs, other than cereals and sugar, could be bought in America. The setting up of the Inter-Allied Oil Seeds Executive, in 1918, completed the Allied food commissions, but munitions, raw materials, and miscellaneous products were all subjected to similar organization in the course of the war. Under the Allied Maritime Transport Council, which became, in February, 1918, the controlling tonnage executive, Programme Committees, covering the whole range of imported commodities, were formed. At the time of the Armistice these Committees were dealing with wool, cotton, hides and leather, tobacco, paper, timber, petroleum, flax, hemp and jute, coal and coke, cereals, oil seeds, sugar, meats and fats, nitrates, aircraft, chemicals, explosives, non-ferrous metals, mechanical transport and steel.

An Inter-Allied Council on War Purchases and Finance, whose Chairman was a representative of the United States Treasury, controlled all credit operations in connection with purchases, and reviewed the import policies of all the Allies from the point of view of finance, just as the Allied Maritime

Transport Council reviewed the same from the tonnage point of view. The operations of both these Councils were co-ordinated by a liaison officer, who thus linked up the whole immense system of international control.

Most of these super-national bodies came to an end during the year following the Armistice, although some, such as the Wheat and Sugar Commissions, continue to buy for Great Britain. Should they be found any function in future, it will probably be as organs for advising in the international rationing of necessities like coal, of which there is a world shortage that can only gradually be remedied.

The operations of these powerful bodies were, of course, exposed to very severe criticism. The whole principle of control, indeed, excites hostility from many quarters. But it would seem to be certain now that if control is not exercised publicly, it will be privately by great international "trusts." The supply and price of many of the necessities of life are today controlled by large capitalist combinations concerned only to secure profit.

The Meat Trust is a typical example of the way in which international power can be wielded by private trusts. It consists of five large firms* which have formed a combination able to buy up the herds and droves of a whole continent, and to control not only the meat trade but all associated products like hides, bones, bristles, etc., as well as milk, butter, cheese and poultry. It has, therefore, an accompanying interest in the grain and feeding-stuffs trade, and has extended its powers of buying-up to Argentina, Australia and New Zealand. It is estimated to control from one-half to three-quarters of the world's exportable supplies of meat.

By its power to suppress competition it can raise or lower world prices, and may diminish production by reducing the prices to stockraisers, while increasing its profits by reason of the decreased supplies.

The Standard Oil Company and the Tobacco Trusts are other examples, while before the war a convention, to which British, French, German, Belgian, and American manufacturers belonged, existed to prevent steel rails from being sold below a minimum price, and to divide the export trade in definite proportions between the different countries. This process extended in varying degrees to nails, screws, and tubes. The amalgamation of shipping interests on extensive lines has

* Armour & Co., Swift & Co., Morris & Co., Wilson & Co., and The Cudahy Packing Co.

great possibilities. It can prevent freights from falling below an agreed level, and can work in peculiar intimacy with railways to secure preferential rates for the exports of a particular country, trade, or syndicate.

It will be seen at a glance that the attempt to regulate labour conditions internationally will be almost useless so long as control of materials indispensable to production remains under private capitalist control. The Labour Party "Memorandum on International Labour Legislation" (Sections XII and XIII) has the following note on this point :

There is an inclination in some quarters to press for the establishment of a Labour section of the League of Nations, entirely divorced from any economic section which may be established to deal with trading and economic questions generally. To adopt this policy would be a great mistake, and would doom the Labour section to apparent ineffectiveness. As soon as any attempt is made to establish by means of an international Labour Charter minimum Labour conditions and rights in all countries, it is seen that each proposal made raises intricate economic questions, which go far beyond the narrower sphere of merely Labour legislation. For instance, the question of international competition at once arises, and it is impossible to get States to agree to reasonable Labour conditions as long as international economic policy is conducted on lines of unrestricted competition and virtual "warfare" between the various States. Labour questions cannot be divorced from questions of markets, and the only basis upon which an effective international Labour Charter can be built up is that of international co-operation in the economic sphere as a whole.

The Memorandum goes on to point out that this does not mean that systems of international rationing of materials must be retained when the supplies are enough for all, and when the credit position is such that they are actually being fairly allocated without international interference. But it does mean that the League of Nations must have permanent machinery for ensuring that these conditions are maintained. Among the necessary functions of this economic section of the League, the Labour Party Memorandum suggests the following :

1. To assist in the maintenance of credit, *i.e.* purchasing power, in the various countries at such a level as will ensure (a) a fair allocation of supplies of materials, etc. ; (b) stimulation of supply of important materials by promoting production in the various countries ; (c) no unnecessary disturbance of

world market conditions through a breakdown of purchasing power in a particular country owing to preventable causes.

2. To prevent exploitation by trust, operating in the world market, whether of interests concerned in production, transport, or distribution, and to control the operations of international firms and combines.

3. To regulate the granting of concessions in undeveloped countries, and to safeguard such countries from unfair exploitation or monopolisation by particular interests.

4. To secure the enforcement of international conventions, in the matter of the open door and other matters, and to prevent their evasion by secret rebates, concessions, etc.

5. To promote international economic conventions based on the widest possible measure of international co-operation, *e.g.* commercial treaties, Labour conventions, traffic agreements, and so forth.*

6. To undertake the international allocation of supplies of which there is a shortage, or which are in danger of being monopolised by a particular nation or interest to the detriment of others.

7. To promote the formation of international conferences or councils in various industries and economic groups, in order to secure the greatest possible measure of co-operation in each industry or group.

The force of dire necessity, and the economic disintegration of the Continent, seem to be pushing us towards some such economic League as that indicated in these suggestions.

The Supreme Economic Council on March 10th, 1920, issued a Memorandum recommending, among other things, the establishment of commercial credits for the provision of raw materials to those countries unable to purchase in the world markets by reason of their depreciated exchanges. The Council, in the same Memorandum, recognized the necessity for continued co-operation between the Allies, and for removing obstacles to the easy interchange of essential commodities. In January 1920, a memorial was presented to the Governments of the Allies, the United States, and all the neutral European countries, signed by leading politicians and financiers in Europe and America, demanding an international conference to examine the economic situation. As a result of this, the Council of the League of Nations has issued invitations for an international financial conference, to be held in Brussels.

Whether any of these plans succeed will depend finally upon the degree to which their need is recognized, and the

* Pamphlet uniform with this pamphlet *The League and Labour*, by C. Delisle Burns (League of Nations Union pamphlet).

domination of nationalist prejudice shaken. The ultimate condition of success in any scheme of international government is a modification of the older conceptions of national independence and sovereignty. If we are to have a society of nations at all, we must abolish from our vocabulary the words "independence" and "sovereignty" as absolute conceptions. A society in which the constituent individual should be absolutely independent and sovereign, bound that is by no obligation whatever to other members, is, of course, a contradiction in terms. In any society the independence of the individual is limited by his obligation under the law, and if we are not prepared to make any surrender of national sovereignty whatever, then we should give up talking about peace, or a League of Nations or the rights of others. For to recognize the rights of others and to embody that recognition in any formal code, means at once a limitation of our own freedom and independence. If, because we have the power over three-fifths of the earth's surface, we take the ground that "we" therefore "own" it, and can forbid the rest of the world access to it; that we have absolute rights over the resources, say, of the greater part of Africa, without reference to the needs of the rest of the world—then we must not be surprised if others take a different view of these "rights." Some claims, now commonly based on "national sovereignty," mean, as has been pointed out above, that we may use our power to deny to others the most primitive of all rights; that to existence.

This fundamental moral question is an integral part of international economics. It cannot be separated therefrom. Popular attitude towards it will be the decisive factor in the problem of future peace.

Questionnaire.

CHAPTER I.

- In what way is "the right to existence" involved in the economic arrangements between nations?
- In what way does the problem of nationality enter into the economic struggle of nations?
- Can war solve "the struggle for bread" between nations? And if not, why not?
- In what way are the interests of the Allies affected by the famine in Central Europe?

CHAPTER II.

- In what way have events since the Armistice shown that nations are indeed interdependent?
- In what way does Britain's welfare depend upon an orderly external world?
- How does Britain's need for foreign food affect her foreign policy?
- What are some of the difficulties of ensuring a steady flow of foreign food and raw materials merely by the exercise of military or naval preponderance?

CHAPTER III.

- How have the European nations in the past attempted to ensure a measure of peaceful economic co-operation?
- To what degree have those measures succeeded and to what degree broken down?
- In what way do the economic provisions of the Covenant differ from international commercial conventions of the past?

CHAPTER IV.

- What conclusions would you draw from the history of the inter-Allied bodies of control during the war?
- Does the existence of private commercial trusts throw any light on the character of future international economic regulations?
- What is the final condition of success in any form of international or super-national government?

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