

# ***Progress of the Struggle***

*by* **NORMAN ANGELL**

**J**UST previous to the election at the beginning of November, Senator Ball warned the American public against too great an optimism concerning the disappearance of isolationism. The results of the election have probably attenuated some of Senator Ball's caution, but at the time that he wrote, he estimated that twenty per cent of the people, including most of the leaders of public opinion, were strongly in favor of the United

States joining a United Nations security organization; ten per cent, concentrated in politically active groups, were actually opposed to that course even though they might be giving lip service to it for the present. The remaining seventy per cent, as in 1919, he believed were inclined to favor the general idea of collective security, but had not yet come to grips with the really controversial issues involved.

This estimate, he thought, meant that the chances of winning the forthcoming fight in the Senate over United States participation in a United Nations organization are much better than they were twenty-five years ago, a feeling strengthened by the general approval given to the objective by nearly all political parties and candidates, by the overwhelming votes in Congress on the Fulbright and Connally resolutions, and by the similar foreign policy planks in the Republican and Democratic platforms.

The snag would come, the Senator felt, not so much on the political side of international cooperation as on the economic side. A general approval of an international political organization is often accompanied by economic isolationism.

"The fact that the United States has become the world's leading creditor nation

and the impact of that change on our own economic policies is not understood generally," remarks the Senator, who goes on to point out that "everyone is looking forward to a large export business after the war to maintain full production and employment, but few are prepared to have

us open our tariff doors to enough imports to balance our foreign-trade picture." He reminds us also that a drive to give a tariff subsidy to synthetic

rubber and thereby eliminate one of our few logical bulk imports is already under way.

Unmindful of the fact that Oriental exclusion laws give the Japanese one of their best arguments in building anti-American sentiment in Japan, bills are now pending to prohibit all immigration to this country after the war. Authors of the bills argue there will not be enough jobs to go around, so why offer any to aliens? "Obviously, they believe the United States can exist as an island of prosperity regardless of what happens to the rest of the world, which is isolationist thinking with a vengeance."

**T**HE distinction which Senator Ball makes between undoubted progress on the political side as revealed by the election and less certain progress on the economic side is unquestionably sound. The character of the election has been severely criticized as marked by mud-slinging. But in many respects it proved to be an advance upon previous elections and free of some of the features which the friends of Allied unity might have feared. There had been plainly a good deal of fear in Great Britain that the belligerents of the campaign would be on the lookout for anything which savored

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of British interference in the fight, and Churchill, one recalls, warned the British public that they must expect exhibitions of Anglophobia. But this did not come in any marked degree. There was very little in the election which constituted a real danger to Allied unity. Even anti-Communism did not take a form which would be likely to disturb relations with Russia, and the result has shown that Red-baiting as an element in political warfare in America is petering out, becoming rapidly ineffective. There may, of course, be criticisms of Russian policy, but they will not take the form of the "fear of Communism," which heretofore has been regarded as a convenient weapon of demagoguery.

Incidentally, the only interjection of British opinion in the campaign was attributable to the fact that both Mr. Dewey and Mr. Bricker dug up an old pre-war speech of Churchill's in which the latter indulged in certain criticisms of New Deal economics. The fact that the Republican candidates should have regarded it as worth while to use a Churchillian condemnation of that policy as a useful point in the debate is significant. It is quite clear that, for the time being at least, Anglophobia, which originally, owing to quite natural and understandable causes, did enter a good deal into American political fights, is now rapidly on the decline.

The evidence of declining Anglophobia is greatly strengthened by all the reports which come from Britain as to the effect of the presence of great numbers of American soldiers throughout Britain. How easily this might have become a serious problem will be understood if we consider the facts a moment. Here is Britain, a small and crowded island, with a terrific housing problem. Even in the United States, which has not had a single building damaged by bombs, that problem is severe. What then of Britain, where every fourth house has been destroyed or damaged, where public services like water, gas, electricity are continually being put out of commission? On top of this comes the addition literally of millions of "invaders," unaccustomed to English conditions, likely to find English peculiarities, especially the lack of warmth and the blackout and the driving to the left excessively annoying.

You have all the elements of severe friction during several years, which might have added up to reciprocal ill feeling. Curiously enough, in the first World War, where the conditions were much less hard, the very temporary presence of American soldiers did so. Quite often they came back with a good deal of grumbling as to their reception in Great Britain. But this time, with every single element much more trying, with danger as well as hardship which did not exist on the last occasion, the mutual feeling of friendship and comradeship seems to be as warm as it was formerly cold.

All this is very much to the good, but it does not reach into that field of economics where Senator Ball warns us the difficulties are likely to arise.

THE truth is that we are all—the big public of the voting millions—quite inadequately prepared educationally to understand international economics. Not only is the ABC of economics commonly left out of normal school education, both American and British, but the daily discussions of the press and the radio, the Rotary Clubs and the Chambers of Commerce fail to fill the gap. Particularly does this adult education usually leave out one indispensable element of understanding in the problem of the restoration of international trade. And that is the element of economic interdependence. We hear, for instance, a good deal about the necessity of "going after" foreign trade, that American or British enterprise must build up a big merchant marine, or a big civilian air service, or a big foreign trade. But not once in a hundred of these discussions is it recognized that it is a physical impossibility for the foreigner to buy our goods unless he can sell his own, and that to ensure this, that to provide the foreigner with a market is the indispensable condition of having one ourselves. Where otherwise is the foreigner to get the money wherewith to pay us? We could, of course, lend it to them.

This aspect of the whole problem, which is the fundamental aspect, since we cannot even begin our great foreign trade if the customer has none, is usually swept aside as a quite secondary consideration. It is all but impossible to secure any continued

attention of "the practical business man" to this elementary and fundamental fact. As to where the customer is to find the money, that, the business man will tell you, is none of his business. But it is very much our business. Heretofore we have insisted that the tariff is a "local issue." It is not. If, in order to protect the manufacturer of bobby pins in Pittsburg, a stiff tariff is put upon those coming from Czechoslovakia, some American salesman in that country loses a sale of something other than bobby pins, a loss not less real because it may be invisible.

It is an ancient difficulty. The mercantilist illusion that somehow the foreigner can go on buying, whether we buy from him or not, is as old as the device of money, that device, indeed, in which the fallacy of mercantilism is rooted. But if the economic problems are to be met without heat and passion and ill feeling, some rational understanding of these things by the average voter ought to be achieved in our education. (I say "our," because whether it be in the United States, in Britain, or in France, we encounter precisely the same educational deficiency.)

MR. HERBERT FEIS, in his recently published book, *The Sinews of Peace*, insists upon this interdependence of exports and imports repeatedly. "The size of our import trade," he says, "will ultimately determine the strength of all our other economic links with other countries (save those activities that may be carried on to sustain permanent military establishments abroad). If that trade is large and steady, our national income will be enlarged, our foreign investment could thrive, our undertakings in aviation, shipping and similar fields could prosper naturally.

"If on the contrary that trade is small and unsteady, we will acquire little or none of these benefits. We will not reap the fullest possible return from our working effort by drawing on other countries for those goods they can produce far more advantageously than we. Our foreign investments will strengthen other nations while benefitting us little. Our aviation and shipping activities will be conducted against an adverse current, and our influence upon the economic policy of other

countries will be uncertain," says Mr. Feis.

All this concerns Great Britain more than any other country, for the simple reason that Britain is dependent upon foreign trade more vitally than any other country in the world. Under normal conditions, something like two-thirds of her standard foods have to be purchased from abroad and paid for—how? Gold? She has very small gold reserve. Paper money? British paper money is only of use in Britain for buying British goods. To pay for that food without which her people would starve means that she must sell goods.

Mr. Feis, by the way, in the book just noted, points out that "the difference in the political and military situation of the two countries at the end of the war may give rise to a divergence of political instinct. The United States is apt to continue to avoid political alliances or treaties providing for joint defense with any individual foreign countries. Correspondingly, it will tend to follow the rule of equal economic favor to all countries, and tend to claim an equality of economic opportunity from all countries.

"On the other hand," the writer points out, "Great Britain will be bound by special treaties, and may feel the need to use economic means even more than in the past in order to strengthen its bonds with the scattered parts of the Commonwealth and Empire, and to establish political unity with the countries of Western Europe. How far it will regard it necessary to go in that direction is certain to be affected by the degree to which its political and economic relations with us seem to safeguard both its political security and its economic recovery."

The truth is that, while Britain in a political sense is likely to emerge from this war as strong as ever in her history, "tired but triumphant," she will face a desperate economic situation, graver perhaps than any in her history. She is confronted by the need of exporting goods or exporting people. And the export of people is not going to be an easy matter, since the Dominions, suitable for Europeans, have all become independent nations, controlling their own immigration laws. More than one authority has foreseen the possibility that Britain,

within the lifetime of people now living, may be reduced to a nation of twenty or fifteen million souls. But such a change would be of advantage neither to the security nor to the welfare of America, of the dominions, or of the world.

TAKE the purely economic aspect. As a customer, Britain bought American exports totaling \$521 million in 1938. In pre-war years she was consistently the biggest foreign customer of the United States. The next biggest was Canada which bought \$418 million in 1938. Third biggest was Japan which bought only \$240 million. Britain is, in fact, so big a customer that economists agree that her purchases or lack of them are enough to tip the balance between prosperity and slump in America.

But there is the political and military side, too, which a British authority has recently elaborated in these terms: As a military base, Britain is the only piece of land in friendly hands, big enough, and within reach of the Continent of Europe (and also able or willing to provide the necessary facilities), on which a large American force can assemble for launching an attack. Britain is thus America's eastern frontier and first line of defense. As a powerful military ally, Britain is the only country which, at the same time, is easily reachable from the United States and has industrial plants and techniques (and therefore war-potential) comparable, for its size, to America's own. It is also the only country with a world-encircling system of bases and defense outposts.

But Britain's utility as an American base depends upon economic stability. Despite the quite extraordinary exertions of British farmers during the war, it is impossible for Britain to feed herself from her own farms, and any attempt by her to do so would have unfavorable results for the exporting American farmer. She must under normal peacetime circumstances import the greater part of her food. Before the war she imported two-thirds of it, a figure which has been cut down to one-third during the war. Britain is thereby one of the great markets for the world's farmers, but only so long as she can sell industrial goods.

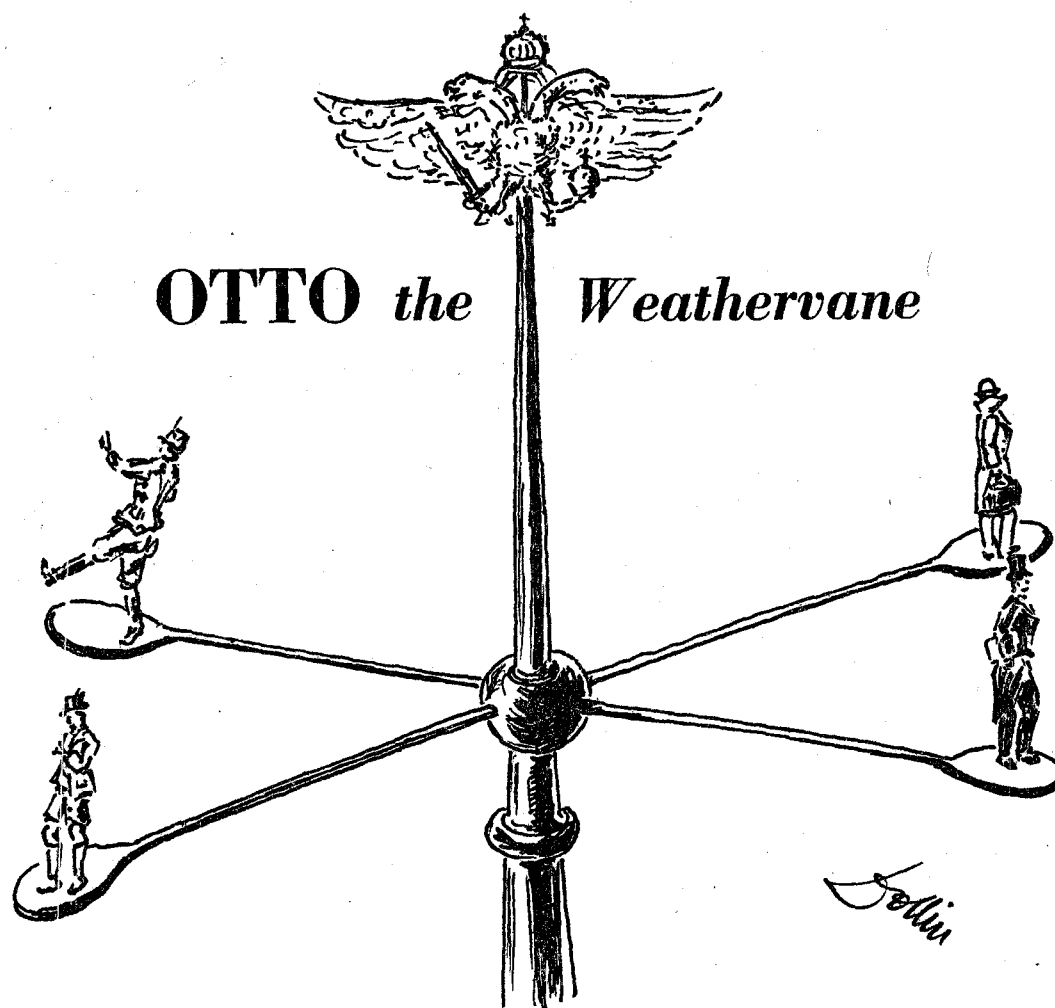
This same authority points out that if Britain remedied her economic situation by

a vast migration of her people, and were thus reduced to a population of ten or fifteen million, she could maintain a fairly prosperous society. But such a Britain would be useless to the United States, both commercially and militarily. If it had existed in 1940 the Germans would have overrun it as easily as they overran Denmark. There would not have been enough manpower to resist, and there would not have been the industries to produce the necessary weapons. Nor could there have been a British Navy and Merchant Service to bring the weapons from America. The case is summarized thus:

"The only way in fact for Britain to be of value to the United States is for her to continue with her large population and her great, enterprising industrial economy. And the only way she can maintain these is for her to have export markets for her goods, services and investments, as well as the means of access to them—shipping and airlines. It is to the interest of both Britain and America that Britain should be a prosperous, well-populated, industrial nation serving extensive export markets. British and American national self-interests are thus, it is argued, identical and complementary. Here is the really solid and unsentimental basis for continued co-operation between the two countries after the war."

THOSE who present the case just outlined admit that the implied interdependence is only valid if we consider the matter in the national aspect—that is to say, the national interests of the United States and of Great Britain. It is admitted that there are certain particular localities and industries, in both Britain and America, in which special self-interest conflicts with the national interest. These will, as is only natural, by rationalization, identify their particular interest as the national interest, and they will exert all the pressure at their command on the British and American bodies politic to protect it, even to the detriment of the good of the nation as a whole. There lies, in all probability, the greatest danger to an Anglo-American cooperation which has been so fruitful during the war and without which during peace there can be no effective and workable international organization.





By  
JULIUS DEUTSCH

ACTUALLY it is not easy for a common political refugee to come from Europe to the United States of America, nor is it so simple—strange as it may seem—for him to leave the U. S. A. for another country. There are many obstacles to be overcome: first, to get a passport, then the visa for a European country and, last but not least, the exit permit from the United States.

But if a political refugee finally should succeed in obtaining all these papers and

documents, it will still be a long time before he is able to start on his trip across the ocean, because it is extremely difficult to get a reservation for boat or plane. Without the very active intervention of American authorities there is no hope whatever of securing such a precious reservation.

How much easier, however, such matters are for a member of a former European dynasty! Otto Hapsburg came to America with a Belgian diplomatic passport. For a long time he enjoyed the privileges to