

shared in full by the gentlemen in control of the Franco-Belgian petroleum interests, who are inclined to regard fields hitherto undeveloped as merely reserves to be used to compensate the former possessors for the property taken from them in older fields, including the oil that has been extracted from those fields by the Soviet authorities.

Several oil grants have already been made by the Soviet Government to foreign enterprises, such as the Italian-Belgian Mining Company of Georgia, the Sinclair group, and the Norwegians, but none of them is in the Grosny or the Baku field. This leads us to conclude that other concessions will also be confined to newer and less developed districts. But such concessions are not so attractive for outside investors, because a large capital will be required to de-

velop them, and because English grantees already have a prior claim to them by virtue of certain pre-war titles. Yet the fact remains that the Soviet Government is quite willing to grant extensive concessions of this character in return for loans. That does not constitute a break with that Government's previous policy, for as early as 1922, at least, it was willing to consider similar offers.

The principal fact that emerges from all this discussion is that the struggle between Soviet Russia and the capitalists of Western Europe and the United States for possession of Russia's petroleum resources has entered a new phase. Western oil men can no longer dictate their terms to Moscow as they pretended to do four years ago. They will have to compromise, and eventually they will be very willing to do this.

'AMERICANIZED' INDUSTRY¹

YANKEE METHODS FOR ENGLISH EMPLOYERS

No two countries could well be more alike or more different than England and America. There is a similarity of problems as of speech and characteristics, but there is so vast a dissimilarity of conditions that only rarely can the experience of either be translated into terms of the other's life and habits. This is particularly the case in the sphere of industry. Between that sprawling continent, with its agricultural background, its assured domestic market, its wealth of raw materials,

its thin and scattered population, — for America with all her millions is still mainly margin, — and this crowded urbanized island that lives by selling its goods, lending its capital, and proffering its commercial services all over the world, the points of resemblance are few and the points of contrast many.

It is only, therefore, with large reservations that one approaches any attempt to apply the industrial lessons and practices of America to the more static and incomparably more complex circumstances of Great Britain.

¹ From the *Saturday Review* (London Baldwin-Conservative weekly), April 3

Such an attempt has recently been made by two young English engineers, Mr. Bertram Austin and Mr. Francis Lloyd, and the result of their reflections and observations, *The Secret of High Wages*, has won deserved success and applause. It is altogether to the good that two trained professional men should visit the United States with open eyes and minds, intent on finding out where and why America is ahead of us, and on disentangling for the benefit of their stay-at-home countrymen the causes, or some of them, of the manufacturing effectiveness and the high standard of living and contentment that obtain across the Atlantic. Moreover, Messrs. Austin and Lloyd write with a straightforward crispness and impartiality. They have diagnosed correctly the leading principles of American business organization, and they arraign British employers and British workers — the former more than the latter — for their failure to absorb and reproduce them over here. Within the limits of the caveat we just entered, — that industrial America and industrial Britain, while similar, are not interchangeable, — this is to render a service of real value.

Those who lay the chief blame for the relative inefficiency of British industry upon the trade-unions have still much to learn. We have only ourselves to thank if labor in the past has been too much occupied in struggling for the bare necessities of a decent living to trouble itself about economic theories or to understand the wider processes of industry. But the consequences of the defective training, the limited outlook, and the susceptibility to catch phrases of a class that in or out of office is to-day the real governing power in the State, are becoming disquietingly apparent. At every turn our recovery from the war has been hampered by the fact that many of the

postulates of political economy, which to men of education appear self-evident, are not only not accepted by the average workingman, but seem to be flatly contradicted by the teachings of his personal experience. For instance, it is a commonplace to say that what we need most of all just now is a greatly increased production. But labor is suspicious of any policy that preaches the necessity of unrestricted output. It is suspicious because millions of workingmen can testify that a greater output has not in their case meant higher wages. The whole history of trade-unionism has planted deep in the consciousness of labor the belief that there is only a certain amount of work to go round and that the less each man does the larger will be the number of those who can share in it. Economists know that the introduction of machinery makes for increased employment. The workingman, who has seen his mate lose a job because the installation of a machine has done away with manual labor, does not know it, does not believe it, and has the evidence of his own eyes to convince him that it is not true. Economists, again, have established it as an unassailable axiom that 'ca' canny practices add to the volume of unemployment. The ordinary workingman, reasoning from his experience in a particular factory, can only conclude that the economists do not know what they are talking about. Before the war he was persuaded that there was only a fund of strictly limited capacity out of which wages could be paid, and that it was to the interest of labor to spread this fund over as many workingmen as possible. Since the war he has inclined to the view that the State or 'industry' has an inexhaustible reservoir of wealth in reserve, and that he can safely demand whatever wages he pleases. The economists never succeeded in knocking the earlier fallacy out of his

head. They will as little succeed in disabusing him of the second.

To restore some sort of agreement between the ascertained facts and principles of economics and the conceptions that labor has of them must be the task of the employer. But it is a task that the average employer in Great Britain has either neglected or bungled. His head is filled with one fallacy at least as destructive of sane industrialism as any that afflict the workers in his pay. The fallacy is that labor costs and costs of production are virtually synonymous. The Americans know better than that. Across the Atlantic in all the better factories the more a man earns in wages the more highly he is valued, because his earnings depend on his output, and the greater his output the smaller is the cost price of his product. It is a maxim of American manufacturing that a man who does not earn so much per week is too expensive to employ; and that is a far surer guide to industrial conduct than our own employers' too frequent habit of cutting piece rates and thus inviting, and almost forcing, the men to limit production. To look forward to and work for a reduction of wages as a necessary step to the national economic rehabilitation is both fatuous and antisocial. In our judgment one of the few beneficent results of the war is that it has led to an all-round raising of the wage-earners' standard of life. Our employers have got to accommodate themselves to this change and to find in better organization, more perfect mechanical equipment, and mass production the economies that will enable them to stand it and still make a profit. It is not high wages that will ruin them,

but their own inefficiency, their neglect of science, their partiality for old methods and processes, their newborn inclination when they feel themselves in a hole to appeal to the Government to get them out of it by means of protective duties or subsidies or State guaranties, or some other external and debilitating device.

This we take to be the warning that Messrs. Austin and Lloyd intended to convey and to point with American instances. There is hardly a feature they have noted down as an inseparable part of 'Big Business' in America that is not questioned, derided, or flatly opposed by the general run of British manufacturers. If a law were to be passed compelling all our industrial concerns to observe 'a strict adherence to the policy of promotion of staff by merit and ability only,' half of them would have to close or submit to an unimaginable reconstruction. Wages subjected to no limit except a man's capacity to earn them; huge sales procured by reducing prices while maintaining or improving quality; the systematic scrapping of obsolete plant and the avid, ceaseless search for time-and-trouble-saving machinery; the free exchange of ideas and experiences between competing firms; welfare work and a lavish expenditure on research and experiments as indispensable to progress — these are hardly the hallmarks of British industrialism. Whether they are ever likely to be, whether it would be a good thing for the country if they were, whether along with increased business efficiency they might not induce a lowered quality of national life and character, are points that admit of no abruptly categorical reply.

PLOT AND COUNTERPLOT. III¹

THE KOREANS COME INTO THE PICTURE

BY CAPTAIN NICOLA POPOFF

I now decided to turn my attention to another branch of the Japanese secret organization, which we had hitherto been unable to follow up. My agents while watching Siraisi's laundry noticed that several Koreans began to call there every evening. They had never done this before. They brought no linen to be washed, and sometimes they remained for a considerable period. Since we knew that the Koreans and the Japanese hated each other, these visits naturally aroused our curiosity. A little investigation showed, moreover, that the visitors were, in practically every case, strangers from other parts of Siberia.

I detailed one of my best men to inquire into this mystery, and a few days later he reported that something strange was going on among the Korean residents. He had talked with several of them, and felt sure they were concealing something from him, but he could not tell precisely what it was. All that he could state definitely was that in some way the Koreans and the Japanese had suddenly become reconciled.

I immediately summoned the president of the Korean colony of Irkutsk to my office. He was a worthy old fellow whom I had known a long time and whom I chanced to have rendered certain services. He came immediately,

but I could not persuade him to tell me what was occurring. I could see that he was frightened and that his ignorance was feigned. This puzzled me greatly. Hitherto the old fellow had always been ready to give me any information I desired. I felt sure that something important was afoot which these people feared to reveal.

I had always taken an interest in the Koreans. Several thousands of them were living in Russia, and their numbers were rapidly increasing. We were accustomed to regard them as a persecuted nation suffering under the tyranny of the Japanese. They were quiet, industrious, ignorant people who had settled in considerable numbers along the Amur River, where they worked as common laborers, mechanics, and farm hands. Knowing that they hated the Japanese, I had used them extensively in my counterespionage work, as they were usually quite ready to volunteer to watch any of the latter whom I suspected. Furthermore, some of the Koreans were well educated and familiar with Japanese life and manners, which made their services particularly valuable.

Consequently I was greatly disturbed at the new attitude of these people. So a few days later I went to Harbin to interview our Korean representative there, who was the head of all our agents of that nationality in the Far East. He was a man of excellent reputa-

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