## Hopes and Fears As Regards America

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PART from the Russian Revolution, the most striking result of the war has been the world supremacy of the United States. While England and Germany fought for hegemony, America, almost by accident, acquired it. For some time after the war, there was reason to fear that the British government might not recognize the inevitable, but might endeavor, by means of the Anglo-Japanese alliance, to retain command of the Happily this danger is at an end. The Washington Conference has shown our government, for the first time since the days of Cromwell, quietly accepting a position of naval equality with another power. Although on paper there is equality, in fact there is overwhelming superiority on the side of America, chiefly because of (1) our dependence upon overseas trade; (2) Canada; (3) the greater financial strength of America; (4) the Panama Canal. Our government will therefore do all in its power to remain on good terms with the United States. To this end we have already accepted the naval ratio, abandoned the Anglo-Japanese alliance, and granted freedom to Ireland; and it may be assumed that for a long time to come our policy will be in harmony with that of Washington.

As the British Empire possesses the one thing lacking to America as a world power, namely naval bases and coaling stations in all parts of the eastern hemisphere, the combination of the two will be irresistible unless and until the whole of Asia, including Russia, unites against them. In the combination, America will be the dominant partner. Therefore the hopes and fears of the world, probably for the next fifty years at least, depend upon the use which America makes of her vast power.

There are in this situation immense possibilities for good, but also immense dangers. The dangers will not be avoided unless Americans become conscious of them. So far, many American radicals seem to me insufficiently aware of the dangers lurking in national self-esteem—dangers which European radicals have had forcibly brought home to them by the outcome of the war. I wish, if I can do so without offence, to suggest that the disillusioning experiences which we in Europe have undergone are likely to be repeated for those who expect America to pursue idealistic ends, unless they become more critically minded towards their government and their financiers.

I wish first of all to say that I regard America

as definitely better, in international affairs, than any other Great Power. The crimes of Versailles were crimes of the Old World, not of the New. America made no secret treaties, and in fact had cut herself off from the possibility of making any by the constitutional powers of the Senate. America alone has stood for the independence and integrity of China. At Washington, America made a sincere attempt to diminish the expense of naval armaments, which might have had even more success but for the secret understanding between France and Japan. America showed, after the war, a complete absence of that hunger for territory which distinguished all the other victors. These are very great moral assets, and they make me, in common with most European radicals, feel that, if any one power is to be supreme in the world, it is fortunate for the world that America should be that one.

Having stated these excellences, I am compelled, nevertheless, to notice certain facts and tendencies which make me less hopeful of the future than many American radicals. If I could bring them to share my fears, my fears would be much diminished, but it is their optimism which I find one of the most disquieting features of the situation.

European radicals, since the war, differ from those of America chiefly in two respects, first, that they are more disillusioned, and secondly, that they are more socialistic. Their disillusionment and their socialism are often connected as cause and They are aware that they were taken in by noble professions, and that their support was used to increase the strength of hypocritical scoundrels. They remember their many friends who were lured to death on the battlefield by the lies and trickery of statesmen who battened on the blood of Europe. From this personal experience, with the backward light which it sheds on history, it is natural to conclude that, except by some rare accident, only knaves can succeed in politics. But this is not the final outcome of reflection on war hypocrisy. The final outcome, so far as I am concerned, is a Spinozistic moral philosophy. To apply moral terms to human beings-to call them knaves or scoundrels or what not—is unscientific, expressing only our own ignorant surprise at what we should have foreseen if we had been a little wiser. "Each thing," says Spinoza, "in so far as it is in itself, endeavors to persevere in its being." (Ethics, III, 6.) It follows that a politician will try to stay in office. One might as well blame the earth

for sticking to its orbit though other parts of the universe would be more agreeable to us.

If men are, by their very nature, egoistic, various conclusions follow. The first is that, where this view is not accepted, men will be driven to hypocrisy by the desire to retain the respect of their fellows. In England and America, where it is still believed that quite a number of people are altruistic, it is safe to say that every public man would lose his political influence if the truth were known about him. Hence politics become surrounded by an atmosphere of deceit and hocus-pocus. Even in the height of party strife, politicians usually refrain from accusing each other of those crimes which are necessary for the agreeableness of the profession, such as dining while important matters are being debated; yet when the public does hear of these things it is shocked, because it has a sentimental and unreal view of its representatives. The public thus makes it almost as difficult for a politician to be an honest man as for a parson. Driven into lying by the ridiculous expectations of his supporters, the unfortunate statesman soon acquires the habit of regarding the world at large as fools whom it is his business to deceive. This is especially the case in democratic countries. It is useless to object to hypocrisy in politics while we continue to hound out all who are not hypocrites.

The second conclusion to be drawn from the natural egoism of man is that when nations act "well," i. e. for the good of the world, that is because their self-interest happens to coincide with the interest of mankind. It is probable that they will themselves believe that they are acting from altruistic motives; but all students of psychoanalysis know what amazing self-deception takes place below the level of consciousness. There is an easy practical test: do these people who believe themselves to be altruistic continue to pursue the interests of the world at large when such interests clash with their own? I am afraid it is only very rarely that experience provides an affirmative answer to this question. If, then, we wish to create a world where people will act "well," we must create a polity in which the interest of the individual man or nation is as often as possible in harmony with the general interest.

This brings me to socialism. The American Commonwealth is built upon the belief—which is shared, apparently, by a great majority among the radicals—that the ideal polity is a combination of political democracy with economic autocracy. The theory of the virtuous despot was rejected, as regards politics, in 1776, and I do not think the men of that day would have accepted it in economics. But now-a-days men are sent to prison for putting

an extract from the Constitution (without comment) on a banner, and carrying it through the streets. In fact, the opinions of the Founders have become as inconvenient in America as the opinions of Christ have been found in all Christian countries since the time of Constantine. When the Standard Oil Company was still young, it was possible to publish such books as Lloyd's Wealth against Commonwealth. But now-a-days the very men who applauded that book when it appeared will expatiate on the virtues of Mr. Rockefeller as displayed in his generous benefactions to universities and research, as a result of which a very large proportion of the intellect of America is directly or indirectly in his pay. The theory that economic despotism is desirable, and that American economic despots would never use their power against the public interest, appears to have been finally established as a result of the White Terror during and after the war. But European radicals believe that economic democracy is as important as democracy in politics. And they do not believe that a country like America, which concentrates enormous financial power in very few hands, can be trusted to act for the good of mankind except when such action furthers the interests of high finance.

I have referred to Spinoza to show that the view which I am advocating is neither cynical nor novel. The view is that men's purposes, in fact, though often without their own knowledge, are egoistic not quite invariably, but so preponderantly that the exceptions do not count in dealing with large numbers, as in politics. The belief that this is not so is the cause of hypocrisy, of moral indignation, and also of the theory that a benevolent despotism is possible. If men, with few and rare exceptions, are egoistic, the only way of securing justice is by democracy, since a despot will almost always seek his own advantage. But if democracy is to be effective, it requires two extensions beyond the present American practice. The first of these I have already touched upon: economic power is now at least as important as political power, owing to the growth of vast industrial organizations; therefore democracy must be extended to economics, which can only be done by socialism. second point is that democracy will not be genuinely established until it is international, which requires some sacrifice of sovereignty on the part of separate states. Until there is international government, strong states can bully weak ones, and will do so whenever it is to their interest. To this rule I see no reason to admit exceptions.

The moral drawn by Americans from the war and its outcome is different. They have concluded that the western hemisphere is virtuous and the eastern hemisphere is wicked. They are hesitating whether to embark upon the government of the eastern hemisphere for its own good, or to leave it to suffer the consequences of its crimes. Owing to their failure to recognize the fundamental part played by economic power in the modern world, they will probably think they are deciding to let the Old World alone, when they will be in fact undertaking to govern it through finance. Whatever they may nominally decide, their desire to in-

vest capital abroad is too strong for them to let us alone, and I should be the last to suggest that we deserve to be let alone. But so long as self-righteousness and an antiquated morality of disapproval govern the American outlook, self-deception will be easy and tyranny inevitable.

In a second article, I propose to give concrete illustrations of the danger that American finance may impose a new tyranny upon the world.

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## An American Transportation System

## II. Merchant Marines

F I in Danbury, Connecticut, want to sell a half car-load of goods to you in San Antonio, Texas, the procedure is simple. I know my factory costs. A railroad tariff in my files tells me the railroad rates. The factory cost and rail rates together make the price I can quote you for goods delivered in San Antonio. I know that this rail rate will not be changed for a considerable period and that it is the same as will be paid by all my competitors on the Atlantic seaboard. That is system.

The cheapest rate and quickest service to San Antonio will be via the water route from New York to Galveston. The New Haven Railroad will carry my goods to New York and there have them trucked to a Southern Pacific or Mallory Line steamer, which will carry them to the Gulf port and there trans-ship to a railroad car for destination. All these operations do not concern me, or cost me anything. I get a through bill-oflading to San Antonio, the railroads assuming the obligation of all transfers and of making undamaged delivery at destination, just as if the shipment had moved through by rail. All this is system. The shipment involves the use of the ocean for a journey of nearly 2,000 miles, but the ocean carrier is used as part of a transportation system.

Observe the very different situation that arises if I in Danbury want to sell and deliver to you in Buenos Aires. No tariff exists whereby I can know the transportation cost to the Argentine. A railroad tariff tells me the cost of delivering to a freight station in New York, but that is all. The ocean rate I must ascertain from a steamship agent in New York. It will probably pay me to engage a forwarder in New York to shop around for the best ocean rates. My estimate of the cost of delivery in Buenos Aires is compiled from that ocean rate quotation, the rail rate and the forwarder's quotation for teaming from freight station to

steamship pier. Usually the forwarder will also present me with a bill for making out Argentinian consular papers, compiling a Shippers Export Declaration for our own government, preparing steamship bills-of-lading, taking out a marine insurance policy for the shipment, and arranging with the New York bank for my draft on a foreign buyer. Even when I receive an ocean rate quotation, I do not know that it is the same as the rate to be quoted next week. It is not improbable that a lower rate is now being quoted to my competitor. All this comes far from representing the works of a transportation system, and this is said with due regard for the necessary differences between domestic and foreign traffic.

We are learning that the paths of export trade cannot be smoothed merely by the provision of a merchant marine. We have spent over a billion dollars for ships and face the prospect of seeing them forced off the seas or into foreign hands. Their one salvation lies in a coordination of them with our land routes into an American Transportation System.

In 1914 we had 2,000,000 gross register tons of ocean-going steamers; Germany had 5,100,000 and England had 18,900,000 tons. A half dozen small nations were about equal with us. In 1921 our tonnage was 13,600,000, England's 19,300,000, Japan's 3,400,000. Other countries were quite out of the running.

Nearly all of our increase was due to construction by the Shipping Board. Except for tank steamers, by far the larger part of our vessels are still in the hands of the Shipping Board. Its declared policy for three years has been to dispose of them to American buyers as rapidly as possible. The policy has been impossible of realization, although the Board has tried to drop its prices as fast as the slump in the value of shipping. Its vessels cost \$150-200 per ton. Ship sales are being made in England today at \$25-35 per ton.