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The War After the War by Isaac Frederick Marcossou

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The War After the War

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THE WAR AFTER THE WAR

[Illustration: Photograph -- (signed) Let freedom win -- D Lloyd George]

*The war
after the war*

By

Isaac F. Marcossou

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Author of "The autobiography of A clown," Etc.*

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To
Lord Northcliffe

in grateful appreciation

FOREWORD

For nearly three years Europe has been drenched with blood and rent with bitter strife. Millions of men have been killed or maimed: billions of dollars in property have gone up in smoke and ruin---all part of the mighty sacrifice laid on the Altar of the Great War.

This tragic tumult must inevitably subside. The smoke of battle will clear: the scarred fields will mantle again with springtime verdure: the fighting hosts will once more find their way to peaceful pursuit. Time the Healer will wipe out the wounds of war.

The world already wearies of the Crimson Canvas splashed with martial scene. Heroism has become the most commonplace of qualities: it takes a monster thrill to move a civilisation sick of destruction. With eager eye it looks forward to the era of regeneration. War ends some time.

Business never ceases. Under the shock of mighty upheaval it has been dislocated by the most drastic strain ever put upon the economic fabric. But it will march on long after Peace will have mercifully sheathed the Sword. Therefore the permanent world problem is the Business problem.

This is why I made two trips to Europe: why I submit this little book in the hope that it may point the way to some realisation of the immense responsibilities which will inevitably crowd upon the world and more especially upon the United States.

Peace will be as great a shock as War. Hence the need of Preparedness to meet the inevitable conflict for Universal Trade. We---as a nation---are as unready for this emergency as we are to meet the clash of actual physical combat. Commercial Preparedness is as vital to the national well being as the Training for Arms.

Nor will Commerce be the only thing that we will have to reckon with. When you have heard the guns roar and watched horizons flame with fury and seen men go to their death smiling and unafraid; when the pitiless panorama of carnage has passed before you in terms of terror and tragedy, you realise that there is something human as well as economic in the relentless Thing called War.

It means that just as there was no compromise with dishonour in the approach to the Super-Struggle for which nations are pouring out their youth and fortune, so will there be no flinching in that coming contest for commercial mastery---the bloodless aftermath of History's deadliest and costliest war.

We have reached a place in the World Trade Sun. Unless we are ready to hold it we will slip into the Shadow.

We must prepare.

I. F. M.

CONTENTS

CHAPTER PAGE

I. *The coming war* 15

II. England awake 40

III. American business in France 71

IV. The new France 98

V. Saving for victory 120

VI. The price of glory 164

VII. The man Lloyd George 210

VIII. FROM PEDLAR TO PREMIER 258

THE WAR AFTER THE WAR

I---*The Coming War*

While the guns roar from the North Sea to the Mediterranean, and the greatest armed host that history has ever known is still locked in a life-and-death struggle on a dozen fronts, another war, more potent and permanent perhaps than the one which now engulfs Europe, lurks beyond the distant horizon of peace.

Its fighting line will be the boundaries of all human needs; its dynamic purpose a heroic rehabilitation after stupendous loss. It will be the far-flung struggle for the rich prize of International Trade, waiting at the end of the Crimson Lane that sooner or later will have a turning.

Embattled commercial groups will supplant embroiled nations; boycotts, discriminations and exclusions will succeed the strategies of line and trench; the animosities fought out to-day with shell and steel will have their heritage in ruthless rivalries.

How shall we fare in this tumult of tariff and treaty? Where shall we stand when the curtain of fire fades before a task of regeneration that will spell economic rebirth or disaster for millions? Will fiscal punishment be meted out to neutral and foe alike? Will reason rule or revenge dictate a costly reprisal in this war after the war?

These are the questions that rise out of the dust and din of the colossal upheaval which is rending half of the world. Directly or indirectly they touch the whole American people, regardless of rank or wealth. The tide of war has rolled us far upon the shores of world affairs. We have prospered in the kinship of the nations. Will the ebb of peace leave us high and dry amid a mighty isolation?

I went to England and France to study this problem at first hand. I interviewed Cabinet Ministers; I talked with lawmakers, soldiers, captains of capital, masters of industry, and plain, everyday business men. Often the talk was disturbed by shriek of shell or bomb of midnight Zeppelin marauder.

Through all the travail of debt and death that rends the allied peoples runs the clear current of determination to retrieve the immense loss. War is waste; some one must pay---we among the rest. Already the guns are being trained for the inevitable commercial battle, which, willingly or unwillingly, will bring us under fire. Let us examine the plan of campaign.

But before going into the concrete details that mean so much to our future and our fortune, it is important to understand some very essential conditions.

First and foremost is the uncertainty of the war itself. All prophecy---at best a dangerous thing---is purest speculation. No one can tell how long the duel will last; how badly the loser will be beaten; what the terms of peace will be. Yet out of these contingencies will emerge the strong hands that will redraw the trade map of the world. Whatever the outcome, the countries now fighting, especially the Allies, have definitely stated the principles that must govern---for a long time, at least---the whole realignment of commercial relations. Their way shall be the universal way.

In the second place, be you Ally or Teuton and regardless of how you may feel about the ethics of the Great Struggle, it must be remembered that behind the glamour as to whether it is waged to conserve human liberty, maintain the integrity of "scraps of paper" or to safeguard democracy, the larger fact remains that it is a war rooted in commercial jealousies and fanned by commercial aggressions.

Now we come to the really vital point, and it is this: When the guns are hushed you will find that national and industrial defence among the warring countries will be one and the same thing. The Allies learned to their cost that the economic advance of Germany was merely part of her one-time resistless military machine. Her trade and her preparedness went conqueringly hand in hand. Henceforth that game will be played by all. England, for instance, will manufacture dyestuffs not only for her textile trades, but because coal-tar products are essential to the making of high explosives.

Thus, Competition, which was once merely part of the natural progress of a country, will hereafter be a large part of the struggle for national existence.

There is still another factor: No matter who wins, peace must mean prosperity for everybody. For the victor it will take the form of an attempted stewardship of trade and navigation; for the vanquished it will be the dedication of a terrible energy to the twin restoration of pride and product.

Now you begin to see why it is up to the United States to make ready for whatever business fate awaits her beyond the uncertain frontiers of to-morrow. Nor have we been without warning of what may be in store for us. Prohibitive tariffs, blacklists and boycotts, embargoes on mail and cargo, the exclusion from England and France of hundreds of our manufactured articles---all show which way the international trade winds may blow when the belligerents begin to take toll of their losses. Meantime, what are the facts?

Take the case of England. Thirty years ago she was the workshop of the world. From the Tyne to the Thames her factories hummed with ceaseless industry. Her goods went wherever her ships steamed, and that meant the globe. Supreme in her insularity---at once her defence and her undoing---she became infected with the virus of content. Her steel was the best steel; her wares led all the rest. "Take it or leave it!" was her selling maxim. When devices came along that saved labour and increased production she refused to scrap the old to make way for the new. Born, too, was the evil of restricted output. Moss began to grow on her vaunted industrial structure. England lagged in the trade procession.

But as she lagged the assimilative German streamed in through her hospitable door. He served his apprenticeship in British mills; took home the secrets and methods of British art and craft. He geared them to cheap labour, harnessed product to masterful distribution, and became a World Power. Before long he had annexed the dye trade; was competing with British steel; was making once-cherished British goods.

What the German did in England he duplicated elsewhere. The world of ideas was his field and, with insatiate hunger, he garnered them in. He cunningly acquired the sources of raw supply, especially the essentials to national defence; for

he overlooked nothing. All was grist to his mills. He pitched his tents upon debatable trade lands. His rivals called it economic penetration, because he invariably took root. For him it was merely good business.

Then England suddenly realised that Germany had left her behind in the race for international commerce. Indifference lay at the root of this backsliding. It was easier and cheaper to buy the German-made product and reship it than to produce the same article at home. Sloth hung like a chain on English energy. What did it matter? No forest of bayonets hemmed her in; she was still Mistress of the Seas.

Meantime Germany dripped with efficiency and ached with expansion. Her amazing teamwork between state and business, stimulated by an interested finance, drove her on to a place in the sun. The shadows seemed far away when the great war crashed into civilisation. Then England woke to the folly of her blindness. The mystery of coal-tar products was shut up in a German laboratory; the secrets of tungsten, necessary to the toughest steel, were imprisoned in a Teutonic mill; and so on down a long list of products vital to industry and defence.

Even those early and tragic reverses of the war did not stir the stolid British bulk. Men fought for a chance to fight; restriction still oppressed factory output. Red tape vied with tradition to block the path of military and industrial preparation.

Then the Lion stirred; the sloth fell away; men and munitions were enlisted; the strong hand was put on labour tyranny; conscription succeeded the haphazard voluntary system. Britain got busy and she has buzzed ever since.

When the kingdom had become a huge arsenal; when the old sex differences vanished under the touchstone of a common peril; when the first khaki host swept to its place in the battle line, and the grey fleets were once more queens of the seas, England turned to the task of commercial rebuilding, once neglected, but thenceforth to be part and parcel of British purpose.

Animating this purpose, stirring it like a vast emotion, was the New Battle Cry of Empire---the kindling Creed of United Dominions, consecrated to the economic mastery of the world.

But this revival was not an overnight performance. If you know England you also know that it takes a colossal jolt to stir the British mind. The war had been in full swing for over a year and the countryside was an armed camp before the realisation of what might happen commercially after the war soaked into the average islander's consciousness.

Under the impassioned eloquence of Lloyd George the munition workers had been marshalled into an inspired working host; with the magic of Kitchener's name, the greatest of all voluntary armies came into being. But it remained for Hughes, of Australia, to point out the fresh path for the feet of the race.

Who is Hughes, of Australia? You need not ask in England, for the story of his advent, the record of his astounding triumph, the thrilling message that he left implanted in the British breast, constitute one of the miracles of a war that is one long succession of dramatic episodes. This Colonial Prime Minister arrived unknown: he left a popular hero.

Thanks to him, Australia was prepared for war; and when the Mother Lioness sent out the world call to her cubs beyond the seas there was swift response from the men of bush and range. The world knows what the Anzacs did in the Dardanelles; how they registered a monster heroism on the rocky heights of Gallipoli; gave a new glory to British arms.

England rang with their achievements. What could she do to pay tribute to their courage? Hughes was their national leader and spokesman; so the Political Powers That Be said:

"Let us invite the Premier to sit in the councils of the empire and advise us about our future trade policy."

Already Hughes had declared trade war on Germany in Australia. Under his leadership every German had been banished from commonwealth business; by a special act of Parliament the complete and well-nigh war-proof Teutonic control of the famous Broken Hill metal fields had been annulled. He stood, therefore, as a living defiance to the renewal of all commercial relations with the Central Powers. But he went further than this: He decreed trade extermination of the enemy--merciless war beyond the war.

With his first speech in England Hughes created a sensation. Before he came commercial feeling against Germany ran high. Hughes crystallised it into a definite cry. He said what eight out of every ten men in the street were thinking. His voice became the Voice of Empire. Up and down England and before cheering crowds he preached the doctrine of trade war to the death on Germany. He denounced the laxness that had permitted the "German taint to run like a cancer through the fair body of English trade"; he urged complete economic independence of the Dominions. His persistent plea was, "We must have the fruits of victory"; and those fruits, he declared, comprised all the trade that Germany had hitherto enjoyed, and as much more as could be lawfully gained.

He urged that the blood brotherhood of empire, quickened by that dramatic S.O.S. call for men across the sea and cemented by the common trench hazard, be followed by a union of empire after the war that should be self-sufficient. Behind all this eloquent talk of protection and prohibition lay the first real menace to America's new place as a world trade power. It was the opening call to arms for the war after the war.

Hughes did more than set England to thinking in imperial terms. He upset most of the calculations of the Powers That Be who invited him. They expected an amiable, able and plastic counsellor; they got an oratorical live wire, who would not be ruled, and who shocked deep-rooted free-trade convictions to the core. He helped to launch a whole new era of thought and action; and the next chapter of its progress was now to be recorded under circumstances pregnant with meaning for the whole universe of trade.

The second winter of war had passed, and with it much of the dark night that enshrouded the Allies' arms. On land and sea rained the first blows of the great assaults that were to make a summer of content for the Entente cause. Its arsenals teemed with shells; its men were fit; victory, however distant, seemed at last assured. The time had come to prepare a new kind of drive--the combined attack upon enemy trade and any other that happened to be in the way.

Thus it came about that on a brilliant sun-lit day last June twoscore men sat round a long table in a stately room of a palace that overlooked the Seine, in Paris. Eminent lawmakers--Hughes, of Australia, among them--were there aplenty; but few practical business men.

On the walls hung the trade maps of the world; spread before them were the red-dotted diagrams that showed the water highways where traffic flowed in happier and serener days. For coming generations of business everywhere it was a fateful meeting because the now famous Economic Conference of the Allies was about to reshape those maps and change the channels of commerce.

All the while, and less than a hundred miles away, Verdun seethed with death; still nearer brewed the storm of the Somme.

These men were assembled to fix the price of all this blood and sacrifice, and they did. In what has come to be known as the Paris Pact they bound themselves together by economic ties and pledged themselves to present a united economic front. They unfurled the banner of aggressive reprisal with the sole object of crushing the one-time business supremacy of their foes.

The chief recommendations were: To meet, by tariff discrimination, boycott or otherwise, any individual or organised trade advance of the Central Powers---already Germany, Austria, Turkey and Bulgaria have reached a commercial understanding; to forego any "favoured-nation" relation with the enemy for an indefinite period; to conserve for themselves, "before all others," their natural resources during the period of reconstruction; to make themselves independent of enemy countries in the raw materials and manufactured products essential to their economic well-being; and to facilitate this exchange by preferential trade among themselves, and by special and state subsidies to shipping, railroads and telegraphs. Another important decree prohibits the enemy from engaging in certain industries and professions, such as dyestuffs, in allied countries when these industries relate to national defence or economic independence.

In short, self-sufficiency became the aim of the whole allied group, to be achieved without the aid or consent of any other nation or group of nations, be they friends or foes.

Here, then, is the strategy that will rule after the war. A huge allied monopoly is projected---a sort of monster militant trust, with cabinets of ministers for directorates, armies and navies as trade scouts, and whole roused citizenships for salesmen.

Throughout this new Bill of World Trade Rights there is scant mention of neutrals---no reference at all to the greatest of non-belligerent nations. Yet the document is packed with interest, fraught even with highest concern, for us. Upon the ability to be translated into offensive and defensive reality will depend a large part of our future international commercial relations.

Is the Paris Pact practical? Will it withstand the logical pressure of business demand and supply when the war is ended? How will it affect American trade?

To try to get the answer I talked with many men in England and France who were intimately concerned. Some had sat in the conference; others had helped to shape its approach; still others were dedicated to its far-spreading purpose. I found an astonishing conflict of opinion. Even those who had attended this most momentous of all economic conferences were sceptical about complete results. Yet no one questioned the intent to smash enemy trade. Will our interests be pinched at the same time?

Regardless of what any European statesman may say to the contrary, one deduction of supreme significance to us arises out of the whole proposition. Summed up, it is this:

Mutual preference by or for the members of either of the great European alliances automatically creates a discrimination against those outside! Whether we face the Teuton or the Allies' group---or both---in the grand economic line-up, we shall have to fight for commercial privileges that once knew no ban.

There are two well-defined beliefs about the practical working out of the pact as a pact. Let us take the objections first. They find expression in a strong body of opinion that the whole procedure is both unhuman and uneconomic---a campaign document, as it were, conceived in the heat and passion of a great war, projected for political effect in cementing the allied lines. In short, it is what business men would call a glorified and stimulated "selling talk," framed to sell good will between the nations that now propose to carry war to shop and mill and mine.

"But," as a celebrated British economist said to me in London, "while all this talk of Economic Alliance sounds well and is serving its purpose, the fact must not be overlooked that, though war ends, business keeps right on. Self-interest will dictate the policy that pays the best." This is a typical comment.

Now we get to the meat of the matter: By the terms of the pact half a dozen important nations---to say nothing of the smaller fry---are bound to a hard-and-fast trade agreement. Business, in brief, is projected in terms of nations.

Go behind this new battle front and you will find that it conflicts with an uncompromising commercial rule. Why? Simply because, so far as business is concerned, nations may propose, but human beings dispose. Individuals, not countries, do business! Being human, these individuals are apt to follow the line of least resistance. Hence, the best-laid plans for imposing international industrial teamwork are likely to founder on those weaknesses of human nature that begin and end in the pocketbook.

After the Franco-Prussian War of 1870-71, and while the Peace of Versailles was being negotiated, commercial travellers of each nation, laden with samples, filled the border villages, ready to dash across the frontier and open accounts. Of course no one dreams that such history will repeat itself after the present war; but there are many persons in England and France to-day who contend that the business needs of peace will be stronger than the costly hang-over of wartime passions.

Trade, after all, is a Colossus that rests with one foot upon Necessity and the other foot upon Convenience.

Will the Allies be such valued commercial helpmates to each other? Perhaps not. When this war is over the fighting countries will be impoverished by years of drain and waste. As a result, they will be poorer customers for each other, but very sharp competitors. International trade is merely an exchange of goods for goods. You cannot sell without buying, and vice versa. No groups of nations can live by taking in each other's washing. They are bound to get outside linen. When peace comes we shall have the lending and purchasing power of the world. Can anybody afford to shut us out?

Again: Can the Allies present a united front or carry on a uniform line of conduct? Will not their interests overlap and cause an inevitable conflict, even when intentions are of the very best?

France, for example, competes with England in chemicals, surgical instruments, high-speed tools, scores of things; Russia's competitors in wheat are not Germany, but Canada, India and Australia; Italy and France are rivals for the same wine markets. Russia for years has kept down the high cost of her living by buying cheap German goods at her front door and having her projects financed by German capital. Will she face bankruptcy by going hundreds---even thousands---of miles out of her way and paying more for products? England for years has made huge profits out of the re-export of Teutonic articles, thanks to the grace of free trade and huge carrying power. Is she likely to forego all this?

In the last analysis Propinquity and the Purse are the Mothers of Trade Alliance.

Finally, will not any organised exclusion of German products, coupled with a definite and organised campaign to throttle German trade the world over, throw the business of the Kaiser's country smack into the lap of the United States? Sober reflection over these possibilities may stay economic reprisal.

On the other hand, there are many ways by which even a near translation of the economic pact into actuality may work hardship---even disaster---to American commercial interests. No matter which way we turn when peace comes we shall face the proverbial millstones in the shape of two great alliances. One is the Allied Group, jealous of our new wealth and world power, bitter with the belief that we have coined gold out of agony; the other is the Teutonic Union, smarting because of our aid to its enemies, stinging under reverses, mad with a desire to recuperate.

Examine our trade relations with warring Europe and you see how hazardous a shift in old-time relations would be. To the fighting peoples and their colonies in normal times we send nearly seventy-eight per cent of our exports, and from them we derive seventy per cent of our exports. The Allies alone, principally England and her colonies, get sixty-three

per cent of these exports and send us fifty-four per cent of all we get from foreign lands.

As the National Foreign-Trade Council of the United States points out: "Any sweeping change of tariff, navigation or financial policy on the part of either group of the Allies, and particularly on the part of the Entente Allies, may seriously affect the domestic prosperity of the United States, in which foreign trade is a vital element."

Why is this foreign trade so vital? Because, during these last two years of world upheaval we have rolled up the immense favourable trade balance of over three billion dollars. In peace time this would be paid for in merchandise. But fighting Europe's industries, with the exception of a part of England's, are mobilised for munitions. Therefore, these goods have been paid for largely in gold.

This gold is now part of our basis of credit. When the war ends Europe will make every effort that ingenuity, backed up by trade resource, can devise to get that gold back. One way is through loans from us; the other is by exports to us. Now you see why we must maintain our foreign commerce.

Our huge gold reserve hides another menace: The war demands for our commodities, paid for with the yellow metal, have increased the cost of production; and it will stay up. This will lead to an unequal competition with the cheap labour markets of Europe when the war is over. Both groups of Allies will be able to undersell us.

Turn to the raw materials and you encounter a further danger in the economic pact. If the Allies develop their own sources, it will cut down our export of cotton, copper and oil. If they cannot develop sufficient sources for self-supply they may, through co-operative buying outside their dominions, satisfy their needs. In the third place, they may stimulate, through tariff or shipping concessions, or by subsidies---which are much talked of in Europe to-day---a preference for their own manufactures over American products in both allied and neutral markets.

Take navigation: England controls an immense shipping. As a matter of fact, outside the three-mile limit, she practically owns the waters of the world. If she makes lower rates for her allies, or others to whom she gives preference, where shall we be in our chronic and unpardonable dependence upon foreign bottoms? Here is where we shall pay the price for neglecting our merchant marine.

Still another menace to our trade lies in preferential alliances between Mother Countries and their colonies, which is part of the projected programme. Our next-door neighbour, Canada, has just given an illuminating instance of what may be in store for us. A Co-operative Export Association has been formed in the Dominion to get business throughout the British Empire and the other allied nations. In the circular announcing its organisation it declares that "the products of Canada will be preferred against the products of her great neutral competitor, the United States, who has stayed outside of the war and has borne no sacrifice of life and money made by the allied countries."

Return to the economic pact again and you find that it continues to bristle with dangerous possibilities for us. You will recall that one of the clauses forbids the resumption of a favoured-nation arrangement with enemy countries for a period "to be fixed by mutual agreement." This may be for an indefinite time.

Now the danger here lies in the European interpretation of the favoured-nation idea. To quote an authority: "Most of these countries have treaties under which each must grant most-favoured-nation treatment to the other; and this means that a reduction in duties granted to one country is automatically extended to all other countries with whom such treaties exist. The result is that the lowest rate in any treaty becomes, with exception, the rate extended to all countries."

We have the favoured-nation relation with many European countries, and herein lies the possible danger: The war automatically annulled all treaties between belligerents. When the day of treaty making comes again shall we suffer for

the sins of friend and foe in the rearrangement of international trade and lose some precious commercial privileges? It is worth thinking about.

II--*England Awake*

Meantime, regardless of how the economic pact works out, England's policy is "Deeds, not Words," as she prepares for the time when normal life and business succeed the strain and frenzy of fighting days.

No man can range up and down the British Isles to-day without catching the thrill of a galvanic awakening, or feeling an imperial heartbeat that proclaims a people roused and alive to what the future holds and means. The kingdom is a mighty crucible out of which will emerge a new England determined to come back to her old industrial authority. It is with England that our commerce must reckon; it is English competition that will grapple with Yankee enterprise wherever the trade winds blow.

There are many reasons why. "For England," as one man has put it, "victory must mean prosperity. However triumphant she may be in arms, her future lies in a preeminence in world industries. Through it she will rise as an empire or sink to a second-rate nation."

In the second place, as all hope of indemnity fades, England realises that she will not only have to pay all her own bills but likewise some of the bills of her allies. Already her millions have been poured into the allied defence; many more must follow.

Hence, the relentless energy of her throbbing mills; the searching appraisal of her resources; the marshalling of all her genius of trade conquest. Dominating all this is the kindling idea of a self-contained empire, linked with the slogan: "Home Patronage of Home Product." The war found her unprepared to fight; she is determined that peace shall see her fit for economic battle.

This is what she is doing and every act has a meaning all its own for us. Take Industry: Forty-eight hundred government-controlled factories, working day and night, are sending out a ceaseless flood of war supplies. The old bars of restricted output are down; the old sex discrimination has faded away. Women are doing men's work, getting men's pay, making themselves useful and necessary cogs in the productive machine. They will neither quit nor lose their cunning when peace comes.

I have watched the inspiring spectacle of some of these factories, have walked through their forest of American-made automatics, heard the hum of American tools as they pounded and drilled and ground the instruments of death. What does it signify? This: that quantity output of shot and shell for war means quantity output of motors and many other products for peace. You may say that quantity output is a matter of temperament and that the British nature cannot be adapted to it; but speeded-up munitions making has proved the contrary. The British workman has learned to his profit that it pays to step lively. High war wages have accustomed him to luxuries he never enjoyed before, and he will not give them up. Unrestricted output has come to stay.

Five years ago the efficiency expert was regarded in England as an intruder and a quack; to use a stop watch on production was high crime and treason. To-day there are thousands of students of business science and factory management. In the spinning district girls in clogs sit alongside their foremen listening to lectures on how to save time and energy in work. Scores of old establishments are being reborn productively. There is the case of a famous chocolate works that before the war rebuffed an instructor in factory reorganisation. Last year it saw the light, hired an American expert, and to-day the output has been increased by twenty-five per cent.

The infant industries, growing out of the needs of war and the desire of self-sufficiency, are resting on the foundations of the new creed. "Speed up!" is the industrial cry, and with it goes a whole new scheme of national industrial education. The British youth will be taught a trade almost with his A-B-C's.

Formerly in England the standardisation of plan and product was almost unknown. For example, no matter how closely ships resembled each other in tonnage, structure or design, a separate drawing was made for each. Now on the Clyde the same specifications serve for twenty vessels. England has gone into the wholesale production; and what is true of ships in the stress of hungry war demand will be true of scores of articles for trade afterward. The old rule-of-thumb traditions that hampered expansion have gone into the discard, along with voluntary military service and the fetish of free trade.

Typical of the new methods is the standardisation of exports, which have increased steadily during the past year. In a room of the Building of the Board of Trade, down in Whitehall, and where the whole trade strategy of the war is worked out, I saw a significant diagram, streaked with purple and red lines, which shows the way it is done. The purple indicated the rosters of the great industries; the red, the number of men recruited from them for military service. No matter how the battle lines yearn for men, the workers in the factories that send goods across the sea are kept at their task. This diagram is the barometer. For exports keep up the rate of exchange and husband gold.

England is creating a whole new line of industrial defence. The manufacture of dyestuffs will illustrate: This process, which originated in England, was permitted to pass to the Germans, who practically got a world monopoly in it. Now England is determined that this and similar dependence must cease.

For dyemaking she has established a systematic co-operation among state, education and trade. In the University of Leeds a department in colour chemistry and dyeing has been established, to make researches and to give special facilities to firms entering the industry, all in the national interest. A huge, subsidised mother concern, known as British Dyes, Limited, has been formed, and it will take the place of the great dye trust of Germany, in which the government was a partner.

This procedure is being repeated in the launching of an optical-glass industry; this trade has also been in Teutonic hands. I could cite many other instances, but these will show the new spirit of British commercial enterprise and protection.

Everywhere nationalisation is the keynote of trade activity. Coal furnishes an instance: The collieries of the kingdom not only stoke the fires of myriad furnaces but drive the ships of a mighty marine. Through her control of coal England has one whip hand over her allies, for many of the French mines are in the occupied districts, and Italy's supply from Germany has stopped. Coal means life in war or peace. Now England proposes a state control of coal similar to that of railroads.

It spells fresh power over the neutral shipping that coals at British ports. If the government controls the coal it will be in a position to stipulate the use that the consumer shall make of it, and require him to call for his return cargo at specified ports. Such supervision in war may mean similar domination in peace---another bulwark for British control of the sea.

Throughout England all trade facilities are being broadened and bettered. The local Chambers of Commerce, whose chief function for years was solemnly to pass resolutions, have stirred out of their slumbers. The Birmingham body has formed a House of Commerce to stimulate and develop the commerce of the capital of the Midlands.

This stimulation at home is accompanied by a programme of trade extension abroad. The Board of Trade has granted a licence to the Latin-American Chamber of Commerce in Great Britain, formed to promote British trade in Central and South America and Mexico. Sections of the chamber are being organised for each of the important trades and industries in the kingdom, and committees named to enter into negotiations with every one of the Latin-American republics, where

offices will be established in all important towns.

The Board of Trade has also learned the lesson of co-operation for foreign trade. As one result, British syndicates, composed of small manufacturers, who share the overhead cost, are forming to open up new markets the world over. These syndicates correspond with the familiar German Cartel, which did so much to plant German products wherever the sun shone.

England, too, has wiped out one other block to her trade expansion: For years many of her consuls were naturalised Germans. Many of them were trustworthy public servants. Others, true to the promptings of birth, diverted trade to their Fatherland. To-day the Consular Service is purged of Teutonic blood. It is one more evidence of the gospel of "England for the English!"

All this new trade expansion cannot be achieved without the real sinew of war, which is capital. Here, too, England is awake to the emergency. Typical of her plan of campaign is the projected British Trade Bank, which will provide facilities for oversea commercial development, and which will not conflict with the work ordinarily done by the joint-stock, colonial and British foreign banks. It will do for British foreign trade what the huge German combinations of capital did so long and so effectively for Teuton commerce. Furthermore, it will make a close corporation of finance and trade, with the government sitting in the board of directors and lending all the aid that imperial support can bestow.

The bank will be capitalised at fifty million dollars. It will not accept deposits subject to call at short notice, which means constant mobilisation of resources; it will open accounts only with those who propose to make use of its oversea machinery; it will specialise in credits for clients abroad, and it will become the centre of syndicate operations. One of its chief purposes, I might add, will be to enable the British manufacturer and exporter to assume profitably the long credits so much desired in foreign trade.

From the confidential report of its organisation let me quote one illuminating paragraph which is full of suggestion for American banking, for it shows the new idea of British preparedness for world business. Here it is:

"Nearly as important as the Board would be the General Staff. It is fair to assume that women will in the future take a considerable share in purely clerical work, and this fact will enable the institution to take fuller advantage of the qualifications of its male staff to push its affairs in every quarter of the globe. Youths should not be engaged without a language qualification, and after a few years' training they should be sent abroad. It could probably be arranged that associated banks abroad would agree to employ at each of their principal branches one of the Institution's clerks, not necessarily to remain there for an indefinite period, but to get a knowledge of the trade and characteristics of the country. Such clerks might in many cases sever their connection with the banks to which they were appointed and start in business on their own account. They would, however, probably look upon the institution as their 'Alma Mater,' Every endeavour should be made to promote *esprit de corps*; and where exceptional ability is developed it should be ungrudgingly rewarded. If industry is to be extended it is essential that British products should be *pushed*; and manufacturers, merchants and bankers must combine to push them. It is believed that this pushing could be assisted by the creation of a body of young business men in the way above described."

The scope and purpose of this British Trade Bank suggest another East India Company with all the possibilities of gold and glory which attended that romantic eighteenth-century enterprise. Perhaps another Clive or a second Hastings is somewhere in the making.

That the British Government proposes to follow the German lead and definitely go into business---thus reversing its tradition of aloofness from financial enterprise---is shown in the new British and Italian Corporation, formed to establish close economic relations between Britain and Italy. It starts a whole era in British banking, for it means the subsidising

of a private undertaking out of national funds.

It embodies a meaning that goes deeper and travels much farther than this. Up to the outbreak of the great war Germany was the banker of Italy. Cities like Milan and Rome were almost completely in the grip of the Teutonic lender, and his country cashed in strong on this surest and hardest of all dominations. This was the one big reason why the Italian declaration of war against Germany was so long delayed. With this new banking corporation England not only supplants the German influence but forges the economic irons that will bind Italy to her.

The capital of the British and Italian Corporation is nominally only five million dollars. The government, however, agrees to contribute during each of the first ten years of its existence the sum of two hundred and fifty thousand dollars. Though imperial stimulation of trade is one of its main objects, this institution is not without its larger political value. As this and many other similar enterprises show, politics and world trade, so far as Great Britain is concerned, will hereafter be closely interwoven.

Throughout all this British organisation runs the increasing purpose of an Empire Self-Contained. Whether that phase of the Paris Pact which calls for development and mobilisation of natural resources sees the light of reality or not, Britain is determined to take no chances for her own. She is scouring and searching the world for new fields and new supplies. She is planning to increase her tea and coffee growing in Ceylon and make cotton plantations of huge tracts in India and Africa. The control of the metal fields of Australia has reverted to her hands; she will get tungsten and oil from Burma. It took the war to make her realise that, with the exception of the United States, Cuba and Hawaii, all the sugar-cane areas of the world are within the imperial confines. They will now become part of the Empire of Self-Supply. Even a partial carrying out of this far-flung plan is bound seriously to affect our whole export business.

You have seen how this self-contained idea may work abroad. Go back to England and you find it forecasting an agricultural revolution that may be one of the after-war miracles.

For many years England has raised about twenty per cent of her wheat supplies. One reason was her dependence on grass instead of arable land; another was the inherent objection of the British farmer to adopt scientific methods of soil cultivation or engage in co-operative marketing. The old way was the best way; he wanted to go "on his own."

The war has opened his eyes, and likewise the eyes and purse of the ultimate consumer. Denmark did some of this awakening. England depended upon her for enormous supplies of bacon, cheese, butter and eggs. When the war broke out and the ring of steel hemmed Germany in, the speculative prices offered by the Fatherland were too much for the little domain. Holland also "let down" her old customer, poured her food into Germany, and fattened on immense profits. Norway and Sweden, which were also important sources of more or less perishable British food supplies, have done the same thing. When peace comes you may be sure that England will have a reckoning.

This scarcity of food, coupled with the incessant sinking of supply ships by enemy submarines, the rigid censorship of imports, and all those other factors that bring about the high cost of war, has made the Englishman sit up and take notice of his agricultural plight.

"We must grow more of our food," is the new determination. To achieve it plans for collective marketing, for intensive farming, for co-operative land-credit banks, are being made. The gentleman farmer will become a working farmer.

England's gospel of self-sufficiency has a significance for us that extends far beyond her growing independence in foodstuffs and raw materials. It is fashioning a weapon aimed straight at the heart of our overseas industrial development.

Most people who read the newspapers know that many articles of American make, ranging from bathtubs to motor cars, have been excluded from England. The reasons for this---which are all logical---are the necessity for cutting down imports to protect the trade balance and keep the gold at home; the need of ship tonnage for food and war supplies; and the campaign to curtail luxury.

Admirable as are these reasons, there is a growing feeling among Americans doing business in England that this wartime prohibition, which is part of the programme of military necessity, is the prelude to a more permanent, if less drastic, exclusion when peace comes.

Habit is strong with Englishmen, and the shrewd insular manufacturer has been quick to see the opportunities for advancement that lie in this closed-door campaign.

"Get the consumer out of the habit of using a certain American product during the war," he argues, "and when the war is over---even before---he will be a good 'prospect' for the English substitute."

Here is a concrete story that will illustrate how the exclusion works and what lies behind:

Last summer a certain well-known American machine, whose gross annual business in Great Britain alone amounts to more than half a million dollars a year, was suddenly denied entrance into the kingdom. When the managing director protested that it was a necessity in hundreds of British ships he was told that it made no difference.

"But what are the reasons for exclusion?" he asked.

"We don't want English money to go out of England," was the reply.

"Then we shall not only bank all our receipts here but will bring over one hundred thousand pounds more," came from the director.

It had no effect.

"Is it tonnage?" was the next query.

"Yes," said the official.

"Then we shall ship machines in our president's yacht," was the ready response.

This staggered the official. After a long discussion the director received permission to bring in what machines were on the way; and, also, he got a date for a second hearing.

Meantime he adapted a type of machine to the needs of a certain department in the Board of Trade, sold two, and got them installed and working before he next appeared before the Trade Censors, who, by the way, knew absolutely nothing at all about the article they were prohibiting. The first question popped to him was:

"Are machines like yours made in England?"

"Yes," replied the director; "but they have never been practical or commercial."

Then he produced the record of the machines he had sold to the government. Each one saved the labour of eight persons and considerable office space. This made a distinct impression and the company got permission to import two hundred tons of their product. But not even an application for more can be filed until the first of next year. Only the dire necessity for this article, coupled with the fact that it is without British competition, got it over.

I cite this incident to show what many Americans in England believe to be one of the real reasons behind the prohibition, which, summed up, is simply this: England is trying to keep out everything that competes with anything that is made in England or that can be made in England!

For some time after the war began our motor cars went in free. Then followed an ad-valorem duty of thirty-three and a third per cent. Despite this handicap, agents were able to sell American machines, which were both popular and serviceable. The tariff was imposed ostensibly to cut down imports, but mainly to please the British motor manufacturers, who claimed that the surrender of their factories to the government for making munitions left the automobile market at the mercy of the American product, which meant loss of goodwill.

Subsequently a complete embargo was placed on the entry of American pleasure cars and the business practically came to a standstill. What is the result? Let the agent of a well-known popular-priced American car tell his story.

"Before the war and up to the time of the embargo," he said, "I was selling a good many American automobiles. With the embargo on cars also came a prohibition of spare parts. It was absolutely impossible to get any into the country. Many of my customers wanted replacements, and, when I could not furnish them, they abandoned the cars I sold them and bought English-made machines whose parts could be replaced."

All through the motor business in England I found a strong disposition on the part of the British manufacturer and dealer to create a market for his own car as soon as the war is over. Some even talked of a large output of low-priced machines to meet the competition of the familiar car that put the automobile joke on the map. The only American comeback to this growing prejudice is to build factories or assembling plants within the British Isles. This will save excessive freight rates, keep down the costly-tariff "overhead," and get the benefit of all the goodwill accruing from the employment of British labour.

A by-product of British exclusion is the inauguration of a Made-in-England campaign. Buy a hat in Regent Street or Oxford Street and you see stamped on the inside band the words, "British Manufacture." This English crusade is more likely to succeed than our Made-in-U.S.A. attempt, for the simple reason that the government is squarely behind it.

This same spirit dominates newspaper publicity. You find a British fountain pen glowingly proclaimed in a big display advertisement, illustrated with the picture of men trundling boxes of gold down to a waiting steamer. Alongside are these words:

"The man who buys a foreign-made fountain pen is paying away gold, even if the money he hands across the counter is a Treasury note. The British shop may get the paper; the foreign manufacturer gets gold for all the pens he sends over here. What is the sense of carrying an empty sovereign-purse in one pocket if you put a foreign-made fountain pen in another?"

Behind all this British exclusion is an old prejudice against our wares. There has never been any secret about it. I found a large body of opinion headed by brilliant men who have bidden farewell to the Hands-Across-the-Sea sentiment; who have little faith in the theory that blood is thicker than water when it comes to a keen commercial clash.

What of the human element behind the whole British awakening? Will organised labour, an ancient sore on the British body, rise up and complicate these well-laid schemes for economic expansion? As with the question of practicability of the Paris Pact, there is a wide difference of opinion.

On one hand, you find the air full of the menace of post-war unemployment and the problem of replacing the woman worker by the man who went away to fight. To offset this, however, there will be the undoubted scarcity of male help due to battle or disease, and the inevitable emigration of the soldier, desirous of a free and open life, to the Colonies.

On the other hand, there is the conviction that unrestricted output, having registered its golden returns, will be the rule, not the exception, among the English artisans. England's frenzied desire for economic authority proclaims a job for everybody.

I asked a member of the British Cabinet, a man perhaps better qualified than any other in England to speak on this subject, to sum up the whole after-war labour situation, as he saw it, and his epigrammatic reply was:

"After the war capital will be ungrudging in its remuneration to labour; and labour, in turn, must be ungrudging in its output."

No one doubts that after the war the British worker will have his full share of profits. As one large manufacturer told me: "We have so gotten into the habit of turning our profits over to the government that it will be easy to divide with our employees." Here may be the panacea for the whole English labour ill.

But, whatever may be the readjustment of this labour problem, one thing is certain: Peace will find a disciplined England. The five million men, trained to military service, will dominate the new English life; and this means that it will be orderly and productive.

With this discipline will come a democracy---social and industrial---such as England has never known. The comradeship between peer and valet, master and man, born of common danger under fire, will find renewal, in part at least, when they go back to their respective tasks. This wiping out of caste in shop, mill and counting room will likewise remove one of the old barriers to the larger prosperity.

England wants the closest trade relations with her Dominions. But will the Colonies accept the idea of a fiscal union of empire, which practically means intercolonial free trade? Or will they want to protect their own industries, even against the Mother Country? Like the French, they are willing to risk life and limb for a cause, but they likewise want to guard jealously their purse and products. They have not forgotten the click when Churchill locked the home door against them.

This leads to the question that is agitating all England: Will peace bring tariff reform? Both English and American economic destiny will be affected by the decision, whatever it may be.

Canvass England and you encounter a widespread movement that means, as the advocates see it, a broadening of the home market; security for the infant "key" industries; a safeguard for British labour---in short, the end of the old inequality of a Free England against a Protected Germany.

Protection in England, hitched to a world-wide freeze-out business campaign against Germany, would doubtless divert a whole new international discount business to New York. German exporters under these circumstances might refuse payments from their other customers on London, demanding bills on New York instead. To hold this business, however, we should need direct banking and cable connections with all the grand divisions of trade, adequate sea-carrying power, dollar credits, and a government friendly to business.

Then, there is the middle English ground which demands a "tariff for revenue only," and subsidy---not protection---for the new industries.

Combating all this is the dyed-in-the-bone free trader, who points to the fact that free trade made England the richest of the Allies and gave her control of the sea. "How can a nation that is one huge seaport, and which lives by foreign trade, ever be a protectionist?" he asks.

If he has his way we shall have to struggle harder for our share of universal business. More than this, it will block what is likely to be one of Germany's schemes for rehabilitation. Here is the possible procedure:

Germany's financial position after the war will be badly strained. She can be saved only by an effective export policy. To do this she must seek all possible neutral markets; and to get them quickly she will offer broad---even extravagant---reciprocity programmes. They may conflict with the proposed Franco-British programmes of protection and embargo against neutral trade interests.

But if the Franco-British programme leaves the allied markets for goods and money open, as before the war, the German reciprocity scheme will fail of its effect by the sheer force of natural competition. Hence England can throttle the re-establishment of German credit by a free and liberal trade policy, open to all the world. Though poor, after the war she can actually be stronger, in view of her great army and navy, her new individual efficiency, and renewed commercial vitality.

Will all this keep Germany out? There are many people, even in England, who think not. Already Germans by the thousands are becoming naturalised citizens of Holland, Spain, Switzerland and Denmark; building factories there and shipping the product into the enemy strongholds, stamped with neutral names. Much of the "Swiss" chocolate you buy in Paris was made by Teutonic hands.

A French manufacturer who bought a grinding machine in Zurich the other day thought it looked familiar; and when he compared it with a picture in a German catalogue he found it was the identical article, made in Germany, which had been offered to him by a Frankfort firm six months before the war began. Only certificates of origin will bar out the German product.

Amid the hatred that the war has engendered, England wonders at the price she will pay for German exclusion. Men like Sir John Simon solemnly assert in Parliament: "In proportion as we divert German trade after the war we throw the trade of the Central European Powers more and more into the hands of America, with the result that, unhappily, if we became involved in another European war we should not be able to count on the friendly neutrality which America has shown in this war." Others inquire: "What of the future trade of India, the great part of whose cotton crop before the war went to Central Europe?"

Sober-minded and farseeing men, in England and elsewhere, believe that, despite the ravage of her men and trade, Germany will come back commercially.

"You must not forget," said one of them, "that, no matter how badly she is beaten, Germany will still be a going business concern. She will have an immense plant; her genius of efficiency and organisation cannot be killed. Through her magnificent industrial education system she has trained millions of boys to take the vacant stools and stands in shop and mill. England and France have no such reserves. Besides, if we pauperise Germany, no one---not even Belgium---will get a pound of indemnity."

You have now seen the moving picture of half a world in process of significant change, wrought by clash of arms, and facing a complete economic readjustment with peace. Whether the Paris Pact is practical or visionary, no matter if England is free trade or protectionist, regardless of Germany's ability to find herself industrially at once, one thing we do know---the end of the war will find the Empire of World Trade molten and in the remaking.

Fresh paths must be shaped; the race will be to the best-prepared. Whatever our position, be it neutral or belligerent---and no man can tell which now---we shall face a supreme test of our resource and our readiness. What can we do to meet this crisis, which will mean continued prosperity or costly reaction?

Many things; but they must be done now, when immunity from actual conflict gives us a merciful leeway. More than ever before, we shall face united business fronts. Therefore, co-operation among competitors is necessary to a successful foreign trade.

Since the coming trade war will rage round tariffs, it will be well to heed the resolution recently adopted by the National Foreign-Trade Council: "That the American tariff system, whatever be its underlying principle, shall possess adequate resources for the encouragement of the foreign trade of the United States by commercial treaties or agreements, or executive concessions within defined limits, and for its protection from undue discrimination in the markets of the world." In short, we must have a flexible and bargaining tariff.

We must train our men for foreign-trade fields; they must know alien languages as well as needs; we must perfect processes of packing that will deliver goods intact. With these goods, we must sell goodwill through service and contact. Secondhand-business getting will have no place in the new rivalry.

Our money, too, must go adventuring, and courage must combine with capital. Our dawning international banking system, which first saw the light in South America, needs world-wide expansion. Dollar credit will be a world necessity if we capitalise the opportunity that peace may bring us. No financial aid should be so welcome as ours, because it is nonpolitical.

This trade machinery will be inadequate if we have no merchant marine. Chronic failure to heed the warning for a national shipping will make our dependence upon foreign holds both acute and costly.

Our trade needs more than a government professedly friendly to business. It requires a definite co-operation with business. An advisory board of practical men of commercial affairs would be of more constructive benefit to the country than all the lawmakers combined.

Here, then, is the protection against organised European economic aggression, the armour for the inevitable trade conflict. Unless we gird it on, we shall be onlookers instead of participants.

III---*American Business in France*

Two Americans met by chance one day last summer at a little table in front of the Cafe de la Paix in Paris. One had arrived only a month before; the other was an old resident in France. After the fashion of their kind they became acquainted and began to talk. Before them passed a picturesque parade, brilliant with the uniforms of half a dozen nations, and streaked with the symbols of mourning that attested to the ravage of war.

"There is something wrong with these Frenchmen," said the first American.

"How is that?" asked his companion.

"It's like this," was the reply. "I have sold goods from the Atlantic to the Pacific, and yet I can get nowhere over here. I give these fellows the swiftest line of selling talk in the world and it makes no impression."

"How well do you speak French?" queried his new-found acquaintance.

"Not at all."

"Have you studied the ways and needs of the Frenchman?"

"Of course not. I've got something they want and they ought to take it."

The man who had long lived in France was silent for a moment. Then he said:

"The fault is not with the Frenchman, my friend. Think it over." He did, and with reflection he changed his method. He put a curb on strenuosity; started to study the French temperament; he began to see why he had not succeeded.

This incident illumines one of the strangest and most inconsistent situations in our foreign trade. By a curious irony we have failed to realise our commercial destiny in the one Allied Nation where real respect and affection for us remain. France---a sister Republic---is bound to us by sentimental ties and the kinship of a common struggle for liberty. Her people are warm-hearted and generous and *want* to do business with us.

Yet, as long and costly experience shows, we have almost gone out of our way to clash with their customs and misunderstand their motives. In short, we have neglected a great opportunity to develop a permanent and worth-while export business with them. It was bad enough before the war. Events since the outbreak of the monster conflict have emphasised it more keenly.

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Why have Americans failed so signally in France? There are many reasons. First of all, their whole system of selling has been wrong.

For years many of our manufacturers were represented in Paris and elsewhere in France by German agents, who also represented producers in their own country. The energetic Teuton did not hesitate to install an American machine or a line of American goods. But what happened? When the machine part wore out or the stock of goods was exhausted, there was seldom any American product on hand to meet the swift and sometime impatient demand for replacement or renewal. By a strange "coincidence" there was always an abundant supply of German material available. The German salesman always saw to that. Necessity knows no nationality. The result invariably was that German output supplanted the American. The Frenchman did not want to be caught the second time.

This prompt renewal created an immense goodwill for German goods. Right here is one of the first big lessons for the American exporter to learn, no matter what country he expects to sell in. It lies in keeping goods "on the shelf," and being able to meet emergency demand.

The Frenchman in trade is a sort of Missourian. He must be "shown." He shies at samples; distrusts drawings. He likes to go into a warehouse and look over stocks; it gives him satisfaction to pick and choose. He is the most fastidious buyer in the world and he likes to do things his own way. Any attempt to ram foreign methods---either in buying or selling---down his sensitive throat is bound to react.

Here is a case in point: The General Representative in France of a large American manufacturing concern decided to engage some French salesmen. He was a shark on business system; he fairly oozed with "scientific salesmanship"; he decided to gird his Gallic emissaries with the most improved American selling methods. So he prepared an elaborate "What I did" schedule for them. Into it was to be written every evening the complete record of the business day.

When he handed one of these blanks to his leading French salesman, that gentleman shrugged his shoulders and said:

"It eez imposseeble."

When the American became insistent all the French salesmen resigned in a body. This objection was purely temperamental. If there is one thing above all others that puts a Frenchman into panic it is publicity of his personal affairs. He believes that the greatest crime in the world is to be found out, whether in business or in love. There was nothing perhaps to hide in a biography of his daily work, but it was the wrong tack to take.

In the same way militant and masterful salesmanship also fails. A man may be a crack seller in Kansas City, Denver, and all points West, but he finds to his sorrow that his dynamic process goes straight over the head of a Frenchman. He refuses to be driven; he wants time for mature reflection and an opportunity to talk the thing over with his wife.

This irritating attempt to force uncongenial methods on French buyers is duplicated in a corresponding lack of plain everyday intelligence in meeting the simplest French requirements.

Indeed, the omissions of Americans are wellnigh incredible. Take the matter of postage to France. The head of a great French concern made this statement to me in sober earnestness: "Won't you be good enough to beg American manufacturers to put their office boys through a course of instruction in postal rates between Europe and the United States?"

When I asked him the reason he said: "We sometimes get twenty letters from America in one mail and each comes under a two cent stamp. This has been going on for years despite our repeated protest about it. Some months my firm was required to pay from ten to fifteen dollars in excess postage."

Now the amount of money involved in this transaction is the slightest feature: it is the chronic laxity and carelessness of the American business man that gets on the Frenchman's nerve.

Here is another case in point: A well known French firm has been writing weekly letters for the past eighteen months to a New England factory trying to persuade the Manager to mark his export cases with a stencil plate and in ink rather than with a heavy lead pencil, as the latter marking is almost obliterated by the time the shipment arrives at Havre. In fact, this French firm went to the extent of sending a stencil and brush to New England to be used in marking the firm's cases. But the old pencil habit is too strong and a weekly hunt has to be instituted on the French docks for odd cases containing valuable consignments of machine tools. Vexatious delays result. It is just one more nail that the heedless American manufacturer drives into the coffin of his French business.

These incidents and many more that I could cite, are merely the approach, however, to a succession of mistakes that make you wonder if so-called Yankee enterprise gets stage fright or "cold feet" as soon as it comes in contact with French commercial possibilities. Let me now tell the prize story of neglected trade opportunity.

Last spring the American Commercial Attache in Paris made a speech at a dinner in Philadelphia. He painted such a glowing picture of trade prospects in France that the head of one of the greatest hardware concerns in America, who happened to be present, came to him afterwards with enthusiasm and said: "We want to get some of that foreign business

you talked about and we will do everything in our power to land it. Help us if you can."

The Attache promised that he would and returned to his post in Paris. He studied the hardware situation and found a tremendous need for our goods. He was about to make a report to the hardware manufacturer when an alert upstanding young American breezed into his office and said:

"I have been looking into the hardware situation here and I find that there is a big chance for us. In fact, I have already booked some fat orders. Will you put me in touch with the right people in America to handle the business?"

"Certainly," replied the Attache. "I know just the firm you are looking for." He recalled the enthusiastic remarks of the man who came to him after the Philadelphia speech, so he said: "Write to the Blank Hardware Company in ----, and I am sure you will get quick action."

"No," said the enterprising young American, "I will cable." He immediately got off a long wire telling what orders he had and giving gilt edge banking references.

Quite naturally he expected a cable reply, but he was too optimistic. Day after day passed amid a great silence from America. At the end of two weeks he received a *letter* from the Export Manager of the firm who said, among other things: "We are not prepared to quote any prices for the French trade now. We have decided to wait with any extension of our foreign business until after the war. Meanwhile you might call on our agent in Paris who may be able to do something for you."

The young American dashed up to the agent's warehouse. The agent was an old man becalmed in a sea of empty space. All his young men were off at the front; a few grey beards aided by some women comprised his working staff.

"I have no American hardware in stock," he said, "but I may be able to get you some English or Swiss goods." This did not appeal to the young American. He is now making a study of Russian finance.

Full brother to this episode is the experience of another American in Paris who found out that there was great need among French women for curling irons. Despite war, sacrifice and sudden death, the French woman is determined to look her best. Besides, she is earning more money than ever before and buying more luxuries. Knowing these facts, the Yankee sent the following cable to a well known concern in the Middle West:

"Rush fifty thousand dollars' worth of curling irons. Cable acceptance." He also cabled his financial references which would have started a bank.

He, too, was doomed to disappointment. After a fortnight came the usual letter from America containing the now familiar phrase: "See Blank Blank, our Paris representative. He may be able to take care of you."

Manfully he went to see Monsieur Blank Blank, who not only had no curling irons but refused to display the slightest interest in them.

Still another American took an order for some kid skins, intended for the manufacture of fine shoe uppers. By the terms of the agreement they were to be three feet in width. The money for them amounting to \$30,000 was deposited in a New York bank before shipment.

When the skins reached Paris they were found to be heavy, coarse leather and measuring five feet in width. They were absolutely useless for the desired purpose. The average French buyer, however, is not a welcher. He accepted the

undesirable stuff, but with a comment in French that, translated into the frankest American, means, "Never again!"

All this oversight is aided and abetted by a twin evil, a lack of knowledge of the French language. Here you touch one of the chief obstacles in the way of our foreign business expansion everywhere. It has put the American salesman at the mercy of the interpreter, and since most interpreters are crooks, you can readily see the handicap under which the helpless commercial scout labours. A concrete episode will show what it costs:

A certain American firm, desirous of establishing a more or less permanent connection in France, sent over one of its principal officers. This man could not speak a word of French, so he secured the services of a so-called "interpreter guide." It was proposed to select a representative for the company from among a number of firms in a certain large French seaport. The firm chosen was to receive and pay for consignments through a local bank and act generally for the American company.

Friend "interpreter guide" said he knew all the big business houses in the city, so he selected a firm which the American accepted without making the slightest investigation. A bank agreed to take care of the shipments and the whole transaction was quickly concluded. The American grabbed the papers in the case (and I might add without the formality of having them examined by a third party) and left France immensely impressed with the ease and swiftness with which business could be transacted with that country.

But there was an unexpected and unfortunate sequel to this performance. A few months later another officer of this American company came post-haste to France to straighten out an ugly tangle. It developed that the French firm chosen by the "interpreter guide" was not of the highest standing: that the interpreter, for reasons and profits best known to himself, had entirely misrepresented the conversation, that instead of paying four per cent for services, the American firm was really paying about ten. The whole transaction had to be called off and a new one instituted at considerable expense of time and money.

Another American came to Paris without knowing the language, used an interpreter every day for nine weeks, and was unable to place a single order. Yet in this time he spent enough money on his language intermediary to pay the rent of a suitable office in Paris for a whole year.

The dependence of Americans with important interests or commissions upon interpreters is well nigh incredible. On the steamer that took me to France last summer was the new Continental Manager of a large American manufacturing company. I assumed, of course, that he could speak French. A few days after I arrived in Paris I met him in the Boulevard des Italiens in the grip of a five franc a day interpreter. He told me with great enthusiasm that an interpreter was "the greatest institution in the world." In six months he will probably reverse his opinion.

The lesson of this lack of knowledge of French as applied to salesmanship is this: That while the average Frenchman is greatly flattered when you tell him that his English is good, he prefers to talk business in his own vernacular. He thinks and calculates better in French. Frequently when you engage him in conversation in English and the question of business comes up, you find that he instinctively lapses into his mother tongue.

I was talking one day with Monsieur Ribot, the French Minister of Finance, whose English is almost above reproach, and who maintained the integrity of his English through a long conversation. But the moment I asked him a question about the proposed bond issue, he shifted into French and kept that key until every financial rock had been passed.

In short, you find that if you want to do business in France, you must know the French language. It is one of the keys to an understanding of the French temperament.

Even when Americans do become energetic in France, they sometimes fail to fortify themselves with important facts before entering into hard and fast transactions. As usual, they pay dearly for such omissions. This brings us to what might be called The Great American Deluge which overwhelmed not a few Yankee pocketbooks and left their owners sadder and saner.

Fully to understand this series of events, you must know that since the beginning of the war the question of an adequate French coal supply has been acute. Indeed, for a while the country faced a real crisis. Many of her mines are in the hands of the Germans and she was forced to turn to England for help. Not only has the English price risen, but to it must be added the high cost of transportation, the heavy war risk, and all those other details that enter into such negotiations.

France had to have coal and various enterprising Americans got on the job. At least, they thought they were enterprising. Before they got through, they wished that they had not been so headlong as the following tale, now to be unfolded, will indicate.

A group of New York men made a contract to deliver three shiploads of coal at Bordeaux at a certain price. *After* they had signed the contract, freight rates from Baltimore to the French port almost doubled. This was the first of their troubles. When their vessel finally reached Bordeaux, the dock was so crowded with ships unloading war munitions that they could not get pier space. In France demurrage begins the moment a ship stops outside of port. The net result was that these vessels were held up for nearly two weeks and the high price of transportation coupled with the very large demurrage practically wiped out all the profits.

Another group of Americans made a contract to deliver coal to a French railway "subject to call." Without taking the trouble to inquire just what "subject to call" meant in France, they signed and sealed the bargain. Then they discovered that the railroad wanted the coal delivered in irregular instalments. Meanwhile the consignors had to store the coal in French yards where space to-day is almost as valuable as a corner lot on Broadway. They were glad to pay a cash bonus and escape with their skin.

Still another group made a contract with the Paris Gas Company for a large quantity of coal. They discovered later that the company expected the coal to be delivered to their bins in Paris.

"But the American plan is to sell coal f.o.b. Norfolk," said the spokesman.

"We are sorry," replied the Frenchmen, "but the coal must be delivered to us in Paris. The English have been doing it for forty years, and if you expect to do business with us you must do likewise."

When the Americans demurred the company held them to their contract.

This last episode shows one of the great defects in the American system of doing business abroad. We insist upon the f.o.b. arrangement, that is, the price at the American point of shipment. The foreigner, and especially the Frenchman, wants a c.i.f. price which includes cost, insurance and freight and which puts the article down at his door. The German and English shippers, and particularly the former, have made this kind of shipment part of their export creed, and it is one reason why they have succeeded so wonderfully in the foreign field.

The Great American Coal Deluge also precipitated a flood of miserable titled ladies all selling coal for "well known American companies." Most of them were clever American women, married, or thinking they were married, to Italian or French noblemen. Their chief effort was to get a cash advance payment to bind the contract. Such details as price, transportation, credit, and other essentials were unimportant.

Here is a little story which shows how these women did business and undid American good will.

One day last August, the telephone rang in the office of the General Manager of a long established American concern in Paris. A woman was at the other end.

"Is this Mr. Blank?"

"Yes."

"I am Countess A. and I have a letter of introduction for you."

"Yes."

"I represent several large American coal companies and have secured a large order for Italy."

"Yes."

"Can you tell me how I can get the coal to Italy?"

"Yes."

"Splendid! But how?"

"By boats."

"Oh, yes, I know, but have you got the boats and can I get them? I have the order, you see, and that is the main thing."

"But, madam," asked the man, "have you cabled your company in America about the contract?"

"No," answered the woman. "What's the use of doing that. I have no money to spend on cables. Besides, I have full power to act. The price is all right and the buyers are ready to sign but they want to put into the agreement some silly business about delivery and I am asking you to help me get the boats."

"Come and see me," said the Manager.

The woman promised to call the next morning, but she never came. Just what she had in mind the Manager could never quite tell. But one thing was proved in this and similar activities: The "Countess" and most of her sisters who have been trying to put over coal and other contracts in Paris, have little or no real authorisation for their performances, and the principal result has been to prejudice French and Italian buyers against us.

In seeking to make French contracts, some of these adventurers (and they include both sexes) make the most extravagant claims. One group circulated a really startling prospectus. At the top was the imposing name of the corporation with a long list of branches in every part of the world. Then followed a list of names of individuals and firms with their assets supposed to be part and parcel of the corporation. One man whose name I had never heard before and who was set down as a Pittsburgher, was accredited with assets of \$250,000,000. Under other individual and firm resources ranged from one to twenty-five million. The list included the name of a great American retail merchant, without his consent I might add, but the promoters had cunningly misspelled his name, which kept them within the pale of the law. The total assets of these "concerns personally responsible for all orders entrusted" was precisely \$340,000,000. In spite of this dazzling

array of misinformation, let it be said to the credit of the French buyer that he failed to fall for the glittering bait.

The more you go into the reasons why so many of our business men have failed in France, the more you find out that plain everyday business organisation seems to be conspicuously absent. Take, for example, the question of credit. The average American doing business in France proceeds in the assumption that every Frenchman is dishonest. This being his theory, he either exacts cash in advance or sells "cash against documents." Such a procedure galls the Frenchman who is accustomed to long credit from English, German, Swiss and Spanish manufacturers and merchants.

Of course, behind all these American errors in judgment and tact is a lack of organised credit information. To illustrate:

When I was in London, the English Managing Director of one of the greatest of Wall Street Banks received an inquiry from his home office for information about the Compagnie Generale Transatlantique (the French Line). The amazing thing was that this bank, that prides itself on its world-wide information, had no data regarding the leading steamship line between England and France. You may be sure that the Credit Lyonnais or any other French banking institution has a complete record of the American Line.

Not long ago, one of the largest banks in Chicago refused to extend credit to a French concern, although the French Government backed up the purchase. This concern had occasionally done business with a New York Trust Company in the Rue de la Paix, whose French Manager was a live, virile, far-seeing young American. The President of the French Company laid his case before him. Quick as a flash he said:

"All right! If they won't guarantee it, I will, and on my own responsibility."

Whereupon he put the deal through. It was the kind of swift, dramatic performance that appeals to the Frenchman. The net result was that the service has come back a hundredfold to the Trust Company.

The idea prevailing in America that French firms are not worthy of credit is a matter of great surprise all over Europe. Here is the way an Englishman whose firm has done business in France for fifty years, sized up the situation:

"There are no better contracts in the world than those entered into in France. Americans who have had little experience in such matters may find the negotiations leading up to the signing of a French contract somewhat tedious, but we do not mind this and one is so completely protected by the laws of the country, that losses are almost unknown.

"Not long ago we had a case in point. A purchaser of lathes who had already made an advance payment, received his machines and then by various excuses put off the final payments for the remainder from week to week. We waited four weeks and then made our complaint to the judge at the tribunal. Two days later the judge ordered the delinquent firm to pay up in full and we received our money the very same day. How long do you think a New York court would have taken to decide a simple question of business of this kind? The fact is that in spite of the war, French credit remains to-day as good as any you can find."

On top of their resentment over our lack of confidence in their credit is the added feeling which has cropped up since the beginning of the war over the way American manufacturers have ignored many of their French contracts. A French manufacturer summed it up in this way:

"There is no doubt that some American manufacturers who had signed contracts for the delivery of machinery in France, deliberately sold these machines at home at higher prices. It has created a very bad impression and I am afraid that henceforth your salesmen will find it much harder to operate in my country.

"The trouble is that Americans have been spoiled by too many orders. Before the war they were all crying out for business. Now that they have everything their own way, they have become independent and arrogant. With the ending of the war, all this will change, for the French are not likely to forget some of the bitter lessons they have learned. Henceforth they will profit by them."

One reason for our laxity all up and down the French business line is that the American has never taken the French export business any too seriously. On the other hand, stern necessity has been the driving force behind the English and German manufacturer. The American, too, has made the great mistake of assuming that the foreigner, and especially the Frenchman, is not always serious-minded and to be depended upon. If he wants his mind disabused in this matter, let me suggest that he see him at war. He will realise that the superb spirit of aggression and organisation that mark him now is bound to last when peace comes.

You must not get the impression from this long list of American business calamity that all our endeavour has failed in France. Those few great American corporations who have planted the flag of our commercial enterprise wherever the trade winds blow, have long and successfully held up their end throughout the Republic. So, too, with some individuals. The story of what one New Yorker did is an inspiring and perhaps helpful lesson in the right way to do business in France.

This man is resolute and resourceful: he speaks French fluently and he was familiar with the foreign trade field. With the outbreak of war he did not lose his head and try to get business indiscriminately. Instead, he made a careful survey of the field; he did not listen to the optimist who said it would be a short war: his instinct told him, on the contrary, that it would be a long one. "What will France need more than anything else?" he asked himself.

He realised that most of all France would need machine tools. He got the cables busy assembling goods, and by every known route he brought them to France. When he had a warehouse full of material, he began to sell. He not only had what the French were hungering for, but he had them to deliver overnight. While his colleagues were frantically trying to get their stuff in, he was getting all the business. The French like the man who makes good.

This man met their expectations and to-day he stands at the top of the selling heap.

More than this, he is building a factory on the outskirts of Paris where he will make and assemble his product. Ask him the reason why he is doing this, and he will tell you:

"First, it means good will; second, we will get the benefit of native and cheap labour; third, we will be able to replace parts at once; and, fourth, we will get inside the wall of the Economic Alliance."

IV---*The New France*

No matter how we heed the example of the few progressive Americans who have successfully planted their business interests in France, we will face a new handicap when the war ends. As in England, we will be bang up against an industrial awakening that will mark an epoch. Coupled with this revival will be an efficiency born of the war needs that will act as a tremendous speeder-up.

In France this galvanised industrial life will be stimulated by a brilliant imagination wholly lacking in the English temperament. It will go a long way toward opening up fresh fields of labour and distribution.

Self-sufficiency will be the keynote. The automobile is a striking instance. We had established a very promising motor market (and especially with moderate-and low-priced cars) among the French. When the Government assumed control

of the French automobile factories and changed their output to war munitions, the two great automobile syndicates protested that the cutting off of the French motor supply would mean an immense loss of good will. First came a 70 per cent duty on practically all American cars and this was followed up by an almost complete restriction of all American cars.

This prohibition will have the same effect as the English exclusion in that it will stimulate the demand for the native French cars. Here we get to one of the striking phases of the new industrial development of immense concern to us. France has her eye on quantity output. Many signs point to it.

When the war broke out, a certain young French engineer saw great opportunity in shell making. He was immuned from military service, he had a little capital of his own, and with Government aid he set to work. Within four months he had built an enormous plant on the banks of the Seine almost within the shadow of the Eiffel Tower. In six months he had enlarged his capacity so that he was producing 15,000 shells a day. Last summer he sent for the agent of a large American machinery company: "I am going to make automobiles in series after the war." "In series" is the French way of expressing quantity output.

"All right," said the American. "What can I do for you?"

"Simply this," said the Frenchman. "I wish to order sufficient automatics to meet the demand when peace comes."

This is the spirit of the awakened French industry. I know of half a dozen automobile and other producing establishments who are making plans to manufacture popular-priced cars when the war is over. This output will not only affect the sale of American cars in France, but will also interfere with the market for our cheap machines in South America. Already France is making every effort to increase her Latin-American trade. She has immense sums of money invested in Brazil and she will follow up this advantage keenly.

It is important for us to remember that France like England will have a well oiled productive machine after the war. It will not only be better but bigger than ever before. The German ill wind that devastated the northern section will blow good in the end. Hundreds of factories operated by hand labour before the war will now be equipped with American labour-saving machinery. The products of these machines operated by cheap labour will be in competition with our own commodities manufactured by more expensive labour in many of the markets of the world.

Formerly the French artisan could produce an article almost from raw material to finished product: now he has learned to stand at an automatic and labour at a single part. In short, he is becoming a specialist which makes him a cog in the machine of quantity output.

What is true of machines and men is also true of money. The old wariness of the French banker in underwriting industry is passing away. He is thinking in terms of large figures and vast projects.

I could cite many examples of the new Gospel of French Self-Supply. Before the war France manufactured lathes that were beautiful examples of art and precision. The firms that made them were old and solid and took infinite pride in their product. Now they realise that output must dominate. A simple type of machine has been chosen as model and will henceforth be made in large quantities.

Then there is the sewing machine. Before the war two groups---Anglo-American and German---controlled the French market. By the ingenious use of export premiums, the Germans had the best of it.

"Why always pay tribute to strangers?" now asks the French housewife. So far as Germany is concerned, this question is already settled. But the American sewing machine will have to struggle for its existence hereafter in France, for plans have been made for at least three huge factories for its production.

Striking evidence of the growing French industrial independence of Germany is her advance in crucible making. For years Sevres vied with Limoges for ceramic honours. To-day the vast plant which once produced the most exquisite and delicate ware in the world is now producing the less lovely but more serviceable crucibles, condensers and retorts necessary for the distillation of the powerful acid used in modern high explosives. Previous to the war, the Central Empire had a monopoly on this market. Indeed, much of the pottery and glassware used in laboratories and chemical factories was made in Bohemia and marketed by Germany. Now the Sevres plant is shipping these goods to England and Russia.

So, too, with dye stuffs. A whole new French colouring industry is being created. A Societe d'Etude has been formed to make a scientific survey and this will be replaced by a National Company to undertake the manufacture of all coal tar products.

The use of a certain number of new war factories has been guaranteed to the company by the Minister of War. Typical of the purpose which will animate the enterprise is one of the articles of the National Company which provides that the Director of the Dye Stuff Industry must be of French birth. An agreement has also been made with England and Italy to protect the colour output of the three countries with a high tariff after the war. Here you find one tangible evidence of the working out of the Paris Economic Pact.

Even while the invader's hand still lies heavy upon the land, France looks ahead to reconstruction. Last summer Paris flocked to a graphic exhibition of how to rebuild a destroyed city. It was called La Cite Reconstituee, and was held in the Tuileries Garden. Here you could see the modern way of making a Phoenix rise quickly out of the ashes. There were model schoolhouses, churches, factories, and cottages, all with standardised parts which could be thrown together in an almost incredibly short time.

With Self-Sufficiency has come a desire for new business knowledge. Not long ago an American business man who has lived in Paris for many years, received a letter from a young French friend in the trenches at Verdun. The soldier wrote:

"I realise that when this war is over we must be better equipped than ever before to meet world business competition. I want to be a better salesman. Please send me some books on American salesmanship and also some of the American trade papers. I have begun the study of Spanish because I believe we are going to have our part in the Latin-American trade." Here was a young Frenchman risking his life every moment in one of the greatest battles the world has ever known: yet in the midst of death he was looking forward to a new business life.

The whole attitude of the Frenchman toward life has undergone a change, first under the stress of ruthless war, and under the spur of his kindling desire for rehabilitation. Formerly, for example, the French loathed to travel. When he knew he was going away on a journey, he spent a month telling his relatives good-bye. Now he packs his bag and is off in an hour to Lyon, Marseilles, Bordeaux, or any other place where business might dictate.

The new and efficient French industrial machine is not the only factor that American business in France must reckon with after the war. The French woman is fast becoming a force, thus setting up an altogether unequal and almost unfair competition, because to shrewd wit and resource is added the power of sex and beauty.

In France, as most people know, the woman exerts an enormous influence, regardless of her social class. In all regulated bourgeois families the wife holds the purse strings; in the small shops she keeps the cash and runs things generally. No

average Frenchman would think of embarking on any sort of enterprise without first talking it over with his *femme*, who is also his partner. This team work lies at the root of all French thrift.

The woman of the lower class has met the grim emergency of war with sacrifice and courage. Not only has she faced the loss of those most dear with uncomplaining lips, but she has taken her man's place everywhere. You can see her standing Amazon-like in leather apron pouring molten metal in the shell factory; she drives you in a cab or a taxi; she runs the train and takes the tickets in the Underground: in short, she has become a whole new asset in the human wealth of the nation and as such she will help to make up for the inevitable shortage of men.

Her sister of the upper class, at once the most practical and most feminine of her sex, is also doing her bit. She is the lovely thorn in the path of the American business promoter in France.

Before the war, it was rare to find this type of woman competing with men in outside business affairs, although her influence has always counted immensely in official life where she pulls the strings to get husband or lover Government preferment or concession.

Since the war, however, necessity has sharply developed her latent business qualities. Now it is not unusual to find her in direct competition, using all those delightful charms with which Nature has endowed her. This is especially true of widows and women whose husbands are at the front. They often rely more upon persuasion than upon any technical or practical knowledge. One reason why they succeed is their almost uncanny knowledge of men. And this often enables them to grasp swiftly the clue that business opportunity offers.

One night at dinner a Colonel's widow, a gracious and beguiling lady, heard that the French Government was in the market for 50,000 head of cattle. The next morning she sent half a dozen cables to South America, got options, and in three days her formal bid was at the War Office. Within a week she had the contract.

I know of a case of the wife of a Colonel at the front, who heard one day at lunch that the War Office needed 50,000 sacks of flour for the army at Saloniki. That same day she put the matter before some American brokers in Paris, who wired to their New York firm and received the usual American reply: "Am not interested in the French trade now. Will wait until after the war."

With the utmost difficulty the woman was able to secure 10,000 sacks by way of Italy and Switzerland. She is not likely to seek American sources of supply soon again.

An American got a tip one day that a certain contract for machine tools was available. He had an appointment for lunch, so he said to himself: "Why hurry? These French people are slow. I'll get busy this afternoon or to-morrow."

When he went to the establishment in question the next day, he found that an exquisitely gowned woman had just preceded him; indeed, the fragrance of the perfume she used still hovered about the outer office. The man cooled his heels for half an hour when the lovely feminine vision flashed by him going out. He started to make his selling talk to the Purchasing Agent, who said, at the first opening:

"I am extremely sorry, Monsieur, but we have just closed the contract with Madam Blank who left a few moments ago."

The New France has brought forth a New Woman!

Through all the organised approach to Self-Sufficiency and Economic Rehabilitation, France has not lost sight of her grudge against the Germans. Indeed, no phase of her business life to-day is more picturesque than the campaign now in

full swing not only against Teutonic trade, but against any resumption of commercial relation with the hated enemy across the Rhine. Right here you get a striking difference between English and French methods. While Britain takes out some of her enmity against German trade in eloquent conversation, France has gone about it in a practical way, shot through with all the colour and imagination that only the French could employ upon such procedure.

Preliminary to this campaign was a characteristic episode. Almost with the flareup of war, the French mind turned sentimentally to those fateful early Seventies when Germany in the flush of her great victory seized the fruits of that triumph. Some of those fruits were embodied in the famous Treaty of Frankfort in which the Teuton clamped the mailed fist down on every favoured French trade relation.

The war automatically annulled this treaty, and although the nation was in the first throes of a struggle that threatened existence, it celebrated the revocation in characteristic fashion. Millions of copies of the Frankfort Treaty were printed and sold on the streets of Paris and elsewhere. The excited Frenchman rushed up and down brandishing his copy and saying: "Now we will ram this treaty down the throat of the Boche!"

This emotional prelude was now followed by a definite crusade for the elimination of German goods. Anti-German societies were formed all over the country. Backing these up are dozens of other formidable organisations, such as Chambers of Commerce and Business Clubs. Typical of the campaign is the formation of a Buyers' League which is intended to assemble all persons who will take a resolution never to buy a German product and be satisfied for the remainder of their lives with the French manufactured article.

Wherever you go in France, you find some concrete and striking evidence of the Anti-German wave. When you get a bundle from a Paris shop, you are likely to find stuck on it a brilliantly coloured stamp showing a pair of bloody hands holding a number of packages, the largest one labeled "made in Germany." Under it is the sentence in French reading: "Frenchmen, do not buy German products. The hands that made are reddened with the blood of our soldiers."

There is great variety in these stamps, which are used on letters and packages. One of the most popular shows a helmeted German with a brutal face holding a smiling mask before his visage. In one hand he holds a bundle marked "Made in Germany." On this stamp is the inscription: "Mistrust their smiles---in every German there is a spy."

Still another and equally popular stamp pictures a soldier with bandaged head standing by a prostrate comrade and pointing to a fleeing German. The inscription reads: "We chase the Germans during the war. You, civilians, will you allow them to return after peace?"

One stamp used much throughout the Provincial French cities shows a woman in deep mourning weeping over a grave marked with a cross surmounted by a red soldier cap. The woman is supposed to be saying these words: "French people, buy no more German products. Remember this grave."

A companion stamp shows a figure representing the French Republic and holding the tri-colour. The flag is attached to a spear with which she is piercing the breast of a German eagle on the ground. At her side is the national bird of France, the Cock, crowing triumphantly. Underneath are the words: "Refuse all German products."

Similar in idea is another dramatic conception showing a white robed female figure holding a battle axe in one hand and pointing with the other to a burning cathedral. Her words are: "Frenchmen, do not consume any German products. Remember 1914."

Most of the large French cities have their own Anti-German stamps which are enlarged and used on billboards as posters. A typical city stamp is that of Lyon, which shows a Cock in brilliant colours standing proudly in the red and

blue rays of a white sun. Attached is the legend: "National League of Defence of French Interests---The Anti-German League: Buy French Products."

The City of Marseilles has a stamp showing the French Cock standing on a German helmet surrounded by the words "Anti-German League." Elsewhere on the stamp is the inscription: "No more of the people---No more German products."

Whether the Frenchman buys or sells, he has poked under his nose or flaunted before his eyes every hour of the business day some concrete evidence that his country has put the German people and their products under the ban.

In connection with this campaign are some facts of utmost significance to the American business man who has studied the intent and purpose of the Paris Economic Pact which is described in a previous chapter, and which declared for an Allied war of economic reprisal against Germany and the other Central Powers. In that chapter, as you may recall, the point was made that since individuals and not nations do business, the Pact was likely to fail.

With their usual intelligence, the French understand this, and their whole educational campaign at home is to make the individual Frenchman immune against the lure of the cheap German products. The French know that it is the sum of individual French resistance to German buying that will keep the German product forever outside the realm of the Republic.

Indeed, the clearest-minded men in France to-day believe that more commercial advantage will accrue to France by the intensive development of her resources, the perfection of old industries and the creation of new ones than in the formation of committees devoted to plans for commercial alliances dedicated to reprisal. In other words, this helps to bear out the theory held in many quarters that the economic pact is after all merely a campaign document and utterly impracticable.

In France there are other signs that point to a rift in the Pact. While I was in Paris, a well known Senator pointed out that as soon as the war ended France would need coal and would look to Italy for it as she had done in the past. To obtain her coal more cheaply than she is now doing from the United States or England, Italy would very likely make concessions to Germany in order to obtain German fuel. The result would be an interchange of merchandise between the two countries regardless of the decree of the Paris Pact. The question arises: Could France place restrictions upon the Italian frontier to the annoyance of her Allies?

Meanwhile France is seeking immunity from any future coal crisis by developing a system of hydraulic power which will not only be economical, but will also help to cut down her imports. It is just one more phase of the ever-widening programme of Self-Sufficiency.

Despite our past blunders, our present lack of organised initiative, and the efforts toward Self-Supply, the future holds a large business opportunity for America in France. As a matter of fact, half of the selling work is already registered because the French are eager and anxious to do business with their great sister democracy across the sea. It is, therefore, up to the American exporter to capitalise the needs of the nation and the good will that it bears toward us. But it must be done now.

For one thing, it cannot be achieved without constructive co-operative work. Groups of exporters must organise and establish offices in Paris and elsewhere in France. The reason for this is that the Frenchman abhors the fly-by-night salesman: he likes to feel that the man with whom he is trading has taken some sort of root in his midst.

With organisation must come knowledge. Why did the Germans succeed so amazingly in France? Geographical proximity and the Frankfort Treaty helped some, but the principal selling power he wielded was that he lived with his clients, found out what they wanted, and gave it to them. If a French farmer, for example, wanted a purple plough share fastened to a yellow body, the German assumed that he knew what he wanted and made it for him. The average American exporter, on the other hand, has always assumed that the foreign customer had to take what was given to him. For this reason we have failed in South America and for this reason we will fail in France unless we change our methods. Knowledge is selling power.

We must be prepared to give the French long credits, and if necessary, finance French enterprises. Despite her immense gold hoardings, she may feel an economic pinch after the war. We must also have sound and organised French credit information.

Our salesmen must know the French language and sympathise with the French temperament. Give the French buyer a ghost of a chance and he will meet you more than half way. Unlike the stolid Englishman he is plastic, adaptable and imaginative. Understanding is a large part of the trade battle.

We must accumulate large stocks of American goods in France to indulge the purchaser in his favourite occupation of long and elaborate choosing and to meet demands for renewal. To ship these goods we must have our own bottoms. Here, as elsewhere in the whole export outlook, is the old need of a merchant marine.

But we will never realise our trade destiny in France without reciprocity. We cannot sell without buying. France looks to us to take part of the huge flood of goods that once went to Germany. We take some of her wine: we must take more. We buy her silks and frocks: the American market for them must now be widened. We depended upon Germany for many of our toys: France expects the Anglo-Saxon nursery henceforth to rattle with the mechanical devices which will provide meat and drink for her maimed soldiers. And so on down a long list of commodities.

All this means that before the mood cools we must conclude new commercial treaties with France and assure for ourselves a really favoured nation relation that carries the guarantee of a permanent foreign trade now so necessary to our permanent prosperity.

In the last analysis you will find that it is France and not England to whom we must look for the larger commercial kinship after the war. The spirit of the awakened Britain, so far as we are concerned, is the spirit of militant trade conquest: the dominant desire of the speeded-up France is benevolent Self-Sufficiency.

Whether England realises her vast dream remains to be seen. But one thing is certain: No man can watch France in the supreme Test of War without catching the thrill of her heroic endeavour, or feeling the influence of that immense and unconquerable serenity with which she has faced Triumph and Disaster. They proclaim the deathlessness of her democracy, the hope of a new world leadership in art and craft.

She will be a worthy trade ally.

V---Saving for Victory

By making patriotism profitable, England has enlisted an Army of Savers and launched the greatest of all Campaigns of Conservation. No contrast in the greatest of all conflicts is so marked as this flowering of thrift amid the ruins of a mighty extravagance. The story of Britain's "Economy First" campaign is a chapter of regeneration through destruction that is full of interest and significance for every man, woman, and child in the United States. Through self-denial a complete revolution in national habits has begun. Out of colossal evil has come some good.

It has taken a desperate disease to invoke a desperate remedy. The average American, firm in his belief that he holds a monopoly on world waste, has had, almost without his knowledge, a formidable rival in England these past years. Whether the visiting Yankee tourist helped to set the pace or not, the fact remains that when the war broke over England she was as extravagant as she was unprepared.

The Englishman, like his American brother, though unlike the Scotch, is not thrifty by instinct. He regards thrift as a vice. He prefers to let the tax gatherer do his saving for him. He believes with his great compatriot Gladstone that "it is more difficult to save a shilling than to spend a million."

Contrasting the Englishman and the Frenchman in the matter of economy, you find this interesting parallel: With the Frenchman the first question that attends income is "How much can I *save*?" Saving is the supreme thing. With the Briton, however, it becomes a matter of "How much can I *spend*?" Saving is incidental.

To associate thrift with the British workingman is to conceive a miracle. To be sure, he seldom had anything to save before the war. But with the speeding-up of industry to meet the insatiate hunger for munitions and the corresponding increase of from thirty to fifty per cent, even more, in wages, he suddenly began to revel in a wealth that he never dreamed was possible. The more he made the more he spent. He squandered his financial substance on fine cigars, expensive clothes, and excessive drinks, while his wife bedecked herself in gaudy finery and installed pianos or phonographs in her house. No one thought of To-morrow.

Just as it took the shock of a long succession of military reverses to rouse the English mind to the consciousness that the war would be long and bitter, so did the abuse of all this temporary and inflated war time prosperity bring to far-seeing men throughout England the realisation that the British people, and more especially those who worked with their hands, were booked for serious social and economic trouble when peace came, unless they saw the error of their wasteful ways.

"What can we do to stem this tide of extravagance and at the same time plant the seed of permanent thrift," asked these men who ranged from Premier to Prelate. No one knew better than they the difficulties of the task before them. In England, as in America, thrift is more regarded as a vice than a virtue. Like the taste for olives it is an acquired thing. To spend, not to save, is the instinct of the race.

But there were other and equally serious reasons why all England should buck up financially and make every penny do more than its duty. First and foremost was the terrific cost of the war that every day took its toll of \$25,000,000; second was the enormous increase in imports and the diminished flow of exports, a reversal of pre-war conditions that meant that England each day was buying \$5,000,000 worth of goods more than other countries were purchasing from her; third was the human shrinkage due to the incessant demand of battlefield and factory. Everywhere was colossal expenditure of men and money: nowhere existed check or restraint. Something had to be done.

It was generally admitted that the first thing for everybody to do was to spend less on themselves than in times of peace. When, where and how to save became the great question. To save money at the cost of efficiency for essential and urgent work was not true economy. "But," said the thrift promoters, "waste is possible even in the process of attaining efficiency. For example, people may eat too much as well as too little, they may buy more clothes than they actually need, ride when they could walk, employ a servant when they could do their own work, use their motors when they could travel in a tram."

Thus every class came within the range of the lightning that was about to strike at the root of an ancient evil.

The start was interesting. Before the war was a year old definite order emerged of what was at the beginning a scattered protest against reckless spending. But long before the first organised message of saving went to the home and purse of

the worker, the rich began to economise. Here is where you encounter the first of the many ironies and contrasts that mark this whole campaign. The people who could most afford to be extravagant were the first to draw in their horns. This, of course, was not particularly surprising because the rich are naturally thrifty. It is one reason why they get and stay rich.

Among the pioneer organisations was the Women's War Economy League founded and developed by a group of titled women who got hundreds of their sisters to pledge themselves to give up unnecessary entertaining, not to employ men servants unless ineligible for military service, to buy no new motor cars and use their old ones for public or charitable work, to buy as few expensive articles of clothing as possible, to reduce in every way their expenditures on imported goods, and to limit the buying of everything that came under the category of luxuries. Champagne was banned from the dinner table, décollete gowns disappeared: men substituted black for white waistcoats in the evening.

The rich really needed no organised stimulus to retrench. The great target for attack was the mass of the population who did not know what it meant to save and who required just the sort of constructive lesson that an organised thrift movement could teach.

Much of the increase in wages among the workers was going for food and drink. Hence the opening assault was made on the market bill. Fortunately, an agency was already in operation. At the outbreak of the war a National Food Fund was started to feed the hungry Belgians. That work had become more or less automatic (the Belgians' appetite is a pretty regular clock), so its machinery was now trained to the twin conservation of British stomachs and savings.

"Save the Food of the Nation," was the appeal that went forth on every side. "No One is too Rich or Poor to Help. Every man, woman and child in the country who wants to serve the state and help win the war can do so by giving thought to the question of conserving food. Since the great bulk of our food comes from abroad, it takes toll in men, ships and money. Every scrap of food wasted means a dead loss to the Nation in men, ships and money. If all the food that is now being wasted could be saved and properly used it would spare more money, more ships, more men for the National defence."

Now began a notable campaign of education which was carried straight into the kitchen. Food demonstrators whose work ranged from showing the economy of cooking potatoes in their skins to making fire-less cookers out of a soap box and a bundle of straw, went up and down the Kingdom holding classes. In town halls, schools, village centres and drawing-rooms, mistress and maid sat side by side. "Waste nothing," was the new watchword.

Backing up the uttered word was a perfect deluge of literature that included "Hand Books for House Wives," "Notes on Cooking," "Hints for Saving Fuel," "Economy in Food," in fact, dozens of pamphlets all showing how to make one scrap of food or a single stick of wood do the work of two.

The people behind this movement knew that with waste of food was the kindred waste of money. They realised, too, that even the most effective preaching for food economy must inevitably be met by the cry, "Everybody must eat." With money, on the other hand, there seemed a better opportunity to drive home a permanent thrift lesson. So the forces that had built the bulwark around the English stomach now set to work to rear a rampart about the English pocketbook.

Circumstances played into their hand. The Great War Loan of \$3,000,000,000 had just been authorised. "Why not make this loan the text of a great National thrift lesson and give every working man and woman a chance to become a financial partner of the Empire," said the saving mentors. It was decided to put part of this loan within the range of everybody, that is, to issue it in denominations from five shilling scrip pieces up, to sell it through the post office and thus bring the new savings bank to the very doors of the people.

Again a machine was needed, and once more as in the case of the food campaign one was well oiled and accessible. It was the organisation that had raised, by eloquent word and equally stimulating poster and pamphlet, the great volunteer army of 3,000,000 men. Just as it had drawn soldiers to the fighting colours, so did it now seek to lure the savings of the people to the financial standard of the nation.

The Parliamentary Recruiting Committee became the Parliamentary War Savings Committee and it loosed a campaign of exploitation such as England had never seen before. From newspapers, bill boards and rostrums was hurled the injunction to buy the War Loan and help mould the Silver Bullet that would crush the Germans. It was literally a "popular loan" in that the five shilling short-term vouchers, bought at the post office, and which paid 5 per cent, could be exchanged when they had grown to five pounds for a share of long-term War Stock paying 4 1/2 per cent. The higher rate of interest was the inducement to begin saving and it worked like a charm.

Tribute to the efficacy of this programme is the fact that more than 1,000,000 English workers purchased the War Loan. Through this procedure they learned, what most of them did not know before, that when you put money out to work it earns more money. It meant that they had become investors and were starting on the road to independence.

But this campaign, admirable as it was in scope and execution, failed in its larger purpose of reaching the great mass of the people. While more than 1,000,000 workers participated in the loan their holdings really comprised but a small percentage of the immense total. The bulk of the buying was by banks, corporations, trustees, and wealthy individuals. The message, therefore, of permanent thrift combined with a more or less continuous investment opportunity for every man still had to be delivered. All the while the Empire hungered for money as well as for men.

Such was the state of affairs when the Chancellor of the Exchequer appointed the Committee on War Loans for the Small Investor. It had two definite functions: to raise funds for the national defence and to provide through the medium selected some simple and accessible means for the employment of the average man's money.

This Committee recommended that an issue be made of Five Per Cent Exchequer Bonds in denominations of five, twenty and fifty pounds to be sold at all post offices. It was an excellent idea and was immediately authorised by the Treasury. The Exchequer Bond became part of the swelling flood of British war securities and might have had a distinction all its own but for the enterprise and sagacity of one man who happened to be a member of this Committee.

That man was Sir Hedley Le Bas. You must know his story before you can go into the part that he played in the great drama of British investment that is now to be unfolded. A generation ago he was the lustiest lad in Jersey, his birthplace. His feats as swimmer were the talk of a race inured to the hardships of the sea. After seven years in the Army he came to London to make his fortune. From an humble clerical position he rose to be head of one of the great book publishing houses in Great Britain, employing over 400 salesmen, spending over a quarter of a million dollars a year in advertising alone.

Sir Hedley is big of bone, dynamic of personality, more like the alert, wideawake American business man than almost any other individual I have ever met in England. One day he gave the British publishing business the jolt of its long and dignified life by taking a whole page in the *Daily Mail* to advertise a single book. His colleagues said it was "unprofessional," that it violated all precedent. Sir Hedley thought to the contrary and in vindication of his judgment the book developed into a "best seller." That pioneer page in the *Mail* was the first of many.

Prior to the outbreak of the present war, Sir Hedley had been consulted by the then Minister of War as to the most advisable means of getting recruits.

"Why don't you advertise?" he asked.

"It's never been done before," replied the Minister.

"Then it's high time to begin," said the hard-headed Jerseyman.

His plan scarcely had time to be considered when the Great War broke. Sir Hedley was made a member of the Parliamentary Recruiting Committee and with Kitchener helped to face England's huge problem of raising a volunteer army. How was it to be done?

Hardly had the new War Chief warmed the chair in his office down in Whitehall, than Le Bas came to him with this suggestion: "The quickest way to raise the new army is to advertise for men."

Kitchener's huge bulk straightened: he looked surprised: the idea seemed unsoldierly, almost unpatriotic. But he knew Le Bas. After a moment's hesitancy:

"All right. Go ahead."

Under Le Bas was launched the publicity campaign which no man who visited England during its progress will ever forget. This galvanic publisher geared all the Forces of Print up to the idea of selling Military Service. Instead of books the Merchandise was Men.

The most lureful, colourful and effective posters that artist brain could possibly conceive flashed from every bill board in the Kingdom. No one could escape them.

It was Le Bas who created the phrase "Your King and Country Need You" that went echoing throughout the Kingdom and drew more men to the colours perhaps than any other plea of the war.

When the Parliamentary Recruiting Committee became the Parliamentary War Savings Committee, Le Bas went with it. Its first job was to sell the Great War Loan. The Treasury officials wanted it done in the usual dignified British way.

At the first meeting of the Committee, Le Bas objected to this procedure. Early the next morning he went around to the house of Reginald McKenna, Chancellor of the Exchequer.

"The Chancellor is in his bath," said the footman who opened the door.

"Then I'll wait until he can get a robe on," said Le Bas.

Fifteen minutes later, the man who holds the British purse strings sat clad in a dressing gown and listened to the suggestion that revolutionised British methods of financial salesmanship.

"If we want to sell the War Loan, Mr. Chancellor," said Sir Hedley, "we will have to advertise in a big way. It's a business proposition and we must adopt business methods."

"It sounds interesting," said the Chancellor. "Come to my office at ten and we will talk it over."

It was then 8:30 o'clock. By the time he met the Chancellor at the Treasury he had dictated the whole outline of the advertising campaign. The scheme was adopted: the Government spent fifty thousand pounds advertising the loan but it sold every penny of it.

This then was the type of man who had sat in the six meetings of War Loan for Small Investors and listened to many conventional suggestions. He instinctively knew that the Five Pound Exchequer Bond was not a sufficient bait to hook the small savings of the great mass of the people.

"We've got to make some kind of attractive offer," said Sir Hedley to himself. "In fact, we must give the investor something for nothing to make him lend his money to the country. A pound note looks big to the average Englishman. Why not give him a pound for every fifteen shillings and sixpence that he will lay aside for the use of the Nation? In other words, why not make patriotism profitable?"

When he laid this plan before the Committee, it was unanimously approved. The maxim of "Fifteen and Six for a Pound" was now unfurled to the breezes and the super-campaign to corral the British penny was on, under the auspices of the National War Savings Committee which now superseded all other organisations as the head and front of the National Thrift idea.

Although he had a strong selling appeal in the fact that he was giving the small British investor something for nothing, Sir Hedley realised that his first bid for savings must have the real punch of war in it. What was it to be?

He thought a moment and then went over to the War Office where Lloyd George had just succeeded the lamented Kitchener.

"What could a man buy for fifteen and six?" he asked the many-sided little Welshman who was progressively filling every important job in the Empire.

"He could buy six trench bombs," was the reply.

"What else?" queried the publisher.

"He could get 124 cartridges or---"

"That's enough!" exclaimed Le Bas. "I've got it!"

Lloyd George looked a little startled, whereupon his visitor remarked: "You have given me just the thing I wanted. Wait until to-morrow and you will find out what it is."

The very next day Lloyd George and a great part of the whole British Nation knew exactly what Sir Hedley got out of his interview with the War Minister, because the first advertisement announcing the new type of War Loan read like this:

"ONE HUNDRED AND TWENTY-FOUR CARTRIDGES FOR FIFTEEN AND SIX, AND YOUR MONEY BACK WITH COMPOUND INTEREST

"Do you know that every 15/6 you put into War Savings Certificates can purchase 124 rifle cartridges?"

"How many Cartridges will you provide for our men at the Front?"

"For every 15/6 you put into War Savings Certificates now you will receive L1 in five years' time. This is equal to compound interest at the rate of 5.47 per cent.

"Each year your money grows as follows:

In 1 year it becomes 15/9

In 2 years it becomes 16/9

In 3 years it becomes 17/9

In 4 years it becomes 18/9

In 5 years it becomes L1

"If you need it you can withdraw your money at any time, together with any interest that has accrued."

This advertisement made a good many people sit up because it brought home for the first time one concrete use of the money absorbed in war loans.

The National War Savings Committee had two things to sell. One was the Five Per Cent Exchequer Bond: the other was the new Fifteen and Six War Savings Certificate. The promoters were quick to see that while the Exchequer Bond was very desirable, the principal effort must be concentrated on the War Savings Certificate for which the widest appeal and the best selling talk could be made.

That it was a good "buy" nobody could deny. It was the obligation of the British Government: it was free from Income Tax: it could be cashed in at any time at a profit: and it made the owner part and parcel of the financing of the war. Every post office and nearly every bank became a selling agent. In short, it was a simple, cheap and worth-while investment absolutely within the scope of every one.

At the outset the sale was restricted to those whose income did not exceed \$1,500, the purpose being to keep the investment among the wage earners. So many munition workers were receiving such large incomes that this ban was removed. The only limitation imposed was that no individual could hold more than 500 Certificates. This did not prevent the various members of a family, for example, from each acquiring the full limit.

Having decided to make the War Savings Certificate its prize commodity, the Committee proceeded to launch a spectacular, even sensational promotion campaign. J. Rufus Wallingford in his palmiest days was never more persuasive than the literature which now fairly flooded Great Britain.

The phrase "Your King and Country Need You" that had stirred the recruiting fever now had a full mate in the slogan "Saving for Victory" which began to loosen pounds and pence from their hiding places. The injunction that went forth everywhere was

"WORK HARD: SPEND LITTLE:
SAVE MUCH"

From every bill board and every newspaper were emblazoned:

"SIX REASONS WHY *YOU* SHOULD SAVE"

Here are the reasons:

1. Because when you save you help our soldiers and sailors to win the war.
2. Because when you spend on things you do not need you help the Germans.
3. Because when you spend you make other people work for you, and the work of every one is wanted now to help our fighting men, or to produce necessaries, or to make goods for export.
 4. Because by going without things and confining your spending to necessaries you relieve the strain on our ships and docks and railways and make transport cheaper and quicker.
 5. Because when you spend you make things dearer for every one, especially for those who are poorer than you.
 6. Because every shilling saved helps twice, first when you don't spend it and again when you lend it to the Nation.

The word "Save" which had dropped out of the British vocabulary suddenly came back. It was dramatised in every possible way and it became part of a new gospel that vied with the war spirit itself.

The National War Savings Committee became a centre of activity whose long arms reached to every point of the Kingdom. Branch organisations were perfected in every village, town and county: the Admiralty and the War Office were enlisted: through the Board of Education every school teacher became an advance agent of thrift: the Church preached economy with the Scripture: in a word, no agency was overlooked.

The sale of Certificates started off fairly well. On the first day more than 2,000 were sold and the number steadily increased. But while many individuals rallied to the cause, there was not sufficient team work.

One serious obstacle stood in the way. While fifteen shillings and a sixpence is a comparatively small sum to a man who makes a good income, it looms large to the wage earner, especially when it has to be "put by" and then goes out of sight for four or five years. So the National War Savings Committee set about establishing some means by which the average man or woman could start his or her investment with a sixpence, that is, twelve cents. Even here there was a difficulty. Millions of people in England could save a sixpence a week, but the chances are that before they piled up the necessary fifteen and six to buy the first Certificate they would succumb to temptation and spend it.

The English small investor, like his brother nearly everywhere, is a person who needs a good deal of urging or the power of immediate example about him. Thereupon the Committee said: "What seems impossible for the individual, may be possible for a group."

Thus was born the idea of the War Savings Association, planned to enable a group of people to get together for collective saving and co-operative investment. This proved to be one of the master strokes of the campaign. From the moment these Associations sprang into existence, the whole War Savings Certificates project began to boom and it has boomed ever since.

War Savings Associations are groups of people who may be clerks in the same office, shop assistants in the same establishments, workers in the same factory or warehouse, people attending the same place of worship, residents in any well-defined locality such as a village or ward of a town, members of a club, the servants in a household: in short, any number of people who are willing to work together. Some have been started with 10 members, others with as many as 500. Up to the first of January nearly 10,000 of these Associations had been formed throughout the Kingdom.

Now came the inspiration that was little short of genius for it enabled the lowliest worker who could only set aside a sixpence a week to become an intimate part of the great British Saving and Investment Scheme. The idea was this:

If one man saves sixpence a week, it would take him thirty-one weeks to get a One Pound War Certificate. But if thirty-one people each save sixpence a week, they can buy a Certificate at once and keep on buying one every week. Thus their savings begin to earn interest immediately. Thus every War Savings Association became a co-operative saving and investment syndicate---a pool of profit.

How are the Certificates distributed? The usual procedure is to draw lots. In a small Association no member is ordinarily permitted to win more than one Certificate in a period of thirty-one weeks, except by special arrangement. Each Association, however, can make its own allotment rules. The value of winning a Certificate the first week is that the winner's 15/6 will have grown to one pound in four years and a half instead of five. This is broadly the financial advantage gained by being a member of an Association, although the larger reason is that it is more or less compulsory as well as co-operative saving.

Britain is buzzing with these War Savings Associations. You find them in the mobilisation camps, on the training ships, on the grim grey fighters of the Grand Fleet, even in the trenches up against the battle line. The London telephone girls have their own organisation: sales forces of large commercial houses are grouped in thrift units: there are saving battalions in most of the munition works, and so it goes. In many of the big mercantile establishments that have Associations, the weekly drawings of Certificates with all their elements of chance and profits are exciting events.

Many Britishers shy at co-operation. For example, they like to save "on their own." To meet this desire, the War Savings Committee devised an individual saving and investment plan which begins with a penny, that is two cents. Any person can go to the Treasurer of a War Savings Association and get a blank stamp book. Each penny that he deposits is marked with a lead pencil cross in a blank square. When six of these marks are recorded, a sixpenny stamp is pasted on the blank space. As soon as the book contains thirty-one stamps it is exchanged for a War Savings Certificate.

Still another plan has been devised to meet requirements of people who do not care to affiliate with the War Savings Associations. Any post office will issue a stamp book in which ordinary sixpenny postage stamps can be pasted. When thirty-one have been affixed they may be exchanged at the post office for a pound Savings Certificate. These books have this striking inscription on their cover: "Save your Silver and it will turn into Gold! 15/6 now means a sovereign five years hence."

The whole Savings Campaign is studded with picturesque little lessons in thrift. The London costers---the pearl-buttoned men who drive the little donkey carts---subscribed to \$1,000 worth of Certificates in a single week, although they had made a previous investment of \$4,000.

In hundreds of factories the idea has taken root. In some of them War Savings subscriptions are obtained by means of deductions from wages. Employees can sign an authorisation for a certain amount to be taken each week or month out of their wages. They get accustomed to having two, three, four or five shillings lifted out of their wages and thus their saving becomes automatic.

Often the employer helps the movement by contributing either the first or last sixpence of each Certificate or offering Certificates as bonuses for good conduct or extra work. When one small employer that I heard of pays his men their War Bonus, he gets them, if they are willing, to place two sixpenny stamps on a stamp card, for which he deducts tenpence. The employees are thus given twopence for every shilling they save. When these cards bear stamps up to the value of 15/6 they are exchanged for War Savings Certificates.

No field has been more fruitful than the public schools where the thrift seed has been planted early. In hundreds of public educational institutions Savings Clubs have been formed to buy Certificates. In Huntingdonshire, where there were less than 150 pupils, more than \$35.00 was subscribed in a single morning. At Grimsby a successful trawler owner gave \$5,000 to the local teachers' association to help the War Savings crusade. A shilling has been placed to the credit of every child who undertakes to save up for a War Savings Certificate, the child's payments being made in any sum from a penny up. Ninety-five per cent of the children in the town have begun to save. Similarly, a councillor of Colwyn Bay has offered to pay one shilling on each Certificate bought by the scholars of one of the town's schools, and also offered to add fifty per cent to all sums paid into the school savings bank during one particular week, provided that the money was used to purchase War Savings Certificates.

Almost countless schemes have been devised to instil, encourage and develop the thrift idea. In certain districts, patriotic women make house to house canvasses to collect the instalments for the Certificates. They become living Thrift Reminders. Tenants of model flats and dwelling houses pay weekly or monthly War Savings Certificates at the same time they pay their rent.

That this economy and savings idea has gone home to high and low was proved by an incident that happened while I was in London. A man appeared before a certain well-known judge to ask for payment out of a sum of money that stood to his credit for compensation to "buy clothes." The judge reprimanded him sharply, saying, "Are you not aware that one of the principal War Don'ts is, 'Don't buy clothes: wear your old ones.'" With this he held up his own sleeve which showed considerable signs of wear. Then he added: "If I can afford to wear old garments, you can. Your application is dismissed."

With saving has come a spirit of sacrifice as this incident shows: A London household comprising father, mother and two children moved into a smaller house, thus saving fifty dollars a year. By becoming teetotalers they saved another five shillings (one dollar and a quarter) and on clothes the same weekly sum. They took no holiday this summer: ate meat only three times a week, abstained from sugar in their tea, cut down short tramway rides, and the father reduced his smoking allowance. By these means they have been able to buy a War Savings Certificate every week.

Just as no sum has been too small to save, so is no act too trivial to achieve some kind of conservation. People are urged to carry home their bundles from shops. This means saving time and labour in delivery and permits the automobile or wagon to be used in more important work. I could cite many other instances of this kind.

Even the children think and write in terms of economy. At the annual meeting of the British Association for the Advancement of Science held last summer at Newcastle, an eminent doctor read a paper on "London Children's Ideas of How to Help the War." The replies to his questions, which were sent to more than a thousand families, all indicated that the juvenile mind was thoroughly soaked with the savings idea. Some of the answers that he quoted were very humorous. A boy in Kensington gave the following reasons:

"Eat less and the soldiers get more: If you make a silly mistake in your arithmetic tell your mother not to let you have any jam, and put the money saved in the War Loan: Stop climbing lamp-posts and save your clothes: Don't wear out your boots by striking sparks on the kerbstones: If you buy a pair of boots you are a traitor to your country, because the man who makes them may keep a soldier waiting for his: Don't use so much soap: Don't buy German-made toys."

The net result of this mobilisation of the forces of thrift is that up to January the first 50,000,000 War Certificates had been sold, representing an investment of nearly 40,000,000 pounds or approximately \$200,000,000. The striking feature about this large sum is that it was reared with the coppers of working men and women. "Serve by Saving" in England has become more than a phrase.

All this was not achieved, however, without the most persistent publicity. England to-day is almost one continuous bill board. The hoardings which blazed with the appeal for recruits and the War Loan now proclaim in word and picture the virtues of saving and the value of the now familiar War Certificates. Likewise they embody a spectacular lesson in thrift for everybody.

One of the most effective posters is headed "ARE YOU HELPING THE GERMANS?" Under this caption is the subscription:

"You are helping the Germans when you use a motor car for pleasure: when you buy extravagant clothes: when you employ more servants than you need: when you waste coal, electric light or gas: when you eat and drink more than is necessary to your health and efficiency.

"Set the right example, free labour for more useful purposes, save money and lend it to the Nation and so help your Country."

A gruesome, but none the less striking, poster is entitled: "What is the Price of Your Arms?"

Then comes the following dialogue:

Civilian: "How did you lose your arm, my lad?"

Soldier: "Fighting for you, sir."

Civilian: "I'm grateful to you, my lad."

Soldier: "How much are you grateful, sir?"

Civilian: "What do you mean?"

Soldier: "How much money have you lent your Country?"

Civilian: "What has that to do with it?"

Soldier: "A lot. How much is one of your arms worth?"

Civilian: "I'd pay anything rather than lose an arm."

Soldier: "Very well. Put the price of your arm, or as much as you can afford, into Exchequer Bonds or War Savings Certificates, and lend your money to your Country."

Still another is entitled "BAD FORM IN DRESS" and reads:

"The National Organising Committee for War Savings appeals against extravagance in women's dress.

"Many women have already recognised that elaboration and variety in dress are bad form in the present crisis, but there is still a large section of the community, both amongst the rich and amongst the less well to do, who appear to make little or no difference in their habits.

"New clothes should only be bought when absolutely necessary and these should be durable and suitable for all occasions. Luxurious forms, for example, of hats, boots, shoes, stockings, gloves, and veils should be avoided.

"It is essential, not only that money should be saved, but that labour employed in the clothing trades should be set free."

Harnessed to the Saving and Investment Campaign is a definite and organised crusade against drink, ancient curse of the British worker, male and female. It is really part of the movement instituted by the Government at the beginning of the war to curtail liquor consumption. One phase is devoted to Anti-Treating, which makes it impossible to buy any one a drink in England. This was followed by a drastic restriction of drinking hours in all public places where alcohol is served. Liquors may only be obtained now between the hours of 12 noon and 2:30 in the afternoon and from 6 to 9:30 at night. As a matter of fact, the only tipple that you can get at supper after the play, even in the smartest London hotels, is a fruit cup, which is a highly sterilised concoction.

The War Savings Committee has borne down hard on the drinking evil and England's enormous yearly outlay for liquor---nearly a billion dollars---is used as a telling argument for thrift. A poster and a pamphlet that you see on all sides is headed, "THE NATION'S DRINK BILL," and reads:

"The National War Savings Committee calls attention to the fact that the sum now being spent by the Nation on alcoholic liquors is estimated at

L182,000,000 a year.

"And appeals earnestly for an immediate and substantial reduction of this expenditure in view of the urgent and increasing need for economy in all departments of the Nation's life.

"Obviously, in the present national emergency a daily expenditure of practically L500,000 on spirits, wine and beer cannot be justified on the ground of necessity. This expenditure, therefore, like every other form and degree of expenditure beyond what is required to maintain health and efficiency is directly injurious to national interests.

"Much of the money spent on alcohol could be saved. Even more important would be (1) the saving for more useful purposes of large quantities of barley, rice, maize and sugar; and (2) the setting free of much labour urgently needed to meet the requirements of the Navy and the Army.

"To do without everything not essential to health and efficiency while the war lasts is the truest patriotism."

Under the silent but none the less convincing plea of these posters, backed up by millions of leaflets and booklets explaining every phase of the Savings Campaign, the sale of Certificates rose steadily. From 906,000 in May they jumped to nearly 3,000,000 in June. But this was not enough. "Let us make one big smash and see what happens," said the Committee. Thereupon came the idea for a War Savings Week, which was to be a notable rallying of all the Forces of Thrift and Saving.

No grand assault on any of the actual battle fronts was worked out with greater care or more elaborate attention to detail than this Savings Drive. No loophole to register was overlooked. It was planned to begin the work on Sunday, July 16th.

First of all, the resources of the Church were mobilised. A Thrift sermon was preached that Sunday morning in nearly every religious edifice in the Kingdom. Following its rule to leave nothing to chance, the War Savings Committee prepared a special book of notes and texts for sermons which was sent to Ministers, Leaders of Brotherhoods and Men's Societies. Texts were suggested and ready-made and ready to deliver sermons were included. One of these sermons was called "The Honour of the Willing Gift," another was entitled "The Nation and Its Conflict," and its peculiarly appropriate text was "Well is it with the man that dealeth graciously and lendeth."

A special address (in words of one syllable) to the children of England embodying the virtues of penny saving and showing how these pennies could be made to work and earn more pennies, as shown in the concrete example of a War Savings Certificate, was read by thousands of Sunday school teachers to their classes throughout the nation.

Nearly every human being in Great Britain got the Message of Thrift that week. Boy Scouts and Girl Guides went from house to house bearing copies of the various kinds of instructive literature that had been prepared for the campaign. Typical of the thoroughness of the detail is the fact that in Wales all this material was printed in the Welsh language. The only country where no special efforts were made was Scotland, where to preach thrift is little less than an insult.

For seven days and nights the almost incessant onslaught was kept up. When the smoke cleared and the count was taken, it was found that 3,000,000 Certificates had been sold during the week while the total for the month was 10,700,000.

So vividly was the phrase "War Savings Week" driven home that the War Savings Committee decided instantly to capitalise this new asset. In a few days hundreds of bill boards and fences throughout the Kingdom blossomed forth with this sentence, painted in red, white and blue letters: "Make Every Week National War Savings Week."

Not content with splashing the bill boards with the injunction to save, the National Committee hit upon what came to be the most popular medium for disseminating the Gospel of Thrift. It enlisted the movies. A film called "For the Empire" was made by a number of well known motion picture actors and actresses who gave their services free of charge.

It was a moving and graphic story of the war showing how a certain English lad volunteers at the outset and goes to the front. You get a vivid picture of life in the trenches shown in actual war scenes. Then you see the young soldier fall while gallantly leading a charge: his body is brought home and he is buried with military honours. Then the screens hurls the question at the audience: "This man has died for his Country. What are you doing for the Nation in its hour of trial?" Now follows a vivid lesson in how to save and buy a War Savings Certificate. This film has been shown in 2500 cinema theatres up to the first of the year and was booked to be shown in 1000 more within the next few months.

So widespread has the Thrift movement become that the War Savings Committee now publishes its own monthly magazine called *War Savings*. The first issue appeared on September first and included such timely articles as "The Might of a Mite," a lesson in penny building: "The Final Mobilisation," which showed how the last £100,000,000 would win the war: a third article explained the Economy Exhibition now being held all over Great Britain as part of the Thrift crusade. There was also an article on the War Saving movement by Reginald McKenna, Chancellor of the Exchequer, and a very illuminating appeal, "Every Household Must Help Win the War."

This leads to one of the most instructive branches of the whole campaign, the one devoted to the elimination of waste in the household. Under the direction of the Patriotic Food League a voluminous and helpful literature has been prepared and distributed. One booklet devoted to "Waste in the Well-to-do Household" shows how gas, coal and electric light bills, and the whole cost of living can be reduced. Another called "Household Economies" has helpful hints for mistress and maid: a third is "The Best Foods in War-Time." A stirring plea was made to every household in the shape of a card surmounted by a picture of Lord Kitchener and containing his famous warning to the English people: "Either the civilian population must go short of many things to which it is accustomed in times of peace, or our armies must go short of

munitions and other things indispensable to them." Below this quotation was the stirring question:

"Which is it to be: economy in the household or shortage in the Army and Navy?"

Under the title of "War Savings in the Home" a plan of campaign has been sent to every household in England for operation during the whole period of war. Among other things it urges every family to give up meat for at least one day in the week, and in any case to use it only once a day. Margarine is recommended instead of butter. Home baking is strenuously suggested. It is shown how reduction in personal and household expenditure can be effected, for example, in the laundry by using curtains and linen that can be washed in the house. A special appeal to dispense with starched and ornamental lingerie is made. In these and many other ways the style of living is simplified so that the amount of domestic service in every home is greatly cut down and much labour set free for war work and general production.

Indeed, no phase of Life or Work has escaped the Search-Light of the benevolent Inquisition which has wrought Conservation out of Waste.

It has a larger significance than merely changing habits and converting pounds and pence into guns and shells. It means that England is creating a Sovereignty of Small Investors, thus setting up the safeguard that is the salvation of any land. The War Savings Certificate will have a successor in the shape of a more permanent but equally stable Government bond.

When all is said and done you find that huge reservoirs of Savings at work form a country's real bulwark. Through investment in small, accessible, and marketable securities a people become independent and therefore more efficient and productive. It mobilises money.

Behind all the spectacular publicity that has swept hundreds of millions of British shillings into safe and profitable employment is a Lesson of Preparedness that America may well heed. It means a form of National Service that is just as vital to the general welfare as physical training for actual conflict. A nation trained to save is a nation equipped to meet the shock of economic crisis which is more potent than the attack of armed forces.

What does it all mean? Simply this: no man can touch the English thrift campaign without seeing in it another evidence of a great nation's grim determination to win, whatever the sacrifice.

The British people at home have come to realise that by personal economy and denial they can serve their country and their cause just as effectively as those who fight amid the blare of battle abroad. They are animated by a New Patriotism that is both practical and self-effacing. It is giving the Englishman generally a higher sense of public devotion: it is making him a better and more productive human unit: it is equipping the nation to meet the drastic economic ordeal of to-morrow.

If this lesson of conservation is heeded after the war and becomes a feature of the permanent British life, then the Great Conflict will almost have been worth its dreadful cost in blood and treasure. He who saves now will not have saved in vain.

VI--*The Price of Glory*

When John Jones of the U.S.A. puts his thousand dollars into an English, French, Russian or German bond he becomes part and parcel of the mightiest financial structure ever dedicated to a single purpose. He cannot tell how his funds will be used. They may buy a few hundred shells, clothe a thousand soldiers, feed a battalion or build a trench. All he knows is that his mite joins the continuous and colossal stream of expense that makes up the Red Wage of War.

Now if John Jones employs his money in the stock or bond of a railroad, corporation, or public utility enterprise he can find out almost precisely what it does, for it lays down a track, provides new equipment or builds a power house. The investment, in short, represents something that produces more wealth.

War, on the other hand, is a gigantic engine of destruction. Instead of building up, it tears down. It is a monster machine consecrated to waste. The only possible dividend can be peace.

The cost of the European conflict has a deeper interest for us than mere curiosity over staggering statistics. The reason is that we have joined the Paymaster's Corps. In other words, we have backed up our sympathy with cash. We are silent partners in the costliest and deadliest of all businesses.

Up to the present stupendous struggle and with the exception of the Russo-Japanese War in which we floated several issues for the little yellow men, we have had no definite economic part in the wars that shook other nations. The losses in money and in men fell on the combatants.

This war, which has shattered so many precedents, has drawn the United States out of its one-time aloofness. To the dignity of World Trader we have added the twin distinction of World Banker. Already we have poured out practically two billions of dollars for securities and credits of the warring countries. To this must be added an even greater sum representing our enormous war exports. The price, therefore, of whatever freedom emerges from these years of bloodshed intimately touches thousands of American pocketbooks in one way or another.

What is the final toll that Battle will take: more important than this, what is the future of the treasure that we have laid on its Consuming Altar?

Before making any analysis of the American stake in the cost of the European War, it is important to find out first just how much money has been expended and what the likelihood of future outlay will be. Like every other phase of the stupendous upheaval this one is both speculative and problematical.

To deal with these European War figures is to flirt with Titanic Numerals. They are more the Playthings of the Gods than matters for mere mortals to juggle with.

Up to the first of January, 1917, the total military expenses of both sides had reached approximately \$61,000,000,000. It is only when you reduce this enormous sum to terms that every man and woman can understand that you begin to get some idea of the amazing cost of conflict.

The amount of money expended for direct war purposes alone since August 1, 1914, is equal to three times the par value capitalization of all the American railroads. It represents fifty times the net national debt of the United States: eighteen times the amount of money in actual circulation in this country: and eleven times the total deposits in all our savings banks. With it you could build 146 Panama Canals or pay for the Napoleonic, Crimean, Russo-Japanese, South African and American Civil Wars and still have a surplus of \$34,000,000,000 left. Such is the New and High Cost of War!

The price of glory is being constantly advanced. The expenditures for the first year of the war were \$17,500,000,000: for the second they had increased to \$28,000,000,000: the estimate for the third year, to end August 1, 1917, at the present rate of spending is about \$33,000,000,000. This means that by the time the next harvest moon shines (and no man in Europe to-day doubts that it will gleam on carnage), the war will have represented a sacrifice for military purposes alone of \$78,500,000,000.

Taking the daily cost of the war you find that England is \$25,000,000 poorer for every twenty-four hours that pass: that France must check out \$20,000,000: Russia \$16,000,000: Italy \$5,000,000. Little Roumania is cutting her war expenditure teeth at the rate of \$1,000,000 per diem.

Cross the frontier (for war expense is no respecter of cause or creed), and Germany is "discovered," as they say in play-books, spending \$17,500,000 every day: Austria, Turkey and Bulgaria, \$11,000,000. Thus between sunrises that break over these warring hosts very nearly \$100,000,000 has gone up in smoke, splinters or ruin of some kind, or the upkeep of fighting.

Since England's cost each day is heavier than any of the other countries at war, due to the fact that she is Financial First Aid to most of her Allies and is maintaining a fleet almost equal to all the others combined, let us reduce her enormous daily war bill of \$25,000,000 to simpler form. It means that participation in the greatest of all wars is costing her \$1,410,666 an hour, \$17,361 a minute and a little over \$289 a second. At this rate of waste John D. Rockefeller would be bankrupt in forty days; Andrew Carnegie would be in the bread line in ten. The sum is greater than the entire net public debt of Chicago; it equals the assessed valuation of all the taxable property in Poughkeepsie, New York.

Work out this immense daily outlay from still another angle and these striking facts develop: the war is costing at the rate of 29 cents a day for every inhabitant of the United Kingdom: 31 cents for every individual in France: 22 cents for every person in the Kaiser's domain, and 6 cents for each human unit in the Russian Empire.

Yet this well-nigh overwhelming rush of figures only accounts for the actual cost of hostilities. By this I mean arms and armament, food and military supplies, the construction, maintenance and renewal of fleets, the cost of transport and the pay of soldiers and sailors.

To the vast sum already recorded must be added the loss registered by the destruction of cities, towns and villages, the sinking of ships, the wiping out of factories, warehouses, bridges, roads and railways.

Then, too, you must allow for the almost incalculable productive loss due to the killing and maiming of millions of men: the shrinkage of agricultural yields and the more or less general dislocation of the machinery of output. All these factors pile up a total, the calculation of which would almost cause a compound fracture of the brain. Sufficient to say it puts a terrific human and financial tax on coming generations and we in America will feel its effects when the world begins to readjust itself to the altered social and economic conditions which will come with peace.

Of course the inevitable question arises: Who is paying the Scarlet Piper? In seeking the answer you encounter for the first time America's intimate and all-important part in the costly drama now being unfolded to the tune of billions. She sits in the armoured box-office with the Treasurers of the embattled nations.

At the outset of the war all the belligerent countries believed that they could finance their needs without seeking neutral aid. Less than a year was enough to dispel this delusion. Although England and France immediately voted immense credits they were not long in finding out that they must back up their unprecedented mobilisation of resources with outside help. They came to us.

When the great Anglo-French loan of \$500,000,000 was first discussed as a possible American financial feat, people over here began to wonder why Great Britain and France, whose combined wealth exceeds that of all the other nations at war, should want overseas assistance. Since the reason for this loan as well as the disposition of proceeds are practically the same as that of most of the other Allied issues in this country in which thousands of our investors have participated, it is well worth explaining because it also carries with it a lesson in international barter. Here it is:

Before the war our foreign trade was growing fast. England and France, in particular, were good customers for our wheat and other foodstuffs, iron and cotton manufactures, oil and automobiles. In exchange we imported the product of many European factories.

Business relations between nations are not settled like transactions between individuals and firms, that is, with checks or cash. They are settled by balances. England's imports from the United States, for example, are paid by her exports to us. Usually exports and imports so nearly balance that the difference is paid by gold or with the temporary use of bank credit. Therefore it is not a question of actual money but of exchange and this foreign exchange is a commodity whose value fluctuates with supply and demand.

Along came the war. Millions of artisans in France and England were withdrawn from lathe and loom to fight in the battle line. What workers remained at their posts had to produce war supplies. Yet civilian and soldier needed food, clothing and arms. The demand for our products increased and the United States suddenly became the work-shop and the granary of the world.

The Allies, in control of the seas, became our principal foreign customers. American exports soared: those of France and England declined correspondingly. A huge balance of trade---the biggest in our history---swung to our favour.

This balance of trade had to be settled, but on an abnormal basis. What was ordinarily a comparatively trivial matter of a few millions suddenly became an item of many millions and it was all owed on one side. The demand for exchange on New York greatly exceeded the supply and the inevitable dislocation happened. England and France had to pay a drastic premium on the American dollar. The English pound, normally rated \$4.86, dropped to \$4.50; the franc, ordinarily worth 19.29 cents, fell to 16.94 cents. This shrinkage in values was not due to any impairment of the resource or wealth of the Allies but because the machinery of international payment works automatically and un sentimentally.

Here was a crisis that without aid from us might have eventually cost us dear. Rather than submit to the terrific drain on the exchange value of the pound and franc, England and France could have set about emulating the example of Germany and become self-sufficient. It was not a month's work or even a year's work, but ultimately it would have made these countries more independent of the United States after the war is over.

Of course England and France could have met the situation by shipping gold. Each had a large reserve but the United States had all the gold it wanted, and still has. Besides, in such an emergency gold is an inert and unproductive commodity.

Again, the Allies might have "dumped" their American securities representing an investment of over three billions of dollars, which would have upset the American stock market and sent prices down. Either one of these performances would have done us no good.

It was important, therefore, for the benefit of all interest involved, that the Allies establish a credit in the United States that would enable them to buy freely and remove the costly handicap on American exchange. In a word, instead of having to pay their bills through an intricate mechanism that rose and fell with the tides of trade and put a premium on trading with us, a medium was needed that would restore the whole economic trade balance. It was as essential to us as to our customers.

Hence the Anglo-French Five Hundred Million Dollar Loan was floated and Uncle Sam became a war banker. This loan, however, was nothing more or less than the setting up of a credit of half a billion dollars for England and France in the United States. To put it in another way, it is just as if the two Allies had deposited this sum in an American bank and then drew checks against it for goods and raw materials made or mined in America. In a word, we lent to ourselves.

Put out at a time when money was scarce, the loan would have been unpatriotic and uneconomic. But our banks were filled with idle cash: everywhere capital sought safe and profitable employment. Now you begin to see why these allied loans are really good business in more ways than one.

What is our financial stake in the cost of the war: what does it yield: how is it safeguarded?

Clearly to understand this whole situation you must know just how these foreign bonds are put out. There are two kinds. One is the internal loan issued in the money of the country whose name it bears. This means that if it is a French bond it is in terms of francs: if English it calls for payment in pounds sterling: if Russian, in roubles: if German, in marks. An external loan, on the other hand, is issued in the money of the country in which it is floated. The Anglo-French loan is an example of this kind because both principal and interest are to be paid in United States gold coin. These internal and external loans may be direct obligations of the issuing governments or may be secured by collateral.

There is still a third medium for the employment of American money in the war. Technically it is known as bank credit. Through this agency, foreign firms make deposits of money or collateral in the national banks of their respective countries and purchase goods in America through credits thus established for them in a group of New York banks or trust companies. The acceptances for the goods thus bought become negotiable documents and are bought and sold by institutions and investors at a discount.

This evidence of debt is not the kind of foreign investment suitable for the man or woman with savings to employ because it is more or less a banking transaction. These credits usually net about $6\frac{1}{2}$ per cent.

With the exception of a comparatively small amount of German and Austrian Bonds bought in the main by natives of these two countries for purely sentimental and patriotic reasons, the entire bulk of European loans placed in America is for the Allied countries, principally England and France who are our heaviest customers in trade.

The largest foreign loan brought out here so far is the Anglo-French 5 per cent External Loan which was negotiated through J. P. Morgan & Company---Fiscal Agents for the Allies over here---by the Commission headed by Lord Reading and Sir Edward Holden. It is the Joint and Several Obligation of the Governments of the United Kingdom of Great Britain and Ireland and the French Republic, is dated October 15, 1915, and is due five years after that date. It ranks first amongst the foreign war obligations of these countries.

This was the first big credit arranged by England or France in the United States and the proceeds were used, in the manner that I have already described, for the purchase of American goods and to stabilize the foreign exchange. These bonds which have had a very wide sale in America were brought out at 98 and interest and at the time of issue represented an investment that paid nearly $5\frac{1}{2}$ per cent.

These bonds, I might add, are convertible at the option of the holder on any date not later than April 15, 1920, or provided that notice is given not later than this date, par for par, into 15-25 Year Joint and Several $4\frac{1}{2}$ per cent bonds of the Governments of the United Kingdom of Great Britain and Ireland and the French Republic. Such $4\frac{1}{2}$ per cent bonds, payable, principal and interest, in United States gold coin, in New York City, and free from deduction for any present or future British or French taxes, will mature October 15, 1940, but will be redeemable, at par and accrued interest, in whole or in part, on any interest date not earlier than October 15, 1930, upon three months' notice.

The equity behind these bonds is the good name, wealth and taxing power of the issuing countries. The interest on this loan equals only one-fifth of one per cent of the total estimated income of the British people in 1914. It is slightly more than one-third of one per cent of the French Republic in 1914.

Between this loan and the next large borrowing by England or France in the United States occurred an event of significance to the American investor interested in the securities of foreign nations. The Anglo-French loan, as you know, was simply the promise to pay of two great countries whose Government Bonds at home represented the last word in unshakable security.

But when England and France stepped up to our money counters again, Uncle Sam put sentiment aside and became a pawn broker. "I think you are all right," he said, "but you are in a war that may last a very long time and I must have collateral."

To English pride this was a terrific jolt. I happened to be in England at the time and I recall the astonishment of no less a distinguished individual than the Chancellor of the British Exchequer. It was unbelievable that any nation could demand greater security than the good name of the Empire. "If the elder J. P. Morgan were alive this would never have happened," said the London bankers. They knew that the Grizzled Old Lion of American Finance always held that character was the best collateral. In the war emergency, however, many American bankers thought to the contrary and the net result was that with all external loans thereafter England and France have been forced to dig into their strong boxes and do what any individual does when he borrows money---put up a good margin of security.

An illustration of this secured obligation of the British Government is the issue of \$300,000,000 Five and a Half Per Cent Gold Notes dated November 1, 1916. Principal and interest are payable without deduction of any English tax in New York and in United States gold coin. The holder of these notes, however, has the option to get his money in London but at a fixed rate of \$4.86 per pound sterling, the normal value of the pound in peace time. Since the pound sterling at the time this article is written is quoted at \$4.76, this is a decided advantage.

The new English loan is secured by stocks and bonds whose total market value is not less than \$360,000,000. One group of this collateral consists of stocks, bonds and other obligations of American corporations and the obligation, either as maker or guarantor, of the Government of the Dominion of Canada, the Colony of Newfoundland and Canadian Provinces and Municipalities. The second group included obligations of Australia, Union of South Africa, New Zealand, Argentina, Chili, Cuba, Japan, Egypt, India and a group of English Railway Companies. I enumerate this collateral to show the inroads upon British securities that increasing war cost is making. This collateral must always show a market value margin of twenty per cent above the amount of the loan. It means that should there be any slump the English Government must supply additional security.

This issue was brought out in two forms. Half of the loan is in Three Year Notes due November 1, 1919, which were issued at 99¹/₄ and interest and yielding over 5.75 per cent: the other half is in Five¹/₄ Year Notes due November 1, 1921, brought out at 98¹/₂ and interest and yielding about 5.85 per cent. These Notes are redeemable at the option of the Government at various interest dates between 1917 and 1920 at prices ranging from 101 to 105 and interest.

Having established the precedent of a secured loan, all succeeding English issues in this country have been backed up with ample collateral. These bonds have a ready market, an important detail that the investor must not overlook in purchasing foreign securities.

Now turn to the borrowings of France in the United States. With this great nation, whose middle name is Thrift, Uncle Sam was no respecter of past performance. For the one separate French external loan he exacted his pound of collateral. As a matter of fact it amounted to nearly a ton.

I refer to the issue of \$100,000,000 Three Year Five Per Cent Gold Notes bearing the date of August 1, 1916. To float this loan the American Foreign Securities Company was formed which arranged to lend the French Government \$100,000,000. As security the Company---it was merely a group of American bankers, required France to deposit stocks

and bonds having a value at prevailing market and exchange rate of \$120,000,000. Should the value of these securities fall below this sum they must be replenished until there is a margin of twenty per cent in excess of the principal of the loan.

These securities throw an interesting sidelight upon the resource of the French Republic and its ability to borrow desirable collateral from patriotic citizens. They include obligations of the Government of Argentine, Sweden, Norway, Denmark, Switzerland, Holland, Uruguay, Egypt, Brazil, Spain, and Quebec. The most picturesque parcel in the lot is \$11,000,000 in Suez Canal shares. This stock is one of the corporate heirlooms of France and is very closely held. It not only pays a large dividend but shares in the profits of the company which in peace times are big. The fact that France should put these prize securities in "hock" is evidence of her determination to keep her credit absolutely above reproach.

The Three Year French Notes were brought out at 98 and interest and at the time of issue yielded about 5.73 per cent.

But all direct French borrowing in America has not been on the pound of flesh basis. For now we come to what might well be called The Loan of Sentiment. It is the \$50,000,000 City of Paris Five Year Six Per Cent Gold Bond Issue dated October 15, 1916. It gave Americans the opportunity to pay a substantial tribute of affectionate gratitude for happy hours spent in the Queen City of Europe and have the prospect of a desirable dividend at the same time. Here is a piece of foreign financing with a distinction and a background all its own. Aside from its purely sentimental phase it is perhaps the only loan floated in America since the war which is dedicated to construction instead of destruction. The proceeds are to be used to reimburse the City of Paris for expenditures in building hospitals and making other necessary humanitarian improvements and to provide a sinking fund to meet similar disbursements. Amid the incessant hate and passion of war it is pleasant to find this back water of cooling relief.

Like most of the foreign issues made during the war it follows the highly intelligent European practice of putting out loans in small denominations so as to be within the reach of the great mass of the people. These bonds may be had in multiples of \$100 and upward. The Government of France has agreed to permit the exportation of sufficient gold to permit the payment of principal and interest in the yellow metal in New York. The loan--the only external one of the City of Paris--was brought out at $98\frac{3}{4}$ and interest, which would make an investment of 6.30 per cent. In addition to this yield as an investment there is the possibility of profit in exchange in view of the option to collect principal and interest at the rate of 5.50 francs per dollar instead of the normal rate of exchange before the war.

This statement of possible exchange profits leads us to one of the conspicuous features of the latest National French Loan, which although internal in form has been put within the ken of the American investor.

Fully to comprehend it you must know that in ordinary times a dollar in American money is worth 5.18 francs. On account of the dislocation in foreign exchange the value of a dollar in French money has risen to approximately 5.85 francs. Therefore when you buy a French security in terms of francs for American dollars you get a great deal more for your money than you would have received before the war. Hence the possibility of profit when francs return to normal is large.

The National French Loan was sold to American investors at an exchange rate of 5.90, which means that every dollar you employ gives you a principal of 5.90 francs. On this basis the price for the security issued at a par of 100 would be $87\frac{1}{2}$, which would make the direct yield over 5.70 per cent. Should exchange return to normal, the subscription price would be equivalent to $75\frac{1}{2}$, which would make the direct yield over $6\frac{5}{8}$ per cent.

Translating this loan into terms of money, you find that for every \$14.83 you invest you get 100 francs capital: for every \$148.30 you get 1000 francs capital: for \$741.52 you receive 5000 francs capital. If French exchange should return to normal and the securities sell at the issue price-- $87\frac{1}{2}$ --the investor would receive \$16.89 for every 100 francs of

capital: \$168.88 for every 1000 francs: \$844.39 for every 5000 francs. On this basis without regard to income return the holder of 5000 francs capital would receive a profit of \$103.94 or over 13.75 per cent on his investment.

Should the market price of the issue advance to 100 and exchange return to normal the investor would get \$19.30 for every 100 francs capital; \$193.00 for every 1000 francs capital; \$965.00 for every 5000 francs capital. In this case and again without regard to income return, the holder of 5000 francs capital would receive a net profit of \$223.50 or approximately 30 per cent.

This loan is issued in *Rentes* and in denominations of 100 francs and multiples. *Rentes* is the form in which all French Government issues are brought out at home. The word means interest or income. The French always refer to their Government Bonds in terms of interest without any mention of principal. This is because *rentes* are supposed to be perpetual. The new French loan just explained is not redeemable or convertible before 1931.

Usually there is no limit to these National French loans. To be in France during the war and see the popular response to the appeal for funds is to have a thrilling experience in the practical side of patriotism.

I chanced to be in Paris when one of these loans was launched. Throughout a day of driving rain thousands of people stood in line at the post offices and private institutions waiting for a chance to put their money out to work for their country. The French wage worker, be he artisan or street cleaner, needed no coaching in the art of employing his funds safely and profitably. Just as saving is instinct with him, so is the putting of these savings out to work in a Government bond second nature. He is the thriftiest and most cautious investor in the world. He has established a close and confidential relation with his banker such as exists in no other nation. Therefore when the French financier offers him Government Bonds or "Loans of Victory" as the war issues are emotionally termed, he does not hesitate. He knows it is all right.

Alluring as is the possibility of profit in the new French Rente at the present abnormal exchange basis, it fades before the prospects for similar profit that lie in some of the Russian Government Bonds available in the United States. The Imperial Russian Internal Five and a Half Per Cent Loan of 1916 amounting to 2,000,000,000 roubles will illustrate.

Ordinarily the Russian rouble is worth 51.45 cents in American money. It has gone down to 32 cents. At this rate of exchange a thousand rouble bond bearing interest at 5 1/2 per cent would only cost \$320.00. Based on the normal value of the rouble this bond would be worth \$514.60 or \$194.60 above the present price of the bond---an increase of about 60.8 per cent on the investment. Figuring roubles at the normal rate of exchange the yearly yield would be \$28.28 or 8.8 per cent on the investment.

The fact that roubles are down so low is evidence that Russian credit at the moment is not as high as it might be. The principal equity behind this bond, as well as most other Russian securities available in America, is the fact that Russia has immense post-war possibilities. She will emerge from the conflict like a giant awakened and with the first realisation of her enormous undeveloped resources. To offset this, however, is the lack of stability of Russian Government as compared with the other Allies which makes all Russian Bonds speculative.

On account of the difficulty in shipping bonds and the preponderance of pro-Ally sentiment here, there has been a comparatively small market for German and Austrian war issues in the United States. Yet, in the face of these handicaps, a considerable market has developed. It is due to two definite reasons. One is the desire of the native born and transplanted Teuton to help his country. Many of them appear at the German banks with their savings books eager and ready to make financial sacrifice for the Fatherland. The other reason is that the German mark has so greatly depreciated (it has gone down from 23.82 cents to 17.65 cents) that should it ever come back to anything like normal and the Government does not repudiate its issues the investment will be very profitable.

Here is the way it works out: in ordinary times a 4000 mark bond which would be the equivalent of a \$1000 American piece, costs about \$960. At the present low rate of exchange the same German bond costs \$690.00 in American money and therefore shows a profit on the exchange basis alone of \$270.00 or over 28 per cent. Austrian Bonds show even a larger profit.

Summarise our war lending and you get a total of all loans to belligerent Governments since the outbreak of the war that aggregate \$1,828,600,000, which is nearly one-third of the whole cost of the Civil War. Add to this our loans of \$185,000,000 to Canadian Provinces and Cities and \$8,200,000 to the City of Dublin and to the City of London for water works improvements, a grand total of \$2,075,800,000 is rolled up. Of this sum \$156,400,000 in obligations have matured and been paid off, which leaves a net debt to us of \$1,919,400,000. It divides up as follows:

Great Britain	\$858,400,000
France	656,200,000
Russia	167,200,000
Italy	25,000,000
Dominion of Canada	120,000,000
Canadian Provinces and Municipalities	185,000,000
Germany	20,000,000

Having taken this financial plunge into European financial waters, Uncle Sam has got the foreign lending habit and has loaned \$117,000,000 to Latin-America, mainly to Argentina and Chili: \$39,000,000 to neutral European nations, including Switzerland, Norway, Greece and Sweden. Not desiring to play any race favourites, he has speeded China on her way to enlightenment to the extent of \$4,000,000.

In buying foreign war bonds--a procedure which in war time naturally involves sentiment--it is wise for the investor to watch his step. Patriotism is all right in its place but unless you can afford to contribute money for purely emotional reasons, a cold business estimate of the situation is advisable. This applies especially to the man or woman with savings who cannot afford to take chances. He or she will find it a good rule to stick to external bonds except under exceptional conditions.

One objection to the average internal bond is that with the exception of England the native money has greatly depreciated in international value. Of course, if all these countries finally get back to their old standards of wealth, these investments will yield a very large profit. To reap this benefit, however, it will be necessary to hold the securities for a considerable period because it will take the warring countries a long time to "come back." Another fact in connection with internal bonds well worth remembering is that while belligerent countries will scrupulously respect their obligations held by a great neutral like the United States whose good will and resources will be very necessary after the close of hostilities, there is the possibility, remote though it may be, that repudiation of home issues may come in the shock of readjustment.

In a word, in purchasing a foreign war bond be sure to get a stable national name, accumulated wealth, habits of thrift, an ample taxing power, and a good conversion basis behind the security.

Amid all our war lending lurks a menace to future and necessary American financing. In flush times like these it is comparatively easy for us to spare large sums of money, because such capital is available and not missed at home. If there was the absolute certainty that all the foreign short term loans would be paid on maturity there would be no reason to show the red light.

But any man who knows anything about the European financial situation also knows that it will be extremely difficult, almost impossible, for the fighting nations to meet their obligations within the time specified. This does not mean that

they will be unable to pay. It does mean, however, that the inroads of the war will have been so terrific that pressing needs will so continue to pile up that renewals must be sought. Thus our money will still be tied up.

What will happen at home? Simply this. American enterprise which will need capital for expansion may have to wait. In discussing this matter one of the best known American bankers said this to me the other day:

"If America had a benevolent despot I believe that he ought to set aside an arbitrary sum which would represent the limit that we as a nation could lend each year to foreign countries."

There is still another hardship in this outward flow of our capital. It lies in the fact that the very attractive terms of the war loans have made it very difficult for American railroads and corporations to finance their needs. They must pay more for their requirements than ever before.

Yet this war financing has done more for us than merely provide an opportunity for the profitable employment of hundreds of millions of dollars. It has brought back home about \$1,500,000,000 of our securities, mostly in railroad, that were held abroad. This has not only meant a considerable cutting down in the sum that we formerly had to send to Europe in interest and dividends, but it has helped to make us more economically independent. There is still \$1,780,000,000 of our securities held abroad, and if the war keeps on much longer a great portion of it is likely to come back.

There were two good reasons for this liquidation. One was that the holder of the American security in England is subject to a very high tax in addition to the normal income tax on large fortunes. Another was the necessity for the mobilisation of American securities to become part of the collateral offered by the British Government for the loans made in this country. In many instances the English owner of American securities has simply loaned them to his country as a patriotic act. In numerous other cases, however, he has sold them outright and put the proceeds into home war issues.

You have seen how our millions have joined that greater stream of European billions to meet the rising tide of war cost. How is this vast debt to be paid and what is the paying capacity of the nations involved?

In analysing the war debt and its costly hangover for posterity, you must remember that not all of it is in actual money. The nations at war have not only taxed their economic reserve through the destruction of productive capacity in the loss of men and material--as I have already pointed out--but have made a costly and well-nigh permanent drain upon what might be called their nervous systems.

Look for a moment at the American Civil War whose cost was a mere flea bite as compared with the stupendous price of the European Conflagration. At the end of that war only half of its reckoning was represented in the country's bonded debt. After fifty years we are still paying in some way for the other and larger outlay, the invisible strain on the country.

Strange as it may seem in the light of the present frightful ravage in Europe, no country has ever been completely ravaged by war. When I returned from Europe more than a year ago, I was convinced that economic exhaustion would be the determining factor: that victory would perch on the side of the biggest bank roll. After a second trip to the warring lands I am convinced that I was wrong in my first impression. Observation again in England and France leads me to believe that man power--beef, not gold--will win. The extents to which financial credit can be extended in the countries at war seem to be almost without limit.

This leads to the final but all essential detail: How will the European nations pay?

Since the Allies practically have a monopoly on the American money sent abroad for war purposes, let us briefly look at the equity behind the Thing known as National Honour. Its first and foremost bulwark is Wealth. Take England first. The wealth of the United Kingdom is \$90,000,000,000: the annual income of the people \$12,000,000,000. To this you can add the wealth, resource and income of all her far-flung colonies and the immense amount of money due to her from foreign countries. Unlike France and save for a few Zeppelin raids, the Empire is absolutely free from the ravage of war. The principal assault has been upon her income, for her great Principal is still intact.

In examining the methods adopted by England and France to meet the cost of the war, you find a sharp difference of procedure which is characteristic of the countries. Following the British tradition, England is trying to make the war "pay its way" with taxation. Out of a total expenditure of \$9,500,000,000 for the current year, no less than \$2,500,000,000 was raised by taxation. The rest was obtained by loans at home and abroad.

The income tax alone will serve to show the enormous increase in tribute. From .04 per cent on small incomes to 13 per cent on large ones before the war it has risen to 1 per cent on small incomes to over 41 1/2 per cent on big ones. Again, 60 per cent of all excess profits earned since the war are surrendered to the State.

I can give no better evidence of the result of this taxation than to repeat what Reginald McKenna, Chancellor of the British Exchequer, said to me in London last August:

"The English position is so sound," he declared, "that if the war ended at the end of the current financial year, that is, on March the 31st, 1917, our present scale of taxation would provide not only for the whole of our peace expenditures and the interest on the entire National Debt but also for a sinking fund calculated to redeem that debt in less than forty years. There would still remain a surplus sufficient to allow me to wipe out the excess profit tax and to reduce other taxes considerably."

When I asked him to make this more specific, he continued:

"The total revenue for the current year is \$2,545,000,000. Our last Peace Budget was \$1,000,000,000. Assuming that the war would end by next March 1st, you must add another \$590,000,000 for interest and sinking fund on the war debt together with a further \$100,000,000 for pensions which would make the total yearly expenditure for the first year of peace \$1,690,000,000. Deducting this from the existing taxation you get a surplus of \$855,000,000. Thus after withdrawing the \$430,000,000 received from the excess profits tax there still remains a margin of \$425,000,000."

Indeed, to analyze British war finance to-day is to find something besides debits and credits and balances. It is a great moral force that does not reckon in terms of pounds or pence. There is no thought of indemnity to soothe the scars of waste: no dream of conquest to atone for friendly land despoiled.

Money grubbing has gone, if only for the moment, along with the other baser things that have evaporated in the giant melting pot of the war. In England to-day there are only two things, Work and Fight. They are giving the nation an economic rebirth: a new idea of the dignity of toil: they have begot a spirit of denial that is rearing an impregnable rampart of resource.

Even more marvellous is the financial devotion of the French who present a spectacle of unselfish sacrifice that merely to touch, as alien, is to have a thrilling and unforgettable experience.

When you look into the French method of paying for the war you get the really picturesque and human interest details. In place of taxation you find that the war is being paid, in the main, out of the savings of the people. Instead of mortgaging the future, the Gaul is utilising his thrifty past.

Never in all history is there a more impressive or inspiring demonstration of the value of thrift as a national asset. It has reared the bulwark that will enable France to withstand whatever economic attack the war will make.

The difference between the English and French system of war financing is psychological as well as material. The average Frenchman has a great deal of the peasant in him. He is willing to give his life and his honour to the nation but he absolutely draws the line at paying taxes. This is why the French have made it a war of loans.

Go up and down the battle line in France and you get startling evidence of the French devotion to savings. More than one English officer has told me of tearful requests from French peasants for permission to go back to their steel-swept and war-torn little farms to dig up the few hundreds of francs buried in some corner of field or garden. Equally impressive is the sight of farmers---usually old men and women---working in the fields while shells shriek overhead and the artillery rumbles along dusty highways.

Thus the French war debt will be met because of the almost incredible saving power of the French people. It is at once their pride and their prosperity. When all is said and done, you discover that with nations as with individuals it is not what they make but what they save that makes them strong and enduring.

One afternoon last summer I talked in Paris with M. Alexandre Ribot, the French Minister of Finance: a stately white-bearded figure of a man who looked as if he had just stepped out of a Rembrandt etching. He sat in a richly tapestried room in the old Louvre Palace where more than one King had danced to merry tune. Now this stately apartment was the nerve centre of a marvellous and close-knit structure that represented a real financial democracy.

"How long can France stand the financial strain of war?" I asked the Minister.

Light flashed in his eyes as he replied:

"So long as the French people know how to save, and this means indefinitely."

Although the invader has crossed her threshold, France continues to save. Every wife in the Republic who is earning her livelihood while her husband is at the front (and nearly every man who can carry a gun is fighting or in training), is putting something by. It means the building up of a future financial reserve against which the nation can draw for war or peace.

One rock of French economic solidity lies in her immense gold supply. The per capita amount of gold is \$30.02 and is larger than any other country in the world. The United States is next with \$19.39, after which come the United Kingdom with \$18.28, and Germany \$14.08. Let me add, in this connection, that a good deal of the French gold is still in stocking and cupboard.

By the end of 1916 the war had cost France \$11,000,000,000, which means an annual fixed charge of \$600,000,000, to which must be added \$200,000,000 for pensions, making the total fixed burden of \$800,000,000.

All this cannot be paid out of savings, although in normal times France saves exactly \$1,000,000,000 a year. But the Government has one big trump card up its sleeve. It is the large fortunes of her citizens. They have been untouched by the war because practically no income tax has been levied.

While the average Frenchman will sacrifice his life rather than submit to taxation, the upper and wealthy class will do both. The annual income of the people of France is \$6,000,000,000. Therefore a 12 per cent tax on this income would very nearly produce the entire fixed charge on the war debt. France looks into the financial future unafraid.

Financially, Russia ambles along like the Big Bear she typifies. In one respect her method of financing the war cost differs distinctly from her Allies in the fact that she has received heavy advances from England and France. From England alone she borrowed \$1,250,000,000 which was expended for arms and ammunition and field equipment. The Czar's Empire has put out five internal loans while the rest of the money needed has been raised out of the sale of short term Treasury Bills, paper money issues and tax levies.

Except for the few millions of dollars obtained in the United States, Germany's financing---like her whole conduct of the war---is self-contained. Through five Imperial 5 per cent loans ranging from one to three billion dollars each, she has established a war credit of \$12,500,000,000. This money---to a smaller degree than in France---has come from the great mass of the German people.

Other sources of revenue that are enabling the Kaiser to pay for the war are Treasury Bills sold at home and a taxation that is moderate compared with the colossal pre-war taxation which spelled Germany's Preparedness. At the time I write this chapter her war expenditure had passed the \$14,000,000,000 mark. Tack on to this Germany's peace debt of \$5,000,000,000 more and you begin to see---with all the uncertainty of the war's duration---the immense burden that the Fatherland will have to carry. The war's drain on the German future is perhaps greater than that of any other country because all her war loans are long term. She has also loaned nearly \$1,000,000,000 to Austria, Turkey and Bulgaria.

The Teutonic war cost has one distinct advantage over all others in that it is confined within the German borders. Hence Germany can do as she pleases with regard to its settlement. If the Mailed Fist obtains after the war she can clamp it down on her loans, wipe them out as she chooses and no one can offer a protest.

Now let us dump all these statistics that represent so much blood, agony and sacrifice into the middle of the table and strike a final balance sheet.

On one hand you have the assets of the warring countries as represented by their national wealth. For the Allies, including Roumania, they show a total of \$273,000,000,000: for the Central Powers they register \$134,000,000,000. If wealth is the winning factor then the Allies have the advantage in weight of buying metal.

Take the other side of the ledger and you see that up to November 1, 1916, the four principal allied countries, England, France, Russia and Italy, had spent on direct war cost approximately \$34,000,000,000, while the total Teutonic war expenditures have been \$21,000,000,000. To this actual war cost must be added the peace debts of the belligerent nations which would supplement the allied expense account by \$17,465,000,000 and that of the enemy nations by \$9,808,000,000.

Striking a grand total of liabilities, you find that if the war mercifully ends by August 1, 1917 (as Kitchener predicted it might), the fighting peoples would face a debt burden of all kinds that had reached \$105,773,000,000.

After this colossal scale of expenditures you may well ask: Will it ever be possible for European finance to see straight or count normally again?

Be that as it may, no one can doubt that the battling nations, individually or with the marvellous team-work that kinship in their respective causes has begot, are able to pay their way while the struggle lasts. Grim To-day will take care of itself under the stress of passion born of desire to win. It is the Reckoning of that Uncertain To-morrow that will prove to be the problem.

You cannot bankrupt a nation any more than you can ruin an individual so long as brains and energy are available. Peace therefore will not find a ruined Europe but it will dawn on a group of depleted countries facing enormous

responsibilities. War ends but the cost of it endures. Just as present millions are paying with their lives so will unborn hosts pay with the sweat of their brows.

Meanwhile our Financial Stake in the Great Struggle is secure. How much more we will have to put into Europe's Red Pay Envelope remains to be seen. In any event, we have learned how to do it.

VII--*The Man Lloyd George*

The door opened and almost before I had crossed the threshold the little grey-haired man down at the end of the long stately room began to speak. Lloyd George was in action.

I had last seen him a year ago in the murk of a London railway station when I bade him farewell after a memorable day. With him I had gone to Bristol where he had made an impassioned plea for harmony to the Trade Union Congress. Then he was Minister of Munitions, Shell-Master of the Nation in its critical hour of Ammunition Need.

Now he had succeeded the lamented Kitchener as Minister of War; sat in the Seat of Strategy, head of the far-flung khakied hosts that even at this moment were breasting death on half a dozen fronts. Just as twelve months before he had unflinchingly met the Great Emergency that threatened his country's existence, so did he again fill the National Breach.

England's Man of Destiny whose long career is one continuous and spectacular public performance was on the job.

But it was not the same Lloyd George who had sounded the call for Military and Industrial Conscription from the Peaks of Empire. Another year of war had etched the travail of its long agony upon his features, saddened the eyes that had always beheld the Vision of the Greater Things. The little man was fresh from the front and full of all that its mighty sacrifice betokened not only to the embattled nations but to the world as well.

Though we spoke of Politics, Presidents and the Great Social Forces that so far as England was concerned acknowledged him as leader, the current of speech always swept back to war and its significance for us.

"Since the war means so much to us," I said, "have you no message for America?"

Throughout our talk he had sat in a low chair sometimes tilting it backward as he swayed with the vehemency of his words. Suddenly he became still. He turned his head and looked dreamily out the window at his left where he could see the throng of Whitehall as it swept back and forth along London's Great Military Way.

Then rising slowly and with eloquent gesture and trembling voice (he might have been speaking to thousands instead of one person), he said:

"The hope of the world is that America will realise the call that Destiny is making to her in tones that are getting louder and more insistent as the terrible months go by. That Destiny lies in the enforcement of respect for International Law and International Rights."

It was a pregnant and unforgettable moment. From the Throne Room of a Mighty Conflict England's War Lord was sounding the note of a distant process of peace.

If you had probed behind this kindling utterance you would have seen with Lloyd George himself that beyond the flaming battle-lines and past the tumult of a World at War was the hope of some far-away Tribunal that would judge nations and keep them, just as individuals are kept, in the path of Right and Humanity.

But before any such bloodless antidote can be applied to International Dispute, to quote Lloyd George again: "This war must be fought to a finish."

These final words, snapped like a whip-lash and emphasised with a fist-beat on the table, meant that England would see her Titan Task through and if for no other reason because the man who drives the war gods wills it so. What sort of man is this who goes from post to post with inspired faith and unflinching execution? What are the qualities that have lifted him from obscure provincial solicitor to be the Prop of a People?

"Let George do it," has become the chronic plea of all Britain in her time of trial. How does he do it?

To understand any man you must get at his beginnings. Thus to appreciate Lloyd George you must first know that he is Welsh and this means that he was cradled in revolt. He must have come into the world crying protest. He was reared in a land of frowning crags and lovely dales, of mingled snow and sunshine, of poetry and passion. About him love of liberty clashed with vested tyranny. These conflicting things shaped his character, entered into his very being and made him temperamentally a creature of magnificent ironies.

But this conflict did not end with emotion. All his life Contrast, sometimes grotesque but always dramatic, has marked him for its own. You behold the Apostle of Peace who once espoused the Boer, translated into the flaming Disciple and Maker of War through the Rape of Belgium. You see the fiery Radical, jeered and despised by the Aristocracy, become the Protector of Peers. No wonder he stands to-day as the most picturesque, compelling and challenging figure of the English speaking race. Only one other man---Theodore Roosevelt---vies with him for this many-sided distinction.

The son of a village schoolmaster who died when he was scarcely three: the ward of a shoe-maker who was also inspired lay-preacher: the political protege of a Militant Nationalist whose heart bled at the oppression of the Welsh, Lloyd George early looked out upon a life smarting with grievance and clamouring to be free. Knowing this, you can understand that the dominant characteristic of this man is to rebel against established order. Swaddled in Democracy, he became its Embodiment and its Voice.

The world knows about the Lloyd George childhood spent amidst poverty in a Welsh village. The big-eyed boy ate, thought and dreamed in Welsh, "the language that meant a daily fare of barley bread." When he learned English it was like acquiring a foreign tongue. He grew up amid a great revival of Welsh art, letters and religion that stirred his soul. He missed the pulpit by a narrow margin, yet he has never lost the evangelistic fervour which is one of the secrets of his control and command of people.

With the alphabet Lloyd George absorbed the wrongs of his people and they were many. The Welsh had a double bondage: the grasp of the Landlord and the Thrall of the Church. All about him quivered the aspiration for a free land, a free people and a free religion. In those days Wales was like another Ireland with all the hardship that Eviction imposes.

The call to leadership came early. As a boy in school he led his mates in rebellion against the drastic dictates of a Church which prescribed liberty of religious thoughts and speech. He became the Apostle of Nonconformity and for it waged some of his fiercest battles.

Always the gift of oratory was his. He preached temperance almost with his advent into his teens: he was a convincing speaker before most boys talked straight.

In due time Lloyd George became a solicitor but it was merely the step into public life. To plead is instinct with him and with advocacy of a case in court he was always urging some reform for his little country. Politics was meat and drink to him and he stood for Parliament. An ardent Home Ruler, he swayed his followers with such intensity that what came to

be known as Lloyd George's Battle Song sprang into being. Sung to the American tune of "Marching Through Georgia" it was hailed as the fighting hymn of Welsh Nationalism. Two lines show where the young Welsh lawyer stood in his early twenties: they also point his whole future:

"The Grand Young Man will triumph,
Lloyd George will win the day-----"

There is something Lincoln-like in the spectacle of his first struggle. This lowly lad fought the forces of "Squirearchy and Hierarchy." The Tories hurled at him the anathema that he "had been born in a cottage."

"Ah," replied Lloyd George, when he heard of it: "the Tories have not realised that the day of the cottage-bred man has dawned."

Before he got through he was destined to show, that so far as opportunity was concerned, the Cottage in Great Britain was to be on a par with a Palace.

As you analyse Lloyd George's life you find that he has always been a sort of Human Lightning Rod that attracted the bolts of abuse. A campaign meant violent controversy, frequently physical conflict. The reason was that he always stated his cause so violently as to arouse bitter resentment.

Into his first election he flung himself with the fury of youth and the eager passion of a zealot. He threw conventional Liberalism to the wind and made a fight for a Free and United Wales. He frankly believed himself to be the inspired leader of his people: often his meetings became riots. More than once he was warned that the Tories would kill him and on several occasions he narrowly escaped death. Once while riding with his wife in an open carriage through the streets of Bangor he was assailed by a hooting, jeering mob. Some one threw a blazing fire ball, dipped in paraffine, into the vehicle. It knocked off the candidate's hat and fell into Mrs. Lloyd George's lap setting her afire. Lloyd George threw off his coat, smothered the flames and after finding that the innocent victim of the assault was uninjured, calmly proceeded to the Town Hall where he spoke, accompanied by a fusillade of stones which smashed every window in the structure.

In this campaign, as in all succeeding ones, Lloyd George used the full powers of press publicity. He made reporters his confidants. Often he rehearsed his speeches before them, striding up and down and declaiming as passionately as if he were facing huge audiences. In fact he acquired an interest in a group of Welsh papers.

Already Welsh chieftainship was being crystallised in the aggressive little fire-eater. Anticipating the coming call of the Mother Country she was laying her burdens on his stalwart shoulders. And what George was now doing for Wales he was soon to do in the larger arena of the Empire.

Once in Parliament Lloyd George was no man's man. He became a free lance and while sometimes he ran amuck his cause was always the cause of his people.

In those earlier Parliamentary days you find some of the traits that distinguished him later on. For one thing he disdained the drudgery of committee work: he chafed at the confinement of the conference room; eagle-like he yearned to spread his wings. His forte was talking. He loathed to mull over dull and unresponsive reports. He frankly admitted a disinclination to work, and it makes him one of the most superficial of men in what the world calls culture. His intelligence has more than once been characterised as "brilliant but hasty."

But offsetting all this is the man's persuasive and pleading personality which always gets him over the shallow ground of ignorance. This is one reason why Lloyd George has always been stronger in attack than in defence. His tactic has always been either to assault first or make a swift counterdrive. He is a sort of Stonewall Jackson of Debate.

Then, as throughout his whole career, he showed an extraordinary aversion to letter-writing. He became known in Parliament as the "Great Unanswered." He used to say, and still does, that an unanswered letter answers itself in time. This led to the tradition that the only way to get a written reply out of Lloyd George was to enclose two addressed and stamped cards, one bearing the word "Yes" and the other "No." More than once, however, when friends and constituents tried this ruse they got both cards back in the same envelope!

Not long ago a well known Englishman wanted to make a written request of Lloyd George and on consulting one of his associates was given this instruction: "Make it brief. Lloyd George never reads a letter that fills more than half a page."

There is no need of rehearsing here the long-drawn struggle through which he made his way to party leadership. In Parliament and out, he was a hornet---a good thing to let alone, and an ugly customer to stir up. Whether he lined up with the Government or Opposition it mattered little. Lloyd George has always been an insurgent at heart.

The crowded Nineties were now nearing their end, carrying England and Lloyd George on to fateful hour. Ministries rose and fell: Roseberry and Harcourt had their day: Chamberlain climbed to power: Asquith rose over the horizon. The long smouldering South African volcano burst into eruption. It meant a great deal to many people in England but to no man quite so much as to Lloyd George.

Now comes the first of the many amazing freaks that Fate played with him. The Institution of War which in later years was to make him the very Rock of Empire was now, for a time at least, to be his undoing.

Before the conflict with the Boers Lloyd George was a militant pacifist---a sort of peacemaker with a punch. When England invaded the Transvaal Lloyd George began a battle for peace that made him for the first time a force in Imperial affairs. He believed himself to be the Anointed Foe of the War and he dedicated himself and all his powers to stem what seemed to be a hopeless tide.

It was a courageous thing to do for he not only risked his reputation but his career. Up and down the Empire he pleaded. He was in some respects the brilliant Bryan of the period but with the difference that he was crucifying himself and not his cause upon the Cross of Peace. He became the target of bitter attack: no epithet was too vile to hurl upon him. Often he carried his life in his hands as the episode of the Birmingham riot shows. In all his storm tossed life nothing approached this in daring or danger.

Lloyd George was invited to speak in the Citadel of Imperialism which was likewise the home of Joseph Chamberlain, Arch-Apostle of the Boer War. Save for the staunchest Liberals the whole town rose in protest. For weeks the local press seethed and raged denouncing Lloyd George as "arch-traitor" and "self-confessed enemy." He was warned that he would imperil his life if he even showed himself. He sent back this word: "I am announced to speak and speak I will."

He reached Birmingham ahead of schedule time and got to the home of his host in safety. All day long sandwich men paraded the highways bearing placards calling upon the citizenry to assemble at the Town Hall where Lloyd George was to speak "To defend the King, the Government and Mr. Chamberlain."

Night came, the streets were howling mobs, every constable was on duty. The hall was stormed and when Lloyd George appeared on the platform he faced turmoil. Hundreds of men carried sticks, clubs and bricks covered with rags and fastened to barbed wire. When he rose to speak Bedlam let loose. Jeers, catcalls and frightful epithets rained on him and

with them rocks and vegetables. He removed his overcoat and stood calm and smiling. When he raised his voice, however, the grand assault was made. Only a double cordon of constables massed around the stage kept him from being overwhelmed. In the free-for-all fight that followed one man was killed and many injured.

Anything like a speech was hopeless: the main task was to save the speaker's life, for outside in the streets a bloodthirsty rabble waited for its prey. Lloyd George started to face them single-handed and it was only when he was told that such procedure would not only foolishly endanger his life but the lives of his party which included several women, he consented to escape through a side door, wearing a policeman's helmet and coat.

Fourteen years later Lloyd George returned to Birmingham acclaimed as a Saviour of Empire. Such have been the contrasts in this career of careers.

Fortunately England, like the rest of the world, forgets. The mists of unpopularity that hung about the little Welshman vanished under the sheer brilliancy of the man. When the Conservative Government fell after the Boer War he was not only a Cabinet possibility but a necessity. The Government had to have him. From that time on they needed him in their business.

Lloyd George drew the dullest and dustiest of all portfolios---the Board of Trade. He found the post lifeless and academic; he vivified and galvanised it and made it a vital branch of party life and dispute. It is the Lloyd George way.

Here you find the first big evidence of one of the great Lloyd George qualities that has stood him in such good stead these recent turbulent years. He became, like Henry Clay, the Great Conciliator. The whole widespread labour and industrial fabric of Great Britain was geared up to his desk. It shook with unrest and was studded with strife. Much of this clash subsided when Lloyd George came into office because he had the peculiar knack of bringing groups of contending interests together. Men learned then, as they found out later, that when they went into conference with Lloyd George they might as well leave their convictions outside the door with their hats and umbrellas.

To this policy of readjustment he also brought the laurel of constructive legislation. To him England owes the famous Patents Bill which gives English labour a share in the English manufacture of all foreign invention; the Merchant Shipping Bill which safeguards the interest of English sailor and shipper; and the Port of London Bill which made the British metropolis immune from foreign ship menace.

England was fast learning to lean on the grey-eyed Welshman. He came to be known as the "Government Mascot": he was continually pulling his party's chestnuts out of the fire of failure or folly. George had begun to "do it" and in a big way.

Likewise the whole country was beginning to feel pride in his performance as the following story, which has been adapted to various other celebrities, will attest:

Lloyd George sat one day in the compartment of a train that was held up at the station at Cardiff. A porter carrying a traveller's luggage noticed him and called his client's attention, saying:

"There is Lloyd George himself in that train."

The traveller seemed indifferent and again the porter called attention to the budding great man. After persistent efforts to rouse his interest, the tourist, much nettled, said tartly:

"Suppose it is. He's not God Almighty."

"Ah," replied the porter, "remember he's young yet."

When Lloyd George became Chancellor of the Exchequer under Asquith no one was surprised. It is typical of the man that he should have leaped from the lowest to the highest place but one in the Cabinet.

As Chancellor he had at last the opportunity to fulfill his democratic destiny. Whatever Lloyd George may be, one thing is certain: he is essentially a man of the masses. With his famous People's Budget he legislated sympathy into the law. It meant the whole kindling social programme of Old Age pensions, Health and Unemployment insurance, increased income tax and an enlarged death duty. As most people know, it put much of the burden of English taxation on the pocketbooks of the people who could best afford to pay. The Duke-baiting began.

Just as he had fought for a Free Wales so did he now struggle for a Free Land. All his amazing picturesqueness of expression came into play. He contended that Monopoly had made land so valuable in Britain that it almost sold by the grain, like radium. In commenting on the heavy taxes levied by the land autocrats upon commercial enterprise in London he made his famous phrase:

"This is not business. It is blackmail!"

To democracy the Budget meant economic emancipation: the banishment of hunger from the hearth: the solace of an old age free from want. It made Lloyd George "The Little Brother of the Poor." To the Aristocracy it was the gauge of battle for the bitterest class war ever waged in England: violation of ancient privilege.

The fight for this programme made Lloyd George the best known and most detested man in England. To hate him was one of the accomplishments of titled folk to whom his very name was a hissing and a by-word. Massed behind him were the common people whose champion he was: arrayed against him were the powers of wealth and rank.

In this campaign Lloyd George used the three great weapons that he has always brought to bear. First and foremost was the force of his personality, for he swept England with a tidal wave of impassioned eloquence. Second, he unloosed as never before the reservoirs of ink, for he used every device of newspaper and pamphlet to drive home his message. He even printed his creed in Gaelic, Welsh and Erse. Third, he employed his kinship with the people to the fullest extent. The Commoner won. As the great structure of social reform rose under his dynamic powers so did the influence of the House of Lords crumble like an Edifice of Cards. Democracy in England meant something at last!

The tumult and the shouting died, the smoke cleared, and Lloyd George stood revealed as England's Strong Man, a sort of Atlas upholding the World of Public Life and much of its responsibilities.

Now for the first time he was caught up in the fabric of the Crimson Net that a few years later was to haul nearly all Europe into war. In 1911 Germany made a hostile demonstration in Morocco. Although England had no territorial interests there, it was important for many reasons to warn the Kaiser that she would oppose his policy with armed force if necessary. A strong voice was needed to sound this note. Lloyd George did it.

Hence it came about that the Chancellor of the Exchequer stood in the Mansion House on a certain momentous day and hurled the defi at the War Lord. It called the Teuton bluff for a while at least. In the light of later events this speech became historic. Not only did Lloyd George declare that "national honour is no party question," but he affirmed that "the peace of the world is much more likely to be secured if all the nations realise fairly what the conditions of peace must be."

Persistent pacifist propagandists to-day may well take warning from that utterance. He still believes it.

The spark that flashed at Agadir now burst into flame. The Great War broke and half the world saw red. What Lloyd George believed impossible now became bitter and wrathful reality. Though he did not know it at the moment, the supreme opportunity of his life lay on the lap of the god of Battles.

The Lloyd George who sat in council in Downing Street was no dreaming pacifist. He who had tried to stop the irresistible flood of the Boer War now rode the full swell of the storm that threatened for the moment to engulf all Britain.

As Chancellor of the Exchequer he was called upon to shape the fiscal policies that would be the determining factor in the War of Wars. "The last L100,000,000 will win," he said. Only one other man in England---Lord Kitchener---approached him in immense responsibility of office in the confidence of the people. It was a proud but equally terrifying moment.

Then indeed the little Welshman became England's Handy Man. As custodian of the British Pocketbook he had a full-sized job. But that was only part of the larger demand now made on his service. Popular faith regarded him as the Nation's First Aid, infallible remedy for every crisis.

If a compromise with Labor or Capital had to be effected it was Lloyd George who sat at the head of the table: if an Ally needed counsel or inspiration it was the Chancellor who sped across the water and laid down the law at Paris or Petrograd: if the Cause of Empire clamoured for expression from Government Seat or animated rostrum, he stood forth as the Herald of Freedom. So it went all through those dark closing months of 1914 as reverse after reverse shook the British arms and brought home the realisation that the war would be long and costly.

The year 1915 dawned full of gloom for England but pointing a fresh star for the career of Lloyd George. Although the first wave of Kitchener's new army had dashed against the German lines in France and established another tradition for British valour, the air of England became charged with an ominous feeling that something was wrong at the front. The German advance in the west had been well nigh triumphant. Reckless bravery alone could not prevail against the avalanche of Teutonic steel.

All the while the imperturbable Kitchener sat at his desk in the War Office---another man of Blood and Iron. He ran the war as he thought it should be run despite the criticism that began to beat about his head. To the average Englander he was a king who could do no wrong. But the conduct of war had changed mightily since Kitchener last led his troops. Like Business it had become a new Science, fought with new weapons and demanding an elastic intelligence that kept pace with the swift march of military events. The Germans were using every invention that marvellous efficiency and preparedness could devise. They met ancient England shrapnel with modern deadly and devastating high-explosives. If the war was to be won this condition had to be changed---and at once.

Two men in England---Lloyd George and Lord Northcliffe---understood this situation. Fortunately they are both men of courageous mould and unwavering purpose. One day Northcliffe sent the military expert of the *Times* (which he owns) to France to investigate conditions. He found that the greatest need of the English Army was for high-explosives. They were as necessary as bread. Into less than a quarter of a column he compressed this news. Instead of submitting it to the Censor who would have denied it publication, Northcliffe published the despatch and with it the revelation of Kitchener's long and serious omission. He not only risked suspension and possible suppression of his newspapers, but also hazarded his life because a great wave of indignation arose over what seemed to be an unwarranted attack upon an idol of the people. But it was the truth nevertheless.

At a time when England was supposed to be sensation-proof this revelation fell like a forty-two centimetre shell. It was an amazing and dramatic demonstration of the power of the press and it created a sensation.

Shell shortage at the front had full mate in a varied deficiency at home. Ammunition contracts had been let to private firms at excessive prices: labour was restricting output and breaking into periodic dissension: drink was deadening energy: in short, all the forces that should have worked together for the Imperial good were pulling apart.

Northcliffe began a silent but aggressive crusade for reform in his newspapers, while Lloyd George let loose the powers of his tongue. A national crisis, literally precipitated by these two men, arose. The Liberal Government fell and out of its wreck emerged the Coalition Cabinet. This welding of one-time enemies to meet grave emergency did more than wipe out party lines in an hour that threatened the Empire's very existence.

The reorganised Cabinet knew---as all England knew---that the greatest requirement was not only men but munitions. A galvanic personality was necessary to organise and direct the force that could save the day. A new Cabinet post---the Ministry of Munitions---was created. Who could fill it was the question. There was neither doubt nor uncertainty about the answer. It was embodied in one man.

The little Welshman became Minister of Munitions.

Lloyd George had led many a forlorn hope by taking up the task that weaker hands had laid down. Here, however, was a situation without precedent in a life that was a rebuke to convention. To succeed to an organised and going post these perilous war times was in itself a difficult job. In the case of the Ministry of Munitions there was nothing to succeed. Lloyd George had been given a blank order: it was up to him to fill it. He had to create a whole branch of Government from the ground up. All his powers of tact and persuasion were called into play. For one thing he had to fit the old established Ordnance Department rooted in tradition and jealous of its prerogatives into the new scheme of things.

Lloyd George was no business man, but he knew how business affairs should be conducted. He knew, too, that America had reared the empire of business on close knit and efficient organisation. He did what Andrew Carnegie or any other captain of capital would do. He called together the Schwabs, the Edisons, the Garys and the Westinghouses of the Kingdom and made them his work fellows.

From every corner of the Empire he drafted brains and experience. He wanted workers without stint, so he started a Bureau of Labor Supply: he needed publicity, so he set up an Advertising Department: to compete with the Germans he realised that he would need every inventive resource that England could command, so he founded an Invention and Research Bureau: he saw the disorganisation attending the output of shells in private establishments, so he planted the Union Jack in nearly every mill and took over the control of British Industry: he found labour at its old trick of impeding progress, so with a Munitions Act he practically conscripted the men of forge and mill into an industrial army that was almost under martial law. He cut red tape and injected red blood into the Department that meant national preservation. In brief, Lloyd George was on the job and things were happening.

The Minister established himself in an old mansion in Whitehall Garden where belles and beaux had danced the stately minuet. It became a dynamo of energy whose wires radiated everywhere. "More Munitions" was the creed that flew from the masthead.

A typical thing happened. The working force of the Ministry grew by leaps and bounds: already the hundreds of clerks were jam up against the confining walls of the old grey building. Lloyd George sent for one of his lieutenants and said:

"We must have more room."

"We have already reported that fact and the War Office says it will take three months to build new office space," was the reply.

"Then put up tents," snapped the little man, "and we will work under canvas."

Realising that his principal weapons were machines, Lloyd George took a census of all the machinery in the United Kingdom and got every pound of productive capacity down on paper. He was not long in finding out why the ammunition output was shy. Only a fifth of the lathes and tools used for Government work ran at night. "These machines must work every hour of the twenty-four," he said. Before a fortnight had passed every munitions mill ground incessantly.

These machines needed adequate manning. Lloyd George thereupon created the plan that enlisted the new army of Munitions Volunteers. Nelson-like he issued the thrilling proclamation that England expected every machine to do its duty. It meant the end of restricted output.

With the ban off restriction he likewise clamped the lid down on drink. Munitions workers could only go to the public houses within certain hours: the man who brought liquor into a Government controlled plant faced fines and if the offence was repeated, a still more drastic punishment.

Lloyd George began a censorship of labour which disclosed the fact that many skilled workers were wasting time on unskilled tasks. Lloyd George now began to dilute the skilled forces with unskilled who included thousands of women.

Right here came the first battle. Labour rebelled. It could find a way to get liquor but it resented dilution and cried out against capacity output. The Shell Master again became the Conciliator. He curbed the wild horses, agreeing to a restoration of pre-war shop conditions as soon as peace came. All he knew was the fact that the guns hungered and that it was up to him to feed them.

The wheels were not whirring fast enough to suit Lloyd George. "We must build our own factories," he said. Almost over night rose the mills whose slogan was "English shells for English guns." In speeding up the English output the Welshman was also equipping England to meet coming needs, laying the first stone of the structure that is fast becoming an Empire Self-Contained.

Lloyd George realised that he could not run every munitions plant, whereupon he organised local Boards of Control in the great ordnance centres like Woolwich, Sheffield, Newcastle and Middleboro. Each became a separate industrial principality but all bound up by hooks of steel to the Little Wizard who sat enthroned at Whitehall.

England became a vast arsenal, throbbing with ceaseless activity. The smoke that trailed from the myriad stacks was the banner of a new and triumphant faith in the future.

What was the result? Up and down the western battle front English cannon spoke in terms of victory. No longer was British gunner required to husband shells: to meet crash with silence. He hurled back steel for steel and all because England's Hope had answered England's Call. Lloyd George had done it again.

I first met Lloyd George during those crowded days when he was Commander-in-Chief of the host that fed the firing line. Under his magnetic direction British industry had been forged into a colossal munitions shop. No man in England was busier: not even the King was more inaccessible. Life with him was one engagement after another.

Now came one of those swift emergencies that seems to crowd so fast upon Lloyd George's life and with it arose my own opportunity.

The British Trade Union Congress in annual session at Bristol had expressed Labour's dissatisfaction over its share of the munitions profits. Lloyd George had sent them a letter explaining his proposed excess profit tax, but this apparently was not enough. The delegates still growled.

"Then I'll go down and speak to them in person," said the Minister with characteristic energy.

Thus it happened that I journeyed with him to the old town, background of stirring naval history. On the way down half a dozen department heads poured into his responsive ears the up-to-the-minute details of the work in hand. He became a Human Sponge soaking up the waters of fact.

At Bristol in a crowded stuffy hall he faced what was at the start almost a menacing crowd. Yet as he addressed them you would have thought that he had known every man and woman in the assembly all their lives. The easy, intimate, frank manner of his delivery: his immediate claim to kinship with them on the ground of a common lowly birth: his quick and stirring appeal to their patriotism swept aside all discord and disaffection. As he gave an eloquent account of his stewardship you could see the audience plastic under his spell. The people who had assembled to heckle sat spellbound. When he had finished they not only gave him an ovation but pledged themselves anew to the gospel of "More Munitions."

It was on the train back to London that I got a glimpse of the real Lloyd George. What Roosevelt would have called "a bully day" had left its impress upon the little man. His long grey hair hung matted over a wilted collar: there was a wistful sort of weariness in his eyes. He sank into a big chair and looked for a long time in silence at the flying landscape. Then suddenly he aroused himself and began to talk. Like many men of his type whom you go to interview he began by interviewing the interviewer.

The first two questions that Lloyd George asked me showed what was going on in his mind, for they were:

"What were Lincoln's views of conscription, and did your soldiers vote during the Civil War?"

There was definite method in these queries, for already the Shadow of Conscription had begun to fall over all England. It was Lloyd George, aided by Northcliffe, who led the fight for it.

The talk always went back to the great war. When I spoke of his speech at Bristol his face kindled and he said:

"Have you stopped to realise that this war is not so much a war of human mass against human mass as it is a war of machine against machine? It is a duel between the English and German workman."

You cannot talk long with Lloyd George without touching on democracy. This is his chosen ground. I shall never forget the fervour with which he said:

"The European struggle is a struggle for world liberty. It will mean in the end a victory for all democracy in its fight for equality."

When I asked him to write an inscription for a friend of mine and express the hope that lay closest to his heart, he took a card from his pocket, gazed for a moment at the rushing country now shot through with the first evening lights, and then wrote: "Let Freedom win."

A few days later Lloyd George made still another appearance in his now familiar role of England's Deliverer. The South Wales coal miners, 2,000,000 in number, went on strike at a time when Coal meant Life to the Empire. There is no need

of asking the name of the man who went to calm this storm. Only one was eligible and he lost no time.

Lloyd George did not call a conference at Cardiff: he went straight to Wales and spoke to the workers at the mouth of the pit. What arbitration and conciliation had failed to do, his hypnotic oratory achieved. The men went back to the mines with a cheer.

A week later at the London Opera House he made a notable speech to the Conference of Representatives of the Miners of Great Britain. To have heard that speech was to get a liberal education in the art of phraseology and to carry always in memory the magic of the man's voice. In this speech he said:

"In war and peace King Coal is the paramount industry. Every pit is a trench: every workshop a rampart: every yard that can turn out munitions of war is a fortress.... Coal is the most terrible of enemies and the most potent of friends.... When you see the seas clear and the British flag flying with impunity from realm to realm and from shore to shore---when you find the German flag banished from the face of the ocean, who had done it? The British miner helping the British sailor."

Small wonder that after this effort the miners of Wales should acclaim their gallant countryman as Industrial Messiah.

You would think that by this time England had made her final tax on the resource of her Ready Man. But she had not. There came the desolate day when the news flashed over England that the "Hampshire" had gone down and with it Kitchener. Following the shock of this blow, greater than any that German arms could deliver, arose the faltering question, "Who is there to take his place?"

It did not falter long. Once more the S.O.S. call of a Nation in Distress flashed out and again the spark found its man. Lloyd George went from Ministry of Munitions to sit in Kitchener's seat at the War Office. Unlike the Hero of Khartoum, he had no service in the field to his credit. But he knew men and he also knew how to deploy them. Just as he brought the Veterans of Business to sit around the Munitions Board, so did he now marshal war-tried campaigners for the Strategy Table. The Somme blow was struck: the new War Chieftain proved his worth.

In the midst of all these new exactions Lloyd George found time for other and arduous national labours. Two more episodes will serve to close this narrative of unprecedented achievement.

When the recent Irish Revolt had registered its tragedy of blood, death and execution, menacing the very structure of Empire, Lloyd George became the Emissary of Peace to the Isle of Unrest.

Again, when prying peacemakers sought to intrude themselves upon the nations engaged in a life and death struggle, it was Lloyd George, in a remarkable interview, who warned all would-be winners of the Nobel prize that peace talk was unfriendly, that "there was neither clock nor calendar in the British Army," that the Allies would make it a finish fight.

So it went until gloom once more took up its abode amid the Allies. Bucharest fell before the German assault: Greece seethed with the unhappy mess that Entente diplomacy had made of a great opportunity: land and sea registered daily some fresh evidence of Teutonic advance. What was wrong?

England speculated, yet one man knew and that man was Lloyd George. He realised the futility of a many-headed direction of the war: with his swift insight he saw the tragic toll that all this cross purpose was taking. He made a demand on Asquith for a small War Council that would put dash, vigour and success into the British side of the conflict. The Premier refused to assent and Lloyd George resigned as War Chief. The Government toppled in a crisis that menaced the very future of the nation.

Great Britain stood aghast. Lloyd George stood for all the popular confidence in victory that the nation felt. For a moment it appeared as if the very foundations of authority had crumbled.

But not for long. When Bonar Law declined to reestablish the Government the oft-repeated cry for action that had invariably found its answer in the intrepid little Welshman, again rose up. Upon him devolved the task of constructing a new Cabinet which he headed as Prime Minister. He now reached the inevitable goal toward which he had unconsciously marched ever since that faraway day when his voice was first heard in Parliament.

Even with Cabinet-making Lloyd George was a Revolutionist. He cut down the membership from twenty-four to five, establishing a compact and effective War Council whose sole task is to "win the war." He centred more authority in the Premiership than the English system has ever known before. He virtually became Dictator.

On the other hand, he raised the number of Ministers outside the Cabinet from nineteen to twenty-eight. He scattered the coterie of lawyers who had so long comprised the Government Trust and put in men with red blood and proved achievement--in the main, self-made like himself. He installed a trained and competent business man of the type of Sir Albert Stanley, raised in the hard school of American transportation, as President of the Board of Trade: he drafted a seasoned commercial veteran like Lord Rhondda (D. A. Thomas), for President of the Local Government Board: he raised his old and experienced aide, Dr. Christopher Addison, to be Minister of Munitions: he made Lord Derby, who had conducted the great recruiting campaign, Minister of War: he put Sir Joseph Maclay, an extensive ship owner, into the post of Shipping Controller. Everywhere he supplanted politicians with doers.

What was equally important he continued his role of Conciliator, for he placated Labour by giving it a large representation and he took a definite step toward the solution of the Irish problem by making Sir Edward Carson First Lord of the Admiralty.

Even as he stood at what seemed the very pinnacle of his power Destiny once more marked him for its own. He had scarcely announced his Cabinet when the world was electrified by the news of the German peace proposal. By his own action Lloyd George had placed himself at the head of the Council charged with the conduct of the war. To the Wizard Welshman therefore was put squarely the responsibility of continuing or ending the stupendous struggle.

Never before in the history of any country was such momentous responsibility concentrated in an individual. The dramatic element with which Lloyd George had become synonymous, found an amazing expression. He was ill in bed when the German suggestion was made. No official announcement of England's position in reply could be made until he had recovered. In the interim the whole world trembled with suspense while stock markets shivered. The Premier's name was on every tongue: the eyes of the universe were focussed on him. It was indeed his Great Hour.

In what was the most significant speech of his career, and with all the force and fervour at his command, he stated the Empire's determination to fulfill its obligations to the trampled and ravaged countries. On that speech hung the stability of international financial credit, the lives of millions of men and the whole future security of Europe.

You have seen the moving picture of a tumultuous life: what of the personality behind it?

Reducing the Prime Minister to a formula you find that he is fifty per cent Roosevelt in the virility and forcefulness of his character, fifteen per cent Bryan in the purely demagogic phase of his makeup, while the rest is canny Celt opportunism. It makes a dazzling and well-nigh irresistible composite.

It is with Roosevelt that the best and happiest comparison can be made. Indeed I know of no more convincing interpretation of the Thing that is Lloyd George than to point this live parallel. For Lloyd George is the British

Roosevelt---the Imperial Rough Rider. Instead of using the Big Stick, he employs the Big Voice. No two leaders ever had so much in common.

Each is more of an institution than a mere man: each dramatises himself in everything he does: each has the same genius for the benevolent assimilation of idea and fact. They are both persistent but brilliant "crammers." Trust Lloyd George to know all about the man who comes to see him whether he be statesman, author, explorer or plain captain of industry. It is one of the reasons why he maintains his amazing political hold.

Lloyd George has Roosevelt's striking gift of phrase-making, although he does not share the American's love of letter writing. As I have already intimated, whatever may be his future, Lloyd George will never be confronted by accusing epistle. None exists.

Like Roosevelt, Lloyd George is past master in the art of effective publicity. He has a monopoly on the British front page. Each of these remarkable men projects the fire and magnetism of his dynamic personality. Curiously enough, each one has been the terror of the Corporate Evil-doer---the conspicuous target of Big Business in his respective country. Each one is a dictator in the making, and it is safe to assume that if Lloyd George lived in a republic, like Roosevelt he would say: "My Army," "My Navy" and "My Policies."

Roosevelt, however, has one distinct advantage over his British colleague in that he is a deeper student and has a wider learning.

In one God-given gift Lloyd George not only surpasses Roosevelt but every other man I have ever met. It is an inspired oratory that is at once the wonder and the admiration of all who hear it. He is in many respects the greatest speaker of his day---the one man of his race whose utterance immediately becomes world property. The stage lost a great star when the Welsh David went into politics. There are those who say that he acts all the time, but that is a matter of opinion dictated by partisan or self-interest.

Lloyd George is what we in America, and especially those of us born in the South, call the "silver-tongued." His whole style of delivery is emotional and greatly resembles the technique of the Breckenridge-Watterson School. In his voice is the soft melodious lilt of the Welsh that greatly adds to the attractiveness of his speech.

Before the public he is always even-tempered and amiable, serene and smiling, quick to capitalize interruption and drive home the chance remark. He invariably establishes friendly relations with his hearers, and he has the extraordinary ability to make every man and woman in the audience before him believe that he is getting a direct and personal message.

Lloyd George can be the unfettered poet or the lion unleashed. Shut your eyes as you listen and you can almost hear the music of mountain streams or the roar of rushing cataracts. In his great moments his eloquence is little short of enthralling, for it is filled with an inspired imagery. No living man surpasses him in splendour of oratorical expression. His speeches form a literature all their own.

When, for example, yielding to that persistent Call of Empire for his service he interpreted England's cause in the war at Queen's Hall in London, in September, 1914, in what was in many respects his noblest speech, he said in referring to Belgium and Servia:

"God has chosen little nations as the vessels by which He carries His choicest wines to the lips of humanity, to rejoice their hearts, to exalt their vision, to stimulate and strengthen their faith; and if we had stood by when two little nations were being crushed and broken by the brutal hands of barbarism, our shame would have rung down the everlasting ages."

In closing this speech which he gave the characteristic Lloyd George title of "Through Terror to Triumph," he uttered a peroration full of meaning and significance to United States in its present hour of pride and prosperity. He said:

"We have been living in a sheltered valley for generations. We have been too comfortable and too indulgent, many, perhaps, too selfish, and the stern hand of fate has scourged us to an elevation where we can see the everlasting things that matter for a nation---the great peaks we had forgotten, of Honour, Duty, Patriotism, and, clad in glittering white, the towering pinnacle of Sacrifice pointing like a rugged finger to Heaven.

"We shall descend into the valleys again; but as long as the men and women of this generation last, they will carry in their hearts the image of those mighty peaks whose foundations are not shaken, though Europe rock and sway in the convulsions of a great war."

Now take a closing look at the man himself. You see a stocky, well-knit figure, broad of shoulder and deep of chest. The animated body is surmounted by a face that alternately beams and gleams. There are strength and sensitiveness, good humour, courage and resolution in these features. His eyes are large and luminous, aglow at times with the poetry of the Celt: aflame again with the fervour of mighty purpose. He moves swiftly. To have him pass you by is to get a breath of life.

To all this strength and power he brings undeniable charm. In action he is like a man exalted: in repose he becomes tender, dreamy, almost childlike. His whole nature seems to be driven by a vast and volcanic energy. This is why, like Roosevelt, he has been able to crowd the achievements of half a dozen careers into one. He is indeed the Happy Warrior.

Yet Lloyd George knows how to play. I have known him to work incessantly all day and follow the Ministerial game far into the night. Ten o'clock the next morning would find him on the golf links at Walton Heath fresh and full of vim and energy. At fifty-three he is at the very zenith of his strength.

Why has he succeeded? Simply because he was born to leadership. Without being profound he is profoundly moving: without studying life he is an unerring judge of men and moods. Volatile, masterful and above all human he is at once the most consistent and inconsistent of men.

But it is a new Lloyd George who stepped from unofficial to official stewardship of England: a Lloyd George with the firebrand out of his being, purged of bitter revolt, chastened and mellowed by the years of war ordeal. Out of contact with mighty sacrifice has come a kinship with the spirit. He is to-day like a man transformed. "England hath need of him."

There are those who see in the new Lloyd George a Conservative in evolution. But whatever the political product of this change may be, it represents the equipment necessary to meet the shock of peace. For peace will demand a leadership no less vigorous than war.

The lowly lad who dreamed of power amid the Welsh Hills is to-day the Hope of Empire.

VIII--*From Pedlar to Premier*

The great General who once said that war is the graveyard of reputations might have added that in its fiery furnace great careers are welded. Out of the Franco-Prussian conflict emerged the Master Figure of Bismarck: the Soudan brought forth Kitchener and South Africa Lord Roberts. The Great Struggle now rending Europe has given Joffre to French history and up to the time of this writing it has presented to the British Empire no more striking nor unexpected character

than William Morris Hughes, the battling Prime Minister of Australia---the Unknown who waked up England.

Even to America where the dramatisation of the Self-made Idea has become a commonplace thing the story of his rise from pedlar to premier has a meaning all its own. Elsewhere in this book you have seen how he stirred Great Britain to the post-war commercial menace of the German. It is peculiarly fitting therefore that this narrative, dedicated as it is to the War after the War, should close with some attempt at interpretation of the personality of the man who sounded its first trumpet call.

Like Lloyd George, Hughes is a Welshman. These two remarkable men, who have done so much to rouse their people, have more than racial kinship in common. They are both undersized: both rose from the humble hearth: both made their way to eminence by way of the bar: both gripped popular imagination as real leaders of democracy. They are to-day the two principal imperial human assets.

Hughes will tell you that he was born frail and has remained so ever since. This son of a carpenter was a weak, thin, delicate boy, but always a fighter. At school in London he was the only Nonconformist around, and the biggest fellows invariably picked upon him. He could strike back with his fists and protect his narrow chest, but his legs were so thin that he had to stuff exercise books in his stockings to safeguard his shins.

Hughes was trained for teaching, and only the restlessness of the Celt saved him from a life term in the schoolroom. At sixteen he had become a pupil instructor. But the sea always stirred his imagination. He would wander down to the East India Docks and watch the ships load with cargoes for spicy climes. One day as he watched the great freighters a boy joined him. He looked very sad, and when Hughes asked him the reason he said he wanted to go home to visit his people, but lacked the money.

"I'll lend you some," said Hughes impulsively.

He went home and out of the lining of an ancient concertina he produced thirty shillings, all the money he had in the world. He handed this hoard over to his new-found friend and promptly forgot all about it. He kept on teaching.

I cite this little episode because it was the turning point in a great man's career. The boy who borrowed the shillings went to Australia. Several years later he returned the money and with it this message: "This is a great country full of opportunity for a young man. Chuck your teaching and come out here." Hughes went.

Three months later---it was in 1884---and with half a crown in his pocket he walked ashore at Brisbane. He looked so frail that the husky dock labourers jeered at his physical weakness. Yet less than ten years from that date he was their militant leader marching on to the Rulership of all Australia.

In those days Australia was a rough land. Beef, bullying and brawn were the things that counted most in that paradise of ticket-of-leave men. Hughes bucked the sternest game in the world and with it began a series of adventures that read like a romance and give a stirring background to the man's extraordinary public achievements.

Hughes found out at once that all hope of earning a livelihood by teaching in the bush was out of the question. His money was gone: he had to exist, so he took the first job that came his way. A band of timber-cutters about to go for a month's sojourn in the woods needed a cook, so Hughes became their potslinger. Frail as he was, he seemed to thrive on hardship. In succession he became sheep shearer, railway labourer, boundary rider, stock runner, scrub-cleaner, coastal sailor, dishwasher in a bush hotel, itinerant umbrella-mender and sheep drover.

With a small band he once brought fifty thousand sheep down from Queensland into New South Wales. For fifteen weeks he was on the tramp, sleeping at night under the stars, trudging the dusty roads all day. At the end of this trip occurred the incident that made him deaf. Over night he passed from the sun-baked plains to a high mountain altitude. Wet with perspiration, he slept out with his flocks and caught cold. The result was an infirmity which is only one of many physical handicaps that this amazing little man has had to overcome throughout his tempestuous life.

Yet he has fought them all down. As he once humorously said: "If I had had a constitution I should have been dead long ago."

After all his strenuous bushwhacking the year 1890 found him running a small shop in the suburbs of Sydney. By day he sold books and newspapers: at night he repaired locks and clocks in order to get enough money to buy law books. Into his shop drifted sailors from the wharves with their grievances. Born with a passionate love of freedom, these sounds of revolt were as music to his ears. Figuratively he sat at the feet of Henry George, whose "Progress and Poverty" helped to shape the course of his thinking. Lincoln's letters and speeches were among his favourites, too.

One night a big dock bruiser grabbed a package of tobacco off the counter, but before he could move a step Hughes had caught him under the jaw with his fist. His burly associates cheered the game little shopkeeper. They now came to him with their troubles and he was soon their friend, philosopher and guide.

For years the synonym for Australian Labour was strike. When the unions were merged into a national body Hughes was the unanimous choice of the husky stevedores for leader. He became the Great Restrainer. Never was influence of lip and brain over muscle and temper better demonstrated. The wild men of the wharves---the roughest crowd in all labour---were under his spell. This nimble-footed shopkeeper flouted them with his wit: ruled with his mind.

On a certain occasion five hundred of them were crowded into a building at Sydney yelling bloody murder and clamouring for violence. Suddenly the tiny figure of Hughes appeared on the platform before them. At first they yelled him down, but he stood smiling, resolute, undaunted. He began to talk: the tumult subsided: he stepped forward, stamped his foot and said in a voice that reached to every corner:

"You shall not strike." And they did not. David had defied the Goliaths.

From that time on Hughes was the Brains of Australian Labour. He organised his industrial rough riders into a powerful and constructive union. With it he drove a wedge into the New South Wales Legislature and gave industry, for the first time, a seat in its Councils. He became its Parliamentary Voice. He was only thirty.

Having got his foot in the doorway of public life, he now jammed the portal wide open. As trade union official he forged ahead. He became the Father Confessor of the Worker. His advice always was: "Avoid violence: put your faith in the ballot box." With this creed he tamed the Labour Jungle: through it he built up an industrial legislative group that acknowledged him as chief.

Though he was rising to fame the struggle for existence was hard. No matter how late he toiled in legislative hall or union assembly, he read law when he got home. He was admitted to the bar, and despite his deafness he became an able advocate. When he had to appear in court he used a special apparatus with wire attachments that ran to the witness box and the bench and enabled him to hear everything that was going on.

He became a journalist and contributed a weekly article to the Sydney *Telegraph*. An amusing thing happened. He noticed that remarkable statements began to creep into his articles when published. When he complained to the editor he discovered that the linotype operator who set up his almost indecipherable copy injected his own ideas when he could not

make out the stuff.

The limitation of a State Legislature irked Hughes. He beheld the vision of an Australian Commonwealth that would federate all those Overseas States. When the far-away dominions had been welded under his eloquent appeal into a close-knit Union, the fragile, deaf little man emerged as Attorney General. At last he had elbow room.

It was due to his efforts that Australia got National Service, an Officers' School, ammunition factories, military training for schoolboys. They were all part of the kindling campaign that he waged to the stirring slogan of "Defence, not Defiance."

Always the friend and champion of Labour, he was in the thick of incessant controversy. His enemies feared him: his friends adored him. He got a variety of names that ranged all the way from "Bush Robespierre" to the "Australian Abraham Lincoln."

The Great War found Hughes the Strong Man of Australia, soon to be bound up in the larger Destiny of the Empire.

Even before the Mother Country sent her call for help to the Children beyond the seas, Hughes had offered the gallant contingent that made history at the Dardanelles. Thanks to him, they were prepared. It was Hughes who sped the Anzacs on to Gallipoli: it was Hughes who, on his own responsibility, offered fifty thousand men more. These men were not in sight at the moment, but the intrepid statesman went forth that very day and started the crusade that rallied them at once.

Hughes was moving fast, but faster moved the relentless course of the war. Gallipoli's splendid failure had been recorded, the Australians stood shoulder to shoulder with their British brothers in the French trenches when the opportunity which was to make him a world citizen knocked at his door.

In October, 1915, Andrew Fisher resigned the Premiership of Australia to become High Commissioner in London, and Hughes was named as his successor. The puny lad who had landed at Brisbane thirty years before with half a crown in his pocket sat enthroned. The reins of power were his and he lost no time in lashing them.

How he divorced the German from Australian trade: how he broke the Teutonic monopoly of the Antipodean metal fields and established the Australian Metal Exchange and made of it an Imperial institution for Imperial revenue only: how he swept England with a torrent of fervid oratory rousing the whole nation to its post-war commercial responsibilities, are all part of very recent history already woven into the fabric of this little volume.

"Reconstruct or decay" was his admonition. Reluctantly the great mass of English people saw him leave their shores last summer. Already the demand for his recall as unofficial Speeder-up of Patriotism is simmering.

What of the man behind this drama of almost unparalleled performance?

To see Hughes in action is to get the impression of a human dynamo suddenly let loose. His face is keen and sharp: his mouth thin: his cheeks are shrunken: his arms and legs are long and he has a curious way of stuffing his clenched fists into his trousers pockets. Some one has called him the Mirabeau of the Australian Proletariat. Certainly he looks it. He has a nervous energy almost beyond belief. By birth, temperament, experience and point of view he is a firebrand, but with this difference: he is a Human Flame that reasons.

Only Lloyd George surpasses him in force and fervour of eloquence. He has a marvellous trick of expression that never fails to make a winning appeal. His speeches are the Bible of the Australian worker, and they are fast becoming part of

the Gospel of the wide-awake and progressive British wage-earner.

Since he was the first Statesman of the Empire to appreciate the grave business responsibilities that will come with peace, it is interesting to get his ideas on the relation between Trade and Government. In one of his impassioned speeches in England he declared:

"The relations between modern trade interests and national welfare are so intimate and complex that they cannot be treated as though they were not parts of one organic whole. No sane person now suggests that the foreign policy of the country should be dealt with by the *laissez-faire* policy. No one would dare openly to contend that the national policy should be one of 'drift,' although I admit that there are many most excellent persons who by their attitude seem to resent any attempt to steer the ship of State along a definite course as being an impious attempt to usurp the functions of Providence, whose special business they conceive this to be.

"I want to make one thing quite clear, that what I am advocating is not merely a change of fiscal policy, not merely or even necessarily what is called Tariff Reform---although this may, probably will, incidentally follow---but a fundamental change in our ideas of government as applied to economic and national matters. The fact is that the whole concept of modern statesmanship needs revision. But England has been, and is, the chief of sinners. Quite apart from the idea of a self-contained Empire there is the idea of Britain as an organized nation. And the British Empire as an organized Empire, organised for trade, for industry, for economic justice, for national defence, for the preservation of the world's peace, for the protection of the weak against the strong. That is a noble ideal. It ought to be---it must be---ours."

An extract from another notable address will reveal his gift of words. Commenting on the frightful price in human life and treasure that the Empire was paying, he said:

"Let us take this solemn lesson to heart. Let us, resolutely putting aside all considerations of party, class, and doctrine, without delay, proceed to devise a policy for the British Empire, a policy which shall cover every phase of our national, economic, and social life; which shall develop our tremendous resources, and yet be compatible with those ideals of liberty and justice for which our ancestors fought and died, and for which the men of our race now, in this, the greatest of all wars, are fighting and dying in a fashion worthy of their breeding.

"Let us set sail upon a definite course as becomes a mighty nation to whom has been entrusted the destiny of one-fourth of the whole human race."

Hughes is the most accessible of men. The humblest wharf-rustler in Australia hails him by his first name. A characteristic incident will show the comradeship that exists between this leader and his constituency.

On his last visit to England he crossed over to France to visit the Australian troops at the front. He was walking through a trench accompanied by General Birdwood, who is Commander-in-Chief of the overseas contingent, and stopped to chat with a group of soldiers who had fought at Gallipoli. Suddenly a shell shrieked overhead. A Tommy from Sydney yelled to the Premier:

"Duck, Billy, duck!"

Here is practical democracy. Nowhere, in all the varied human side of the war, does it find more impressive embodiment than in the self-made little Australian whose life is a miracle of progress.

Of such stuff as this are the Builders of the British To-morrow!

THE END