

TOPICS OF THE DAY

POLITICS IN SOUTH AFRICA: THE NEW PRESIDENT OF THE UNITED STATES; INTERNATIONAL FINANCE; DIPLOMACY IN EGYPT.

GREAT importance was attached and much prominence has been given to the recent South African elections and their outcome. The result is regarded, and properly so, as a victory for continued British unity. Issue was squarely joined on the question of secession, between General Smuts and General Hertzog—the opposing leaders. South Africa, of which General Smuts is the Prime Minister, is under responsible government. It has a Senate of forty members, appointed for ten years, and a House of Assembly—of one hundred and forty members at present—elected by the white adult population of each province. The natives are allowed no share in the government. Since the amalgamation of the Unionists and South Africans under General Smuts there are three political parties—the expanded South African, which has been carrying on the government; the Nationalist, under General Hertzog; and the Labour, under Colonel Creswell. The Hertzog party is composed in the main of Boers, and largely of agriculturists. The Labour party represents the trade unions. There were various local wheels within wheels in each group, which complicated the situation and left the electoral result in doubt until the polls closed. A distinct triumph was scored by General Smuts and the South Africans. It is significant that gains were made chiefly from the ranks of Labour. The majority for the Government is small as compared with majorities elsewhere; the House, however, is small. General Smuts will have adequate support against the parliamentary Opposition. Secession is definitely vanquished for the time being, if it has not received its final quietus. But a far darker cloud is threatening. The native population, which numbers thirty-five millions, is becoming increasingly restless and menacing with the progress of education. It sent delegates of its own, uninvited, to the Paris Conference, and secured a hearing there. The natives seem more to be feared in the future than the Nationalists.

A matter of widespread concern at present is the prospective foreign policy of the new American Administration. Mr. Wilson and the Wilsonian methods, domestic and foreign, belong to the

past. What now concerns us all is the attitude President Harding is likely to take towards the outer world. Though he has never been conspicuous in American public life, and is regarded as a "safe" rather than as a strong man, indications are not lacking that he may develop considerable self-will. He occupies a unique domestic position. He was elected by a majority "greater than has been." His party has complete control of both Houses of Congress. The platform really committed him to nothing in particular, for it differed chiefly in verbiage from that of the Democrats. Its aim was not to make definite commitments, but to avoid them. On it President Harding secured an unprecedented popular majority of over seven million votes. Mr. Wilson won his first Presidential election through a split in the Republican ranks, and the appearance there of two candidates—Mr. Taft and Mr. Roosevelt—who together polled 7,604,463 votes to Mr. Wilson's 6,293,019. He thus became the chosen of only an electoral minority. His second term election against Mr. Hughes was so close that for days his opponent was believed to have won. The majority for Mr. Roosevelt when at the height of his popularity in 1904 was only two and a half millions. Mr. Harding therefore enjoys what may be called a free hand both in his party and in the country, within reasonable limits. He is free to develop his chosen policy or policies. What course he will mark out for himself with regard to foreign affairs is the important enquiry. If his platform implied nothing, his inaugural address revealed very little. Those watching for hints of his foreign policy have agreed that the selection of his Secretary of State would furnish a fairly definite clue to his disposition, the Secretary of State being practically Foreign Minister. Mr. Hughes has been chosen, and—barring the development of a Wilsonian will by Mr. Harding—it is assumed that his influence will be preponderant. His inclinations are to be gathered from his public criticisms of the League of Nations Covenant. They seem to be, in brief: elimination of the guarantee in Article X; non-interference with the internal concerns of States; maintenance of the Munro Doctrine; no member of the League to be made a mandatory without its own consent; no European or Asiatic Power to become a mandatory over any American people; any member of the League to be free to withdraw at will after specific notice. There is nothing to startle us in this. Mr. Harding has added, through Mr. Taft as his special mouthpiece, his personal ideas: avoidance of the political and military obligations of the Treaty and League; a common ground of co-operation with the leading Powers; limitation of arma-

ments; an international Court; conference of nations to induce compromise and avoid war, including arrangements whereby the United States can adjust relations with Germany without accepting the objectionable features of the Treaty; aversion from meddling in European affairs; "The application to nations of the same principles of courtesy and consideration that are employed among gentlemen." These utterances are neither revolutionary nor unpleasantly suggestive in any way. It is fair to expect, therefore, that a period of not unsatisfactory American diplomacy will be inaugurated by the powerful Harding Administration.

It is most desirable that we in Canada should have some precise knowledge of the present condition of other countries, in order that we may comprehend its probable bearing upon our own. We are not merely *in* but *of* the world. Anything wrong with it inevitably affects us. It is instructive and suggestive to learn just to what extent the war has changed the economic standing of the principal nations which participated in it. We are all too well aware of what has taken place in Russia, and of the complete prostration of her unhappy people who are still literally starving and without those means of production or recovery that have been destroyed before their eyes. We know that Italy was poverty-stricken long before the war, and that she is now crushed by debt. We are informed, though we can scarcely realise it, that Central Europe from the Bosphorus to the Baltic, with the apparent exception of Germany, lies wrecked and destitute. We are sadly conscious that our beloved Motherland has been mortgaged to the extent of nine billion pounds sterling,—more than one half of her total estimated wealth in 1914,—and that her financial restoration is being hindered by domestic mischief-workers. We are aware that even the United States, with all their boasted riches, are isolated from the commercial world, heavily taxed and without cheering prospects. We know all this in a general way without exact details. But what do we know concerning Germany and France, the prime antagonists in the late monstrous struggle? Definite information with regard to each of them has been furnished by two separate special writers. The area of the two countries is almost the same. The population of Germany is sixty per cent. larger than that of France. Germany, while superficially the more prosperous, and being kept so by systematic and gross inflation of her currency, is in truth, according to all the economic canons, bankrupt. She will have a deficit this year of sixteen billion marks on her Government railways,—that is, more than their original

cost. Her Post Office deficit will be two billion marks. Her issues of paper money have increased from two billion, seven hundred million marks (June 30, 1914) to seventy-two billion marks (September 15, 1920). Her funded debt has swollen from four billion, nine hundred millions to ninety-one billion marks between the same dates, and her floating debt from four hundred million marks to one hundred and ninety-four billion, seven hundred millions. Is it any wonder that the German mark, formerly worth one fourth of a dollar, now exchanges abroad for less than two cents? In addition to her domestic indebtedness Germany has been ordered by the Allies to pay eleven billion, three hundred million pounds—not marks—as war indemnity. How can she pay it? How can she keep her head above the morass of her domestic debt alone? The case of France is even more desperate, for she suffered much more severely through the war. At present she is not able to meet more than half her administrative outlay. Her ordinary budget is four times larger than in 1913. It has increased from four and a half billion francs to over twenty-two billions. Then she has two other budgets, mainly for concealment of actual facts from her own people,—one of five and a half billion francs, and another of nearly three billion francs. She is borrowing money abroad at nine per cent. Her public debt has increased from forty billion francs in 1913 to two hundred and sixty billion francs at present. Her treasury is almost exhausted. The richest part of her territory is still a war-wasted wilderness. Her sole dependence, apart from her own courageous exertions, is on what she may possibly be able to collect from the Germans, and there is not much hope in that; for Germany can pay only with goods, which, if they were to be received, would further impoverish France by ruining her own industries and throwing her people out of employment. That France is rapidly approaching and even now verging on national bankruptcy can hardly be doubted. All these facts serve to indicate how relatively fortunate Canada is. But they also indicate the approach of "hard times," of unprecedented severity for the whole world, the effects of which must be profoundly felt by this Dominion.

One of the most important unsettled questions of the day, as affecting not only the British sisterhood of nations but the world at large, is the future status and government of Egypt. In consequence of Egyptian unrest culminating in the violent outbreaks of March, 1919, a diplomatic Mission headed by Lord Milner was despatched to Egypt. This Mission entered into conversations

with the native leaders, and certain proposals were formulated for submission to the British Government. A summary of these was printed in *The Times* of August 24, 1920. The Egyptian press published them in full in September, but they were not similarly issued in England until November 6th. On November 10th, Mr. Bonar Law informed the House of Commons that the proposals, though published under authority, had never been fully considered by the Cabinet, and that there was no decision regarding their acceptance by the Government. There the matter still rests, although official notice was given to the House on the same day that negotiations had been opened with all the Powers enjoying rights in Egypt under the capitulations for the transference of their rights to Great Britain. Further progress has not so far been reported. The capitulations loom large as prospective obstacles to the acceptance of the proposals. They are economic agreements entered into by various Powers with the former Egyptian Government before the British occupation. The occupying forces have furnished almost the only guarantee for their subsequent fulfilment. One of the present proposals is that those forces should be withdrawn, which would leave the capitulatory Powers without practical assurance, and dependent on the disposition of the virtually autonomous Egyptian Government which is to be established, except in so far as British moral influence could be exerted with effect. How little that influence might prevail is indicated by the fact that since the conversations took place and the proposals of the Commission were joyfully accepted by the Egyptian leaders those leaders have put forward a demand for the possession of the Soudan, conquered and materially improved by the British, and at no time under Egyptian jurisdiction. Acceptance of the proposals by the British Parliament would, in effect, make Egypt an independent country, bound to Great Britain mainly by treaty obligations. If British diplomacy with regard to the capitulations should be successful this end may be attained.

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