

The founder of the Pan-European movement argues that the Ottawa Conference means a united Europe with Britain included if Ottawa fails, and with Britain out if Ottawa succeeds.

Europe *and* OTTAWA

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OTTAWA is a milestone of world progress. It is a gravestone of free trade. It is a foundation stone of continental economic development.

Two economic theories contended for mastery during the nineteenth century—free trade and national tariffs. England stood for free trade; the continent of Europe for national tariffs. The aim of free trade was to organize the whole planet into a single and unified economic organization. The aim of the advocates of a national protective tariff was to transform their nation as far as was possible into a closed and self-sufficient economic sphere.

Free trade increased the universal dependence of each part of the world on all other parts. Hence it promoted the maintenance of world peace. National tariffs increased a nation's

power of resistance in the event of war, for only a self-sufficient economic system can feed and arm a blockaded nation. During the twentieth century economic and political developments worked in opposite directions. Whereas technical progress tended to increase world commerce and therefore encourage free trade, political developments favored autarchy. The most powerful argument of the national autarchists was the war blockade of the Central Powers.

Here was striking proof that free trade can exist only between nations that are certain to live in peace with each other. Free trade with a potential enemy may become suicide to-morrow. At the same time, the war blockade proved that even the largest European nations are too small to organize their economic systems on a self-supporting

basis. And the failure of the war blockade of Russia proved that a huge economic unit could protect its independence even during a period of crisis.

Thus both theories were disproved by the War, both free trade and national autarchy. This double fiasco of previously accepted doctrines led to the creation of a new economic and political conception—the economic continent. An economic continent is a huge expanse of territory whose extent, population, and wealth of raw materials assure virtual self-sufficiency. At the same time, the political relationships between the various parts assure the maintenance of peace behind a common protective tariff wall. At home the economic continent practises free trade; toward the outer world it presents a protective tariff. It combines the technical advantages of free trade with the political advantages of autarchy.

Two economic continents exist today—the United States of America and Soviet Russia. Both could survive an economic blockade on the part of the rest of the world for a century and not have to capitulate. For both are able within their own frontiers to produce nearly all the raw materials, nearly all the food-stuffs that they need to maintain life and to keep their economic systems going.

If they are now suffering from the economic crisis, that is due to other causes. For to date no sensible American or Russian has recommended overcoming the crisis by erecting interstate customs barriers, and at the same time sensible Europeans are advocating the abolition of European tariff walls and the creation of a European customs union. For the

system of a big domestic market which will consume most of the goods it produces and which can be supplied cheaply by means of mass production has proved its superiority to the system of small economic units.

THE significance of the Ottawa Conference resides in the fact that England is trying to make its Empire into the third and largest economic empire in existence. England is not abandoning free trade in a hopeless effort to transform her overindustrialized island into a self-sufficient economic unit. Any such attempt would ruin British industry and lead to disastrous consequences.

England's purpose is to replace free trade, which has now become impossible, with Empire free trade, which is easy to organize for political reasons. Since England has seen more and more foreign markets being closed to her products by rising tariff walls, she is trying to make that quarter of the world's territory and population which lives under her flag into a huge domestic market for her own exclusive use. For this enormous Empire fulfills the requirements that make free trade possible. It lives at peace with itself, an essential of economic self-sufficiency, and it has the necessary natural wealth, population, and raw materials.

The conception of economic empire has two faces. It is a movement in behalf of both free trade and tariffs. Free trade at home, protection abroad. If England succeeds in her grandiose attempt to knit her Empire together into an economic alliance, this British block, with its reserves of raw materials extending from the two poles to the Equator, will become the mightiest

economic power in the world. If the attempt fails, America and Russia will dominate world economics. England will have played out her historic rôle.

Hence Ottawa's imperialism is political as well as economic. It is England's last attempt to save her world dominance. It is an attempt to save the greatest Empire in the world from collapse. It is an attempt to establish a permanent link between British trade and industry on the one hand and an inexhaustible supply of raw materials on the other. Political ties are not strong enough in themselves to hold together an Empire that has no geographical unity. Only economic ties can guarantee its unity and its future. Hence the most farsighted British statesmen and economic leaders fight for the idea of Empire. First and foremost among them stands L. S. Amery, former minister for the colonies, intellectual leader of the Empire movement, and the true heir of Disraeli and Joseph Chamberlain. He is a statesman of the first order and a man of intelligence and energy. Thanks largely to him, the idea of Empire has been combating centrifugal tendencies and has come to life again in the form of the Ottawa Conference.

The Ottawa Conference will determine European as well as British history. For England's future relations with the Continent depend on the success or failure of the Conference. England's uncertain position toward Europe is blocking European unity to-day, just as Austria's uncertain position toward Germany prevented German unity a hundred years ago. At that time the whole of Germany recognized the necessity for German unity, but it could not be achieved because nobody knew whether Aus-

tria, whose empire lay for the most part outside Germany, would unite with the future Germany or not. Until Bismarck's time the formula was a united Germany without Austria buttressed by a dual alliance with the whole Hapsburg Empire. To-day it is uncertain whether or not England can enter into a European alliance. The Conference at Ottawa will answer this question.

IF THE British economic union comes into existence England automatically cuts herself loose from the Pan-European combination, for she cannot grant protective tariffs to both Rumanian and Canadian grain. It is impossible to favor British grain at the expense of European grain and at the same time to favor European grain at the expense of British grain. If Ottawa succeeds, the European boundary question will be clearly raised, not in a hostile spirit but in a neighborly spirit that will lead to a close British-European alliance. If Ottawa fails, England will find herself forced to enter into a union with the continent of Europe. While Canada is turning to Pan-America, England will be turning to Pan-Europe. For England cannot remain isolated in the modern world. If she cannot form a union with her Dominions she must unite with the continent of Europe. In any event, Europe stands to gain from whatever decision is reached.

In another sense, too, Ottawa is determining the future of Europe. It is clear that a Europe divided into twenty-six different economic units could not maintain itself in the face of three great economic empires—Russia, America, and Britain. Hence success at Ottawa would at once raise the

question of a Pan-European economic union.

For if England grants preferential treatment to the grain from her Dominions, then the European industrial nations must grant similar treatment to grain from Eastern Europe. In like manner, if the Dominions grant preferential treatment to English industrial goods, the agricultural states of Eastern Europe must grant similar preferential treatment to the products of the West European industrial states. Logic will relentlessly compel a European economic union to follow in the wake of a British economic union. Europe cannot sit still and watch its exports being excluded from overseas markets without adapting itself and organizing its own European markets, in conjunction with its own colonies, into a huge economic unit. But, in order to bring into existence this great economic unit, it is necessary to create the same political conditions that exist within the British economic union, namely, a condition in which war between the member states is out of the question. Hence the problem of a European economic union is identical

with the problem of political understanding and reconciliation between the European states, especially between France and Germany.

This fateful question that the Ottawa Conference is placing before Europe demands an immediate answer. Already the outlines of a fourth economic system are beginning to appear in the Far East, where China is being reorganized and dominated by Japan. The new Manchurian state is only a beginning. Europe, too, must make decisions at this hour. Hence the significance of the European congress that is meeting from the first to the fifth of October in Basel, where the question of a European economic union will be discussed, along with the political implications involved.

Having an eye to what is going on all over the world, Europe will see itself forced to take its destiny in its own hands and, in the name of an economic Monroe Doctrine, assert the same right to form a union that the British dominions are now assuming in Ottawa. Hence the European echo of Ottawa runs as follows: 'Europe for the Europeans.'

A South African director of several finance and gold-mining companies explains how England—and, by implication, the world—can revive business on the gold standard. A timely preface to the World Economic Conference.

Common Sense *about* Gold

By F. H. HAMILTON

From *The Statist*
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IT WILL before long be necessary for the British Government to define its policy with regard to the pound sterling, and it is desirable that public opinion, and especially that section of it which is directly interested in that vital nerve centre, the City of London, should reach certain broad conclusions upon currency questions. This is not altogether easy. The subject is exceedingly intricate and highly technical, and in the main the experts have been too preoccupied with their own pet theories, and the politicians too closely concerned with politics, to be very helpful. Nevertheless, the time is approaching when some measure of common agreement will have to be reached. Within the next twelve months or so, the Government will know how far tariffs have helped to establish a balance of trade; how far

and, broadly, on what lines we may hope to balance budgets; the American elections will be over; the Young Plan will have been duly superseded, and we shall, in all probability, know what we have to pay the United States, and what we are likely to receive from Germany, if indeed we do not know that already. In other words, we shall be in a position to form a fairly shrewd idea, within comparatively narrow limits, of what, relative to the gold currencies, is the natural level of the pound sterling.

The purpose of this memorandum is to suggest that the only policy possible for the British Government is to return to the gold standard, simultaneously to reduce the gold contents of the pound sterling, and to announce its policy the moment it is reasonably confident that it has ascertained the