

CHAPTER X

PRESENT FORCES AND TENDENCIES IN THE FAR EAST

The Far Eastern situation is so complex that it is very difficult to guess what will be the ultimate outcome of the Washington Conference, and still more difficult to know what outcome we ought to desire. I will endeavour to set forth the various factors each in turn, not simplifying the issues, but rather aiming at producing a certain hesitancy which I regard as desirable in dealing with China. I shall consider successively the interests and desires of America, Japan, Russia and China, with an attempt, in each case, to gauge what parts of these various interests and desires are compatible with the welfare of mankind as a whole.[86]

I begin with America, as the leading spirit in the Conference and the dominant Power in the world. American public opinion is in favour of peace, and at the same time profoundly persuaded that America is wise and virtuous while all other Powers are foolish and wicked. The pessimistic half of this opinion I do not desire to dispute, but the optimistic half is more open to question. Apart from peace, American public opinion believes in commerce and industry, Protestant morality, athletics, hygiene, and hypocrisy, which may be taken as the main ingredients of American and English Kultur. Every American I met in the Far East, with one exception, was a missionary for American Kultur, whether nominally connected with Christian Missions or not. I ought to

explain that when I speak of hypocrisy I do not mean the conscious hypocrisy practised by Japanese diplomats in their dealings with Western Powers, but that deeper, unconscious kind which forms the chief strength of the Anglo-Saxons. Everybody knows Labouchere's comment on Mr. Gladstone, that like other politicians he always had a card up his sleeve, but, unlike the others, he thought the Lord had put it there. This attitude, which has been characteristic of England, has been somewhat chastened among ourselves by the satire of men like Bernard Shaw; but in America it is still just as prevalent and self-confident as it was with us fifty years ago. There is much justification for such an attitude. Gladstonian England was more of a moral force than the England of the present day; and America is more of a moral force at this moment than any other Power (except Russia). But the development from Gladstone's moral fervour to the cynical imperialism of his successors is one which we can now see to be inevitable; and a similar development is bound to take place in the United States. Therefore, when we wish to estimate the desirability of extending the influence of the United States, we have to take account of this almost certain future loss of idealism.

Nor is idealism in itself always an unmixed blessing to its victims. It is apt to be incompatible with tolerance, with the practice of live-and-let-live, which alone can make the world endurable for its less pugnacious and energetic inhabitants. It is difficult for art or the contemplative outlook to exist in an atmosphere of bustling practical philanthropy, as difficult as it would be to write a book in the middle

of a spring cleaning. The ideals which inspire a spring-cleaning are useful and valuable in their place, but when they are not enriched by any others they are apt to produce a rather bleak and uncomfortable sort of world.

All this may seem, at first sight, somewhat remote from the Washington Conference, but it is essential if we are to take a just view of the friction between America and Japan. I wish to admit at once that, hitherto, America has been the best friend of China, and Japan the worst enemy. It is also true that America is doing more than any other Power to promote peace in the world, while Japan would probably favour war if there were a good prospect of victory. On these grounds, I am glad to see our Government making friends with America and abandoning the militaristic Anglo-Japanese Alliance. But I do not wish this to be done in a spirit of hostility to Japan, or in a blind reliance upon the future good intentions of America. I shall therefore try to state Japan's case, although, for the present, I think it weaker than America's.

It should be observed, in the first place, that the present American policy, both in regard to China and in regard to naval armaments, while clearly good for the world, is quite as clearly in line with American interests. To take the naval question first: America, with a navy equal to our own, will be quite strong enough to make our Admiralty understand that it is out of the question to go to war with America, so that America will have as much control of the seas as there is any point in

having.[87] The Americans are adamant about the Japanese Navy, but very pliant about French submarines, which only threaten us. Control of the seas being secured, limitation of naval armaments merely decreases the cost, and is an equal gain to all parties, involving no sacrifice of American interests. To take next the question of China: American ambitions in China are economic, and require only that the whole country should be open to the commerce and industry of the United States. The policy of spheres of influence is obviously less advantageous, to so rich and economically strong a country as America, than the policy of the universal Open Door. We cannot therefore regard America's liberal policy as regards China and naval armaments as any reason for expecting a liberal policy when it goes against self-interest.

In fact, there is evidence that when American interests or prejudices are involved liberal and humanitarian principles have no weight whatever. I will cite two instances: Panama tolls, and Russian trade. In the matter of the Panama canal, America is bound by treaty not to discriminate against our shipping; nevertheless a Bill has been passed by a two-thirds majority of the House of Representatives, making a discrimination in favour of American shipping. Even if the President ultimately vetoes it, its present position shows that at least two-thirds of the House of Representatives share Bethmann-Hollweg's view of treaty obligations. And as for trade with Russia, England led the way, while American hostility to the Bolsheviks remained implacable, and to this day Gompers, in the name of American labour, thunders against "shaking hands with murder." It cannot therefore be said that America is

always honourable or humanitarian or liberal. The evidence is that America adopts these virtues when they suit national or rather financial interests, but fails to perceive their applicability in other cases.

I could of course have given many other instances, but I content myself with one, because it especially concerns China. I quote from an American weekly, *The Freeman* (November 23, 1921, p. 244):--

On November 1st, the Chinese Government failed to meet an obligation of \$5,600,000, due and payable to a large banking-house in Chicago. The State Department had facilitated the negotiation of this loan in the first instance; and now, in fulfilment of the promise of Governmental support in an emergency, an official cablegram was launched upon Peking, with intimations that continued defalcation might have a most serious effect upon the financial and political rating of the Chinese Republic. In the meantime, the American bankers of the new international consortium had offered to advance to the Chinese Government an amount which would cover the loan in default, together with other obligations already in arrears, and still others which will fall due on December 1st; and this proposal had also received the full and energetic support of the Department of State. That is to say, American financiers and politicians were at one and the same time the heroes and villains of the piece; having co-operated in the creation of a dangerous situation, they came forward handsomely in the hour of trial with an offer to

save China from themselves as it were, if the Chinese Government would only enter into relations with the consortium, and thus prepare the way for the eventual establishment of an American financial protectorate.

It should be added that the Peking Government, after repeated negotiations, had decided not to accept loans from the consortium on the terms on which they were offered. In my opinion, there were very adequate grounds for this decision. As the same article in the Freeman concludes:--

If this plan is put through, it will make the bankers of the consortium the virtual owners of China; and among these bankers, those of the United States are the only ones who are prepared to take full advantage of the situation.

There is some reason to think that, at the beginning of the Washington Conference, an attempt was made by the consortium banks, with the connivance of the British but not of the American Government, to establish, by means of the Conference, some measure of international control over China. In the Japan Weekly Chronicle for November 17, 1921 (p. 725), in a telegram headed "International Control of China," I find it reported that America is thought to be seeking to establish international control, and that Mr. Wellington Koo told the Philadelphia Public Ledger: "We suspect the motives which led to the suggestion and we thoroughly doubt its feasibility. China will bitterly

oppose any Conference plan to offer China international aid." He adds: "International control will not do. China must be given time and opportunity to find herself. The world should not misinterpret or exaggerate the meaning of the convulsion which China is now passing through." These are wise words, with which every true friend of China must agree. In the same issue of the Japan Weekly Chronicle--which, by the way, I consider the best weekly paper in the world--I find the following (p. 728):--

Mr. Lennox Simpson [Putnam Weale] is quoted as saying: "The international bankers have a scheme for the international control of China. Mr. Lamont, representing the consortium, offered a sixteen-million-dollar loan to China, which the Chinese Government refused to accept because Mr. Lamont insisted that the Hukuang bonds, German issue, which had been acquired by the Morgan Company, should be paid out of it." Mr. Lamont, on hearing this charge, made an emphatic denial, saying: "Simpson's statement is unqualifiedly false. When this man Simpson talks about resisting the control of the international banks he is fantastic. We don't want control. We are anxious that the Conference result in such a solution as will furnish full opportunity to China to fulfil her own destiny."

Sagacious people will be inclined to conclude that so much anger must be due to being touched on the raw, and that Mr. Lamont, if he had had nothing to conceal, would not have spoken of a distinguished writer and

one of China's best friends as "this man Simpson."

I do not pretend that the evidence against the consortium is conclusive, and I have not space here to set it all forth. But to any European radical Mr. Lamont's statement that the consortium does not want control reads like a contradiction in terms. Those who wish to lend to a Government which is on the verge of bankruptcy, must aim at control, for, even if there were not the incident of the Chicago Bank, it would be impossible to believe that Messrs. Morgan are so purely philanthropic as not to care whether they get any interest on their money or not, although emissaries of the consortium in China have spoken as though this were the case, thereby greatly increasing the suspicions of the Chinese.

In the New Republic for November 30, 1921, there is an article by Mr. Brailsford entitled "A New Technique of Peace," which I fear is prophetic even if not wholly applicable at the moment when it was written. I expect to see, if the Americans are successful in the Far East, China compelled to be orderly so as to afford a field for foreign commerce and industry; a government which the West will consider good substituted for the present go-as-you-please anarchy; a gradually increasing flow of wealth from China to the investing countries, the chief of which is America; the development of a sweated proletariat; the spread of Christianity; the substitution of the American civilization for the Chinese; the destruction of traditional beauty, except for such objets d'art as millionaires may think it worth while to buy; the

gradual awakening of China to her exploitation by the foreigner; and one day, fifty or a hundred years hence, the massacre of every white man throughout the Celestial Empire at a signal from some vast secret society. All this is probably inevitable, human nature being what it is. It will be done in order that rich men may grow richer, but we shall be told that it is done in order that China may have "good" government. The definition of the word "good" is difficult, but the definition of "good government" is as easy as A.B.C.: it is government that yields fat dividends to capitalists.

The Chinese are gentle, urbane, seeking only justice and freedom. They have a civilization superior to ours in all that makes for human happiness. They have a vigorous movement of young reformers, who, if they are allowed a little time, will revivify China and produce something immeasurably better than the worn-out grinding mechanism that we call civilization. When Young China has done its work, Americans will be able to make money by trading with China, without destroying the soul of the country. China needs a period of anarchy in order to work out her salvation; all great nations need such a period, from time to time. When America went through such a period, in 1861-5, England thought of intervening to insist on "good government," but fortunately abstained. Now-a-days, in China, all the Powers want to intervene. Americans recognize this in the case of the wicked Old World, but are smitten with blindness when it comes to their own consortium. All I ask of them is that they should admit that they are as other men, and cease to thank God that they are not as this publican.

So much by way of criticism by America; we come now to the defence of Japan.

Japan's relations with the Powers are not of her own seeking; all that Japan asked of the world was to be let alone. This, however, did not suit the white nations, among whom America led the way. It was a United States squadron under Commodore Perry that first made Japan aware of Western aggressiveness. Very soon it became evident that there were only two ways of dealing with the white man, either to submit to him, or to fight him with his own weapons. Japan adopted the latter course, and developed a modern army trained by the Germans, a modern navy modelled on the British, modern machinery derived from America, and modern morals copied from the whole lot. Everybody except the British was horrified, and called the Japanese "yellow monkeys." However, they began to be respected when they defeated Russia, and after they had captured Tsing-tao and half-enslaved China they were admitted to equality with the other Great Powers at Versailles. The consideration shown to them by the West is due to their armaments alone; none of their other good qualities would have saved them from being regarded as "niggers."

People who have never been outside Europe can hardly imagine the intensity of the colour prejudice that white men develop when brought into contact with any different pigmentation. I have seen Chinese of the highest education, men as cultured as (say) Dean Inge, treated by greasy white men as if they were dirt, in a way in which, at home, no Duke

would venture to treat a crossing-sweeper. The Japanese are not treated in this way, because they have a powerful army and navy. The fact that white men, as individuals, no longer dare to bully individual Japanese, is important as a beginning of better relations towards the coloured races in general. If the Japanese, by defeat in war, are prevented from retaining the status of a Great Power, the coloured races in general will suffer, and the tottering insolence of the white man will be re-established. Also the world will have lost the last chance of the survival of civilizations of a different type from that of the industrial West.

The civilization of Japan, in its material aspect, is similar to that of the West, though industrialism, as yet, is not very developed. But in its mental aspect it is utterly unlike the West, particularly the Anglo-Saxon West. Worship of the Mikado, as an actually divine being, is successfully taught in every village school, and provides the popular support for nationalism. The nationalistic aims of Japan are not merely economic; they are also dynastic and territorial in a mediæval way. The morality of the Japanese is not utilitarian, but intensely idealistic. Filial piety is the basis, and includes patriotism, because the Mikado is the father of his people. The Japanese outlook has the same kind of superstitious absence of realism that one finds in thirteenth-century theories as to the relations of the Emperor and the Pope. But in Europe the Emperor and the Pope were different people, and their quarrels promoted freedom of thought; in Japan, since 1868, they are combined in one sacred person, and there are no internal conflicts to produce doubt.

Japan, unlike China, is a religious country. The Chinese doubt a proposition until it is proved to be true; the Japanese believe it until it is proved to be false. I do not know of any evidence against the view that the Mikado is divine. Japanese religion is essentially nationalistic, like that of the Jews in the Old Testament. Shinto, the State religion, has been in the main invented since 1868,[88] and propagated by education in schools. (There was of course an old Shinto religion, but most of what constitutes modern Shintoism is new.) It is not a religion which aims at being universal, like Buddhism, Christianity, and Islam; it is a tribal religion, only intended to appeal to the Japanese. Buddhism subsists side by side with it, and is believed by the same people. It is customary to adopt Shinto rites for marriages and Buddhist rites for funerals, because Buddhism is considered more suitable for mournful occasions. Although Buddhism is a universal religion, its Japanese form is intensely national,[89] like the Church of England. Many of its priests marry, and in some temples the priesthood is hereditary. Its dignitaries remind one vividly of English Archdeacons.

The Japanese, even when they adopt industrial methods, do not lose their sense of beauty. One hears complaints that their goods are shoddy, but they have a remarkable power of adapting artistic taste to industrialism. If Japan were rich it might produce cities as beautiful as Venice, by methods as modern as those of New York. Industrialism has hitherto brought with it elsewhere a rising tide of ugliness, and any

nation which can show us how to make this tide recede deserves our gratitude.

The Japanese are earnest, passionate, strong-willed, amazingly hard working, and capable of boundless sacrifice to an ideal. Most of them have the correlative defects: lack of humour, cruelty, intolerance, and incapacity for free thought. But these defects are by no means universal; one meets among them a certain number of men and women of quite extraordinary excellence. And there is in their civilization as a whole a degree of vigour and determination which commands the highest respect.

The growth of industrialism in Japan has brought with it the growth of Socialism and the Labour movement.[90] In China, the intellectuals are often theoretical Socialists, but in the absence of Labour organizations there is as yet little room for more than theory. In Japan, Trade Unionism has made considerable advances, and every variety of socialist and anarchist opinion is vigorously represented. In time, if Japan becomes increasingly industrial, Socialism may become a political force; as yet, I do not think it is. Japanese Socialists resemble those of other countries, in that they do not share the national superstitions. They are much persecuted by the Government, but not so much as Socialists in America--so at least I am informed by an American who is in a position to judge.

The real power is still in the hands of certain aristocratic families.

By the constitution, the Ministers of War and Marine are directly responsible to the Mikado, not to the Diet or the Prime Minister. They therefore can and do persist in policies which are disliked by the Foreign Office. For example, if the Foreign Office were to promise the evacuation of Vladivostok, the War Office might nevertheless decide to keep the soldiers there, and there would be no constitutional remedy. Some part, at least, of what appears as Japanese bad faith is explicable in this way. There is of course a party which wishes to establish real Parliamentary government, but it is not likely to come into power unless the existing régime suffers some severe diplomatic humiliation. If the Washington Conference had compelled the evacuation of not only Shantung but also Vladivostok by diplomatic pressure, the effect on the internal government of Japan would probably have been excellent.

The Japanese are firmly persuaded that they have no friends, and that the Americans are their implacable foes. One gathers that the Government regards war with America as unavoidable in the long run. The argument would be that the economic imperialism of the United States will not tolerate the industrial development of a formidable rival in the Pacific, and that sooner or later the Japanese will be presented with the alternative of dying by starvation or on the battlefield. Then Bushido will come into play, and will lead to choice of the battlefield in preference to starvation. Admiral Sato^[91] (the Japanese Bernhardt, as he is called) maintains that absence of Bushido in the Americans will lead to their defeat, and that their money-grubbing souls will be incapable of enduring the hardships and privations of a long war. This,

of course, is romantic nonsense. Bushido is no use in modern war, and the Americans are quite as courageous and obstinate as the Japanese. A war might last ten years, but it would certainly end in the defeat of Japan.

One is constantly reminded of the situation between England and Germany in the years before 1914. The Germans wanted to acquire a colonial empire by means similar to those which we had employed; so do the Japanese. We considered such methods wicked when employed by foreigners; so do the Americans. The Germans developed their industries and roused our hostility by competition; the Japanese are similarly competing with America in Far Eastern markets. The Germans felt themselves encircled by our alliances, which we regarded as purely defensive; the Japanese, similarly, found themselves isolated at Washington (except for French sympathy) since the superior diplomatic skill of the Americans has brought us over to their side. The Germans at last, impelled by terrors largely of their own creation, challenged the whole world, and fell; it is very much to be feared that Japan may do likewise. The pros and cons are so familiar in the case of Germany that I need not elaborate them further, since the whole argument can be transferred bodily to the case of Japan. There is, however, this difference, that, while Germany aimed at hegemony of the whole world, the Japanese only aim at hegemony in Eastern Asia.

The conflict between America and Japan is superficially economic, but, as often happens, the economic rivalry is really a cloak for deeper

passions. Japan still believes in the divine right of kings; America believes in the divine right of commerce. I have sometimes tried to persuade Americans that there may be nations which will not gain by an extension of their foreign commerce, but I have always found the attempt futile. The Americans believe also that their religion and morality and culture are far superior to those of the Far East. I regard this as a delusion, though one shared by almost all Europeans. The Japanese, profoundly and with all the strength of their being, long to preserve their own culture and to avoid becoming like Europeans or Americans; and in this I think we ought to sympathize with them. The colour prejudice is even more intense among Americans than among Europeans; the Japanese are determined to prove that the yellow man may be the equal of the white man. In this, also, justice and humanity are on the side of Japan. Thus on the deeper issues, which underlie the economic and diplomatic conflict, my feelings go with the Japanese rather than with the Americans.

Unfortunately, the Japanese are always putting themselves in the wrong through impatience and contempt. They ought to have claimed for China the same consideration that they have extorted towards themselves; then they could have become, what they constantly profess to be, the champions of Asia against Europe. The Chinese are prone to gratitude, and would have helped Japan loyally if Japan had been a true friend to them. But the Japanese despise the Chinese more than the Europeans do; they do not want to destroy the belief in Eastern inferiority, but only to be regarded as themselves belonging to the West. They have therefore

behaved so as to cause a well-deserved hatred of them in China. And this same behaviour has made the best Americans as hostile to them as the worst. If America had had none but base reasons for hostility to them, they would have found many champions in the United States; as it is, they have practically none. It is not yet too late; it is still possible for them to win the affection of China and the respect of the best Americans. To achieve this, they would have to change their Chinese policy and adopt a more democratic constitution; but if they do not achieve it, they will fall as Germany fell. And their fall will be a great misfortune for mankind.

A war between America and Japan would be a very terrible thing in itself, and a still more terrible thing in its consequences. It would destroy Japanese civilization, ensure the subjugation of China to Western culture, and launch America upon a career of world-wide militaristic imperialism. It is therefore, at all costs, to be avoided. If it is to be avoided, Japan must become more liberal; and Japan will only become more liberal if the present régime is discredited by failure. Therefore, in the interests of Japan no less than in the interests of China, it would be well if Japan were forced, by the joint diplomatic pressure of England and America, to disgorge, not only Shantung, but also all of Manchuria except Port Arthur and its immediate neighbourhood. (I make this exception because I think nothing short of actual war would lead the Japanese to abandon Port Arthur.) Our Alliance with Japan, since the end of the Russo-Japanese war, has been an encouragement to Japan in all that she has done amiss. Not that Japan

has been worse than we have, but that certain kinds of crime are only permitted to very great Powers, and have been committed by the Japanese at an earlier stage of their career than prudence would warrant. Our Alliance has been a contributory cause of Japan's mistakes, and the ending of the Alliance is a necessary condition of Japanese reform.

We come now to Russia's part in the Chinese problem. There is a tendency in Europe to regard Russia as decrepit, but this is a delusion. True, millions are starving and industry is at a standstill. But that does not mean what it would in a more highly organized country. Russia is still able to steal a march on us in Persia and Afghanistan, and on the Japanese in Outer Mongolia. Russia is still able to organize Bolshevik propaganda in every country in Asia. And a great part of the effectiveness of this propaganda lies in its promise of liberation from Europe. So far, in China proper, it has affected hardly anyone except the younger students, to whom Bolshevism appeals as a method of developing industry without passing through the stage of private capitalism. This appeal will doubtless diminish as the Bolsheviks are more and more forced to revert to capitalism. Moreover, Bolshevism, as it has developed in Russia, is quite peculiarly inapplicable to China, for the following reasons: (1) It requires a strong centralized State, whereas China has a very weak State, and is tending more and more to federalism instead of centralization; (2) Bolshevism requires a very great deal of government, and more control of individual lives by the authorities than has ever been known before, whereas China has developed personal liberty to an extraordinary degree, and is the country of all

others where the doctrines of anarchism seem to find successful practical application; (3) Bolshevism dislikes private trading, which is the breath of life to all Chinese except the literati. For these reasons, it is not likely that Bolshevism as a creed will make much progress in China proper. But Bolshevism as a political force is not the same thing as Bolshevism as a creed. The arguments which proved successful with the Ameer of Afghanistan or the nomads of Mongolia were probably different from those employed in discussion with Mr. Lansbury. The Asiatic expansion of Bolshevik influence is not a distinctively Bolshevik phenomenon, but a continuation of traditional Russian policy, carried on by men who are more energetic, more intelligent, and less corrupt than the officials of the Tsar's régime, and who moreover, like the Americans, believe themselves to be engaged in the liberation of mankind, not in mere imperialistic expansion. This belief, of course, adds enormously to the vigour and success of Bolshevik imperialism, and gives an impulse to Asiatic expansion which is not likely to be soon spent, unless there is an actual restoration of the Tsarist régime under some new Kolchak dependent upon alien arms for his throne and his life.

It is therefore not at all unlikely, if the international situation develops in certain ways, that Russia may set to work to regain Manchuria, and to recover that influence over Peking which the control of Manchuria is bound to give to any foreign Power. It would probably be useless to attempt such an enterprise while Japan remains unembarrassed, but it would at once become feasible if Japan were at war with America

or with Great Britain. There is therefore nothing improbable in the supposition that Russia may, within the next ten or twenty years, recover the position which she held in relation to China before the Russo-Japanese war. It must be remembered also that the Russians have an instinct for colonization, and have been trekking eastward for centuries. This tendency has been interrupted by the disasters of the last seven years, but is likely to assert itself again before long.

The hegemony of Russia in Asia would not, to my mind, be in any way regrettable. Russia would probably not be strong enough to tyrannize as much as the English, the Americans, or the Japanese would do. Moreover, the Russians are sufficiently Asiatic in outlook and character to be able to enter into relations of equality and mutual understanding with Asiatics, in a way which seems quite impossible for the English-speaking nations. And an Asiatic block, if it could be formed, would be strong for defence and weak for attack, which would make for peace. Therefore, on the whole, such a result, if it came about, would probably be desirable in the interests of mankind as a whole.

What, meanwhile, is China's interest? What would be ideally best for China would be to recover Manchuria and Shantung, and then be let alone. The anarchy in China might take a long time to subside, but in the end some system suited to China would be established. The artificial ending of Chinese anarchy by outside interference means the establishment of some system convenient for foreign trade and industry, but probably quite unfitted to the needs of the Chinese themselves. The English in

the seventeenth century, the French in the eighteenth, the Americans in the nineteenth, and the Russians in our own day, have passed through years of anarchy and civil war, which were essential to their development, and could not have been curtailed by outside interference without grave detriment to the final solution. So it is with China.

Western political ideas have swept away the old imperial system, but have not yet proved strong enough to put anything stable in its place. The problem of transforming China into a modern country is a difficult one, and foreigners ought to be willing to have some patience while the Chinese attempt its solution. They understand their own country, and we do not. If they are let alone, they will, in the end, find a solution suitable to their character, which we shall certainly not do. A solution slowly reached by themselves may be stable, whereas one prematurely imposed by outside Powers will be artificial and therefore unstable.

There is, however, very little hope that the decisions reached by the Washington Conference will permanently benefit China, and a considerable chance that they may do quite the reverse. In Manchuria the status quo is to be maintained, while in Shantung the Japanese have made concessions, the value of which only time can show. The Four Powers--America, Great Britain, France, and Japan--have agreed to exploit China in combination, not competitively. There is a consortium as regards loans, which will have the power of the purse and will therefore be the real Government of China. As the Americans are the only people who have much spare capital, they will control the consortium. As they consider their civilization the finest in the world, they will set

to work to turn the Chinese into muscular Christians. As the financiers are the most splendid feature of the American civilization, China must be so governed as to enrich the financiers, who will in return establish colleges and hospitals and Y.M.C.A.'s throughout the length and breadth of the land, and employ agents to buy up the artistic treasures of China for sepulture in their mansions. Chinese intellect, like that of America, will be, directly or indirectly, in the pay of the Trust magnates, and therefore no effective voice will be, raised in favour of radical reform. The inauguration of this system will be welcomed even by some Socialists in the West as a great victory for peace and freedom.

But it is impossible to make a silk purse out of a sow's ear, or peace and freedom out of capitalism. The fourfold agreement between England, France, America and Japan is, perhaps, a safeguard of peace, but in so far as it brings peace nearer it puts freedom further off. It is the peace obtained when competing firms join in a combine, which is by no means always advantageous to those who have profited by the previous competition. It is quite possible to dominate China without infringing the principle of the Open Door. This principle merely ensures that the domination everywhere shall be American, because America is the strongest Power financially and commercially. It is to America's interest to secure, in China, certain things consistent with Chinese interests, and certain others inconsistent with them. The Americans, for the sake of commerce and good investments, would wish to see a stable government in China, an increase in the purchasing power of the people, and an absence of territorial aggression by other Powers. But they will

not wish to see the Chinese strong enough to own and work their own railways or mines, and they will resent all attempts at economic independence, particularly when (as is to be expected) they take the form of State Socialism, or what Lenin calls State Capitalism. They will keep a dossier of every student educated in colleges under American control, and will probably see to it that those who profess Socialist or Radical opinions shall get no posts. They will insist upon the standard of hypocrisy which led them to hound out Gorky when he visited the United States. They will destroy beauty and substitute tidiness. In short, they will insist upon China becoming as like as possible to "God's own country," except that it will not be allowed to keep the wealth generated by its industries. The Chinese have it in them to give to the world a new contribution to civilization as valuable as that which they gave in the past. This would be prevented by the domination of the Americans, because they believe their own civilization to be perfect.

The ideal of capitalism, if it could be achieved, would be to destroy competition among capitalists by means of Trusts, but to keep alive competition among workers. To some extent Trade Unionism has succeeded in diminishing competition among wage-earners within the advanced industrial countries; but it has only intensified the conflict between workers of different races, particularly between the white and yellow races.[92] Under the existing economic system, the competition of cheap Asiatic labour in America, Canada or Australia might well be harmful to white labour in those countries. But under Socialism an influx of

industrious, skilled workers in sparsely populated countries would be an obvious gain to everybody. Under Socialism, the immigration of any person who produces more than he or she consumes will be a gain to every other individual in the community, since it increases the wealth per head. But under capitalism, owing to competition for jobs, a worker who either produces much or consumes little is the natural enemy of the others; thus the system makes for inefficient work, and creates an opposition between the general interest and the individual interest of the wage-earner. The case of yellow labour in America and the British Dominions is one of the most unfortunate instances of the artificial conflicts of interest produced by the capitalist system. This whole question of Asiatic immigration, which is liable to cause trouble for centuries to come, can only be radically solved by Socialism, since Socialism alone can bring the private interests of workers in this matter into harmony with the interests of their nation and of the world.

The concentration of the world's capital in a few nations, which, by means of it, are able to drain all other nations of their wealth, is obviously not a system by which permanent peace can be secured except through the complete subjection of the poorer nations. In the long run, China will see no reason to leave the profits of industry in the hands of foreigners. If, for the present, Russia is successfully starved into submission to foreign capital, Russia also will, when the time is ripe, attempt a new rebellion against the world-empire of finance. I cannot see, therefore, any establishment of a stable world-system as a result of the syndicate formed at Washington. On the contrary, we may expect

that, when Asia has thoroughly assimilated our economic system, the Marxian class-war will break out in the form of a war between Asia and the West, with America as the protagonist of capitalism, and Russia as the champion of Asia and Socialism. In such a war, Asia would be fighting for freedom, but probably too late to preserve the distinctive civilizations which now make Asia valuable to the human family. Indeed, the war would probably be so devastating that no civilization of any sort would survive it.

To sum up: the real government of the world is in the hands of the big financiers, except on questions which rouse passionate public interest. No doubt the exclusion of Asiatics from America and the Dominions is due to popular pressure, and is against the interests of big finance. But not many questions rouse so much popular feeling, and among them only a few are sufficiently simple to be incapable of misrepresentation in the interests of the capitalists. Even in such a case as Asiatic immigration, it is the capitalist system which causes the anti-social interests of wage-earners and makes them illiberal. The existing system makes each man's individual interest opposed, in some vital point, to the interest of the whole. And what applies to individuals applies also to nations; under the existing economic system, a nation's interest is seldom the same as that of the world at large, and then only by accident. International peace might conceivably be secured under the present system, but only by a combination of the strong to exploit the weak. Such a combination is being attempted as the outcome of Washington; but it can only diminish, in the long run, the little

freedom now enjoyed by the weaker nations. The essential evil of the present system, as Socialists have pointed out over and over again, is production for profit instead of for use. A man or a company or a nation produces goods, not in order to consume them, but in order to sell them. Hence arise competition and exploitation and all the evils, both in internal labour problems and in international relations. The development of Chinese commerce by capitalistic methods means an increase, for the Chinese, in the prices of the things they export, which are also the things they chiefly consume, and the artificial stimulation of new needs for foreign goods, which places China at the mercy of those who supply these goods, destroys the existing contentment, and generates a feverish pursuit of purely material ends. In a socialistic world, production will be regulated by the same authority which represents the needs of the consumers, and the whole business of competitive buying and selling will cease. Until then, it is possible to have peace by submission to exploitation, or some degree of freedom by continual war, but it is not possible to have both peace and freedom. The success of the present American policy may, for a time, secure peace, but will certainly not secure freedom for the weaker nations, such as Chinese. Only international Socialism can secure both; and owing to the stimulation of revolt by capitalist oppression, even peace alone can never be secure until international Socialism is established throughout the world.