

# THE GENERAL ELECTION— WHY ?

By J. T. WALTON NEWBOLD

THE General Election which is now upon us has been occasioned, as all such events are, not by the exigencies of the parliamentary situation or by any mere political antagonisms such as reveal themselves upon the surface of affairs, but as a reaction to deep-seated causes at work in the economic and social life of the modern world and, more especially, of Europe.

This political *dénouement* of an election became certain as an event of the near, of the very near, future from the time that it became evident that Mr. Baldwin's negotiations in Paris with M. Poincaré had not resulted in a manner satisfactory to those particular interests with which the Premier is connected. So certain was I myself of the early approach of a political crisis, of the character of the one which is now upon us, that I sent an urgent communication to my agent six weeks ago to prepare for an immediate General Election. The development of the position has been exceedingly rapid, but not more rapid than it was necessary for the Premier that it should be in order that he might maintain a position as favourable to himself as that which, by the hazard of economic circumstance, has, for the time being, developed.

The question of the Ruhr and its reaction upon the relations of Britain, France, and Germany has, during a quarter of a century, passed through a series of stages, one cycle of which produced the "First World War" and the second of which now seems exceedingly likely to bring about the "Second World War" at no very remote date.

Since the period, approximately, 1896-1898, when the French began to develop and the Germans to draw upon the prodigious iron-ore reserves of French Lorraine, the marriage of French ore and German coke has had a profoundly disturbing effect upon British capitalist politics. It was the expansion of the German steel industry consequent upon this and the resultant growing

independence of the Ruhr of ore imports from British properties overseas that occasioned the Tariff Reform outburst of Joseph Chamberlain in 1903. His method was a tariff against German steel. He failed, but, when his method was rejected, the alternative method of fighting the German steel menace (which resulted from the growing productivity of Germany relying on French ore) became the ever-closer knitting together in *entente* and alliance of Britain and France and, in the end, war with Germany.

At the end of that war, Lloyd George wrote into the Treaty of Versailles an ingenious settlement, which, of course, was no settlement, whereby the French obtained even more iron-ore than hitherto, *i.e.*, by the recovery of Lorraine from Germany, the Germans retained the indispensable complementary of these ore-reserves, the coking coal of the Ruhr, while the British shipowners, whom economic development has made shipbuilders, steelmasters, and coke-oven operators, retained the ships in which to carry alternative Newfoundland iron-ore to Rotterdam *en route* to the Ruhr and alternative Durham coke to France *en route* to Lorraine.

For some three years this settlement attained its object: the economic divorce of French iron and German coke. About a year ago, however, France resolved to go into the Ruhr and to possess herself of the coke. The French and the German capitalists were upon the eve of arriving at a friendly arrangement when a gentleman, himself previously in business as a merchant in the Newfoundland iron-ore trade, the late Mr. Bonar Law, intervened in such a way as to strengthen Germany's negotiating will and power and to bring about a quarrel which had the effect of disorganising the Ruhr and at the same time embarrassing the steelmasters of Lorraine. As an immediate consequence came a revival in the British steel industry and an improvement in the trade prospects of Mr. Baldwin's own firm of Baldwins, Ltd.

When, however, the French pressure reduced the Ruhr capitalists to the very edge of submission (a submission made all the more attractive by reason of the threat of a social revolution in Germany from which, as from a worthless currency, they might escape by getting themselves into the borders of a State in actual association with France), the British Premier, this time Mr. Baldwin, endeavoured to arrive at a new understanding with M. Poincaré.

This should have been the more easy having regard to the interests behind and around each of them. Mr. Baldwin was formerly a director of Lloyds Bank, Ltd., and is still the second largest shareholder in Baldwins, Ltd., coke-exporters and steelmasters, a firm which, with its associates, shares three directors with Lloyds Bank, Ltd. Also connected with Lloyds Bank, Ltd., is the Royal Dutch "Shell" oil combine. This latter is working in Paris with the Banque de l'Union Parisienne which, in its turn, heads the financial group behind M. Poincaré. Lloyds Bank, Ltd., has heavy commitments in France and is said to have been making liberal advances to Stinnes to buy coal and iron-ore.

Mr. Baldwin's plan, according to the usually well-informed paper, the *Outlook*, was to include a big loan to be advanced by the London banks to the French Government. Such a loan would have helped to stabilise the French franc, to strengthen the finances of the Poincaré Government, to keep France going with ready money until she receives something on account of reparations from the Ruhr, and would have been secured, no doubt, upon these very reparation payments, probably in the form of blocks of shares in the properties of the Ruhr. In such a way might Baldwins, Ltd., and Lloyds Bank, Ltd., have secured admission, together with Schneider, St. Chamond and Wendel, into the great corporation to exploit the Ruhr.

However, such a project would have raised higher the rate of interest on that ample credit which the industrialists cannot get, at terms that will suit them, from the bankers of London.

Just at this time, Mr. Lloyd George was touring on the grand scale through Canada and the United States, proclaiming the new evangel, preaching the crusade of Anglo-American co-operation to restore Europe to stability. Sir Eric Geddes, his old lieutenant, was denouncing the credit-restriction policy of Mr. Baldwin at home.

What was really happening in America was that Mr. Lloyd George, ever the "man Friday" of British industrialism, was searching for and succeeded in securing the aid of American-Canadian high finance, which was quite willing to come to the assistance of British industrialism writhing in the strangle-hold of Mr. Baldwin's banking friends.

Mr. Lloyd George, bankrupted politically by the economic bankruptcy of the British industrialists, has come back from obscurity via Wall Street with the approbation of American finance. He came back in the expectation of forcing Mr. Baldwin to go to the country in the New Year. Mr. Baldwin has anticipated him by an immediate appeal to the country relying on the sentiment of the electorate to prevent a second appeal in Mr. Lloyd George's own time.

Mr. Baldwin wants a tariff "for purposes . . . of tariff negotiation." He has been very careful to stress that he wants a tariff for bargaining purposes. Thus far, also, he can carry Lord Derby. He cannot carry Lord Birkenhead, newly returned from a head-turning tour in America, nor can he carry Mr. McKenna.

Mr. Baldwin does not himself want a tariff except for the purpose of bargaining his way into M. Poincaré's Franco-Belgian Syndicate for the exploitation of the Ruhr.

Mr. Lloyd George, let us mark well this fact, has to accept the leadership of Mr. Asquith. Not only have we here an example of magnificent and justifiable caution on the part of a man who knows how humiliating may be the experience of a British Premier in these days of eclipse, but we have an evidence of the force behind the stubborn pride of the Right Hon. the member for Paisley—a cotton spinning purgatory—namely, the desperate *putsch* made by cotton and woollen and worsted capitalism to check Baldwin and at the same time not to deliver themselves over to Lloyd George.

Textile capitalism wants the "scrapping" of the Treaty of Versailles. Textile capitalism does not, however, desire to capitulate to American finance capital—especially does Lancashire desire independence of the American cotton growers' monopoly. In the same way, Lord Cowdray, the associate of the Royal Dutch "Shell" oil group, has every inducement to support his "man Friday," Mr. Asquith. Lord Cowdray does not want to have to yield ground at Vera Cruz and elsewhere in Mexico to the United States capitalists.

The British capitalists, the dominant section of the British capitalists, would, as an alternative to Mr. Baldwin, select not Mr. Lloyd George but Mr. Asquith.

Then there is another aspect of the situation, but, except for the possibilities of German revolution, not so pressing as to explain an immediate General Election. That is the desire of the capitalists to blur the issue of the class conflict which, on the political stage, becomes more clearly marked every day. The workers will not accept another series of wage cuts with docility and there is danger—at least so the capitalists believe—of an increase in the political strength of the Labour Party. Not only so, but under an industrial pressure that would give greater influence to the left-wing elements in its ranks. Consequently, the capitalists desire to start a false scent and to commence a sham fight.

The Liberals have no policy or programme and, therefore, accept with the utmost enthusiasm a campaign in which they will be waging a war of negation against, on the one hand, the tariff and, on the other, the capital levy.

Moreover, both are agreed upon the desirability of distracting the attention of the advanced section of the Labour Party from the situation in Germany, and the dangers of counter-revolution and of a new war in Western Europe. The capitalists wish to relegate the Labour Party to the third position in the State so as to prevent it, now that it moves more towards the Left, choosing the topics of discussion and waging the political conflict over issues that are of any importance to the world's workers.

Finally, the capitalists know how depleted are the funds of the unions and the resources of individual socialists and labourists. They intend to eliminate the Labour Party, in a perfectly legal and constitutional manner, by the mere process of repeated elections which will exhaust the funds and so, automatically, cancel out the Labour Party.