

THE ECONOMIC IMPACT
OF AMERICA



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THE ECONOMIC IMPACT OF AMERICA

BY

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ETC.

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PREFACE

WHAT effect will the stupendous economic power of the United States exercise upon our fortunes? Will our financial history be that of Holland? In popular parlance, will America "do us in"?

In the first chapter I state the reasons in favour of that view. In the succeeding seven chapters I present the other side of the picture, and in the last four chapters I sum up the case.

My conclusion is that our place in world economics tends to be not less, but more, important than formerly, and that our future in this respect will be greater than our past.

As regards the temper and spirit in which I have written, I hope and believe that I have said nothing to offend any American, or any British, citizen. Such a disposition is all the more necessary since we are in contested country all the way. We pursue the line of

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intersection, the quivering belt formed by the contact, or the clash, of two mighty economic energies. Our journey throughout is along the debatable borderland, the unsettled frontier which ever fluctuates as we follow it.

My first visit to the United States was paid in order to study the economic issue presented at the Presidential Election of 1896, an occasion which even in my youth I regarded, and still regard, as constituting a turning-point in the history of international finance. In the interval I have paid other visits. Thus, in 1904, even in the far-off Philippines, and amid the enchanting highlands of Baguio, during the early days of the American occupation, I have sought to learn, in the company of that great American, the late General Leonard Wood, the *Arcana Americani imperii*, the secrets of American rule.

Before I started on my original visit to America in September 1896, Mr. Gladstone invited me to see him. I found him alone, in the company of Mrs. Gladstone at Hawarden. In spite of the burden of extreme old age he was much preoccupied and agitated over the

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miseries of the Armenian people. Abruptly quitting this subject, he administered to me, for some three or four hours altogether, what I could only regard as a prophylactic, an inoculation, against my contemplated contact with American realities. This took the form of an account, beginning with the statute of 1819 and proceeding up to date, of those principles of economic policy which had animated and guided Sir Robert Peel, his "great teacher and master" in these matters, and, in turn, himself. A few weeks later, in remote Nebraska, I was destined to sustain a converse "economic impact" from Mr. William Jennings Bryan, then known in American politics as "Boy Bryan," and in later days as "the Great Commoner."

I have touched, so far, on the order of statement adopted in these pages, on their final conclusion, and on the general disposition which animates them. But I will venture to add a remark as regards the scientific purpose—if I may use those words without incurring the accusation of vanity—which they are intended to subserve.

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The Economic Science of our own time has performed, with relative perfection, one of its appointed tasks, but has, perhaps, not proved similarly successful in the other of them. The unequalled scholars, who have adorned our age on both sides of the Atlantic, have left little to be unearthed now as regards the domestic economics of their respective peoples. Here and there, perhaps, some new student may refine upon accepted theory, or may rejoice above his fellows to eliminate some new infinitesimal from the received calculus. But the spacious days of the classical economists are over. That easy era is dead. It is true that the War opened up some new perspectives, but our alert investigators have already pushed their triangulations over the flats laid bare by the economic ebb.

It is, unfortunately, otherwise when we come to estimate the work of Economic Science on its strictly international side. In this case, despite the immense attention devoted to it, it has been constructed, in neglect of the Baconian principle, on an imperfect basis of ascertained facts. A single

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example must suffice to illustrate what I mean.

From the days of Adam Smith's well-known analysis up till to-day, not only has no Englishman—I have here to except myself—written a book on French economics, but no one of any nationality has investigated the highly important subject of the relationship, the impact, between the economics of France and Great Britain. Proceed throughout the nations of the world and it is almost certain that you will find the same observation to hold good. In the case of America and Great Britain it is so, at any rate.

If this proposition be accepted, it follows irresistibly that no genuine international science of economics—and all real science is international—can possibly be constructed until it is based on some such solid work of research. In plain terms, the economic stresses, the economic impacts, between the individual nations must be calculated, ere we can accept as authoritative the lofty speculations which now invite our assent.

In the weighty words of Professor Alfred

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Marshall, uttered over a generation ago but still admirably apposite, "Our first duty as economists is to make a Reasoned Catalogue of the world as it is, and never to allow our estimate as to what forces will prove the strongest in any social contingency to be biased by our opinion as to what forces ought to prove the strongest. A chief part of the work which lies before the economists of the twentieth century is to make that estimate, not well—for that is impossible—but somewhat less badly than it has been done hitherto." *

By a singular circumstance, this volume is not my first essay in the field of research thus recommended to our attention by the most eminent of our modern economists. I happen to have already surveyed a corner of it, in a volume which, though printed by the Government of Egypt in 1917, has never seen, and will never see, the light of day.

The story is that, after having served with the Royal Naval Division throughout the

* Address by Professor Alfred Marshall on "The Old Generation of Economists and the New," at Cambridge, October 27, 1896; see *Memorials of Alfred Marshall*, edited by Professor A. C. Pigou, p. 303.

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Dardanelles Campaign, I was appointed by the Commander-in-Chief in Egypt as head of the War Trade Department, an organisation specially formed to investigate the "economic impact" upon that country of Germany and of the other enemy Powers in pre-war days, and to disentangle and terminate that connection. Aided by a staff of expert accountants and lawyers and with all the business records open to me as of right, I was able to embody our labours in a somewhat elaborate record which I should think was, so far, unique.

That work has not been useless to me in the much wider quest, the results of which I now venture to submit to the public. But it was, indeed, of too detailed and too technical a nature to deserve publicity. It embodied a fleeting opportunity: it embalmed a singular experience. In it the land of the Nile produced one more mummy—a mummy whose hieroglyphics recall to me the Dardanelles Inferno and Elysian Egypt.

GEORGE PEEL.

*27 Belgrave Square, S.W.,
February 1928.*

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