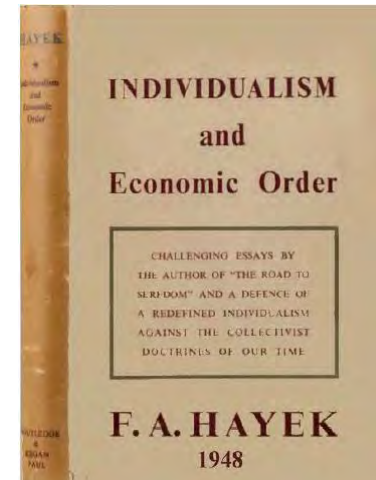


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The Economic Conditions of Interstate Federalism

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XII. The Economic Conditions of Interstate Federalism*

1

IT IS rightly regarded as one of the great advantages of interstate federation that it would do away with the impediments as to the movement of men, goods, and capital between the states and that it would render possible the creation of common rules of law, a uniform monetary system, and common control of communications. The material benefits that would spring from the creation of so large an economic area can hardly be overestimated, and it appears to be taken for granted that economic union and political union would be combined as a matter of course. But, since it will have to be argued here that the establishment of economic union will set very definite limitations to the realization of widely cherished ambitions, we must begin by showing why the abolition of economic barriers between the members of the federation is not only a welcome concomitant but also an indispensable condition for the achievement of the main purpose of federation.

Unquestionably, the main purpose of interstate federation is to secure peace: to prevent war between the parts of the federation by eliminating causes of friction between them and by providing effective machinery for the settlement of any disputes which may arise between them and to prevent war between the federation and any independent states by making the former so strong as to eliminate any danger of attack from without. If this aim could be achieved by mere political union not extended to the economic sphere, many would probably be content to halt at the creation of a common government for the pur-

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pose of defense and the conduct of a common foreign policy, when a more far-reaching unification might impede the achievement of other ideals.

There are, however, very good reasons why all plans for interstate federation include economic union and even regard it as one of its main objectives and why there is no historical example of countries successfully combining in a common foreign policy and common defense without a common economic regime.¹ Although there are instances of countries concluding customs unions without providing machinery for a common foreign policy and common defense, the decision of several countries to rely upon a common foreign policy and a common defense force, as was the case with the parts of the dual monarchy of Austria-Hungary, has inevitably been combined with a common administration of matters of tariffs, money, and finance.

The relations of the Union with the outside world provide some important reasons for this, since a common representation in foreign countries and a common foreign policy is hardly conceivable without a common fiscal and monetary policy. If international treaties are to be concluded only by the Union, it follows that the Union must have sole power over all foreign relations, including the control of exports and imports, etc. If the Union government is to be responsible for the maintenance of peace, the Union and not its parts must be responsible for all decisions which will harm or benefit other countries.

No less important are the requirements of a common policy for defense. Not only would any interstate barriers to commerce prevent the best utilization of the available resources and weaken the strength of the union but the regional interests created by any sort of regional protectionism would inevitably raise obstacles to an effective defense policy. It would be difficult enough to subordinate sectional to Union interests; but should the component states remain separate communities of interest, whose inhabitants gain and suffer together because they are segregated from the rest of the Union by various kinds of barriers,

1. To what extent the British Commonwealth of Nations since the Statutes of Westminster constitutes an exception to this statement remains yet to be seen.

it would be impossible to conduct a defense policy without being hampered at every stage by considerations of local interests. This, however, is only a facet of the wider problem which we must next consider.

The most compelling reasons for extending the union to the economic sphere are provided by the necessity to preserve the internal coherence of the Union. The existence of any measure of economic seclusion or isolation on the part of an individual state produces a solidarity of interests among all its inhabitants and conflicts between their interests and those of the inhabitants of other states which—although we have become so accustomed to such conflicts as to take them for granted—is by no means a natural or inevitable thing. There is no valid reason why any change which affects a particular industry in a certain territory should impinge more heavily upon all or most of the inhabitants of that territory than upon people elsewhere. This would hold good equally for the territories which now constitute sovereign states and for any other arbitrarily delimited region, if it were not for custom barriers, separate monetary organizations, and all the other impediments to the free movement of men and goods. It is only because of these barriers that the incidence of the various benefits and damages affecting in the first instance a particular group of people will be mainly confined to the inhabitants of a given state and extend to almost all the people living within its frontiers. Such economic frontiers create communities of interest on a regional basis and of a most intimate character: they bring it about that all conflicts of interests tend to become conflicts between the same groups of people, instead of conflicts between groups of constantly varying composition, and that there will in consequence be perpetual conflicts between the inhabitants of a state as such instead of between the various individuals finding themselves arrayed, sometimes with one group of people against another, and at other times on another issue with the second group against the first. We need not stress here the extreme but nevertheless important case that national restriction will lead to considerable changes in the standard of life of the population of one integral state

composed with that of another.² The mere fact that everybody will find again and again that their interests are closely bound up with those of one constant group of people and antagonistic to that of another group is bound to set up severe frictions between the groups as such. That there will always be communities of interest which will be similarly affected by a particular event or a particular measure is unavoidable. But it is clearly in the interest of unity of the larger whole that these groupings should not be permanent and, more particularly, that the various communities of interest should overlap territorially and never become lastingly identified with the inhabitants of a particular region.

We shall later examine how in existing federal states, even though the states are denied the grosser instruments of protectionism such as tariffs and independent currencies, the more concealed forms of protectionism tend to cause increasing friction, cumulative retaliation, and even the use of force between the individual states. And it is not difficult to imagine what forms this would take if the individual states were free to use the whole armory of protectionism. It seems fairly certain that political union between erstwhile sovereign states would not last long unless accompanied by economic union.

2

The absence of tariff walls and the free movements of men and capital between the states of the federation has certain important consequences which are frequently overlooked. They limit to a great extent the scope of the economic policy of the individual states. If goods, men, and money can move freely over the interstate frontiers, it becomes clearly impossible to affect the prices of the different products through action by the individual state. The Union becomes one single market, and prices in its different parts will differ only by the costs of

2. It is only because, in consequence of these conditions, the standard of life of all the people in a country will tend to move in the same direction that concepts such as the standard of living or the price level of a country cease to be mere statistical abstractions and become very concrete realities.

transport. Any change in any part of the Union in the conditions of production of any commodity which can be transported to other parts will affect prices everywhere. Similarly, any change in the opportunities for investment, or the remuneration of labor in any part of the Union, will, more or less promptly, affect the supply and the price of capital and labor in all other parts of the Union.

Now nearly all contemporary economic policy intended to assist particular industries tries to do so by influencing prices. Whether this is done by marketing boards or restriction schemes, by compulsory "reorganization" or the destruction of excess capacity of particular industries, the aim is always to limit supply and thus to raise prices. All this will clearly become impossible for the individual states within the Union. The whole armory of marketing boards and other forms of monopolistic organizations of individual industries will cease to be at the disposal of state governments. If they still want to assist particular groups of producers, they will have to do so by direct subsidies from funds raised by ordinary taxation. But the methods by which, for example, in England, the producers of sugar and milk, bacon and potatoes, cotton, yarn, coal, and iron have all been protected in recent years against "ruinous competition," from within and without, will not be available.

It will also be clear that the states within the Union will not be able to pursue an independent monetary policy. With a common monetary unit, the latitude given to the national central banks will be restricted at least as much as it was under a rigid gold standard—and possibly rather more since, even under the traditional gold standard, the fluctuations in exchanges between countries were greater than those between different parts of a single state, or than would be desirable to allow within the Union.³ Indeed, it appears doubtful whether, in a Union with a universal monetary system, independent national central banks would continue to exist; they would probably have to be organized into a sort of Federal Reserve System. But, in any case, a

3. On the questions arising in this connection compare the author's *Monetary Nationalism and International Stability* (London, 1937).

national monetary policy which was predominantly guided by the economic and financial conditions of the individual state would inevitably lead to the disruption of the universal monetary system. Clearly, therefore, all monetary policy would have to be a federal and not a state matter.

But even with respect to less thoroughgoing interference with economic life than the regulation of money and prices entails, the possibilities open to the individual states would be severely limited. While the states could, of course, exercise control of the qualities of goods and the methods of production employed, it must not be overlooked that, provided the state could not exclude commodities produced in other parts of the Union, any burden placed on a particular industry by state legislation would put it at a serious disadvantage as opposed to similar industries in other parts of the Union. As has been shown by experience in existing federations, even such legislation as the restriction of child labor or of working hours becomes difficult to carry out for the individual state.

Also, in the purely financial sphere, the methods of raising revenue would be somewhat restricted for the individual states. Not only would the greater mobility between the states make it necessary to avoid all sorts of taxation which would drive capital or labor elsewhere, but there would also be considerable difficulties with many kinds of indirect taxation. In particular if, as would undoubtedly be desirable, the waste of frontier controls between the states were to be avoided, it would prove difficult to tax any commodities which could easily be imported. This would preclude not only such forms of state taxation as, for instance, a tobacco monopoly but probably many excise taxes.

It is not intended here to deal more fully with these limitations which federation would impose upon the economic policy of the individual states. The general effect in this direction has probably been sufficiently illustrated by what has already been said. It is in fact likely that, in order to prevent evasions of the fundamental provisions securing free movement of men, goods, and capital, the restrictions it would be desirable for the constitution of the federation to impose on the

freedom of the individual states would have to be even greater than we have hitherto assumed and that their power of independent action would have to be limited still further. We shall have to revert later to this point.

Here it need only be added that these limitations will apply not only to state economic policy but also to economic policy conducted by trade and professional organizations extending over the territory of the state. Once frontiers cease to be closed and free movement is secured, all these national organizations, whether trade-unions, cartels, or professional associations, will lose their monopolistic position and thus, qua national organizations, their power to control the supply of their services or products.

3

The reader who has followed the argument so far will probably conclude that if, in a federation, the economic powers of the individual states will be thus limited, the federal government will have to take over the functions which the states can no longer perform and will have to do all the planning and regulating which the states cannot do. But, at this point, new difficulties present themselves. It will be advisable in this short survey to discuss these problems chiefly in connection with the best established form of government intervention in economic life, that is, tariffs. In the main, our remarks on tariffs pertain equally to other forms of restrictive or protective measures. A few references to particular kinds of government regulation will be added later.

In the first instance, protection for the whole of a particular industry within the Union may be of little use to those who now profit from protection, because the producers against whose competition they will desire protection will then be within the Union. The English wheat farmer will have little profit from a tariff which includes him and the Canadian and perhaps also the Argentinean wheat producer in the same free-trade area. The British motorcar manufacturer will have little advantage from a tariff wall which incloses at the same time the American producers. This point need hardly be labored any further.

But even where, outside the federation, there should be important producers against whose competition a particular industry as a whole wants to be protected, there will arise special difficulties which are not present, to the same extent, within a national tariff system.

It should, perhaps, be pointed out, first, that, in order that a particular industry should benefit from a tariff, it is necessary that the tariff on its products should be higher than the tariffs on the commodities which the producers in that industry consume. A flat tariff at a uniform rate on all imports merely benefits all industries competing with imports at the expense of all others; but the incidence of these benefits is entirely indiscriminate, and they are not likely to assist where help is intended. Although such a tariff would tend to decrease the material wealth of everybody in the Union, it would probably be used to strengthen the political coherence between the members of the federation. There appear, therefore, to be no particular difficulties connected with it.

Difficulties arise only when a tariff is used to assist a particular industry to grow more rapidly than it would do without it or to protect it against adverse influence which would make it decline. In these cases, in order to subsidize one particular group of people, a sacrifice is inevitably imposed on all the other producers and consumers.

In the national state current ideologies make it comparatively easy to persuade the rest of the community that it is in their interest to protect "their" iron industry or "their" wheat production or whatever it be. An element of national pride in "their" industry and considerations of national strength in case of war generally induce people to consent to the sacrifice. The decisive consideration is that their sacrifice benefits compatriots whose position is familiar to them. Will the same motives operate in favor of other members of the Union? Is it likely that the French peasant will be willing to pay more for his fertilizer to help the British chemical industry? Will the Swedish workman be ready to pay more for his oranges to assist the Californian grower? Or the clerk in the city of London be ready to pay more for his shoes or his bicycle to help American or Belgian work-

men? Or the South African miner prepared to pay more for his sardines to help the Norwegian fishermen?

It seems clear that, in a federation, the problem of agreeing on a common tariff will raise problems different in kind from those that arise in a national state. It would lack the support of the strong nationalist ideologies, the sympathies with the neighbor; and even the argument of defense would lose much of its power of conviction if the Union were really strong enough to have little to fear. It is difficult to visualize how, in a federation, agreement could be reached on the use of tariffs for the protection of particular industries. The same applies to all other forms of protection. Provided that there is great diversity of conditions among the various countries, as will inevitably be the case in a federation, the obsolescent or declining industry clamoring for assistance will almost invariably encounter, in the same field and within the federation, progressive industries which demand freedom of development. It will be much harder to retard progress in one part of the federation in order to maintain standards of life in another part than to do the same thing in a national state.

But even where it is not simply a question of "regulating" (i.e., curbing) the progress of one group in order to protect another group from competition, the diversity of conditions and the different stages of economic development reached by the various parts of the federation will raise serious obstacles to federal legislation. Many forms of state interference, welcome in one stage of economic progress, are regarded in another as a great impediment. Even such legislation as the limitation of working hours or compulsory unemployment insurance, or the protection of amenities, will be viewed in a different light in poor and in rich regions and may in the former actually harm and rouse violent opposition from the kind of people who in the richer regions demand it and profit from it. Such legislation will, on the whole, have to be confined to the extent to which it can be applied locally without at the same time imposing any restrictions on mobility, such as a law of settlements.

These problems are, of course, not unfamiliar in national states as

we know them. But they are made less difficult by the comparative homogeneity, the common convictions and ideals, and the whole common tradition of the people of a national state. In fact, the existing sovereign national states are mostly of such dimensions and composition as to render possible agreement on an amount of state interference which they would not suffer if they were either much smaller or much larger. In the former instance (and what matters is not merely size in terms of numbers of inhabitants or area but size relative to the existing groups, which are at the same time more or less homogeneous and comparatively self-supporting), the attempts to make the national state self-supporting would be out of the question. If counties, or even smaller districts, were the sovereign units, there would be comparatively few industries in every such unit which would be protected. All the regions which did not possess, and could not create, a particular industry would constitute free markets for the produce of that industry. If, on the other hand, the sovereign units were much larger than they are today, it would be much more difficult to place a burden on the inhabitants of one region in order to assist the inhabitants of a very distant region who might differ from the former not only in language but also in almost every other respect.

Planning, or central direction of economic activity, presupposes the existence of common ideals and common values; and the degree to which planning can be carried is limited to the extent to which agreement on such a common scale of values can be obtained or enforced.⁴ It is clear that such agreement will be limited in inverse proportion to the homogeneity and the similarity in outlook and tradition possessed by the inhabitants of an area. Although, in the national state, the submission to the will of a majority will be facilitated by the myth of nationality, it must be clear that people will be reluctant to submit to any interference in their daily affairs when the majority which directs the government is composed of people of different nationalities and different traditions. It is, after all, only common

4. Cf. on this and the following the present author's *Freedom and the Economic System* ("Public Policy Pamphlets," No. 29 [Chicago, 1939], and, more recently, *The Road to Serfdom* (Chicago: University of Chicago Press, 1944).

sense that the central government in a federation composed of many different people will have to be restricted in scope if it is to avoid meeting an increasing resistance on the part of the various groups which it includes. But what could interfere more thoroughly with the intimate life of the people than the central direction of economic life, with its inevitable discrimination between groups? There seems to be little possible doubt that the scope for the regulation of economic life will be much narrower for the central government of a federation than for national states. And since, as we have seen, the power of the states which comprise the federation will be yet more limited, much of the interference with economic life to which we have become accustomed will be altogether impracticable under a federal organization.

The point can be best illustrated if we consider for a moment the problems raised by the most developed form of planning, socialism. Let us first take the question of whether a socialist state, for example, the U.S.S.R., could enter a federation with the Atlantic democratic states. The answer is decisively in the negative—not because the other states would be unwilling to admit Russia but because the U.S.S.R. could never submit to the conditions which federation would impose and permit the free movement of goods, men, and money across her frontiers while, at the same time, retaining her socialist economy.

If, on the other hand, we consider the possibility of a socialist regime for the federation as a whole, including Russia, the impracticability of such a scheme is at once obvious. With the differences in the standard of life, in tradition and education, which would exist in such a federation, it would certainly be impossible to get a democratic solution of the central problems which socialist planning would raise. But even if we consider a federation composed merely of the present democratic states, such as that proposed by Clarence Streit, the difficulties of introducing a common socialist regime would scarcely be smaller. That Englishmen or Frenchmen should intrust the safeguarding of their lives, liberty, and property—in short, the functions of the liberal state—to a suprastate organization is conceiv-

able. But that they should be willing to give the government of a federation the power to regulate their economic life, to decide what they should produce and consume, seems neither probable nor desirable. Yet, at the same time, in a federation these powers could not be left to the national states; therefore, federation would appear to mean that neither government could have powers for socialist planning of economic life.

4

The conclusion that, in a federation, certain economic powers, which are now generally wielded by the national states, could be exercised neither by the federation nor by the individual states, implies that there would have to be less government all round if federation is to be practicable. Certain forms of economic policy will have to be conducted by the federation or by nobody at all. Whether the federation will exercise these powers will depend on the possibility of reaching true agreement, not only on *whether* these powers are to be used, but on *how* they are to be used. The main point is that, in many cases in which it will prove impossible to reach such agreement, we shall have to resign ourselves rather to have no legislation in a particular field than the state legislation which would break up the economic unity of the federation. Indeed, this readiness to have no legislation at all on some subjects rather than state legislation will be the acid test of whether we are intellectually mature for the achievement of suprastate organization.

This is a point on which, in existing federations, difficulties have constantly arisen and on which, it must be admitted, the "progressive" movements have generally sided with the powers of darkness. In the United States, in particular, there has been a strong tendency on the part of all progressives to favor state legislation in all cases where union legislation could not be achieved, irrespective of whether such state legislation was compatible with the preservation of the economic unity of the union. In consequence, in the United States and similarly in Switzerland, the separate economic policies of the indi-

vidual states have already gone far in the direction of bringing about a gradual disintegration of the common economic area.⁵

The experience in these federations makes it appear that, to prevent such trends, it is scarcely sufficient to prohibit tariffs and similar obvious impediments to interstate commerce. Evasion of such rules by an individual state which has embarked upon a course of national planning by means of administrative regulations has proved so easy that all the effects of protection can be achieved by means of such provisions as sanitary regulations, requirements of inspection, and the charging of fees for these and other administrative controls. In view of the inventiveness shown by state legislators in this respect, it seems clear that no specific prohibitions in the constitution of the federation would suffice to prevent such developments; the federal government would probably have to be given general restraining powers to this end. This means that the federation will have to possess the negative power of preventing individual states from interfering with economic activity in certain ways, although it may not have the positive power of acting in their stead. In the United States the various clauses of the Constitution safeguarding property and freedom of contract, and particularly the "due process" clauses of the Fifth and Fourteenth amendments, have, to some extent, fulfilled this function and contributed probably more than is generally realized to prevent an even more rapid disintegration into many separate economic areas; but they have in consequence been the object of persistent attack on the part of all those who demand more rapid extension of state control of economic life.

There will, of course, always be certain kinds of government activity which will be done most efficiently for areas corresponding to the present national states and which, at the same time, can be exercised nationally without endangering the economic unity of the federation. But, on the whole, it is likely that in a federation the weakening of

5. For the United States cf. R. L. Buell, *Death by Tariff: Protectionism in State and Federal Legislation* ("Public Policy Pamphlets," No. 27 [Chicago, 1939]), and F. E. Melder, *Barriers to Inter-state Commerce in the United States* (Orono, Me., 1937).

the economic powers of the individual states would and should gradually be carried much further than will at first be evident. Not only will their powers be decreased by the functions taken over by the federation, and by those which cannot be exercised by either federation or states but must be left free from legislative control, but there will probably also be a great deal of devolution of powers from the states to smaller units. There are many activities which are today intrusted to the sovereign states merely in order to strengthen the states as such, but which could really be carried out much more efficiently locally, or, at any rate, by smaller units. In a federation all the arguments for centralization which are based on the desire to make the sovereign national states as such as strong as possible disappear—in fact, the converse seems to apply. Not only could most of the desirable forms of planning be conducted by comparatively small territorial units, but the competition between them, together with the impossibility of erecting barriers, would at the same time form a salutary check on their activities and, while leaving the door open for desirable experimentation, would keep it roughly within the appropriate limits.

It should, perhaps, be emphasized that all this does not imply that there will not be ample scope for economic policy in a federation and that there is no need for extreme *laissez faire* in economic matters. It means only that planning in a federation cannot assume the forms which today are pre-eminently known under this term; that there must be no substitution of day-to-day interference and regulation for the impersonal forces of the market; and, in particular, that there must be no trace of that "national development by controlled monopolies" to which, as has recently been pointed out in an influential weekly journal, "British leaders are growing accustomed."⁶ In a federation economic policy will have to take the form of providing a rational permanent framework within which individual initiative will have the largest possible scope and will be made to work as beneficently as possible; and it will have to supplement the working of the

6. *Spectator*, March 3, 1939.

competitive mechanism where, in the nature of the case, certain services cannot be brought forth and be regulated by the price system. But it will, at least in so far as the policy of the federation as such is concerned, essentially have to be a long-term policy, in which the fact that "in the long run we are all dead" is a decided advantage; and it must not be used, as is often the case today, as a pretext for acting on the principle *après nous le déluge*; for the long-term character of the decisions to be taken makes it practically impossible to foresee the incidence of their effects upon individuals and groups and thus prevents the issue from being decided by a struggle between the most powerful "interests."

It does not come within the scope of a short article to consider in any detail the positive tasks of the liberal economic policy which a federation would have to pursue. Nor is it even possible to give here further consideration to such important problems as those of monetary or colonial policy which will, of course, continue to exist in a federation. On the last point it may, however, be added that the question which probably would be raised first, i.e., whether colonies ought to be administered by the states or by the federation, would be of comparatively minor importance. With a real open-door policy for all members of the federation, the economic advantages derived from the possession of colonies, whether the colonies were administered federally or nationally, would be approximately the same to all the members of the federation. But, in general, it would undoubtedly be preferable that their administration should be a federal and not a state matter.

5

Since it has been argued so far that an essentially liberal economic regime is a necessary condition for the success of any interstate federation, it may be added, in conclusion, that the converse is no less true: the abrogation of national sovereignties and the creation of an effective international order of law is a necessary complement and the logical consummation of the liberal program. In a recent discussion of

international liberalism, it has been rightly contended that it was one of the main deficiencies of nineteenth-century liberalism that its advocates did not sufficiently realize that the achievement of the recognized harmony of interests between the inhabitants of the different states was only possible within the framework of international security.⁷ The conclusions which Professor Robbins drew from his considerations of these problems and which are summed up in the statement that "there must be neither alliance nor complete unification; neither *Staatenbund* nor *Einheitsstaat* but *Bundesstaat*,"⁸ are essentially the same as those which have recently been elaborated by Clarence Streit in greater detail in their political aspects.

That nineteenth-century liberalism did not succeed more fully is due largely to its failure to develop in this direction; and the cause is mainly that, because of historical accidents, it successively joined forces first with nationalism and later with socialism, both forces being equally incompatible with its main principle.⁹ That liberalism became first allied with nationalism was due to the historical coincidence that, during the nineteenth century, it was nationalism which in Ireland, Greece, Belgium, and Poland and later in Italy and Austro-Hungary fought against the same sort of oppression which liberalism opposed. It later became allied with socialism because agreement as to some of the ultimate ends for a time obscured the utter incompatibility of the methods by which the two movements tried to reach their goal. But now when nationalism and socialism have

7. L. C. Robbins, *Economic Planning and International Order* (1937), p. 240.

8. *Ibid.*, p. 245.

9. This trend can be well observed in John Stuart Mill. His gradual movement toward socialism is, of course, well known, but he also accepted more of the nationalist doctrines than is compatible with his wholly liberal program. In *Considerations of Representative Government* (p. 298) he states: "It is in general a necessary condition of free institutions that the boundaries of government should coincide in the main with those of nationalities." Against this view, Lord Acton argued that "the combination of different nations in one State is as necessary a condition of civilised life as the combination of men in society" and that "this diversity in the same State is a firm barrier against the intention of the Government beyond the political sphere which is common to all into the social department which escapes legislation and is ruled by spontaneous laws" (*History of Freedom and Other Essays* [1909], p. 290).

combined—not only in name—into a powerful organization which threatens the liberal democracies, and when, even within these democracies, the socialists are becoming steadily more nationalist and the nationalists steadily more socialist, is it too much to hope for a rebirth of real liberalism, true to its ideal of freedom and internationalism and returned from its temporary aberrations into the nationalist and the socialist camps? The idea of interstate federation as the consistent development of the liberal point of view should be able to provide a new *point d' appui* for all those liberals who have despaired of and deserted their creed during the periods of wandering.

This liberalism of which we speak is, of course, not a party matter; it is a view which, before World War I, provided a common ground for nearly all the citizens of the Western democracies and which is the basis of democratic government. If one party has perhaps preserved slightly more of this liberal spirit than the others, they have nevertheless all strayed from the fold, some in one direction and some in another. But the realization of the ideal of an international democratic order demands a resuscitation of the ideal in its true form. Government by agreement is only possible provided that we do not require the government to act in fields other than those in which we can obtain true agreement. If, in the international sphere, democratic government should only prove to be possible if the tasks of the international government are limited to an essentially liberal program, it would no more than confirm the experience in the national sphere, in which it is daily becoming more obvious that democracy will work only if we do not overload it and if the majorities do not abuse their power of interfering with individual freedom. Yet, if the price we have to pay for an international democratic government is the restriction of the power and scope of government, it is surely not too high a price, and all those who genuinely believe in democracy ought to be prepared to pay it. The democratic principle of “counting heads in order to save breaking them” is, after all, the only method of peaceful change yet invented which has been tried and has not been found wanting. Whatever one may think about the desirability of other

aims of government, surely the prevention of war or civil strife ought to take precedence, and, if achievement lies only in limiting government to this and a few other main purposes, these other ideals will have to give place.

I make no apology for pointing out obstacles in the way of a goal in whose value I profoundly believe. I am convinced that these difficulties are genuine and that, if we do not admit them from the beginning, they may at a later date form the rock on which all the hopes for international organization may founder. The sooner we recognize these difficulties, the sooner we can hope to overcome them. If, as it appears to me, ideals shared by many can be realized only by means which few at present favor, neither academic impartiality nor considerations of expediency should prevent one from saying what one recognizes to be the right means for the given end—even if these means should happen to be those favored by a political party.