

## **ECONOMICS**

### **The Economic and Social Consequences of the War: Pigou, the Press and the Struggle for an Honourable Peace**

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# The Economic and Social Consequences of the War: Pigou, the Press and the Struggle for an Honourable Peace

Rogério Arthmar and Michael McLure\*

This study reflects on Arthur Cecil Pigou's contribution to public debate over Britain's return to peace during the initial period the First World War. It explores Pigou's letters to *The Nation*, in early 1915, suggesting an open move by the Allies towards an honourable peace with Germany; and provides an account of the fierce controversy that erupted in the British press in reaction to Pigou's proposal. The study also places Pigou's efforts at persuading the broader public of a peace treaty with Germany within the context of events at Cambridge. That is achieved by providing an outline of the March 1915 debate, at the Cambridge Union Society, on Pigou's motion for a moderate Allied peace policy to secure Germany's 'conditional' surrender. Pigou's assessment of the conditions for peace is also compared with those formulated at the time by William Cunningham, Bertrand Russell and Goldsworthy Lowes Dickinson. The study ends with a critical reflection on Pigou's plan for ending the war.

Key words: peace, war costs, reparations, foreign policy, commercial integration

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## 1. Introduction

Arthur Cecil Pigou was very active during the First World War in providing public recommendations, either through works that appear in the public domain or as a member of Government Committees, on fiscal policy and arrangements for post-war monetary reconstruction (Kumekawa 2017, Arthmar and McLure 2017; Aslanbeigui and Oakes 2015, 2016). In effect, Pigou was continuing in the role of a 'public intellectual'<sup>1</sup>, an activity which he commenced in the previous decade, most notably through his contributions to the tariff reform controversy between 1903 and 1906 (Aslanbeigui and Oakes 2015: 42-58; Coats 1968). But while there is already a substantial literature on Pigou's public position on economic issues during the first two decades of the century, historians have hardly noticed his proposal, put forward in the press and on public speeches in early 1915, for Britain to seek an early and honourable peace with Germany.<sup>2</sup> Pigou's view on this extremely delicate matter reverberated nationwide in several newspapers. For one thing, issues of war and peace were certainly outside the domain of his expertise and, by tradition, generally regarded as a theme for the exclusive deliberation of diplomats or military authorities. For another, the overall atmosphere could not be more hostile to Pigou's initiative coming, as it did, when the war was still in its early stages. The consequent reaction against his proposal was both swift and furious.

The purpose of this paper is to shed light on what was the most significant event in Pigou's life as a public intellectual. To achieve that goal, the paper is structured in the following way. The second section provides some context on the peace movement in Britain at the time and presents an outline of Pigou's controversial letter to *The Nation* early in February 1915. Importantly, consideration is also given to an unpublished manuscript by him on the issue, which contains a full account of Pigou's

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<sup>1</sup> For a broad review of how economists fared as public intellectuals over the twentieth century, see Tiago Mata's and Steven G. Medema's presentation to the 2013 *History of Political Economy* special supplement on this topic (Mata and Medema 2013).

<sup>2</sup> The notable exceptions in that regard are Stuart Wallace, who, in *War and the Image of Germany. British Academics 1914-1918* (1988) devoted a few pages to the issue (see Wallace 1988: 144-147); and Ian Kumekawa, who, in the Chapter "War, Peace, and Disillusionment" of his recent book *The First Serious Optimist: A. C. Pigou and the Birth of Welfare Economics*, discusses Pigou's 1915 'Terms of Peace' (see Kumekawa 2017)

reasons for a moderate peace. The third section looks at the public controversy that his proposal generated, most of which unfolded in the pages of *The Nation* and *The Morning Post*, as well as in other British newspapers. Pigou's defence of a motion for peace at the traditional Cambridge Union is reviewed in conjunction with that. The fourth section compares Pigou's final approach to peace, as he laid it out in a public speech in London in November 1915, with similar positions advanced by some of his colleagues at Cambridge, most notably by Bertrand Russell and Goldsworthy Lowes Dickinson. The paper concludes with some final reflections on the originality and limitations of Pigou's case for a quick end to hostilities.

## 2. Pigou and the case for an honourable peace

The pacifist movement that emerged in the lead up to, and during, World War I took a definite turn toward a more thoughtful and humanist position, compared to the primarily religious approach that had prevailed up to then.<sup>3</sup> Perhaps most important in that regard, was the finance journalist Ralph Norman Angell and his influential book *The Great Illusion* (1911). Angell's main thesis was that, under the sophisticated stage of division of labour and financial integration then prevalent among European nations, an armed conflict would, in addition to physical violence, bring about a violent disruption to economic and financial flows. Once the material expenses from such turmoil were fully accounted for, alongside with the huge waste of human life, the total cost of military aggression would be many times greater than any anticipated reward from it (Angell 1911: chap. III).

Together with other British intellectuals and politicians – such as Ramsay MacDonald, Charles Trevelyan, Arthur Ponsonby, and Edmund D. Morel – Angell started a movement in London, on 5 September 1914, named the *Union of Democratic Control* (UDC). The basic principles of the UDC were the democratic supervision of

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<sup>3</sup> The pacifist movement in Britain was totally unprepared to face the massive scale of modern war. Those denominations like the Mennonites, the Quakers, the Jehovah Witnesses, and the Christadelphians, rejected violence based on the Holy Scriptures. Others had been affiliated to a few pacifist institutions, as the London Peace Society, created in 1816, which mainly congregated middle-class Evangelical reformers. The socialists, due to the large diversity of their doctrines, were unable to devise a unified strategy to avert war, with trade unions in all belligerent nations immediately rallying behind their governments (Ceadal 1980: 1-30).

foreign policy and the advancement of reasonable conditions for peace. The organization's four mandated points, agreed at its first general council some days later, were: first, no transference of any province between governments without explicit assent from its people; second, no alliances with other nations without a democratic machinery in place to oversee the government's foreign policy; third, Britain should no longer pursue the doctrine of the "Balance of Powers" on the continent but must, instead, support the creation of an international council; and, lastly, any peace settlement must also incorporate a prescribed general reduction in armaments (Cook 1972; Hanak 1963; Swanwick 1924: 38-49).<sup>4</sup>

Opposition to the then incipient pacifist movement primarily came from the British government, which, for the first time, introduced a pro-war propaganda campaign via the pen of dozens of accomplished writers. Their brief was to stir people's will to fight for liberty and civilization, while also denouncing all sorts of purported German barbaric acts. Additionally, after the enactment of the *Defence of the Realm Act* on 8 August 1914, the press came under a strict set of regulations, which specified the type of information that could be made known to the public and what must be avoided. The British press correspondents on the continent often sent home mostly heroic and uplifting reports that usually turned devastating losses into brave sacrifices, and trifling territorial gains into large conquests (Hochschild 2011: 148-150, 169-171, 222-225).<sup>5</sup>

Pigou's personal involvement with the peace issue started with a letter published by *The Nation*, on 6 February 1915, barely six months after Britain's declaration of war, and entitled "A Plea to the Statement of the Allied Terms". The letter's chief purpose was to present the best course of action for a quick ending to the

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<sup>4</sup> The No Conscription Fellowship (NCF), created on 27 November 1914 by Fenner Brockway and Clifford Allen, became the most structured and diversified pacifist organization in Britain during the war. Its objective was to challenge the government's power to impose military conscription. It gave full support to all imprisoned conscientious objectors and their families after conscription was legally instituted on 27 January 1916. The UDC and the NCF suffered continuous persecution by the government (Brock and Young 1999: 17-67; Rae 1970: 18-19, 90-93; Swanwick 1924: chap. VII).

<sup>5</sup> Barely one month into the war, an editorial of *The Times* candidly reported the situation the following way: "The English Press does not seek to publish the slightest fact which would be of service to the enemy. It has zealously sought to obey every behest of the authorities. It understands perfectly well that strategic movements necessitating secrecy cannot be disclosed" (*The Times* 1914a: 9).

conflict. From his experience with the Friends' Ambulance Unit,<sup>6</sup> Pigou drove close to the front and personally witnessed the first Ypres battle.<sup>7</sup> His vivid and bold account of that event was instrumental in bringing home the cruelty reigning over the battlefield; and that account formed the narrative of his advocacy for a timely negotiated peace instead a protracted battle to obtain Germany's unconditional surrender. As he put it down in his letter:

[T]he sorrow, terror, and pain that these things represent -the pitiful slaughter of the youth of seven nations, the awful waste of effort and of organizing power, the dulling and stunting of our human sympathies- all that is to be carried forward, not till our terms are granted, but till we, offering no terms whatever, have beaten our enemies to her knees! (Pigou 1915a: 590).

Pigou here makes no mention of heroes or sacrifices, only "slaughter" and "terror". Moreover, his frustration is evident from his expectation that this tragedy would continue until the 'enemies' have been beaten to 'her' knees due to the stubbornness of the Allied leaders. In typical debating style, Pigou reflects on two alternative courses of action. Either there would be a protracted fight until a penal and crushing victory is reached, or else a fast and honourable peace for all parties involved. The first course was largely backed by the government's propaganda campaign, while many in the press required no less than the invasion of Germany, the curtailment of her frontiers, the surrender of her fleet, and a change in her constitutional system so that another attempt by her military elite at dominating Europe becomes impracticable.<sup>8</sup> But what those who held to this hard-line position failed to comprehend, in Pigou's assessment, was that by bringing the German nation to her knees, the inevitable result was that her whole thought and energy would thenceforward be concentrated on the preparation for a future full-scale retribution. "But Germany would not remain

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<sup>6</sup> The Friends' Ambulance Unit was founded in August 1914 by Pigou's friend Philip Baker (who changed his surname to Noel-Baker in 1915 when he married Irene Noel).

<sup>7</sup> After the fall of Antwerp on 10 October 1914, the German army tried to reach the Channel ports in Belgium, but was detained by the Allies in a series of combats that became known collectively as the first Ypres battle, which occurred between 19 October and 22 November 1914, resulting in over 100,000 casualties (Robbins 2002: 33-34).

<sup>8</sup> For instance, on 15 September 1914, an editorial by *The Times* urged British forces to keep fighting until the bitter end: "We and our Allies owe it to those who will come after us to dispel forever the menace of Prussian militarism ... We shall only do it by carrying our victorious arms, *at whatever cost*, into the heart of the enemy's Empire" (The Times 1915b: 9; our italics).

crushed forever, and in the period of her enforced submission the seeds of another, and perhaps more terrible conflict, will surely and steadily grow" (Pigou 1915a: 591).

The economic heart of Pigou's proposal, then, is based on a cost–benefit appraisal. He does not compare the costs and benefits of the two alternatives in terms of the measuring rod of money, as he typically does in his economics of welfare, because it is now an analysis in terms of total welfare, which is not amendable to reduction to money.<sup>9</sup> But Pigou is clearly asking readers to weigh up the costs of another 'perhaps terrible conflict' if the war is prolonged against the more predictable costs and benefits of setting terms and pursuing a negotiated settlement.

The initiative might look impertinent, concedes Pigou, but it still might well have the capacity of putting an end to the senseless suffering of the warring nations.<sup>10</sup> Otherwise, a true opportunity for peace may be allowed to go astray due exclusively to vanity disguised as a point of honour. The German people, in addition, could not be condemned altogether without a sincere reflection on their motivation, which, for that matter, as explained in the letter, was quite different from their leaders'. This separation between the wicked instinct of the ruling classes and the good nature of the common man was critical to Pigou's argument, underpinning his intrepid claim for a spirit of condescendence by all nations in conflict.

And though many reject this view, yet they also agree that what now unites the German people -as distinct from the German Government- in whole-hearted support of the war is the firm belief that it is a war of self-defence. In view of this attitude of mind, and in view of the terrible record of her wounded and her dead, is there not ground for hope that, if honourable terms are offered frankly, Germany will accept them? (Pigou 1915a: 591).

Unsurprisingly, Pigou does not venture to specify what those honourable terms might be. He was planting a seed, from which, he hoped that the terms of peace would emerge. He did, however, accept that if Germany would not negotiate over terms and

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<sup>9</sup> Kumekawa makes a similar point in reference to another of Pigou's works on this subject: "In 'Terms of Peace', Pigou drew a vivid clear line between economic welfare and general welfare. ... some things were simply not meant to be brought into line with the measuring rod of money" (2017, p.91). Importantly, the extension of his consideration from economic to total welfare did not prevent Pigou from coming to an 'on balance' judgement that favoured negotiated peace over protracted war

<sup>10</sup> Pigou point here was not just hypothetical, for newspapers' reports stating that Germany was willing to talk peace had surfaced in the Danish press in late January and early February 1915, but they were swiftly dismissed in Britain as just void rumours (The Times 1915: 9).

refused to retreat from Belgium, the war must keep going so that it would then be the sole nation to bear the blunt of guilt for the war in the public eye. Unavoidable criticism of a realistic peace proposal, however strong as they might be, should not, in Pigou's assessment, hold the Allies back from stating their terms for a mutually agreed resolution of the engagement. "We have risked all to carry on the war", notes Pigou, summing up his position with a final appeal, "let us risk a little to conclude it" (Pigou 1915a: 591).

The letter in question was not just the product of a momentary burst by Pigou. In an unpublished and undated twenty-page manuscript entitled "Terms of Peace", whose contents suggest it was written around the same time, or shortly after, that of his published letter, he provided more details about what the terms of a moderate peace would actually mean. First, there should be no collection of indemnities whatsoever, only the evacuation of the occupied regions, with reparations payments due exclusively to Belgium. Second, the German fleet must not be overtaken; and Germany should be allowed to keep most of her colonies. A compromise on the situation in Alsace-Lorraine should be reached, with the same happening with Turkey. In essence, Pigou's conception of how peace may be restored converged basically to an agreed return to the pre-war map of Europe, or how he designates it, the *status quo ante bellum*. The major resistance to this kind of proposal, he anticipates, would come forth not from the enemy, but from within Britain itself, where a "holy wrath" against Germany was being fuelled by the press, the Anglican Church and the official propaganda. To doubt the reports of alleged atrocities by German soldiers had almost become treason, laments Pigou. People at home, he keeps arguing, do not really know what is taking place on the battlefield and, therefore, tend to think under the influence of a blind passion of nationalism. "So in this country - and the case is almost certainly the same among all the other combatant nations - anger and hatred increase, until, with the silence of the voice of charity, the voice of reason alone becomes dumb" (Pigou 1915b: 5).

In trying to avoid the heightening of crude emotions, Pigou sets out a rational demonstration of why a moderate approach – one that did not require Germany's 'unconditional surrender' – towards peace was the best course of action for Britain. His



first line of reasoning is not just limited to a 'total welfare' cost benefit approach, for it involves also the appeal to the lessons of the past, when he demonstrates that the ambition of a crushing victory is not supported by history. That goal would demand, first and foremost, the entire conquest of Germany and the Austrian-Hungarian Empire, comprising a population of around 120 million people. In the Franco-Prussian war of 1870, though, Germany did not occupy the whole of France nor rendered her incapable of waging war in future. Even during the Napoleonic Wars, albeit Prussia had been defeated and the country over-run by the French army, she managed to raise once again to military prominence in Central Europe. There was no practical way of preventing that to happen again, warns Pigou. Furthermore, the Allies would not be able to keep Germany under permanent watch, for alliances among the great powers change continually over time, as European history had already proven in many instances.

In the end, the new Holy Alliance of policemen will break up like its predecessor, and Germany in the twentieth century, as France in the nineteenth, will shake herself free of her bonds. The policy Delenda est Germania stands condemned in the court of history as visionary and impracticable (Pigou 1915b: 7-8; underline by Pigou).

In addition to economic and historical reasoning, Pigou also adds a third line of reasoning that is ethical and jurisprudential in character. Although a decisive defeat may be possible, he questions if it was really practicable. Many people had been comparing Germany's situation with an intruder who breaks into someone's house and abuse his wife and daughter. Any violence against Germany was not to be regretted, said the popular voice, since it had brought that upon itself. Pigou, nonetheless, doubts that Germany might have committed as many atrocities as generally attributed to her. Besides that, modern punishment should be inflicted to reform the criminal or to deter him from doing the same again. Germany, however, continues Pigou, was not an individual. War crimes, if they actually occurred, had been perpetrated by military men, who happened to be a completely different group from the whole civilian population.<sup>11</sup> To punish peasants and villagers by laying waste their

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<sup>11</sup> Alfred Marshall, Pigou's former mentor at Cambridge, sent a letter to *The Times*, a few days after war had been declared, to express his apprehension that despite the correctness of Britain's intervention on the conflict, the German citizen could become the unduly target of public scorn: "As a people, I believe them to be exceptionally conscientious and upright, sensitive to calls of duty, tender in their family

countryside could serve no purpose at all. National defeat with punishment, therefore, would not reform the perpetrator nor deter others from following his example. Such Allied policy would be rather interpreted by the vanquished as the result of sheer numerical supremacy, or yet as a pure evil vengeance carried out by an unmerciful enemy. "How is a spirit of ruthlessness to be reformed by disaster, when the defeated party is certain to attribute its overthrow, not at all to the crimes it has committed, but to the brute fact of its enemy's numerical superiority?" (Pigou 1915b: 11-12).

The fourth flank of reasoning adopted by Pigou in his discourse for a moderate peace concerns the economic basis for Germany to pay compensation for damage done if Britain does not seek to negotiate an honourable peace. That comes about in the manuscript when he notes the popular view that material compensation for the death and suffering of the Allies is needed so that the British people's sacrifice has not been in vain. Compensation as requested, he explains, could take the form of colonies, territories and reparations. Conquered territories or colonies, however, do not provide a good economic return, which, most often, is greatly below the expected one, representing instead a huge political disadvantage. Even if such benefits do materialize in the future, the chief point here, argues Pigou, is that they have to be set against the costs of a war delayed far beyond the necessary. That is, compensation for damage has to be set with regard to the cost-benefit case for suing for a negotiated peace. In that case, the sureness of the huge costs of an enormous extra war effort ought to be compared with the high uncertainty of the enemy actually surrendering the expected compensations. And what made matters even worse for Pigou was that these costs were actually human lives, a consideration that, to him, must always come first whatever the calculation on how to best prosecute the conflict.

Any man, be he statesman, journalist or simple citizen, who, in the hope of thereby winning an indemnity for his country, would cause the war to be prolonged by a week or by a day is bartering for money the blood of generous youths. How much of agony, in wounds and disease, what array of homeless fugitives, what tale of widowed woman,

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affections, true and trusty in friendship. Therefore they are strong and to be feared, but not to be vilified" (Marshall 1914: 7). Marshall had visited Bavaria in the early 1880s and his economic thought was deeply influenced by Georg W. F. Hegel's historical philosophy (Groenewegen 1995: 164-165, 190).

fatherless children, men who have lost their friends, shall we balance against the chance of a penny off the income-tax? (Pigou 1915b: 14).

To rest his case, Pigou stresses once again the importance of the Allies making public their terms for a moderate peace. Even though Germany could simply refuse to negotiate, that was not known for sure, so a possibility still existed that she could do otherwise by the pressure of public opinion, both domestically and in neutral countries. And this, according to Pigou, was the crucial reason for moving forward with a realistic peace offer. Nothing of value would be lost by that, while a huge reward could be at hand if the war, through this particular act of goodwill, actually happened to be brought to an end (Pigou 1915b: 18-19).<sup>12</sup>

By publicly calling for terms of peace that were moderate in character, and making his case for this strategy at a time when the enemy was exacting a high price in terms of the thousands of British lives being lost, Pigou placed himself in the firing line of public outrage. The dilemma was clear, as has been expressed by a modern scholar on the politics of that period: "[H]ow do you oppose a war without seeming to undermine the husbands, fathers, and brothers of your fellow citizens whose lives are in danger?" (Hochschild 2011: 100).

### 3. Reactions to Pigou's proposal and his speech at the Cambridge Union

The first response to Pigou's push for peace appeared in the 13 February 1915 issue of *The Nation*, in a brief letter signed by William Cunningham, Archdeacon of Cambridge and former Trinity lecturer on economic history. Cunningham started off by remarking that Pigou's generosity toward Germany would find little shelter within a Christian community, to whom the religious duty of forgiveness was not absolute, but conditional on repentance. Atonement, however, was entirely absent in Germany

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<sup>12</sup> After the sinking of the American liner *Lusitania*, on 7 May 1915, by a German U-boat, Pigou published again in *The Nation*, on 15 May 1915, a letter, entitled "German Methods and English Feelings". His main intention now was to invite the reader not to confound the German people with their rulers and military commanders. Even those individuals who had rejoiced in Berlin at such barbaric acts, he says, had been convinced by their leaders and the press, through elaborate fabrications, that the attack was conducted as retribution to previous illegal and inhumane acts by the Allies. Would not the ordinary Englishman, asks then Pigou, react in the same way if subjected to similar circumstances? (Pigou 1915c).

which, through arrogance and self-justification of her acts, had committed crimes against God and man. It seemed obvious to Cunningham that any indication of generosity by the Allies would be interpreted as a symptom of weakness and, in addition, be regarded as proof of Germany's own rectitude as to its reasons for starting the war. A peace proposal at that juncture would only embolden an already overconfident enemy without accomplishing anything tangible.

Not till the German nation shows some sign of a change of mood can there be occasion to consider what terms would be in accordance with Germany's conception of what is due to her, and therefore to be terms which she could honorably accept (Cunningham 1915: 619).

But Pigou did receive some reassurance in another letter, signed by Bertrand Russell and published in the same issue of *The Nation*. Anyone seeking wisdom and justice, instead of blind revenge, assured the philosopher, would find it in Pigou's proposal. If peace could be achieved with honour and without humiliation, Russell believed that such achievement would be enough to appease German minds and rob the Prussian militarists of their basis of support, eliminating, therefore, the chief motive for further sacrifices. For Russell, the Allies' reluctance to make public their terms to end the war, as recommended by Pigou, could only originate in two factors: the fear that their power was insufficient to obtain what is just, or else, the conviction that they had the opportunity of obtaining more than could be expected from a just outcome. The first option was baseless, since Germany would probably acquiesce to peace if realistic terms were offered. The most likely scenario, hence, was the less noble one, that is, Russell believed that the Allies wanted to avoid being seen as weak by obtaining preposterous concessions contrary to reason.

But in actual fact, probably the only motive is pride; we will not be the first to show a willingness to stop. But a willingness to stop when all legitimate objects have been attained does not prove weakness. It proves rather the strength which is not afraid to be just (Russell 1915: 619).

In contrast, William Wyse, former lecturer of Greek and Classics at Trinity, commented in the same issue of *The Nation* that Pigou was conveniently silent about Germany's allies, for the key problem of his plan lay on how to deal with the situation

of both the Austro-Hungarian Empire and Turkey, and the answer to this question would crucially depend on the extent of the Allied military victory (Wyse 1915: 619).

On 15 February 1915, the conservative daily newspaper *The Morning Post*<sup>13</sup> published an editorial entitled "The Policy of Dane-Geld"<sup>14</sup>, which ruthlessly attacked Pigou's peace proposal as absolutely misconceived, since Germany was still in control of Belgium, Northern France and Russian Poland and had, furthermore, shown no sign of any weakening of her grip on those territories. Pigou, the editorial mocked, was trying to sell the bear skin before killing the bear. He was just one more of those few but eloquent apostles of pro-Germanism who preached surrender as magnanimity. Peace with a strong Germany, as claimed by Pigou, would be like letting a burglar go free for fear that his punishment would fuel his desire for revenge. The editorial goes on to claim that Pigou's sympathy towards Germany was not new, reminding readers that, during the tariff controversy a decade earlier, Pigou dared to suggest that Britain allowed the use of some of her coal bases by German vessels in order to appease her after Canada decided for a preferential treatment to British goods.<sup>15</sup> The gist of the whole editorial is to reject Pigou's proposal and endorse the very course of action that he was opposing: the war must to be fought to the very end. Any terms or concessions offered to Germany as part of a moderate peace treaty would fail.

It has always seemed to us that this kind of talk was a powerful factor in deluding Germany into the idea that England would remain neutral whatever happened. The mistake was disastrous, and cannot be remedied now. Since we are launched upon this war, the only way to end it is victory. As to concessions, they might alienate our friends, but they certainly would not conciliate the enemy (The Morning Post 1915a: 6).

The editorial incited a national outcry, with letters pouring in the newspapers around Britain and labelling Pigou as unpatriotic, a traitor, a poltroon and other equally

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<sup>13</sup> *The Morning Post* was a daily newspaper that circulated in London from 1772 to 1937, when it was absorbed by *The Daily Telegraph*. Its editor during the period of 1911 to 1937 was Howell Arthur Gwynne (1865-1950), an influential journalist who had covered much of the British Empire wars and followed a hard Tory line on foreign policy (The Times 1950: 8).

<sup>14</sup> The danegeld was an historical tribute created by King Ethereld II "The Unready" (reign 978-1016) to buy off the Vikings so they would not invade England.

<sup>15</sup> As noted in the editorial, that suggestion had been put forward in Pigou's book *The Riddle of the Tariff* (see Pigou 1904: 58).

disparaging epithets.<sup>16</sup> His answer to these personal attacks appeared in *The Morning Post*, on 23 February 1915. After a brief summary of his ideas on the peace issue, Pigou derided the criticisms of his proposal as devoid of reason and directed to rouse passions instead of persuading minds. He argued also that his critics and detractors, including the newspaper's editor, were simply trying to infuse the readers of the popular press with prejudice and passion as a travesty of nationalism.

The youth of seven nations are marching without complaint to death, disease, and wounds; fugitives are streaming from homes laid desolate; Europe is a continent in mourning. Will the heroes of the smoking-room merely storm when one who has seen a little of these things pleads that by policy this tragedy might perhaps be stayed? I do not ask now for assent to the thesis that I put forward in the *Nation*; but I do ask for it a candid and unprejudiced consideration, in which reason and not passion shall be the judge (Pigou 1915c: 6).

In his brief comment on Pigou's letter, the editor of *The Morning Post* observed that he could not control his readers' opinions, and that the recognition of the suffering endured by the British youth referred to by Pigou was the chief reason for resenting any disposition that could render that sacrifice worthless (Pigou 1915c: 6).<sup>17</sup>

Shortly after that, Pigou seized another opportunity to plead his case for peace, this time at the *Cambridge Union Society*, over which he himself had presided during his undergraduate days. In front of an enthusiastic audience, on 13 March 1915, Pigou moved that the house should welcome an early offer of moderate terms of peace by the Allies. He basically followed the arguments sketched in the above reviewed manuscript, reiterating that by the term "moderate" he meant the evacuation of

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<sup>16</sup> *The Chronicle*, for instance, from 13 February 1915, claimed that any meaningful peace must contemplate the full eradication of German "filthy Kultur" and militarism. Pigou, for that matter, was just a friend of Germany trying to strike down the punitive arm of the British Tommy (*The Chronicle* 1915: 8). *The Sheffield Independent*, on the same date, remarked that had Pigou's advice been followed during the Boer War (1899-1902), the troops coming from South Africa to join the British army would now be fighting for Germany (*The Sheffield* 1915: 4). *The Devon and Exeter Gazette*, in its 19 February 1915 issue, ironically called Pigou a "brilliant pedagogue" who in reality wanted Germany not to be held accountable for the crime of devastating Europe (*The Devon* 1915: 3). On 26 February, a former student of Pigou had a letter published in *The Morning Post* accusing the Professor of being unpatriotic and the leader of a socialistic clique at Cambridge (Smith 1915).

<sup>17</sup> Still, two weeks later, on 11 March 1915, the professor of Zoology and Master of Christ's College, Arthur E. Shipley, wrote to *The Morning Post* complaining about the excessive space being dedicated to Pigou's opinions that, in his view, were far from representative of Cambridge University (Shipley 1915: 7).

occupied zones by Germany, but with no punishments either to the Kaiser or the German people. The continuance of the war for reaping compensations would only bring about more loss of lives and devastation for friends and foes of Britain.

Why should the Allies pursue moderate terms of peace, he asked the audience? First, because Germany, by refusing to talk, would lose domestic support for the war effort, while the slaughter of his sons would continue to raise, and those factors in concert most likely would be persuasive enough to force it to the table. Second, if the liberation of Belgium and other zones must be done by the force of arms, that would certainly impose further suffering on people already ravaged by the conflict. To close his presentation, Pigou insisted that ending the war as soon as possible was, above all, a matter of compassion:

It was the boast of our pamphleteers and politicians that England unsheathed the sword for the sake of that small nation. For the sake of that small nation let her be prepared again to sheathe it (Applause). But it was not for the sake of Belgium alone, but for the sake of the whole world, because every day that peace was delayed was a disgrace to humanity (Applause) (The Cambridge Independent Press 1915a: 7).

To debate the issue, the retiring president of the Cambridge Union, H. D. Barnard, from Jesus College, indicated that Pigou's humanistic principles blocked him from understanding the motivation of those wishing a complete victory. The reasons of England to be at war were distinct from those of Belgium and France, which had claims upon Germany that Britain did not share. An Englishman, therefore, had no business preaching peace around without taking into consideration the natural feelings of the Belgian and French people. Until victory was certain, there was no point in making any peace move. Were Germany not fully vanquished, the whole tragedy would repeat itself in a few years. Another debater, the young Hubert D. Henderson, from Emmanuel College, agreed with Pigou's motion and stated that the conditions for peace should not be discussed with a sense of indignation and revolt, but having in perspective instead the building of a decent future state of affairs in Europe. If the war had been declared as a mission to be undertaken without hate, why could not peace, he pondered, be pursued leaving hate aside as well? (The Cambridge Magazine 1915: 336; The Cambridge Independent Press 1915a: 7).

The last person to speak on the motion was the Cambridge Professor of Moral Philosophy, resident at King's College, William R. Sorley, who strongly opposed the proposition and argued that Pigou had absolutely no clue about the implications of what he was advocating. Until that date, there had been no fight or destruction on German soil, and any peace offer would be simply thrown back at the Allies' face, since the enemy's motto was that what had been conquered by the sword shall be kept by the sword. What the moment required was the prosecution of the war with all energies, and not the insistence on the offer of any sort of inopportune peace terms. Germany, Sorley recalled to the audience, had been the bully of Europe for the last quarter of century, and what holds good for a decent person like Pigou does not apply for a professional bully who only becomes a good citizen after being soundly beaten. Pigou, regretted Sorley, had put forward an extremely improbable reading of the German mindset, wishing to stake the whole future of Britain on a crude kind of social psychology (The Cambridge Independent Press 1915a: 7).

The debate ended in applause and cheers for both parties. Some months later, Pigou was to receive another opportunity to speak his mind in London. After a time to reflect upon the criticisms towards his ideas, he would now deliver his most articulate exposition of his thinking on how the war could be brought to a conclusion.

#### **4. Pigou's final approach to peace: the Devonshire House lecture**

In the evening of 25 November 1915, at Devonshire House, Bishopsgate, under the auspices of the London Peace Committee, Pigou addressed a crowd of about a hundred people in a speech entitled "New Peace for Old".<sup>18</sup> He began by contesting the common assumption that England was at war with the German people. That perception, he explains, had been encouraged by the press on both sides, but particularly by British newspapers, which inflamed unreasonable passions against sixty-million people who were no bloody criminals, but rather kindred in race and temper, and living under the belief they were waging a war of self-defence. The full

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<sup>18</sup> The speech is reported in its main topics by *The Morning Post* and reproduced by *The Cambridge Independent Press* of 3 December 1915. The second part of Pigou's speech came out unabridged under the title of "The Conditions of a Permanent Peace" in Norman Angell's weekly magazine *War and Peace*, in its January 1916 issue.



weight of a total defeat of German militarism, as urged by numerous voices in Britain, would fall upon the shoulders of the humblest people in Germany, who had been already penalized by the loss of their sons while enduring a hard material scarcity caused by a rampant inflation without any wage compensation.<sup>19</sup> These kinds of miseries, Pigou assured his listeners, were severe enough to the ordinary German man, there being no need to talk of making him suffer even further by more death and deprivation. A crushing defeat would make the people in Germany believe they were being punished for crimes they did not commit, nurturing thus further militarism within Germany.

But military defeat would no more persuade them to stop that kind of militarism than it would stop us from building another big Navy if ours were overthrown. Germans would argue that they had been defeated by militarist Russia, militarist France and marinest England (The Cambridge Independent Press 1915b: 2).

The guiding principle for any peace worthy of the name must, in Pigou's assessment, establish conditions that do not carry in themselves the seeds of another war. From this standpoint, he identifies four corollaries of a lasting peace. First, that people should not be forced into membership of a state they do not wish to belong. Second, that the terms of peace should not leave the people of any nation with a feeling of outrage or of being wronged. Third, that the terms of peace should not include a 'military or strategic guarantee' involving one nation seizing the military assets of another. Fourth, the need for nations to build goodwill towards each other should be reinforced, starting from the dealings in relation to the terms of peace and then expanding over time through economic engagement.

The first corollary is the most straight-forward. It implied that all occupied territories should be evacuated and Russian Poland, Macedonia, Alsace-Lorraine and the Trentino's population be allowed to decide their fate, although Pigou here admits being uncertain on the best way to implement such condition.

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<sup>19</sup> In *Wealth and Welfare* (1912), Pigou had already shown his concern with the wellbeing of the worse-off people. His second law of welfare was that any redistribution of income in favour of the lower classes meant an increase in total welfare, provided it did not diminish the national dividend. That concern with those least favoured was foremost in Pigou's writings on war finance and, in the same manner, in his peace discussions (Pigou 1912: 24-31; Part III; see also Arthmar and McLure 2017).

The second corollary tackles examples of historical complexities generated by past peace treaties. In that regard, Pigou recalled that terms of peace had often left nations with a feeling of outrage or of being wronged. By way of example, he pointed to the peace treaties of Frankfort (1871) and Bucharest (1913), when the taking of Alsace-Lorraine by Germany and of Macedonia by Greece and Serbia, respectively, worked strongly against the stability of Europe. Pigou therefore recommended that Germany not be humiliated in any respect. In addition, he argued that no indemnities, such as those paid in 1870 by France to Prussia, should be imposed upon Germany, other than payment of compensation to Belgium, and, in this case, even by the Allies themselves. Any other indemnities would just inflate the feeling of resentment by the vanquished, which happened to be the surest way to ignite another war in future (Pigou 1916: 53-54).

The third corollary of a durable peace, according to Pigou, meant that no military or strategic guarantee, as the seizure of the German fleet or an eventual taking of Belgium ports by Germany, would function as a reliable basis for a stable situation. In both cases, the intention of each power would be to impose peace upon the other by the sheer predominance of superior force. That was certainly not a solid ground for an enduring settlement.

Grant that one side or the other could obtain such guarantees. The peace that followed would be a peace in fact, but not a peace in feeling. It would be a peace enforced by fear. Such a peace could not last. The nations who were under domination would be continually seeking, through the development of their armed force, for means to break the yoke. Someday an opportunity would offer. The discovery of some new weapon known only to them, the weakening through some internal cause of their adversary, the securing of a new ally, would give them opportunity. War would come so soon as an opportunity for an enfranchisement by war seemed to present itself (Pigou 1916: 55).

The last corollary of a genuine peace required that it should be celebrated with a broad spirit of goodwill from which economic imperative for an enduring peace can develop. On this matter, Pigou moves ahead of his previous position by underlining the importance of mutually beneficial economic treaties, in the spirit of free trade, capable of preserving European concord once a cessation of conflict has been secured. That would buy the necessary time for the deep wartime wounds to heal, paving the

way for the creation, down the road, of an international system of arbitration to defuse future conflicts. From that point on could evolve then, finally, a supranational organization in the form of an international league for peace. In short, Pigou made clear to his audience that the end of the war must be quickly followed by open economic engagement between nations so that political stability can follow in a such a manner to preserve the peace.<sup>20</sup>

The new peace ought to be ushered in, not by boycotts and tariff reprisals, but by systems of commercial treaties made in the joint and common interests of the nations that have been at war. ... Gradually, this network of agreement will spread till at last something in the nature of a general league of peace emerges. ... Therein is the opportunity for social service: to keep the memory of what the war has been and to use it as a lever to with which the world may be raised to a plane on which wars are no longer known (Pigou 1916: 55).

Pigou's Devonshire House lecture did not pass unnoticed by the press. The following day, *The Morning Post*, once again, published a ruthless editorial entitled "Professorial Pedantry". It labelled Pigou's speech as a "mischievous exercise", having as its unique aim the dissemination of doubt in the mind of his countrymen by condoning Germany's outrageous aggression. Pigou's plan was again characterised as 'bribing the enemy' to undo his wrongs; and that was represented as repugnant to British conscience and dignity. The editor of *The Morning Post*, however, insisted that anyone but a Professor-pedant can readily see that that would be conducive to future wars. Pigou's only true concern was to spare Germany the fate she bestowed on others, a proposition indignant to any right-feeling citizen. But the Achilles heel of Pigou's entire notion of moderate peace was his notion of *status quo ante bellum* (a return to the pre-war situation).

This learned Professor omits to take account of one factor—that goodwill is impossible without respect, and that peace is impossible without the frustration of wrong-doing. His

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<sup>20</sup> Pigou's recommendation is in line with the one adopted in 1919 by John Maynard Keynes in his *The Economic Consequences of the Peace*, where it is deeply regretted that top priority at the Peace Treaty had been given to short-sighted political machinations, instead of to the pressing financial and economic needs of the continent (Keynes 1920 [1919]: chap. VI). Keynes's criticism of Prime Minister David Lloyd George's actions in Versailles and of the size of reparations imposed on Germany blocked his nomination for the British Academy in 1919, the same fate of Pigou the year before because of his pacifism. Both ended up elected to the Academy only in 1927 (Pigou) and 1929 (Keynes) (Winch 2015).

status quo ante bellum is, in fact, impossible: for that status quo has already been destroyed beyond the possibility of restoration (The Morning Post 1915b: 6).

At this juncture, Pigou's activities as a public intellectual seeking to hasten the end of the war largely came to a stop. Not that Pigou had changed his mind, for he had not. But, as general conscription became law in early 1916, he realised that his effort had failed to have any influence either on the British Government, or on public opinion more generally, over the matter. This also marks the opening of a new and distressing chapter in his life related to his contentious exemption from military service (Aslanbeigui 1992; Deane 2001: 256-261; Kumekawa 2017).

There is, however, something to be learned by briefly comparing his views on peace to those put forward by some of his contemporaries, beginning by the UDC. In the face of the criticism for ignoring the situation of Germany's allies and other critical regions of Europe, Pigou, in his Devonshire House lecture, embraced the UDC proposition of respecting the wishes of the people when considering the change of state membership by any province. That proposition, though, did not contemplate the possibility of self-determination by British colonies, a hot topic raised by some UDC sympathizers (Hanak 1963). The creation of a league of nations, one of the UDC main tenets, seemed to Pigou, however, somewhat premature without first obtaining greater and more consistent economic integration among the European countries.

Both the UDC and Pigou had also a debt to Norman Angell for his debunking the myth of reparations.<sup>21</sup> Angell had built his argument on the economic ills of Prussia after 1870 associated with her receiving the French liberation payments, such as domestic price inflation, the fall of her exports, widespread speculation and the 1873-74 financial crash (Angell 1913: chap. VII). Pigou, however, emphasized instead the negative moral effects of indemnities, that is, the bitterness this policy would spark within the vanquished nations, a feeling that could easily eat away the basis of any prospective peace agreement. But Pigou's position on the war is perhaps closest to that of two other well-known Cantabrigian public intellectuals, Goldsworthy Lowes

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<sup>21</sup> Angell was awarded the 1933 Nobel Peace Prize for his intellectual contribution to international peace.

Dickinson and Bertrand Russell, both of whom also advocated in favour of a rapid end to the conflict.

A few weeks after war broke out, Lowes Dickinson, the King's College historian and philosopher, published his book "The War and the Way Out", which makes clear distinction between the government of the people and the people themselves, a proposition close to the one advanced by Pigou soon afterwards.<sup>22</sup> Governments, to Lowes Dickinson, were ruled by the false theory that they should expand themselves at the expense of the others. People, for their turn, are dragged into wars, continues Lowes Dickinson, because they are uneducated and easily fooled by the press, having moreover no control over their government's foreign policy. What every people actually needed was self-government, even the colonies, an issue that albeit never discussed in public, had been of no material advantage to Britain.

The principles for a true peace, which Lowes Dickinson was the first to put forth in an orderly way, involved, first, no humiliation of the vanquished or the dismemberment of States to keep them weak; second, allowing all people under alien rule, including the European colonies, the right to decide their own destiny; and, third, the formation of the League of Europe, with military authority over the continent preceded by an all-around process of disarmament. The restoration of the pre-war map of Europe, as Pigou was to advocate a few months ahead, would be a fatal mistake, cautioned Dickinson, for that meant reinstating the very same conditions that had led to the outburst of war, that is, the search for dominance of one power over another.

And what would hinder it [The League of Europe] most would be a peace by which either there should be a return to the conditions before the war—but of that there is little fear ; or by which any one Power, or group of Powers, should be given a hegemony over the others. For that would mean a future war for the rehabilitation of the vanquished (Dickinson 1914b, 41).

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<sup>22</sup> In July 1914, Lowes Dickinson wrote "Is war inevitable", for the *War and Peace* magazine. There he qualified all reasons for war as irrational. Thus, the new pacifism should be directed to the enlightenment of the great mass of passive people, appealing to their reason and goodwill instead of their brute instinct (Lowes Dickinson 1914a).

Like Lowes Dickinson and Pigou, Bertrand Russell engaged publicly on the peace issue in an article in the American magazine *The Atlantic Monthly*, from May 1915, entitled "Is permanent peace possible?". The recurrence of war, for Russell, had its roots in the fact that man's basic instinct to plunder does not keep pace with the changing material conditions arising from economic cooperation among nations. Three factors, for Russell, needed to be in place for a sustainable peace, namely: first, neither great gains to be reaped nor humiliating losses to be incurred by any party, so that no reason for another conflict happened to be fostered by the settlement; second, the creation of a new machinery to deal with international conflicts, but formed by scientists, businessmen and workers, instead of diplomats, so that the common interests of civilization might be openly debated and agreed upon outside the framework of national rivalries; and, lastly, the reform of public opinion, starting by teaching children there being no pride in plundering and slaughtering other nations, but instead in treating people with justice and mercy (Russell 1915).<sup>23</sup>

After the war, in his 1921 book *The Political Economy of War*, Pigou would seek inspiration in Dickinson and Russell to denounce both the desire of domination, as a basis of the invasion of foreign lands, and the craving for gain, basis of colonial imperialism, as the two deep psychological forces behind the First World War (Pigou 1921: chap. III). That, though, falls outside the scope of the present inquiry.

## 5. Concluding remarks

Three aspects of Pigou's overall view on the convenience of an early peace deserve to be singled out here. First, his forewarning that a crushing defeat of Germany, coupled with the charge of heavy reparations, could light the fuse of a future and wider

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<sup>23</sup>In the January 1916 issue of *World and Peace*, Russell had an article about the principles of social reconstruction. In his assessment, labour discontentment and cooperation across national boundaries, along with the engagement of intellectuals, would be the post-war driving force to neutralize the appeal of nationalism by the governing classes (Russell 1916). In his 1917 book *Why Men Fight*, Russell remarked that war results from the combination of a few bellicose individuals with an uneducated people assaulted by war-fever (Russell 1917: chap. III). For a complete treatment of Russell's anti-war contributions and activities in the final years of the war, see *Pacifism and Revolution 1916-1918* (Collected Papers of Bertrand Russell, Volume 14, 1995). Unlike Pigou, however, Russell's anti-war activism was accelerated by the newly introduced conscription laws, leading to his very public support to conscientious objection. This motivated his prosecution in 1916 under the *Defence of the Realm Act* (see *Rex v Bertrand Russell*, 1916), imprisonment and dismissal from his lectureship at Trinity College, Cambridge.

conflict. That may well have proved to be a prophetic position. Second, his interpretation of the conflict as a tragedy brought about by the sole responsibility of the European governments, which had collectively lodged the burden of the disaster upon the shoulders of the common people through deception and secrecy. In Pigou's lifetime, the interests of the weakest in society, irrespective of their nationality, were always given heavy weighting, a fact that speaks for his humanistic and broad horizon of thought. Third, his emphasis on the necessity of European economic reconstruction ahead of the establishment of any supranational organism, as Keynes would later insist on his considerations about the Peace Treaty.

On the other hand, it can be argued that Pigou's approach to the peace issue reflected an unwarranted optimism about Germany's disposition to negotiate that may not have been realised. It was believed in many quarters that the war would be a short-lived event, and, if German authorities also shared that view, it would have been difficult for the either side to attract the other to the negotiating table. Second, Pigou's support for a return to the pre-war order and the consequent neglect of the right to self-determination by the European colonies might be seen as an odd omission in the light of his call for a role to the will of the people of disputed regions on the continent. That proposition was no doubt introduced in an attempt to confine issues to be addressed to a manageable range – that is, as a deliberate simplifying assumption to focus on what might be achievable – although the sheer destructive force of the new industrial warfare may well have impeded the return to the old order even if a peace treaty was actually negotiated.

The fundamental aspect of Pigou's analysis, however, lies in the recognition that the economic and social consequences of the war were simply far more adverse and severe than any of the corresponding consequences of a peace secured through negotiation, that is, without insisting upon the unconditional surrender of Germany.

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17.05	Chen, M., Clements, K., Gao, G. and Si, J.	THREE FACTS ABOUT WORLD METAL PRICES
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17.07	Hartley, P.	THE COST OF DISPLACING FOSSIL FUELS: SOME EVIDENCE FROM TEXAS
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