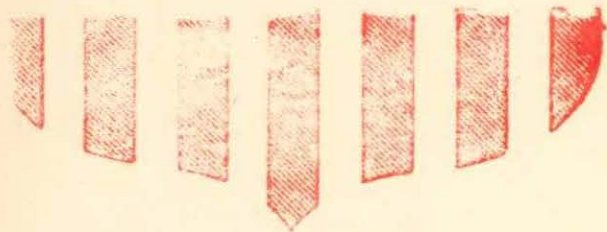


UNITED STATES OF AMERICA



**PEACEFUL CHANGE**

INTERNATIONAL STUDIES CONFERENCE

# PEACEFUL CHANGE



PROCEDURES, POPULATION, RAW MATERIALS, COLONIES

PROCEEDINGS

OF THE

TENTH INTERNATIONAL STUDIES CONFERENCE

PARIS, JUNE 28th - JULY 3rd, 1937

INTERNATIONAL INSTITUTE OF INTELLECTUAL CO-OPERATION

League of Nations

PARIS 1938

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## PREFACE

This volume is a record of research on peaceful change, carried out by the International Studies Conference during the years 1935-37, and of the discussion of this problem which took place in Paris in July of the latter year.

The Paris Conference, which met under the Chairmanship of M. Sébastien Charléty, was attended by some 150 scholars and experts nominated by the national committees and institutions for the study of international relations, members of the International Studies Conference. The public inaugural and closing sessions were presided over by M. Albert Sarraut and M. Edouard Herriot respectively. The discussions in plenary and round-table meetings were based on carefully prepared documentation presented by the national committees and institutions and by a number of individual experts.

At similar sessions held in the past, the Members of the International Studies Conference had examined the questions of State Intervention in Economic Life (1931-33) and Collective Security (1933-35)<sup>1</sup>. In the course of the discussions of the latter problem in London, it became apparent that no study of collective security could be considered satisfactory unless it was followed by an investigation into the twin problem of meeting claims and aspirations for changes in the *status quo* by providing peaceful procedures. Although some of the juridical aspects of this question had been dealt with in the research and discussion on collective security, there was a strong feeling that it deserved to be studied in all its complexity during a new study cycle. The Members of the Conference accordingly adopted for study during the

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<sup>1</sup> See *The State and Economic Life* (Vol. I, 1932, Vol. II, 1934) and *Collective Security*, edited by Maurice Bourquin, (1936), published by the International Institute of Intellectual Co-operation, Paris.

For general information about the Conference, see *The International Studies Conference: Origins, Functions, Organization*, International Institute of Intellectual Co-operation, Paris 1937.



succeeding two-year period the subject of peaceful change, which was tentatively defined in the following terms : peaceful solution of certain international problems : the basic difficulties in, and the procedures for, the peaceful solution of economic, social and territorial problems with special reference to questions of population, migration and colonization, and markets and the distribution of raw materials.

An account of the planning of the work and the methods of study adopted by the Conference during the preparatory period will be found below in the Introductory Report submitted by the General Rapporteur, Professor Maurice Bourquin, to the Paris Session (pp. 24-29). It is interesting to note that for the first time in the history of the Conference a number of international study groups were set up to co-ordinate the work undertaken in various countries on particular items of the research programme, i. e., colonies, population, raw materials and markets, and problems of the Danubian area. Moreover, the work of the national groups and institutions was supplemented by monographs on some of the more complex aspects of the problem, written at the request of these study groups by individual scholars.

In July 1937, the International Studies Conference appointed an Editorial Board to approve a plan of publication of the results of the Conference on peaceful change. This Board, which is composed of Mr. Malcolm W. Davis, Professor Maurice Bourquin and Professor Etienne Denny, decided to publish at once four of the monographs prepared by individual experts.<sup>1</sup>

They also agreed upon the form of the present volume, which differs in some respects from that issued by the Institute after the London Conference on Collective Security. On that occasion, the compilers adopted the principle of selecting for publication significant extracts, both from the preparatory documentation and from the discussions at the Conference itself, and arranging these extracts under headings which corresponded to the chapters of the agenda of the Conference. The Editorial Board considered, however, that in the present case it would be more suitable to publish the full texts of the introductory reports presented by the Rapporteurs and an almost complete record of the discussions in both plenary and round-table sessions. This decision

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<sup>1</sup> *The synthetic optimum of population*, by Imre Ferenczi; *Markets and the problem of peaceful change*, by J. B. Condliffe; *International raw materials cartels*, by William Oualid; and *The monetary aspect of the raw materials problem and the revival of international trade*, by Michael A. Heilperin. Published by the International Institute of Intellectual Co-operation in 1938.

was prompted by the fact that a large number of the preparatory memoranda on the problem of peaceful change submitted to the Conference had at this time already been published by the national institutions responsible for their production. Their reproduction here in part or as a whole, therefore, seems unnecessary. The Editorial Board also felt that, in view of the topical nature of this subject, as full a record of the discussions as possible should be published. The Board agreed to supplement the present record by three volumes containing surveys of the problems of colonies, population, and raw materials and markets, seen from the point of view of the general problem of peaceful change. These surveys are principally intended to make the work of the Conference on peaceful change available to a wider public and will, therefore, be based mainly on the memoranda submitted to the Conference, and on the views expressed in the course of the session and in recent relevant publications independent of the Conference.

The concluding volume of the series on peaceful change will be an enquiry into the legal aspects of the problem, which, it was generally agreed, called for more thorough treatment than they received in the Paris discussion or in the preliminary documentation. This enquiry is being directed by Professor Maurice Bourquin, General Rapporteur for the Conferences on Collective Security and Peaceful Change, who has secured the collaboration in his task of leading experts who took part in these two Conferences. Each of these experts will contribute a chapter on a subject on which he is an authority. The results of this enquiry will be published by the Institute in 1939.

In the course of the Paris Session, the view was frequently expressed that the possibilities for study offered by the problem of peaceful change had by no means been exhausted, and it was agreed that the study should be continued within more limited terms of reference. The Conference accordingly decided to continue the investigation of the economic aspects of this problem for a further two-year period under the general title of "Economic Policies in Relation to World Peace."

The Institute desires to place on record its gratitude to the Rockefeller Foundation, whose generous financial assistance, both to the Secretariat of the Conference, provided by the International Institute of Intellectual Co-operation, and to the national institutions and groups, made possible the conduct of the study of peaceful change on a large scale. Thanks are also due to the Rockefeller Foundation and the European Centre of the Carnegie Endowment for International Peace

for their support of the publications programme of the International Studies Conference.

We must also thank Professor Maurice Bourquin, who has served the Conference as General Rapporteur since 1933, first for the study of Collective Security and then for that of Peaceful Change. The masterly skill with which he accomplished the difficult and delicate task of analysing a vast amount of documentation on very controversial topics has earned for him the gratitude of all those who participated in the work of the Conference during these four years.

PART ONE  
INTRODUCTORY REPORTS

## INTRODUCTORY REPORT

by

Professor Maurice BOURQUIN, General Rapporteur of the Conference

### (i) The Subject

1. In the course of its Eighth Session, held in London in June 1935, the Conference decided to undertake the study of the following question : Peaceful solution of certain international problems (Peaceful Change). The basic difficulties in, and the procedures for, the peaceful solution of economic, social and territorial problems, with special reference to questions of : *a*) population, migration and colonization; *b*) markets and the distribution of raw materials.

It must be admitted that the terms employed by the Conference to express its intentions leave those intentions somewhat obscure. The observations addressed to the Secretariat after the close of the London meeting betray a certain embarrassment, a certain confusion, which it was necessary to clear up before setting to work. Consequently, when the Conference did me the honour to designate me as General Rapporteur, my first care was to propose a definition of the subject, sufficiently precise to enable us to approach our task. This definition, served as a guide. Today, in the light of the work accomplished, we can take it up again and complete it.

2. While the text does not say so, it is evident from the circumstances which gave rise to it that our subject is directly connected with the problem of collective security. The Conference, which had just been grappling with that problem, had become convinced that, in order to fight with any chance of success against war, it is not enough to proscribe it nor to set up in face of it a system of constraint. It is above all necessary to attack the causes of war, by seeking to substitute for

it peaceful methods of settling conflicts, of clearing up disputes, and of providing legitimate means of satisfying the aspirations which provoke it. This many-sided preventive effort constitutes a task which is particularly arduous and delicate, but also particularly essential: war appears in history much more as a factor of upheaval, of transformation, than as a force in the service of the *status quo*. It sometimes happens, indeed, that States take up arms on the ground that their rights have been violated. But in reality, war is almost always the explosion of a movement directed against the established order — a violent effort, an ultimate attempt to escape from the grip of that order. If war is to be eliminated, it is indispensable to provide other means of satisfying the profound need for change of which war is the expression and the instrument.

No society can function harmoniously if its institutions are not equipped to provide for the adaptation of its legal framework to the dynamic forces which irresistibly dominate it. A moment is reached when, behind the formal equilibrium of legality, vital forces give rise to new necessities. An adjustment then becomes necessary. If it is not made by the application of regular procedures, there is a risk that it will be carried out by violence. Within a State, when the legal system loses its elasticity and opposes too obstinate a resistance to the pressure of facts, it may collapse amid the uproar of a revolution. On the international level, a similar phenomenon occurs, with the difference that in this case war takes the place of revolution.

Certainly the problem thus set is one of the most redoubtable that can be imagined. Its extreme complexity, the sensitiveness of the areas involved, the gravity of the dangers which it skirts, require of those who take it up a certain courage, a certain patience, and also a certain sense of responsibility. But to recoil in the face of danger is not the way to solve difficulties. And this brings us to the crisis of the drama. Any collective effort for the defence of peace would be vitiated at the base and would be useless in the long run, if it were to be organized in ignorance or neglect of this central problem. Whatever the difficulties and the risks of the undertaking, it must be faced resolutely. This is all the more necessary because the problem has hitherto been neglected. Of all the aspects of international organization, this is perhaps the one which has thus far received the least consideration. The attention of statesmen and jurists has no doubt been actively occupied since the end of the world war by the organization

of peace. But it has been devoted mainly to other aspects of the problem. Undertakings for non-aggression and mutual assistance have so powerfully attracted attention that the other phases of the problem have been left, as it were, in the shadows. The time has come to turn to the fallow field and to cultivate it, not indeed in the vain hope of accomplishing off-hand the enormous task which there awaits us, but with the will to take it up and to pursue it methodically.

3. Such are some of the conclusions drawn from the work of the Conference on Collective Security.<sup>1</sup> It is these conclusions which led to the choice of the new subject for study and which explain its significance. The text which serves as the basis for our labours should be read in the light of these records. The problem which it invites us to consider is that of "Peaceful Change". This expression, which, in English, is perfectly clear, seems to lose some of its force when translated into French. The term "*changement pacifique*" does not spontaneously evoke a clear idea; it is doubtless only by resorting to periphrase that its significance can be made clear. Shall we define it as meaning the peaceful settlement of international difficulties arising out of the aspirations of non-satisfied peoples? The formula would perhaps be exact; but it has the drawback of being far too long. For simplicity, the practice has naturally grown up among us of using the English expression. I shall follow this practice in the present Report.

Peaceful Change, i.e., peaceful change of the *status quo*. The formula, if it is to be sufficiently clear, calls for further definition: what meaning is to be given to the term *status quo*? and when may a change be said to be made in the *status quo*?

We shall doubtless agree that the term *status quo* applies in any case to the existing legal order in the field of international relations. But it must be specified at once that this legal order is not determined solely by treaties. General principles and customs have their place in it side by side with conventions. All the rules, general and special, as well as all the contractual undertakings, which play a part in determining the rights and duties of the State in the international field and in regulating their exercise, help to constitute the *status quo*.

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<sup>1</sup> See : *Collective Security*, published under the direction of Maurice Bourquin by the International Institute of Intellectual Co-operation, Paris, 1936. Particularly : Introductory Report, pp. 13-20; Extracts from the Memoranda and Discussions, pp. 189-283; Final Report, pp. 448-450.

The treaty which establishes the boundaries of a State or assigns to it a special régime of neutralization, of demilitarization, of protection for minorities, etc., is an element in the *status quo*. The treaty of commerce concluded by this State with its neighbour is another. The multilateral conventions to which it is a party (on postal matters, telegraph, protection of labour, transport, etc.) likewise form part of the *status quo*. The customs governing it are in the same case.

The *status quo* is the resultant of these various rules and undertakings in juxtaposition and combination. To obtain a comprehensive view of it, it is necessary to consider all its aspects : the *negative* aspects as well as the *positive*. The legal situation of a State is not only the consequence of the rules and undertakings which bind it; it is likewise characterized by the eventual absence of certain of these rules or undertakings.

The fact that a State has concluded a treaty imposing on it certain obligations is certainly an element in the *status quo*. But if, not having concluded such a treaty, it keeps its freedom of action, this likewise constitutes an element in the *status quo*.

4. Any alteration in the international legal order as thus understood is a change in the *status quo*.

Such a change may, then, take various forms. It may affect general rules governing all States. It may affect rules which, without binding all States, yet apply to a larger or smaller number of Powers. It may, finally, affect the particular situation of a given State.

To look at it from another angle, it may take the form either of an abrogation or of a modification of existing rules and undertakings; but it may likewise take the form of a creation, of a development of law by the establishment of new rules or undertakings.

In the first case, the transformation of the *status quo* will assume the character of a *revision*. It will take place, as the jurists say, *contra legem*. In the second case there will indeed also be a transformation, but in the form of a simple *growth* of the former body of rules. New rules or contractual undertakings will be added to those already resting upon the State, without suppression or modification of old ones. The freedom which the State formerly enjoyed in the exercise of its rights, and duties will be limited by this fact; but the change will have a different character. It will take place *ultra legem*.

These shades of meaning, rapidly sketched in order to make clear the significance of the subject, have in some cases considerable



practical importance. We shall have occasion to revert to this point when we study the *difficulties* of the problem and the possible *procedures* for their solution.

5. The definition just given of the *status quo* and of its modifications is bound up with the notion of the existing legal order in international matters. Should we go further and admit that a simple change in the *policy* of a State or in its domestic law constitutes or may constitute a transformation of the *status quo*, in the sense which concerns us?

Let me explain my meaning by an example. Suppose that, without assuming any obligation, a State modifies its attitude regarding immigration from abroad and adopts in this matter more liberal measures than before. The fact that a change has taken place is undeniable, and it is possible that this change may be of such a nature as to solve, at least provisionally, the practical difficulty which has existed. Does this suffice to constitute a change in the *status quo*?

The difference between this case and those examined above is obvious. Here, in fact, the change is based solely on the will of the State; it is connected with the use which the latter chooses to make of its freedom of action. No international obligation intervenes. The State would therefore have a perfect right to reverse its decision; it could, at its own discretion, put an end to this new policy which it initiated and which depends on itself alone.

In spite of its precarious nature, are we to consider such a change as coming under the idea of peaceful change? I feel that to do so would be to enter an almost limitless territory, where there would be no reason not to make room for all the variations of international policy, and even of domestic policy in so far as the latter affects foreign interests.

Without denying the importance which such variations may have in certain cases, I am inclined to believe that, in order not to extend unduly the limits of our subject, it is preferable to consider as "changes in the *status quo*" only those changes which derive from their international legal character certain minimum guarantees.<sup>1</sup>

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<sup>1</sup> Cf. H. F. Angus (Editor): *The Problem of Peaceful Change in the Pacific Area*, (Memorandum No. 1, presented by the Institute of Pacific Relations), p. 3; C. R. M. F. Cruttwell, *A History of Peaceful Change in the Modern World*, (United Kingdom Memorandum No. 12), p. 178; F. S. Dunn: *Peaceful Change: A Study of International Procedure*, (American Memorandum No. 3), p. 2; Arnold Raestad: *Les procédures de changement pacifique*, (Norwegian Memorandum), p. 2.

6. It may also be asked exactly what meaning should be assigned to the word "peaceful". In what cases do the methods employed to provoke the transformation of the *status quo* deserve this designation?

When the question is carefully analysed, it is sure to be more complex than it appears at first sight. It must therefore be kept in mind. Since, however, it is directly connected with the problem of procedures, it will be best, in order to avoid repetition, to postpone examining it until we are ready to take up that problem.

7. The Conference very wisely invited us to take up the problem of peaceful change from the viewpoint of certain particular cases and with "special reference to the following questions : a) population, migration, colonization; b) markets and distribution of raw materials". But it was no part of its intention to limit our study to these fragmentary aspects of the problem. It wished us, on the contrary, to try to grasp this problem as a whole and to throw light on its main outlines. Its aim, in drawing our attention to certain concrete forms which the problem assumes, was to guard us against losing ourselves in abstractions and letting ourselves be seduced by an ideology not in touch with social realities.

The list which the Conference drew up was not intended then to be exclusive; we were therefore able to supplement it by adding to it in the "General Plan of Study" decided upon at the Madrid meeting, the following heads :

National and ethnical questions;

Questions relating to the Danube region;

Other questions the study of which may later be decided upon.

8. Need it be said that we have not to consider these special questions in and for themselves? The Conference does not ask us to study, for example, the problem of colonization as such, many aspects of which are foreign to the order of ideas in which we must place ourselves. The questions of population, of colonization, of raw materials, etc., concern us only in so far as they reveal demands involving a modification of the *status quo* in international relations. In other words, our task is simply to grasp these questions in relation to the general problem which commands and limits our undertaking.

9. In drawing our attention to certain special matters, the Conference was in reality suggesting to us a *method*. It was advising us to take as our fulcrum the analysis of a series of concrete difficulties before proceeding to formulate generalizations.

Does this signify that the study of these special subjects is of value only in so far as it may lead us to conclusions of a general order? It has seemed to me that two different tendencies in this matter were observable amongst us. These two tendencies do not, indeed, confront one another sharply in the memoranda which we have received; but our debates at Madrid bear the trace of their opposition.

Some of us seem inclined to neglect the particular questions and to attach real importance only to the general aspects of the problem. Others, on the contrary, are disposed to take the opposite attitude and to concentrate their whole effort on the special matters of our programme.

One has only to read attentively the terms of our mandate, it seems to me, to realize that neither of these attitudes is in complete accord with it. We are expressly asked to examine, from the angle of peaceful change, a series of special matters; we cannot therefore, evade this task in our desire to make more room for speculations of a general order. The problems connected with these special subjects are, moreover, of great practical importance. They occupy an outstanding place in present preoccupations, and we can make a useful contribution to the working out of the solutions which they require. It would already be a very happy result if we were to advance the study of the demographic, economic, and colonial questions, etc., which arise within the framework of peaceful change.

The Conference, however, asks us to go farther. However ample this task, it invites us to go beyond it. The examination of the special subjects which we are to take up has not as its object, in the eyes of the Conference, merely to elucidate these subjects themselves; it is also a means of access to a more general field. After considering the problem of peaceful change by way of a series of concrete questions, we must endeavour to grasp it as a whole, in its general structure. In other words, the work of analysis must serve as basis for a work of synthesis.<sup>1</sup>

These two attitudes, far from being mutually exclusive, are both necessary for the performance of the task assigned us. We can neglect neither the one nor the other. We must, on the contrary, try to balance them and to harmonize them.

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<sup>1</sup> Cf. H. Lauterpacht : *The International Problem of Peaceful Change; The Legal and Procedural Aspect*, (United Kingdom Memorandum No. 7), p. 9.

## (ii) Organization of the Work

10. In the course of its Ninth Session, held in Madrid from the 27th to the 30th May, 1936, under the presidency of M. José Gascon y Marin, the Conference already dealt with our subject, but from a purely formal standpoint.

The discussions devoted to the subject, under the chairmanship of Professor James T. Shotwell, ended in the adoption of a Plan of Study and of a series of resolutions intended to ensure the organization, under the most favourable conditions, of the Paris Session.

11. The General Plan of Study drawn up at the Madrid Conference consists of two parts.

The first, entitled "Difficulties of the Problem and Solutions suggested", is subdivided as follows :

1. Demographic Questions.
2. Raw Materials.
3. Markets.
4. Colonial Questions.
5. National and Ethnical Questions.
6. Questions relating to the Danubian Region.
7. Other questions the study of which may later be decided upon.

The second part has as its title : "Procedures applicable for peacefully overcoming these difficulties".

This general plan is supplemented by Annexes, which define and subdivide the study of certain questions. They relate to Demographic Questions, Raw Materials and Markets, and Colonial Questions. They will be found in the reports of Messrs. Cromie, Dennery, and Christophersen.<sup>1</sup> I shall therefore not reproduce them here.

12. The subject with which we have to deal presented itself from the standpoint of method and of organization of work, under special conditions, considerably different from those which the Conference had previously encountered.

When the Conference took up, for example, the problem of collective security, the material to be dealt with had already been largely

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<sup>1</sup> See pp. 117, 78 and 169.

worked over. Light had been thrown on the various aspects of the question by the labours of the League of Nations. Much had been written about it. Its main outlines were immediately visible. It was easy to find one's way about, for the roads had already been marked out. It was known in advance where one must turn in order to fill the gaps and resume the discussion of controversial questions.

The present case is quite different. It is no doubt true that work, some of it very thorough, had been done on certain parts of the subject. On certain points, earlier studies were numerous and penetrating. But these studies, however numerous and however valuable, were, for the purpose of our undertaking, only fragmentary. Side by side with them were still large gaps to be filled, and the greatest lack of all was a comprehensive survey. The systematic study of the problem remained to be made. Valuable materials had been brought together, but the architect had not yet taken up the task of deciding how they were to be used or of marking their place in the structure.

Thus it was not possible to proceed as we had done in the case of collective security. It was necessary to advance step by step, to clear the ground bit by bit, to prune away gradually its complications so as to bring out its general contours, to shun the temptation to confine ourselves at the outset within too rigid a plan, which might have led us astray instead of serving as a useful guide to our efforts.

13. Another characteristic of the subject, liable to influence our choice of a method, was its abundance and its variety.

If the problem of peaceful change, viewed from the heights, is marked by a profound unity, it is none the less true that, when one examines the concrete realities with which it deals, it is seen to be made up of a vast number of different phases. This appears clearly enough if one examines the Madrid programme, which, although it offers but a summary and partial list, carries us from demographic questions to raw materials, from raw materials to markets, from markets to colonies, from colonies to national and ethnical questions, etc.

Breadth and diversity meant two difficulties to solve, two risks against which, as well as might be, precautions had to be taken.

14. Take, first, the breadth of the problem. When the Conference was called upon to map out our plan of study, the question at once arose how so vast a subject could be handled within the relatively short time at our disposal. It was seen at once that a choice had to be

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3. These Secretary-Rapporteurs, in constant touch with one another, have further been charged with keeping the General Rapporteur and the Institute regularly informed of the progress of the work, so that they might see to it that the work as a whole was normally pursued.

17. Meetings of experts have been held as follows :

- March 13, 1936, in Paris, for colonial questions and for demographic questions;
- March 30 and 31, 1936, in Vienna, for Danubian questions;
- April 24 and 25, 1936, in Paris, for raw materials;
- December 3 and 4, 1936, in London, for colonial questions;
- December 11 and 12, 1936, in Vienna, for Danubian questions;
- January 22, 1937, in Paris, for demographic questions;
- February 5, 1937, in Paris, for raw materials;
- February 8 to 11, 1937, in Geneva, for the examination of certain statistical questions in regard to colonies;
- February 12, 1937, in Paris, for the problem of procedures;
- June 24 and 25, 1937, in Paris, for Danubian questions.

It should be added that the Geneva Research Centre, which has constantly given us active and invaluable aid, had the excellent idea of bringing a certain number of people together at Geneva, on May 21 and 22, 1937, to discuss some of the constructive aspects of the problem, touching both procedures and suggested solutions. This meeting, though organized independently of our Conference, was a useful contribution to our efforts, and for that reason deserves mention in this place.

18. In accordance with a decision reached at the Madrid Conference, we have had recourse to the collaboration of certain persons who are not members of the Conference, but whose experience and scientific standing justified calling on them.

This innovation, which has certainly produced happy results in the present case, deserves to be borne in mind for the future. Our institution, it seems, cannot but profit by making regular use of this method.

There is, of course, no question of substituting this outside collaboration for the Memoranda prepared by the members of the Conference, but simply of filling in any gaps in them which may exist. It may happen that no one of our groups cares to undertake the exami-

nation of a question which is nevertheless so important that it must be treated. It may also happen that the question, although it is treated by one or by several members of the Conference, is of such a nature as to make desirable the presentation of a different viewpoint, in order to ensure a sufficiently complete and a sufficiently balanced documentation. In each of these cases, is it not desirable to invite outside collaboration?

Our experience with this method shows what services it is capable of rendering, especially in a question like the present one, whose technical aspects are particularly complex.

19. After this rapid survey of the way in which the preparatory work was organized, may I recall some of the decisions reached by the Executive Committee in the course of its meeting of February 13, 1937, regarding the debates of our coming Paris Conference? These decisions were brought to the knowledge of the members of the Conference by the Institute at the proper time. It will suffice here to repeat their essential points.

According to the programme adopted by the Executive Committee, the Paris Conference is to include a certain number of plenary meetings, devoted to general discussion, and a certain number of meetings of round tables, devoted to the examination of special questions.

A first meeting for general discussion will provide the participants with an opportunity to explain their general views on the problem of peaceful change. This will be a sort of preface, a prolongation, so to speak, of the introductory statement which will be made by the General Rapporteur at the opening meeting.

Immediately after this preliminary exchange of views, the work of the Conference will be organized in round tables. Four of these are provided for, to deal respectively with the following questions: 1. Demographic questions, 2. Raw materials and markets, 3. Colonial questions, 4. Questions relating to the Danubian region.

Matters will be so arranged that two of the round tables can function simultaneously.

In addition, a Committee of co-ordination will meet daily to make the necessary connections among the labours of the various commissions.

Finally, when the work of the commissions is completed, the meetings for general discussion will follow.



The object of this final discussion will be both to draw from the preceding debates certain synthetic conclusions and to study certain aspects of the problem which will not have been examined in commission, such as the question of national and ethnical claims. The problem of procedures seems likely to occupy an essential place in this discussion.

20. I cannot close this chapter of my report without thanking, on behalf of the Conference, the institutions whose financial support has made possible the organization of our work.

It is due largely to the generosity of the Rockefeller Foundation that we have been able to carry on that work on so broad a scale. Without it, our programme would have had to keep within narrower limits and do without certain of the means which have enabled us to ensure its execution. The gratitude which we express to the Foundation is therefore fully deserved.

Our thanks are due also to the European Centre of the Carnegie Endowment whose help, in various forms, has supported our effort.

### (iii) Difficulties and Solutions

21. The first part of the plan of study adopted at Madrid is devoted to the "difficulties of the problem" and to the "solutions suggested".

The reports prepared by Messrs. Christophersen, Cromie, Dennery, and Major Wright contain systematic summaries of the memoranda relative to these questions. I may therefore confine myself here to a simple reference to those reports and may devote my whole attention to formulating certain general considerations which apply to the problem as a whole.

22. The further one proceeds in the study of the question, the more one is struck by its complexity. The elements of which it is made up are so numerous, so varied, and so closely interwoven, that it is extremely difficult to submit them to a rigorous and logically satisfactory classification without losing oneself in over-subtle distinctions.

It is well, therefore, not to go too far in this direction, and to allow a certain degree of empiricism to keep the analysis within reasonable limits.

The title given by the Conference to the first part of our programme directs attention to its two phases : the " difficulties " on the one hand, the " solutions " on the other. The plan of my statement is determined by this fact. I shall first consider the difficulties of the problem; then I shall take up the solutions.

#### DIFFICULTIES

23. Among the difficulties, it is clear that there are some which arise out of the nature of the facts.

The settlement, for example, of a national or ethnical question, in a region where the races are inextricably mingled will be made particularly difficult by this situation.

Similarly, the problem of the *distribution of raw materials* encounters natural obstacles which do not occur in the problem of *access to raw materials*.

The localization of raw materials is a fact which cannot be altered and which makes their equal possession impossible. The boldest solutions can do no more, in this respect, than transfer privileges or redistribute them; they cannot eradicate them.

If, on the other hand, the problem under consideration is that of the utilization of this wealth, it assumes an entirely different character. Once there exists in the world a sufficient quantity of raw materials to meet all needs, the nature of the facts becomes compatible with the broadest solutions. It is no longer the nature of the facts that appears as the source of difficulties. It must not, to be sure, be concluded that those difficulties vanish. They may be as great as ever; but their character will have changed. They must now be sought in human attitudes.

24. This second aspect of the problem is the one which must chiefly engage our attention. Before undertaking to analyse it, it may be worth while to formulate certain general remarks regarding it. The attitude of the peoples concerned and of the governments which represent them must be considered not only in the external forms in which it appears, but above all in its fundamental reasons, in the forces which determine it, in the various needs of which it is the expression.

These needs we must try to determine and to understand. It would not be enough to enumerate them. An effort of penetration, of reciprocal understanding here seems indispensable, for without it certain fundamental facts would escape us.

We must also submit them to a critical examination.

Let us make ourselves perfectly clear. It would obviously be possible to conceive this examination as bearing on the philosophical or moral value of the motives which the States in question obey, of the ideas, the beliefs, the aspirations which impel them to act. I think, however, that it would be wise for us to avoid venturing upon this ground, where we should run the risk of ending, after long debates, only in discovering that our views were divergent and our efforts fruitless.

The critical examination to which I allude is on another plane. The needs of the States concerned would be considered only as factors in peaceful change. The task would simply be to evaluate them from that standpoint. How much force of action do those needs develop in the peoples that feel them? What dangers do they involve for the maintenance of peace? To what point are they open to compromise? In what measure are they capable of influencing the attitude of the States against which they are directed?, etc.

25. Dr. Blühdorn observes in this connection<sup>1</sup> that the instinctive tendencies of human nature reappear, and with less reserve, in collectivities and especially in national collectivities. Egoism, which morality tends to hold in check in the case of the individual, becomes, in the case of a nation, a "sacred egoism". "A rich State", he writes, "will give up a part of its wealth to a less opulent State even less readily than would be the case between two individuals, even if a generous gesture would enable the rich State to contribute to the maintenance of the universal social order".

26. The same author further points out that the two fundamental tendencies, the conflict of which epitomizes in a certain sense all the difficulties of peaceful change, — the tendency to expansion and the tendency to conservation —, are inherent in human nature and, consequently, in the nature of peoples. States, he says, aspire to go beyond the limits of their acquired rights, to develop economically and territorially. They are thus instinctively impelled to revolt against an order which would petrify the *status quo* and which would thus deprive them of what they consider as a natural "right". But there

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<sup>1</sup> Cf. R. Blühdorn : *Les difficultés de principe d'ordre psychologique et sociologique qui s'opposent de nos jours à la solution pacifique des problèmes économiques internationaux*, (Austrian Memorandum No. 4), p. 21.

are some among them, more favoured than the others by the existing state of affairs, as it has come into being in the course of history, which realize that it would be difficult for them further to improve their position, and that if any change were to take place, it would, in all probability, take place at their expense. In their case, the need of conservation takes precedence over the need of expansion. For fear of losing what they have, they give up all thought of movement and become the defenders of the *status quo*.

The most serious aspect of this situation, adds Dr. Blühdorn, is that, in this domain, mutual understanding is particularly difficult. Each nation "considers, in all good faith, that its own need is the only one worthy of protection, the only one that is equitable and natural".<sup>1</sup>

27. The problem is governed by this initial opposition of viewpoints. In various forms and under varying conditions, we shall be constantly meeting it.

How can it be dissipated? How can it at least be sufficiently attenuated to make possible the peaceful solution of the problems in regard to which it is most marked?

Certain difficulties come to mind, the gravity of which cannot be ignored.

One of them resides in the fact that no common rule, no certain standard exists by which the relative value of the conflicting conceptions can be judged. The right of expansion and the right of self-preservation are both expressions of instincts which exist side by side in human nature. Neither nature nor ethics can, *a priori*, choose between them.

It is therefore necessary, in order to prevent a collision between them from destroying peace, to find means of accommodation, of compromise, of balance, between them.

Unfortunately, conditions in this respect are far less favourable in the international field than in domestic matters.

28. Within the State, the adjustment of contradictory interests can be imposed if necessary by authority. This resource does not exist in international relations, the whole structure of which is dominated by the idea of the sovereignty of the State. The question may no doubt be asked whether this situation might not be modified; and

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<sup>1</sup> Cf. Blühdorn : *op. cit.*, pp. 42-43.

we shall meet this question again when we take up the procedures of peaceful change (see chapter (iv), p. 48).

But in any case, any such modification would belong to the domain of *lex ferenda*.

29. Moreover, the psychological conditions are not the same. Among the citizens of a same State exists that complex of memories, of beliefs, of emotions, which we call national sentiment. This profound solidarity which unites them gives, for them, a living meaning to the idea of the public interest, and considerably facilitates the acceptance of the sacrifices which are asked of them in the name of that interest. The conciliation of opposite tendencies thus takes place more easily.

On the international plane, the situation is quite different. The idea of the common interest no longer corresponds to an instinctive reality. It is completely lacking in emotional idealism, in passion, in enthusiasm. It is a solid truth, but a cold one. We discover it by a process of reasoning. We do not feel it directly in ourselves. Thus its influence on social activity is much weaker, and we should risk being misled if we counted on it to ensure normally the necessary compromise.<sup>1</sup>

30. Having made these general remarks, let us examine the problem more closely.

Every demand for the modification of the *status quo* is determined by certain aspirations. Whatever form it may take, whatever may be the nature, the extent, the character of the change sought for, at its source appear certain forces which explain it. These forces are the needs of the unsatisfied State, as the latter sees them and feels them.

31. The motives which may underlie a demand for the transformation of the *status quo* are many. Among them appears a fundamental distinction between motives of an *economic order* and motives of a *political order*. This distinction has perhaps only an approximative value. But it corresponds in general to something real and important.

32. By motives of an economic order we are to understand the desire of a State to increase the material well-being of its population

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<sup>1</sup> Cf. Bluhdorn : *op. cit.*, p. 19.

to ensure to its people a certain standard of life, a certain degree of prosperity.

The motives of a political order are perhaps more difficult to group under an abstract definition, by reason of their diversity. One might characterize them negatively, by saying that they always in one way or another go beyond the bounds of economic considerations as they have just been defined. But it is not superfluous, to make this formula clear, to enumerate, by way of example, the principal motives in question.

33. Among the motives of a political order figures prominently the desire of the State to increase its power, in the military field, in the diplomatic field, in the economic field, etc.<sup>1</sup>

34. A motive of a political order likewise is the desire of a State to strengthen its moral prestige.<sup>2</sup>

Here we are no longer quite in the same sector.

The policy of power has something quantitative about it. The military or the economic force of a nation, even its political force, are, in a certain sense, objective realities.

Moral prestige, on the contrary, belongs to the realm of ideas, beliefs, sentiments. It is an essentially subjective phenomenon — which is far from diminishing its importance. Considerations of this nature, on the contrary, play a leading part in international relations, especially in the problem of peaceful change. Their field of activity lies in the most sensitive regions of collective psychology, in those in which misunderstandings most easily become serious, in which the germs of conflict develop most alarmingly.

It is evident that not everything in this field is on the same plane, and it would be possible, by an attentive examination of the subject, to discover a series of distinctions to be made. Once again, let us avoid carrying our analysis too far, and let us content ourselves with a few summary ideas.

We must include here, for example, the idea of “*national honour*” and that of “*national interest*”, both of which have been studied, in the light of the foreign policy of the United States, by Dr. Charles A.

<sup>1</sup> Cf. Dunn : *op. cit.*, pp. 8 ff.

<sup>2</sup> *Ibid*, pp. 62 ff. and 15 to 18.

Beard, in the very substantial work which the Carnegie Foundation was kind enough to distribute to the members of the Conference.<sup>1</sup>

We must think also of the idea of *hierarchical superiority*, which exerts a considerable influence on the policy of certain States, when they are animated by the desire, for example, to rise to the rank of "Great Powers", or when they struggle to maintain themselves at that rank.

Finally, we must think of the idea of *equality*, the action of which is still more general and still more profound. Is not the need for equality, the anxiety to avoid or to reject any unfavourable discrimination, one of the most powerful driving forces in the foreign policy of States? And is there not a risk, in seeking to ignore, it, of making a gross error in the diagnosis of certain unhealthy conditions, and therefore in the choice of remedies for those conditions? <sup>2</sup>

35. Still another political motive is the desire of a people to achieve its national or ethnical unity, or to reassemble for its own profit a domain which once belonged to it and which the accidents of history made it lose.

Apart from any idea of power or prestige, a certain conception which it holds of its rights, perhaps even of its duties, of the demands of its historic mission, is enough to lead it to revolt against the established order if that order deprives it of what it considers as part of itself.<sup>3</sup>

36. It may be allowed that — other things being equal — a modification of the *status quo* is less difficult to accomplish peacefully when it is sought for economic reasons than when it has its origin in political reasons.

In the first place, as Dr. Blühdorn points out <sup>4</sup>, technical progress makes it possible to consider that we have now entered a period of almost unlimited abundance. World production can be pushed to a point sufficient to ensure the well-being of all the peoples. It is materially possible to give satisfaction to each of them without thereby

<sup>1</sup> Cf. Charles A. Beard : *The Idea of National Interest. An Analytical Study in American Foreign Policy*, New York, 1934.

<sup>2</sup> Cf. Jules Kornis : *L'Opinion publique de la Nation hongroise et le Règlement pacifique*, (Hungarian Memorandum No. 4).

<sup>3</sup> Cf. Dunn : *op. cit.*, pp. 24, 25, 60 ff.

Cf. also Wolfgang Supan : *The Minorities Problem*, and Alfred von Verdross : *Minority and Nationality Law*, (Austrian Memoranda Nos. 7 and 9).

<sup>4</sup> Cf. Blühdorn : *op. cit.*, p. 4.

wronging the others. It is the economic systems that are defective; it is not the resources which are lacking.

Moreover, the evaluation of economic needs lends itself, in a fairly large measure, to reasoning and to the methods of observation. Doubtless psychological factors play a part. A "need" is never determined solely by external realities. It is produced by the impact of those realities on the human soul. And even in the circle of their economic activity, men are far from letting themselves be guided solely by reason. Beliefs, prejudices, sentiments, etc., influence their attitude. But an economic problem can be solved rationally. The intervention of irrational forces in the process is by no means required by the nature of the facts. It often merely obscures and distorts the question.

Now a subject which can be submitted to the mechanism of reason is, by that very fact, easier to settle. First because it can be discussed in a calmer atmosphere. Next, because, having a common basis of measurement, the parties have a better chance of understanding one another. Finally, because the rational examination of the opposing interests easily opens the way to reciprocal concessions, to formulas of adjustment, and to compromises.<sup>1</sup>

37. It is quite another matter when the desire to modify the *status quo* is determined by political motives.

In the first place, we no longer find here, as in economic questions, the possibility of satisfying almost without limit the needs of all the peoples. In most cases, the improvement accomplished on behalf of one State will be obtained only at the expense of another. If the aim of the first State is to increase its power, the result will be to destroy in its favour an equilibrium by which others profited hitherto. If the aim is to achieve national or ethnical unity, it can be satisfied by territorial acquisitions at the expense of some other State, or at least by acquiring new rights which will limit the other State in the exercise of its sovereignty, etc.

The need for change which proceeds from considerations of this nature is, then, more likely to collide directly with one or more States, to menace them in their own situation, and to give birth to a real dispute between them and the claimant State.

Besides this, the nature of the interests in conflict places us on

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<sup>1</sup> Cf. Beard : *op. cit.*, p. 19.



another plane. In their presence, reason loses much of its power. The psychological influences which determine them have in fact, an essentially emotional character. They are laden with emotional idealism and with passion. It is possible to demonstrate to a government, by rational argumentation and a strict observation of the facts, that its grievances are unfounded or that it is mistaken as to the way to redress them, provided it remains strictly in the realm of economic realities. But all the efforts which might be made to prove to a people that it is wrong not to be satisfied with an unequal treatment would be vain. Even if it were possible to prove by figures that the object of its aspirations is of no value, such proof would by no means succeed in convincing it, because what counts in its eyes is the idea of equality itself, or, more exactly, the sentiment which it has of its dignity, a sentiment which it feels to be wounded by a régime of discrimination.<sup>1</sup>

Political motives thus lead us more often than not to regions in which irrational influences are dominant; and this element in the problem considerably modifies its character.

The atmosphere in which the debate begins is changed. It is heavier and more explosive. It presents greater risks of conflagration, and consequently requires more prudence, more tact, more precautions.

It also becomes harder for the disputants to understand one another; for if reason is common to all men, their prejudices, their sentiments, their emotions raise walls between them which are sometimes hard to pierce.

The dispute is, finally, more refractory to compromise; for it is possible to compromise on figures, it is possible to strike a balance in a system of concessions when the problem concerns material values; but beliefs and sentiments have something categorical and non-interchangeable about them; when they are in the ascendant, half-measures, even adjustments, are much harder to obtain.

38. Economic motives, political motives, — the distinction is certainly sound, and it possesses, from our point of view, considerable importance. It must, however, be noted that the distinction does not appear so clearly in the real world.

It may be, in the first place, that the arguments invoked in support of a demand for the modification of the *status quo* do not correspond,

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<sup>1</sup> Cf. Arnold J. Toynbee : " Peaceful Change ", *International Affairs*, January-February 1936, vol. XV, No. 1, pp. 41-42.

or correspond only partially, to the real motives behind that demand. A policy of force or of prestige, for instance, will sometimes hide behind an argumentation of economic character. Or, on the other hand, reasons of a moral order will be advanced to cover economic preoccupations.

This phenomenon of transposition is not, indeed, always conscious. A people does not always itself realize the impulses which it obeys, and it may sincerely believe in the argumentation which it advances, even when that argumentation diverges from the underlying reality.

39. The situation is further complicated by the fact that, in a single question, motives of different orders frequently exist side by side.

Thus, when one talks of migration or of the securing of supplies of raw materials, are these economic problems or political problems? In reality, if we consider the preoccupations which appear in connection with them, we see that they are at once economic and political.

Side by side with the economic motives, whose rôle is, in these cases, so clearly evident that we need not dwell on it, political motives make their appearance. In raising the question of its supply of raw materials, a State will doubtless be thinking of increasing the well-being of its population; but it will think perhaps, at the same time, of the needs of its military defence. An over-populated State will seek in emigration relief from the over-crowding from which it suffers. But will the problem present, in its eyes, only an economic aspect? Will its aim be simply to discover in the world regions in which its emigrants may find living conditions which their native country is not in a position to provide for them? To this fundamental consideration others will sometimes be added : that, for example, of preserving the national character of the emigrants, of maintaining cultural and even political ties with them, etc. At once we have left the economic plane. There is interference between the two orders of motives.

Similarly, when a State claims a territory in the name of the principle of nationalities, it will frequently happen that this essentially political aspiration will be reinforced by other desires, some of which may be purely economic, such as the desire to open a field of expansion for its capital and its labour.<sup>1</sup>

<sup>1</sup> Cf. especially A. Landry : *La Notion de Surpeuplement*, (French Memorandum No. 1), pp. 8-9 and 15-17 and B. Schricke : *The Colonial Question*, (Netherlands Memorandum No. 4), pp. 1-5.

40. One of the services which the Conference can render is to clarify the problem by distinguishing between the economic and the political factors which enter into it. Not, assuredly, with the object of neglecting one class and considering only the other. Such a method would lead, not to a solution, but to a juggling exhibition. The reality must be accepted as it is, in all its magnitude, with all its difficulties. But it is necessary also to throw light on its various aspects, to take up the questions one at a time, to dissipate confusions and misunderstandings.

41. The difficulties encountered by the desire of a State to modify the *status quo* depend not only on the motives from which that desire proceeds, but are likewise bound up with the character of its demand, with the exact terms of the claim which it formulates.

Doubtless there will ordinarily be a close relation between the demand and the reasons behind it. But the agreement is far from being always perfect. It may be, for example, that an acquisition of territory is contemplated for economic reasons. The object of such a demand will then notably go beyond the limits of the pre-occupations which are at its base, and will assume, considered in itself, a distinctly political character. Conversely, certain economic advantages may be sought for a political object, etc.

Again, the form assumed by the demand, the manner in which it appears in the eyes of the State or States to which it is presented, may have a considerable influence on their attitude, on their psychological reactions — and, consequently, on the difficulties of the problem.

It is necessary, therefore, to devote some attention to these points.

42. Let us, however, avoid repetition. For the object of the demand, as for the motives that inspire it, a fundamental distinction may be set up between the economic field and the political. And the observations made above on this subject apply here as well.

However, among demands of a political character, a special place must be reserved for those which imply a change of sovereignty, and, above all, a transfer of territory.

It is a fact that peoples ascribe to their territory a value which is perhaps unequalled. The territory, for them, is more than an element in their patriotism; it is a sort of symbol, the tangible form of their national personality. It is for this reason that territorial demands are generally the hardest to get accepted, those which provoke the keenest, the most stubborn resistance.

43. To be accurate, of course, the formula calls for certain modifications. Dr. Cruttwell, in his important work<sup>1</sup>, enumerates and analyses a series of territorial changes which have been carried out in the course of contemporary history. It is to be noted, however, that these changes, when they have not been determined directly or indirectly by a war or by a revolution, have generally been limited to colonial areas.

The cession, by way of exchange or otherwise, of a colonial territory, cannot, in fact, generally speaking, be placed on the same plane as the giving up of a part of the metropolitan territory. Yet distinctions must be drawn here among colonies. The time elapsed since their acquisition, the efforts which their development has cost, the degree of penetration by the metropolis, and many other factors contribute to making the ties which attach them to the mother country more or less strong, and, therefore, to make the sacrifice which giving them up involves more or less grave.

44. A demand for the modification of the *status quo* may have a general and, so to speak, impersonal character; or it may, on the contrary, apply to the particular situation of a State (See above, § 4).

Suppose, for example, the aim is to establish by means of a collective convention certain new rules in regard to migration, or to transit, or to the protection of labour, etc.; no doubt the consequences of this new regulation will not be the same for all the signatory States; but it is none the less true that, taken as a whole, the transformation will appear as a general measure.

If, on the contrary, the change demanded consists in the modification of the legal situation of a given State, of the rights and obligations which are peculiar to it, the operation, whatever its object, will assume an entirely different character. It will become highly subjective, and there is no doubt that it will in most instances encounter great difficulties from the psychological standpoint. A sacrifice is easier to agree to when it is covered by the common law than when it appears as an isolated fact.

45. Another distinction, which has already been noted in connection with the definition of our subject (§ 4), must be recalled at this point, for it may be psychologically important, and it certainly plays a part

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<sup>1</sup> Cruttwell : *op. cit.*

in the problem which we are considering at present, namely, that of "difficulties".

The transformation of the *status quo* may assume the character of a *revision*, involving either the abrogation or the modification of a legal situation, and having its basis, for example (and most frequently), in a treaty. It may, also without abolishing or changing the undertakings in force, simply add to them new obligations.

In the second case, the State or States which are to be subjected to these new obligations will undoubtedly see their sphere of discretionary activity restricted; but they will not lose the benefit of formally acquired rights.

In the first case, on the contrary, the abrogation or the modification of stipulated obligations which were favourable to them will give to the change to be realized the character of an abandonment.

Now a State always experiences great difficulties in giving up acquired rights. Even if their intrinsic value is only relative, the fact that they are taken away provokes in public opinion an uneasy feeling, a sentiment both of injustice and of abdication. The government, in entering upon this path, risks being charged with weakness, and may find itself faced with an invincible resistance.

Not to acquire a right and to give up that right when it has already been acquired, are radically different things. It is possible that, objectively, the two things are equivalent. Psychologically, a gulf separates them.

#### SOLUTIONS

46. In formulating the title of the first part of our plan of study, the Madrid Conference mentioned, side by side with the "difficulties of the problem", the "solutions suggested".

At this point it is important to avoid any misunderstanding. The Conference is not a political institution; it is a gathering of men of science invited to study a problem with the maximum of objectivity, each member preserving from beginning to end complete freedom of thought. This principle, which is fundamental for all of us, is embodied notably in an organic rule which it is not superfluous to recall: the Conference, as such, makes no decisions apart from the administrative questions which concern its working; in regard to the content of the problems which are submitted to it, no vote takes place, no resolution, no collective expression of opinion crystallizes the result of its work.

Thus there can be no question of the Conference recommending this or that solution. Certainly each of us may have his preferences and his convictions on this subject; but they will keep their individual character and cannot be based on the authority of the Conference.

It is precisely this shade of meaning that the terms employed are intended to express. They do not speak of solutions to adopt nor to recommend. They speak of solutions "*suggested*".

From the viewpoint of the Conference, the solutions of the problem are only matters for study, like the difficulties which the problem raises. We must survey them and analyse them, not with the object of finally adopting one of them to the exclusion of the others, but in order to bring out the advantages and the drawbacks which they present, the measure in which they give satisfaction to the opposing interests, take into account the difficulties to be resolved, etc.

In other words, our task is to refine and organize a mass of materials.

But here again, to this work of analysis must be added a certain effort at synthesis. After considering the question in its various aspects, we must try to draw from it certain general ideas, certain general observations and reflections.

47. Let us note first of all that, among the data of the various problems connected with our subject, there are some which by their very nature do not belong to the realm of subjective judgments. The study of these problems frequently makes it necessary to ascertain questions of fact, to secure a basis of objective realities, which can be noted and expressed in figures.

Suppose, for example, the problem is to determine the value of colonies, or the idea of over-population, or the regions which offer possibilities of habitat for different peoples; it would be an exaggeration to say that these points can be determined with all considerations of a psychological character eliminated; but it is equally certain that their determination depends in large measure on the most rigorous methods of investigation.

Now the exact determination of these matters of fact can certainly contribute effectively to the tracing of the possible solutions. For the subject is more encumbered than is generally realized with ignorance and prejudice. The elementary facts, which must serve as the basis for the reasoning process, are often wanting, either because their study has been simply neglected, or because, having been pursued from differ-

ent viewpoints, according to different methods, the result which that study offers us is of little help as a guide to our effort.

48. But whatever the importance of this aspect of the problem, there are obviously others which must exert a greater influence on the choice of solutions.

The settlement of an international difficulty, to correspond to its object, must not only be based on an exact knowledge of the objective realities; it must likewise be founded on a correct judgment of the psychological realities. And among these realities, those governed by reason are not the only ones to be taken into account.

Men of science have a natural tendency, in their judgments, to place the intelligence before the obscure forces of sentiment and of instinct. But it must not be forgotten that the latter exert a powerful action on human conduct, and perhaps even more upon the conduct of nations. Whatever philosophical opinion one may hold as to their value, they are unquestionably one of the chief driving forces of collective life. A solution which neglected them would be falsified by that fact.<sup>1</sup>

49. Exact knowledge of the objective data of the problem and correct judgment of the psychological factors which condition it are both indispensable to its solution. But it is clear that they do not, alone, suffice to lead to the solution.

By this twofold effort the causes of error and of misunderstanding are eliminated. That is already a long step forward; but it takes us only half way to our goal.

From this point on, it is necessary to choose, to express preferences, to sacrifice this or that interest, to seek among different interests possibilities of adaptation and of compromise. In a word, the effort to learn the facts and to understand the situation must be followed by an effort to construct. How can we take our bearings in this new stage?

50. The first answer which comes to mind is that it would be well to undertake a comparison of the difficulties encountered.

Nothing is more natural, nor, in a certain sense, more legitimate. If we wish to settle *peacefully* an international question, it is evidently necessary to find a way of avoiding the most powerful obstacles, the

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<sup>1</sup> Cf. Blühdom : *op. cit.*, pp. 16-17.

reefs which are most likely, by wrecking the proposed arrangement, to lead to war.

The weighing of the resistances, of the difficulties, therefore constitutes, no doubt, a necessary operation. It may be capable of revealing the solution of the problem. At least it will furnish an indication in this matter.

But the mere formulation of the idea suffices to remind us of the necessity of applying correctives to it. Applied in the rough and without reserve it is obvious that it would involve unacceptable consequences. We must therefore examine the question more closely, in order to note certain phases and certain limitations.

51. Several of them are already suggested by the observations to which we have been led by the study of the difficulties of the problem.

a) We have observed in this connection that, in principle, the solutions involving a change of sovereignty, and particularly those involving a transfer of territory, raise the greatest difficulties. It is in regard to such solutions that the States benefited by the *status quo* oppose the most energetic resistance to the claims of those who wish to change the established order. No doubt distinctions must be made among the particular cases; but, generally speaking, it may be affirmed that we here reach an extreme, where the problem of peaceful change is approached under the least favourable conditions.

In what measure can territorial changes be effected peacefully, apart from cases in which a powerful interest impels the State concerned to agree spontaneously to the change? The question may well be asked. Even those who believe in the possibility of an organization of peaceful change in other fields, sometimes feel here a very serious doubt. Are they right or wrong? The question is debatable. But whatever opinion one may hold in regard to it, there is no doubt that a territorial solution raises particularly acute difficulties.

It may be concluded that a solution of this sort ought to be considered only as a last resource. Let us make ourselves clear. It is by no means our intention to exclude territorial solutions *a priori*, nor to seek to avoid them when they are involved in the nature of the facts. It may happen that the only means of solving a given problem is to modify the territorial structure of the States concerned. It may be that any other solution is inadequate and vain. In such a case, the territorial formula is unavoidable. But it often happens that other possibilities exist; that, with ingenuity and good will, the opposing



interests might be adjusted without displacement of boundaries; for the territorial solution, if it is the hardest to effect peacefully, is, on the other hand, the simplest to imagine; it is that which comes to mind without effort; in a certain sense, it might be called a lazy man's solution. In view of the obstacles which it encounters and the risks of conflagration which it often entails, wisdom, it seems, commands us to accept it only in the absence of any other combination.

52. *b)* We have likewise observed that, in principle, the problem is easier to solve when it is situated on the economic plane. It is, therefore, desirable to eliminate from a controversy, as far as possible, the political elements which are mingled with it.

But here a reservation must obviously be formulated, similar to that which has just been mentioned with regard to territorial solutions. It is not always possible — far from it — to eliminate politics from a question without falsifying or mutilating it. The very legitimate desire to simplify, which must inspire the effort to seek solutions, would miss its mark if it led us to distort problems, to close our eyes to a part of the reality in order to escape the difficulties which it presents. When the change in the *status quo* is sought for reasons which are both political and economic, it would be vain to seek to solve the problem completely by taking into consideration only a part of the factors which condition it. A purely economic solution of such a problem would necessarily be only a partial solution. But it sometimes happens that political considerations are mingled with economic motives only accidentally, superficially, or secondarily. In such a case, it is possible to neglect them without distorting the problem. To eliminate them is simply to clear away parasites, not to transform the problem artificially. And as the operation at the same time facilitates the settlement of the question, it is desirable to perform it.

53. The purely economic solution of what might be called a mixed problem, i. e., a problem which is at once economic and political, is only a partial solution. But it may, in spite of its inadequacy, exert a beneficial influence which goes beyond its own limitations. An improvement of a material order has psychological consequences; it provokes a relaxation of tension. Now it is a truth based on experience that political difficulties bear a close relation to the moral atmosphere in which events develop. When men's minds are anxious, suspicious, under tension, everything seems serious and assumes a

threatening aspect. When confidence returns, when a certain sentiment of well-being and of prosperity penetrates men's hearts, even political rivalries are subjected to the calming influence, lose their violence and their harshness. The economic remedy can, therefore, by its consequences, broaden the benefits it confers.

54. When we speak of the difficulties of peaceful change, we think naturally of the attitudes of the States directly engaged in the controversy, and it is the obstacles arising out of their attitudes that we seek to measure in order to discover a way of peaceful solution. But whatever importance may be attached to this phase of the problem, other factors must be considered, factors which, to some extent, correct this initial tendency, offset it, and prevent it from leading to certain errors.

First of all, are there not other interests to be considered than those of the parties? The reply is quite certain when, for example, we are dealing with the settlement of a colonial question. In such a case, no one denies that one of the important factors which should affect the solution consists in the interests of the native population. It would not suffice, therefore, to measure the difficulties arising from the attitude of the State which demands the change in the *status quo* and from that of the State which opposes this demand; the solution suggested by this simple operation would be likely not to give due weight to one of the essential factors of the equation. There is here, therefore, a new element, which takes its place in the combination and may rectify the action of the first two.

55. But it is not only in the special case of colonies that this phenomenon occurs. In different degrees and in forms which are often less marked, it recurs elsewhere. A controversy which seems at first sight to be limited to the particular interests of the parties engaged, often affects indirectly the situation of other States; and may it not be maintained that, in the modern world, where the interdependence of the peoples is so highly developed, those disputes, even though purely bilateral, are rare which have no bearing whatever on the general interest?

But if this is so, is it really possible to rule out, in seeking the terms of a solution, the collective or private interests which, without being directly or formally involved, are nevertheless bound up in some way with the object of the dispute?

56. Finally, a delicate but highly important point claims our attention.

Professor Angus brings out this point.<sup>1</sup> It is noted that the relative force of the States engaged in the controversy plays a decisive rôle. The grievances which have some chance of forcing attention are those of well-armed States.

It is certain that a claim made by a weak State, having no means of backing up its claims by force of arms, is in fact in a much less favourable posture than one made by a powerful State. If we look at the matter solely from the viewpoint of the maintenance of peace, it may even be said that such a claim is only of minor interest. Taken by itself, it is inoffensive. No doubt it may always be feared that an accumulation of grievances may end by provoking gestures of despair; but normally, a grievance which, in the case of a large State, would constitute a danger of war, here lacks that character.

Shall we say that this reason suffices to exclude this type of problem from our field of investigation? Surely not; for the problem of peaceful change is not limited to eventualities which involve risks of war. It is much broader, and covers all the transformations which it may be necessary to make in the *status quo* for whatever reason.

It concerns the general problem of dynamism, of movement in the legal realm, and this problem arises independently of any wish and of any possibility of aggression.

It is nevertheless true that the conditions of fact in which the question arises are very different in the case of powerful States and of weak States.

They are different, first, for the reason pointed out in the Canadian Memorandum, the fact that the attention of the international community is awakened by the complaints of the former, while it is easily distracted from those of the latter.

They are different also, by reason of the way in which the controversy is likely to be settled. Does not the weighing of the difficulties to be overcome coincide up to a certain point with the weighing of the opposing forces?

Does not the desire to settle a conflict peacefully give rise to an inclination to sacrifice the interests of the party which we are sure

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<sup>1</sup> Cf. H. F. Angus (Editor) : *Canada and the Doctrine of Peaceful Change*, (Canadian Memorandum, No. 1), p. 5.

will not disturb the peace to the interests of the party whose means of action, or even whose tendencies or mood are such as to instil into the situation a sentiment of anxiety? In other words, is it not to be feared that peace will be purchased at the price of justice?

It is a redoubtable question, which takes us far beyond the limits of our study, but which has its place there. Shall we try to settle it? It might lead us far. What is Justice? How can it be defined, especially in international relations? By what signs may one recognize it, apart from the subjective judgments of which it may be the object.

It is not desirable that the Conference should enter upon this ground, where the exchange of ideas, however interesting, would doubtless lead only to highly uncertain results. But it must not be forgotten that the question exists, nor that it plays an important part in the question of peaceful change.

#### (iv) Procedures

57. It may be recalled that, two years ago, in studying the problem of collective security, the Conference already had occasion to take up the procedures of peaceful change. The work published at that time provides us with a body of material on this point which we must not forget and which naturally has its place in our documentation.<sup>1</sup>

But the question was then considered only in a rather summary and, we may add, in a rather theoretical fashion. It appeared that if we wished to make a new and effective contribution to the subject, we must approach it differently.

58. The question that confronts us is one which has not thus far been the object of a comprehensive, systematic, and thorough-going study, — as is, indeed, the case for the problem of peaceful change as a whole. The jurists who have written about it have taken up only certain points, and have dealt with it more or less empirically. Some of them have studied it in the light of an institution with which they were familiar, namely arbitration; others have discussed it in connection with Article 19 of the Covenant of the League of Nations; several of them, finally, have sought to throw a little light on the old principle,

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<sup>1</sup> See : *Collective Security, op. cit.*

traditional but not altogether clear, which is expressed in the maxim "*conventio omnis intelligitur rebus sic stantibus*". These different studies, whatever their intrinsic value, cover only particular aspects of the problem; they do not directly grapple with its general structure.

59. Again, the question has been studied chiefly if not exclusively from the standpoint of legal technique. In this respect also, a change of method seems necessary. To speak more accurately, what is needed is a broader approach, for what we have in mind is not to sacrifice the legal aspect of the problem, but to give it its proper place in the complex of which it is but one element. The choice and the organization of procedures of peaceful change raise a series of fundamental questions of a political character. It is impossible to adopt an attitude in regard to them without first forming a certain conception of international relations, of the direction in which one would like to see them evolve, and of the possibilities which condition that evolution. Neither is it possible to submit them to an appropriate technical elaboration without giving due weight to the realities to which they must apply and, especially, without ascertaining the nature of the difficulties to be solved in the particular instance. The mechanism of procedures is not destined to operate in a vacuum; it must be adapted to the matter on which it is to work.

These are the considerations which guided the Conference in outlining the method to be followed in this part of our task.

60. The word "procedure" suggests regularity. A procedure is a juridically organized mechanism. When the Conference invited us to study the "procedures" applicable to the settlement of certain international difficulties, it is in this sense, apparently, that it employed the term. But between the changes which are effected by the operation of a regular procedure and those which are the result of war, there exists an intermediate category, the importance of which is in fact considerable.

Dr. Cruttwell<sup>1</sup> cites examples of such changes; and Dr. Angus<sup>2</sup> likewise stresses the fact that they exist.

Between war and peace there are many intermediate stages. The use of armed force is not always considered as constituting a state of war. We speak, for instance, of peaceful blockade or occupation,

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<sup>1</sup> Cruttwell : *op. cit.*

<sup>2</sup> Angus : *op. cit.*, p. 6.

of armed reprisals, etc. These acts unquestionably lie in a zone which is very close to war, but which, in point of law, is distinct from war.

Again, military violence may take the form of a revolution. The changes which take place in the *status quo* in consequence of such events are not, properly speaking, the fruit of a "war". It is clear, at the same time, that we cannot consider them as peaceful changes in the sense which must here be given to that term.

A further step takes us into a zone less clearly characterized, where the transformation of the established order is accomplished without recourse to arms, but by virtue, nevertheless, of certain methods of constraint.

In the front rank among these methods appears the threat of war, which has perhaps, in the course of history, been the means most effectively employed by strong nations to satisfy their aspirations without bloodshed.<sup>1</sup>

This is an insidious phenomenon, sometimes almost impossible to lay hold on, for the threat of war does not necessarily display itself in the full light of day; it may be concealed under the most varied forms.

It is a phenomenon which is logically destined to lose its importance in so far as international order succeeds in making resort to war more difficult. If the principle of the Briand-Kellogg Pact, which condemns all wars of aggression, had become a social reality, a solidly-established rule certain to be applied, the threat of war would thereby have lost its efficacy. It is perhaps in this sense that it is most true that the effect of the policy of non-aggression, if not corrected by a policy of peaceful change, is to crystallize the existing order, and to make it less flexible, less elastic.

The threat of war is not, moreover, the only method of constraint which makes it possible to obtain a change in the *status quo* without recourse to arms; far from it. These methods are, on the contrary, numerous: officially organized or tolerated boycotts, economic pressure, raising of tariffs, restrictions on trade, etc.

Among them, special attention must be called to the method of the *fait accompli*. "The essence of this method", says Dr. Cruttwell<sup>2</sup>, "is to present interested parties with a *fait accompli*, on the

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<sup>1</sup> Cruttwell : *op. cit.*, pp. 1-2.

<sup>2</sup> Cruttwell : *op. cit.*, p. 205.

assumption that they will not be able or willing to go to war, to reverse it". The author thus stresses the close connection which exists between the method in question and war. The State which confronts its adversary with the *fait accompli* is, in fact, gambling on the latter's weakness, or on its will for peace. It gains a victory without bloodshed. The method does not constitute a threat of war, but it is a sort of challenge to resort to war. Psychologically, the difference is slight, if indeed it exists.<sup>1</sup>

When Russia denounced the clauses of the Treaty of Paris of 1856 neutralizing the Black Sea, the Powers which had signed that treaty solemnly condemned this unilateral method. But Dr. Cruttwell points out that this condemnation, formulated in the London Protocol of 1871, hardly produced satisfactory results, for in the course of the following half-century the Russian method had many disciples. He adds that "the extension of such precedents would be more likely to hinder than to favour peaceable change in the future".<sup>2</sup>

61. The methods which have just been reviewed ought, perhaps, strictly speaking, to be considered as "pacific". But it would be an abuse of language to call them "procedures". And it is to the study of procedures that we are to devote our attention. The problem set before us is the organization of international life with a view to peaceful change. How must and how can that organization be conceived, given on the one hand the goal aimed at, and on the other the political and psychological conditions to which the organization must be adapted?

This problem may be approached in different ways.

Any procedure destined to ensure or to facilitate the peaceful change of the *status quo* is characterized notably by the extent to which it allows for the agreement of the parties. It is characterized likewise by the nature of the operation which it seeks to realize and which must necessarily determine, to a considerable degree, the form of the procedure.

There are doubtless other angles from which the question may be approached, but these two are essential.

62. Considered with reference to the degree of liberty which they leave to the States concerned, procedures may be divided into three principal groups.

<sup>1</sup> Dunn : *op. cit.*, p. 2 and note p. 81.

<sup>2</sup> Cruttwell : *op. cit.*, pp. 206-207 and pp. 3-4.

First comes the traditional procedure, that which is set in motion by the normal course of diplomacy, namely, direct negotiations. The parties, in this case, face one another alone. No higher authority brings pressure to bear on them. No outside influence intervenes in their discussions. Everything takes place between the parties; everything depends on their will, which, from beginning to end, conducts the operation and determines the result.

This is the procedure in which the liberty of the States concerned is most completely safeguarded. At least that is so in point of law; for if, turning from formal verities, we consult political realities, the answer that they give us may be different. In a conversation between two parties, the liberty of each depends largely on their respective strength. If they are on a footing of equality in this respect, each of them may remain really free to decide for himself. But can one really speak of the liberty of a weak party at the mercy of a powerful adversary who possesses unanswerable means of intimidation? The reservation is important and must not be lost sight of, if we consider that peace has any connection with justice.

Can the procedure of direct negotiations, be considered, indeed, as a procedure of peaceful change in the true sense of the term? It is extremely doubtful. It has to its credit, to be sure, a rather large number of successes. As is testified by the work of Dr. Cruttwell which we have already frequently cited, peaceful changes have been obtained by this means. But whatever may be the advantages of such a procedure — advantages which must certainly not be under-valued — its effectiveness depends entirely on the parties themselves, on their dispositions, on the interest which they think they have in concluding an agreement or in leaving unsettled the dispute which separates them. This sort of negotiation does not go beyond the limits of a contractual operation.

But it is possible to give another meaning to the idea which we are examining at present, and to say that only those procedures deserve the name of procedures of peaceful change which are instituted with the precise object of obtaining something which cannot be effected spontaneously by the agreement of the parties, i. e., by the simple inter-play of the opposing interests and forces. It is, in fact, only from this point that we enter into the heart of our problem.

63. In sharp opposition with direct negotiations is the category of procedures which might be called *imperative* procedures, in as much



as they issue in a *decision* which is *binding on the parties*. To be sure, the competence of the organ charged with taking this decision always has its source in the agreement of the States which are to be governed by it. But once that competence is established, the solution ceases to depend on the will of the parties.

Of this type of procedures, arbitration is the best known in international relations. But it is not the only one which we should consider. Dr. Lauterpacht undertakes,<sup>1</sup> for example, to analyse the idea of international *legislation*, meaning thereby a procedure obliging States to submit to changes decided, under certain conditions, by an international organ. Legislative procedure, obviously, is not identical with arbitration; and we shall have occasion later to discuss the differences between them. They have, however, this trait in common that both lead to decisions which are binding on the States concerned.

64. The technical superiority of the imperative procedures evidently arises from this characteristic trait. As long as the solution depends on the concordant will of the parties, it remains uncertain. If one of them draws back, the effort fails, and the *status quo* remains unchanged, no matter how imperious may be the reasons which make it urgent to abrogate or modify it. The operation can be assured of success only if the mechanism of the procedure makes it possible, if it should become necessary, to break the resistance of the States concerned, and to override their veto.

Dr. Lauterpacht holds that this condition is indispensable to the existence of a system of peaceful change worthy to be considered as a genuine legal institution.<sup>2</sup>

65. You will doubtless agree with him that only the imperative procedures fully meet the needs of the problem. But it may be asked whether, generally speaking, those procedures do not go beyond the psychological possibilities and whether it would not be a mistake to seek in that direction *at present* the elements of a solution.

Such, apparently, is the opinion of the authors of most of the memoranda that we have received.<sup>3</sup>

<sup>1</sup> Cf. Lauterpacht : *op. cit.*

<sup>2</sup> See especially : H. F. Angus : *op. cit.*, p. 10 and final chapter, pp. 127 ff.; M. A. Antonesco : *Qu'est-ce que la révision des traités internationaux? Le révisionisme juridique* (Rumanian Memorandum, No. 4); Torsten Gihl : *International Legislation : an essay on changes in International Law and International legal situations*, (Swedish Memorandum No. 2), pp. 80 and 146;

66. Finally, a third category of procedures occupies a position, as it were, between the system of direct negotiations and that of imperative procedures. These are the procedures *by persuasion*.

They differ from direct negotiations in that the parties are no longer alone, but are subjected, to a more or less pronounced degree, in their discussions, to the influences of third parties. They differ, on the other hand, from the imperative procedures in that the final solution always depends on the agreement of the States concerned, since the action of the third parties cannot extend to the settling of the difficulty by a binding decision.

In this intermediate zone there are many degrees. We may distinguish between them from several different viewpoints.

In speaking of "the influence of third parties", I intentionally used an elastic expression. The quality of the third parties who take part in the procedure may vary considerably. These "third parties" may be independent persons, having no other title than their competence or their moral authority. They may, again, be States. Finally, the third party may be an international institution. Furthermore the degree of competence which these "third parties" are recognized as possessing is not always the same. Is their rôle simply to facilitate the agreement of the parties by an effort of conciliation? Have they the power to utter formally an opinion or a recommendation? And will this recommendation, though without binding character, entail juridical effects, as is the case for the recommendations of the League of Nations provided for in Article 15 of the Covenant? All these different possibilities are to be noted, for they evidently have their effect on the practical significance of the procedure, on its character and on its resources.

It is however clear that what is here essential is not so much the technical form of the procedure as the influence which it sets in motion.

In point of law, the parties remain free to give or to refuse their consent to the suggestions which are made to them. It is none the less true that, in reality, this liberty is diminished. Politically, it is no longer intact. And this is precisely the secret of this type of procedures,

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Dunn : *op. cit.*, pp. 103 and 126; *Collective Security: op. cit.*, p. 216 (Memoranda of MM. Limburg and Verzijl), p. 218, (Memorandum of L. Ehrlich), p. 269 (opinions of P. C. Jessup); and, expressing a different view, p. 189 ff. (Memorandum of A. von Verdross), p. 245 f. (Memorandum of G. Bayon y Chacon), pp. 195 ff. (Memoranda of L. Le Fur and of A. de Geouffre de Lapradelle).

it is this which gives them a virtue which direct negotiations do not possess. The capital point, then, resides in the effectiveness of the external action which they set in motion. This efficacy, moreover does not always depend solely on the energy of the pressure exerted on the States concerned; far from it. It may depend also, in large measure, on the confidence inspired in the latter by the third parties participating in the procedure, on their spirit of comprehension and on the tact which they display.

Dr. Lauterpacht<sup>1</sup> rightly calls attention to the fact that, in certain cases, too strongly-marked an attitude, too striking a manifestation of disapproval may have consequences exactly contrary to the aim which must necessarily be that of a procedure by persuasion, by provoking, on the part of the State to which it is addressed, a movement of concentration, an increased stiffness and intransigence.

All this constitutes a body of imponderables which it is difficult to characterize in the abstract, and the balance among which must obviously vary to meet the requirements of different situations.

67. As regards psychological possibilities, conditions are certainly far more favourable to procedures by persuasion than to imperative procedures. This is sufficiently evident in view of the progress the former have made since the World War, which is considerably greater than that made by arbitration; for if arbitration agreements have greatly developed during the 20th century, and especially in the past few years, they have only exceptionally gone beyond the limits of juridical disputes, while the procedures by persuasion, in various forms, have extended their network over a much vaster field.<sup>2</sup>

68. It is no doubt true, as Dr. Lauterpacht remarks<sup>3</sup>, that the procedures by persuasion constitute a palliative rather than a solution of the problem. Their technical imperfection is obvious, since, if they *increase the chances* of obtaining peacefully certain transformations of the *status quo*, they are far from providing a mechanism capable of *ensuring* such transformations. But no matter how highly perfected a mechanism may be, what can it do, as long as the primary conditions are lacking which are indispensable to its functioning?

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<sup>1</sup> Lauterpacht : *op. cit.*, pp. 34-35.

<sup>2</sup> Lauterpacht : *op. cit.*, pp. 27-32.

<sup>3</sup> Lauterpacht : *op. cit.*, p. 35.

Are we not here in the presence of a normal evolutionary process? Political life is made up of nuances, of compromises, of scarcely perceptible movements. Apart from exceptional cases, it is by piecemeal modifications that institutions are transformed and that the future grows out of the past. In the course of this process, opposing tendencies, conceptions which, at first sight, are diametrically opposed, are tangled together. Where the mind of the thinker would like to see clarity and cohesion, the facts remain confused and contradictory. But is it not already a great thing that they are evolving in a certain direction, that they are progressing toward a goal which seems to us worth our efforts?

69. If the procedures of peaceful change must be considered with reference to the degree of liberty that they leave to the parties, they must be examined also with reference to the operation to which they apply.

No doubt this operation has always as its object a modification of the *status quo*; but the *status quo* is made up of divers elements, and its transformation may therefore involve different conditions, which must not be confused with one another.

70. Attention was called two years ago, during the London Conference on Collective Security, to the necessity of proceeding at this point to a fundamental distinction. "When we speak of international law, or, more accurately, of the legal arrangements which govern international relations, we should realize that these arrangements have two quite different aspects. They include, on the one hand, certain norms, that is to say objective, general and impersonal rules; and, on the other hand, subjective situations, peculiar to certain States. Now the problem of peaceful transformation is far from having the same character in the two."<sup>1</sup>

This distinction, which is clearly brought out in Dr. Dunn's and Dr. Torsten Gihl's memoranda<sup>2</sup>, merits the most serious attention.

To set up norms or to modify them is an act of legislation. The operation involved in making a change in the particular status of a State, in the rights or obligations which are peculiar to it, is of quite another character.

<sup>1</sup> Cf. *Collective Security: op. cit.*, Final Report of the London Conference, p. 449.

<sup>2</sup> Cf. Dunn: *op. cit.*, p. 3, and Torsten Gihl: *op. cit.*, p. 4, pp. 88 ff.

It may be asked — and the authorities are far from being unanimous on this point — what constitutes a “law” in international matters. But we may grasp the difference between the two situations without the necessity of entering into this controversy.

Suppose, for example, fifty States agree to adopt certain new rules which are to govern them all in the future. Whatever the object of these rules — whether they have to do with economic or social matters or with essential political problems such as those to which apply the Covenant of the League of Nations and the Pact of Paris —, the important thing about them is that they are *general* rules, which, it is true, modify the *status quo*, but which modify it in the same fashion for all the States concerned.

Suppose, on the other hand, a State demands certain colonies, or a rectification of its boundaries, or the abrogation of its neutral status, or the protection in another country of minorities with which it feels itself united by community of race, etc.

Is it not evident that we are on different ground, in a different atmosphere? Whatever may be, in point of doctrine, the nature of the acts to be performed, it is certain that, politically speaking, these acts are of an entirely different character from the former. We are no longer concerned with general norms, but with individual situations. What was, in the first case, a collective and in a certain sense impersonal operation becomes an individual operation.

And if we look at the question, as we must do at this point, from the standpoint of the organization of procedures, there is no doubt that the distinction between the two cases is important. The method which can be employed for the working out of general rules is not appropriate for the revision of the status of a given State. The work of preparation, of negotiation, of discussion, of compromise, of final formulation, must be adapted to different conditions; it will perhaps require a different organ, and, no doubt, different methods.

71. Among transformations of the *status quo*, then, a first distinction must be made between those which, since they have general norms for their object, may be designated as “*legislative*”, and those which, since they affect individual situations, are of a different nature.

But what is, then, the nature of the latter class? And can they all be placed in the same category?

This aspect of the problem does not seem to have received as much attention as the former. But it must be analysed. The fact is that,

if it has not been the object of a direct study, certain suggestions made are indirectly connected with it. Thus, at the 1935 Conference on Collective Security, two currents became visible, which reappear in our present labours : one preferring to seek the solution of our problem by the path of *arbitration*, the other turning toward *political procedures* and, especially, toward the procedure of *international conferences*.

It is clear that each of these tendencies issues from a different conception of the operation to be carried out. The first sees in this operation primarily a *judgment*. The second sees in it essentially a *political construction*. May it not be that there is a part of truth in each of them, and would it not be better, instead of discussing them as though they were contradictory systems, to consider them as complementary systems, each of them adapted to different situations ?

72. It may be that the difficulty raised by a demand for the modification of the *status quo* relative to the particular situation of a State is capable of solution by means of a judgment. Suppose for example, that a State, invoking economic difficulties which it is experiencing asks to be freed from certain prior undertakings. It is perfectly conceivable that this request be submitted for judgment to a tribunal. The latter, of course, would not be called upon to decide the matter on the basis of the existing law, since the point at issue would be precisely whether that law (specifically, the undertaking under discussion) ought to be maintained or abrogated. The tribunal would have to base its decision on other principles, on other considerations (equity, expediency, etc.). The operation which it executed would be none the less a judgment, i. e., the decision whether certain contradictory claims were well-founded.

73. But is the procedure of judgment always appropriate in such cases, is it always in harmony with the nature of the operation to be effected ? It may be seriously doubted.

The subjective situations the transformation of which is solicited are normally the result of diplomatic negotiations; the treaty which almost always constitutes the basis of such a situation is a political document, expressing a balance of interests. It may be held that the procedure for the revision of such a document should be analogous to the one which was followed in creating it.

In most cases such a revision cannot be limited to the decision to maintain or to cancel the disputed arrangements. Even if it be held

that the grievances of the claimant State are well-founded and if the principle of a revision be therefore accepted, it will often be impossible to abrogate the existing treaty purely and simply and to return to the legal situation which existed before it was concluded. In the first place, it must not be forgotten that this revision concerns at least two parties; that if there is a claimant, there is also a defendant, a State possessing certain rights under the treaty; and that to deprive this State of its rights in positive law, without correcting this gesture by some compensation, would perhaps allay the irritation of one of the parties, but would arouse in its place the resentment of the other, which would be far from satisfactory for the maintenance of peace.

Moreover the disputed treaty is not a simple diplomatic document, it is a reality, and has been a living reality. Whatever its defects, it has formed a part, perhaps for many years, of the legal structure, and served as a basis for social relations; during that period, life has been transformed, and has been organized, for better or worse, on this basis; new interests have come into existence, relations have been created, which it is impossible to annihilate by a stroke of the pen.

To revise a legal situation is to perform an operation which may sometimes have the character of a judgment, but which, in the majority of cases, assumes a different appearance. To revise is then to transform, to destroy and to build at the same time, to return a defective piece of work to the workshop, to perform, therefore, an essentially political task.<sup>1</sup>

74. The foregoing analysis thus enables us to distinguish, in the manifold reality covered by the term "Peaceful Change", three different operations.

Sometimes the modification of the *status quo* will appear as a *legislative act*. Sometimes it will take the form of a *judgment*. Sometimes, finally, it will take the form of a *political construction*.

These considerations are naturally bound to exert a direct influence on the choice of procedures.

75. After these general remarks, we may pass in review the chief points which have attracted the attention of the members of the Conference. I shall make use, for this purpose, not only of the memoranda which constitute our documentation, but also of the discussions which

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<sup>1</sup> Cf. Raestad : *op. cit.*, pp. 8 ff. and Dunn : *op. cit.*, pp. 3 and 4.

took place in the course of our preliminary meetings in Paris and in Geneva (see above, § 17), and, in a certain measure, the documents of the London Conference on Collective Security.

It is rather hard to make a strict classification. Yet it is necessary to observe a certain order in this statement, and it may perhaps be done by grouping the remarks and suggestions to be noted — or at least most of them — under two heads. Some of them have as their centre of gravity the institution of *arbitration*, taken in its broadest sense. The others are connected, directly or indirectly, with the procedure of *international conferences*. These facts suggest a basis of classification.

76. The progress realized by the institution of arbitration, especially since the end of the World War, is undeniable. It is particularly evident in the considerable increase in the number of undertakings — bilateral or collective — by which States have bound themselves to resort to this institution.

Yet, however rapidly compulsory arbitration has developed, it must be observed that it has thus far rarely gone outside the field of legal disputes, i. e., of disputes to be settled by the application of existing law. There are, to be sure, a number of treaties which go beyond these limits and which specify the recourse to arbitration in all conflicts between the contracting States, including what are known as “political disputes” or “conflicts of interest”. But these treaties, however interesting they may be, still appear as exceptions, and exceptions whose significance must not be exaggerated, since the States which have signed them are in fact hardly in danger of finding themselves involved with one another in really vital disputes.

It is certain that, limited to the sphere of legal disputes within which it generally remains confined, the institution of arbitration does not directly touch the problem of peaceful change, for its rôle, in such cases, is not to modify the legal order, but, on the contrary, to apply it. However, even confined within these limits, it may in spite of appearances, render certain services and contribute to the realization of a dynamic conception of the law. This is a first point to be noted. But, before examining it more closely, it may be well to take note of a remark made by Dr. Guggenheim in the course of the meeting organized by the Geneva Research Centre.

77. In view of the development of arbitration undertakings in the field of legal disputes, it has become important, even from the



standpoint of peaceful change, to be able to decide, in each specific case, whether the conflict in question should be considered as a legal conflict, subject therefore to arbitration, or whether, on the contrary, it should be regarded as a conflict of interests. According to the attitude adopted towards this preliminary question, the dispute will be settled in accordance with existing law, or will remain open to procedures for the transformation of the *status quo*.

Dr. Guggenheim recalled that, at the Conference of Neutrals, called in Paris on March 20, 1919, for consultation with reference to the drafting of the Covenant of the League of Nations, the Swiss delegation proposed that the solution of questions of this type be entrusted to a special tribunal, some of whose members would be designated by the parties, others by the Permanent Court of International Justice, and still others by the Council of the League of Nations.<sup>1</sup>

This suggestion, which was not followed at the time, is still valuable; and Dr. Guggenheim stressed the desirability of providing for a cog of this sort in an international organization making room for procedures of peaceful change.

78. The contribution which international tribunals can make to peaceful change, even when their mission is limited to the settlement of legal disputes, has been made particularly clear by Dr. Lauterpacht, by Dr. Dunn, and by Dr. Gihl<sup>2</sup>. Useful information on this question will likewise be found in the preparatory documentation of the Conference on Collective Security.<sup>3</sup>

It is a fact that, in the international as well as in the domestic field, judicial organs do not merely apply the law, but at the same time make it more elastic by adapting it to the social needs of which specific cases give them a concrete image. This phenomenon of creative jurisprudence has always played a large part in the life of domestic law. It can play a similar part in the life of international law. Dr. Lauterpacht points out however, that in the present state of affairs, this rôle is considerably smaller in the international field than within the State. The competence of the judicial organs is much more limited;

<sup>1</sup> See : *La Question de l'accession de la Suisse à la Société des Nations*. Message of the Federal Council to the Federal Assembly, August 4, 1919. Berne 1919, Annex II, 10, Article XIII, p. 293.

<sup>2</sup> Lauterpacht : *op. cit.*, pp. 14 ff.; Dunn, : *op. cit.*, pp. 114 ff.; Gihl : *op. cit.*, pp. 129 ff.

<sup>3</sup> *Collective Security* : *op. cit.*, pp. 189 ff.

no general principle exists, indeed, making it obligatory; it proceeds only from the concordant will of the States which submit to it and which often surround it with limitations and reservations. Furthermore, arbitral decisions are relatively infrequent; the courts which make them do not have, in the same degree as the tribunals of domestic law, the possibility of effecting those slow and imperceptible transformations of the law which characterize jurisprudence.<sup>1</sup>

79. The same author undertakes to measure the resources which are offered, from the viewpoint which concerns us, by the doctrine "*rebus sic stantibus*" and by that of "*abuse of rights*".<sup>2</sup>

These are principles which form an integral part of the general rules of law, and their application cannot therefore be considered as a modification of that law. It is nevertheless true that each of them makes it possible to introduce changes into subjective legal situations, either by terminating certain treaties (*rebus sic stantibus*) or by correcting the effects which might be involved by a strict application of the rules or undertakings in force (*abuse of rights*).

But after looking over these various possibilities, one is brought to conclude that in the international order, as it is at present understood, arbitration applied to legal disputes can make only a modest contribution to the mechanism of peaceful change.<sup>3</sup>

80. Is the properly jurisdictional function the only one that can be entrusted to arbitration? Surely not. The institution has sometimes been used in a different spirit.

The parties have, for example, asked the arbiters to act as friendly umpires and not merely to "state the law", but to establish new rules destined to govern in the future the relations between the parties.<sup>4</sup>

Again there exist a certain number of arbitration conventions which go beyond the limits of legal disputes and make the arbiters competent to decide *ex aequo et bono*.<sup>5</sup>

But as has already been noted (§ 75), these extrajudicial developments of arbitration are thus far relatively few in number, and the present situation would have to be modified profoundly, to say

<sup>1</sup> Lauterpacht : *op. cit.*, pp. 16-17.

<sup>2</sup> Lauterpacht, : *op. cit.*, pp. 19 ff.; pp. 23 ff.

<sup>3</sup> Lauterpacht : *op. cit.*, p. 26.

<sup>4</sup> Dunn : *op. cit.*, pp. 115 ff.

<sup>5</sup> Gihl : *op. cit.*, pp. 100 ff.

the least, for the problem of peaceful change to find a normal mode of solution in this direction.

81. It is, indeed, a transformation of this sort that is urged by the partisans of a *Court of Equity* to which would be entrusted the settlement of conflicts of interest. This idea has a certain number of supporters, and several memoranda concerning the question were submitted to the 1935 Conference, in particular by the New Commonwealth Institute.<sup>1</sup>

It does not seem to have met with much favour among those of us who have pursued the study of the problem of procedures in preparation for the present Conference.

The fundamental objection to it has already been set forth above, and it will suffice to recall it briefly. A procedure must be adapted to the operation which it is intended to carry out. But it is certain that in this respect the procedure of arbitration — however elastic the sense in which the term be taken — is far from corresponding to certain important aspects of peaceful change. It is evidently not appropriate when the change to be effected assumes the character of a *legislative act*, and it may be thought that it is no more appropriate when the change takes the form of a *political construction*. It is, then, only in so far as the transformation of the *status quo* may be accomplished in the shape of a *judgment* that arbitration is really in harmony with the nature of the facts. (See above, §§ 71 and 72).

Still other considerations may be advanced. Dr. Lauterpacht points out that it would be difficult to entrust in general to an arbitral tribunal or to a Court of Equity, that is to a small group of people, no matter how great their merits, so enormous a power as that of changing the *status quo*.<sup>2</sup> Dr. Raestad, who also pronounces against this system, stresses the definitely political character of the procedures of peaceful change, a character which seems to him hardly compatible with the function of arbitration.<sup>3</sup> Dr. Dunn draws attention to what constitutes in his eyes the chief defect of the formula : the indefinite character of the rules that the arbitral tribunal or Court of Equity would have to follow to settle the dispute. In the case of legal disputes, these rules are known : they are those of positive law. And it is exactly because

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<sup>1</sup> Cf. *Collective Security* : *op. cit.*, pp. 18 ff.

<sup>2</sup> Lauterpacht : *op. cit.*, pp. 18-19.

<sup>3</sup> Raestad : *op. cit.*, pp. 8 ff.

these rules limit the competence of the organ, and consequently the risk involved in any imperative jurisdiction, that the parties in such cases often submit to arbitration. But if the judgment is to be delivered on the basis of "equity", the powers of the arbiter assume incomparably vaster proportions, and there is little chance of States accepting such a risk, except in certain limited cases.<sup>1</sup>

82. Turning now from arbitration, let us direct our attention to a very different procedure : the *international conference*.

This procedure, in itself, is of course not new. It has often been used in the course of history — especially since the beginning of the 19th century — on various occasions and under various forms. It is a political procedure. Its characteristic feature is that it brings together representatives of States in order to institute among them a direct exchange of views.

The purpose of this exchange of views may vary from simple consultation to the adopting of a common decision, with resolutions and recommendations as intermediate possibilities.

Its object may be diplomatic or legislative. A conference may meet to settle certain particular situations or to formulate certain general rules; and it thus appears, in the light of experience, that the institution can be adapted to two species of transformation of the *status quo*, those which have the character of a legislative act and those which assume the aspect of a political construction.

The conference may be composed in different ways : it may be limited to the States directly concerned, or it may include others as well; it may bring together only the Great Powers or some of them (Congresses of the Holy Alliance, Concert of Europe), or it may admit on the contrary Powers "with limited interests", etc.

Finally, the fact must not be lost sight of that if the conference has generally been a procedure *ad hoc*, called together for a special occasion, it can be made into a genuine institution. The Congresses of the Holy Alliance already had this character up to a certain point. As international institutions develop, the conference tends to become one of the forms of their organization. The Assembly and the Council of the League of Nations are institutional conferences. The Pan-

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<sup>1</sup> Dunn : *op. cit.*, pp. 121 ff.

American Conferences, the General Labour Conferences, etc., are in the same case.<sup>1</sup>

83. In this general frame, the question which has been particularly stressed is that of Article 19 of the Covenant of the League of Nations, according to which the Assembly "may from time to time advise the reconsideration by Members of the League of treaties which have become inapplicable and the consideration of international conditions whose continuance might endanger the peace of the world".

The memoranda which constitute our documentation contain on this subject two sorts of elements : 1. commentaries tending to define *de lege lata* the significance of Article 19; 2. suggestions for the improvement of this Article.

It should be observed, moreover, that among the latter there are some whose scope is broader than Article 19 and which belong generally to the Conference procedure.

It may likewise be noted that if attention has been chiefly concentrated on Article 19, the fact has not been lost sight of that other provisions of the Covenant may also be called on to play a similar part. Article 2 provides that the Council is empowered, in case of "war" or "threat of war", to take measures calculated to safeguard peace. It further authorizes the Members of the League to call the attention of the Assembly or of the Council to "any circumstance whatever affecting international relations". Article 15 further submits to examination by the Council disputes between Member States which are not settled by arbitration, and calls upon the Council, in case of failure of its efforts of conciliation, to "recommend", in a public report, the solutions which appear to it "just and proper in regard thereto". These provisions enable the Council to contribute to the peaceful transformation of the *status quo*, and while Article 19 has never so far been applied, it is not to be forgotten that Articles 11 and 15 have several times been employed with success. The settlement, for example of the Aaland Islands affair, and the recent settlement of the Alexandretta affair, both of which involved important modifications of the *status quo*, were obtained by the operation of these procedures.

84. Only one memorandum,<sup>2</sup> is essentially consecrated to an

<sup>1</sup> Cf. Dunn : *op. cit.*, pp. 95 ff.; Cruttwell : *op. cit.*, p. 17; J. T. Shotwell : *On the Rim of the Abyss*, New York, Macmillan, 1936, pp. 118 ff.

<sup>2</sup> Antonesco : *op. cit.*

interpretation of Article 19 *de lege lata*. The other memoranda<sup>1</sup> take up this aspect of the question only incidentally.

The interpretation given by Dr. Antonesco is definitely restrictive. Basing his opinion chiefly on the preparatory work, the author maintains not only that territorial modifications are excluded from the field of application of Article 19<sup>2</sup>, but also that, contrary to the most widely-held opinion, this article does not institute a procedure for the revision of treaties, but simply a *control of treaties contrary to the Covenant* and *ipso facto* inapplicable under Article 20 of the Covenant.<sup>3</sup> Moreover, Dr. Antonesco does not conceal his hostility to legal revisionism, which seems to him contrary to the aim of the League of Nations and to collective security. He sees in it "the Trojan horse of international organization".<sup>4</sup>

The other memoranda reveal a totally different interpretation of Article 19, in which Dr. Lauterpacht sees "the first deliberate attempt to create an institution of peaceful change in the framework of a broad system of legal organization".<sup>5</sup>

The two tendencies thus revealed were already manifest at the Conference on Collective Security.<sup>6</sup>

85. If we leave the interpretation of Article 19 and pass to the examination of the criticisms which it calls forth and the changes suggested in regard to it, several points claim our attention.

One of them — which raises fundamental questions of principle — has been treated especially by Dr. Lauterpacht.<sup>7</sup>

Dr. Lauterpacht, as we have already noted (§ 64), is in favour of the organization of authoritative procedures, — of what he calls an international "legislation". In his opinion, it is possible to speak of a legal institution of peaceful change only if one accepts the idea of a system in which changes of the *status quo* can no longer be prevented by the mere *veto* of the parties concerned.

Not only does such a system seem to him to be logically necessary,

<sup>1</sup> Cf. Lauterpacht : *op. cit.*, pp. 36 ff.; Dunn : *op. cit.*, pp. 106 ff.; Raestad : *op. cit.*, pp. 11 ff.

<sup>2</sup> Antonesco : *op. cit.*, No. 7, pp. 35 ff.

<sup>3</sup> Antonesco : *op. cit.*, Nos. 3 and 4, pp. 17 ff.

<sup>4</sup> Antonesco : *op. cit.*, pp. 42 ff.

<sup>5</sup> Lauterpacht : *op. cit.*, p. 41.

<sup>6</sup> Cf. *Collective Security* : *op. cit.*, pp. 13 ff.; pp. 245 ff.; pp. 195 ff.; pp. 209 ff.; pp. 218 ff.; pp. 237 ff.

<sup>7</sup> Lauterpacht : *op. cit.*

but he does not believe that it is impossible to institute it at present, or at least to begin its realization.

86. He is, indeed, aware of the difficulties which will inevitably be encountered in this path and of the precautions which must be taken if they are to be overcome.

One of these precautions would consist in limiting the competence of the international organ, which would not be called on to take the place of the national law-makers, but simply to intervene with a view to prevention or cure in certain matters of common interest. However, these matters would already constitute an immense field of activity. It would be impossible, without running counter to the aim pursued, to limit them within too narrow boundaries. And the author admits that, from this angle, the precaution is perhaps less substantial than it might be supposed *a priori*.

But, he says, other provisions may attenuate considerably the revolutionary character of the proposal.<sup>1</sup>

87. The proposal seems to involve an unreserved negation of the sovereignty of States by the institution of supra-national powers. This is true in theory, and, on this ground, we are face to face with two contradictory ideas. But in practice, experience proves that there are intermediate stages, and that, in many fields, the sovereignty of the State is already limited in fact even when it appears intact in form.<sup>2</sup>

Dr. Lauterpacht believes that this sovereignty would be reasonably protected by the principle according to which the rights of a State could not be abolished nor modified in the name either of justice or of expediency unless this requirement were expressed by a quasi-unanimous vote of the other members of the international community. What should be the degree of this quasi-unanimity? Dr. Lauterpacht suggests a majority of four-fifths. He also calls attention to the suggestion made by Sir Arthur Salter in the course of a discussion at Chatham House, that a unanimous vote of the Council be combined with a qualified majority of the Assembly.<sup>3</sup>

It may be noted that similar ideas were exposed, at the Conference on Collective Security.<sup>4</sup>

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<sup>1</sup> Lauterpacht : *op. cit.*, pp. 44 ff.; pp. 47.

<sup>2</sup> Lauterpacht : *op. cit.*, pp. 47-48.

<sup>3</sup> Lauterpacht : *op. cit.*, pp. 48-49.

<sup>4</sup> Cf. *Collective Security* : *op. cit.*, pp. 245 ff., (Memorandum of G. Bayon y Chacon) and pp. 195 ff., (Memoranda of L. Le Fur and A. Geouffre de la Pradelle).

88. However, if Dr. Lauterpacht sees in a formula of this sort a sufficient guarantee for the sovereignty of the States, he does not hesitate to add that a reform such as that which he suggests cannot be reconciled with the principle of the equality of States. The participation of all States on a footing of equality in the functioning of an international organism is possible as long as that organism is not qualified to make decisions in important matters. But as soon as such a power is given to it, the exercise of that power becomes incompatible with equality of representation and of vote. By way of indication, Dr. Lauterpacht recalls the proposal made by the Swiss delegation when the Covenant was being drafted to require, for the decisions of the Assembly, three-fourths of the votes representing three-fourths of the total population of the Members of the League.<sup>1</sup>

89. Dr. Lauterpacht finally calls attention to two aspects of the problem, which are, in his eyes, corollaries of peaceful change, and which do not fail to raise great difficulties.

The organization of an authoritative procedure of peaceful change, to be effective, should be accompanied by sanctions, either, in the form of direct constraint, or, as was proposed in 1919, in the form of a withdrawal of the guarantee of territorial integrity which was exchanged among the Members of the League of Nations. It further presupposes the existence of a system of collective security, providing for the collaboration of the States in the repression of illicit wars.<sup>2</sup>

90. The different suggestions thus made by Dr. Lauterpacht evidently go beyond the limits of Article 19. They touch on the more general problem of the organization of peaceful change by an international conference armed with powers of decision.

But Dr. Lauterpacht finds this conference in the Assembly of the League of Nations, and, more specifically, in the Assembly acting on the basis of Article 19. Thus it is naturally to the system sketched by that article that he attaches his remarks.

It must further be observed that those remarks presuppose a certain organization of the collectivity of States, and that it would be difficult, in any case, to put them into practice where no international institution exists.

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<sup>1</sup> Lauterpacht : *op. cit.*, p. 49.

<sup>2</sup> Lauterpacht : *op. cit.*, pp. 56-57.



91. Dr. Lauterpacht concentrates his attention on the transformation of the rôle of the Assembly into an organ of *decision* for the revision of treaties and the adjustment of international conditions endangering the peace of the world.

But the system of Article 19 has given rise to other criticisms and suggestions.

Dr. Raestad<sup>1</sup>, in analysing the causes of the failure of the article, rejects the idea that they are to be found in the rule of unanimity. He finds them in part in the absence of several Great Powers, which certainly constitutes for the Assembly a hindrance in this domain as in others. "But," he says, "even if the League were universal, the fact would remain that Article 19 leaves to the parties alone the task of deciding just what modifications should be made in the legal *status quo*. This is a fatal weakness, even in the organization of procedure. The Assembly ought to be called upon to make a decision in this second stage, either by indicating the general nature of the change to be effected, or by obliging the parties to refer the matter to an impartial organ indicated by themselves. In reality, the formula of Article 19 is satisfactory only in those very rare cases in which the parties, already being really agreed, might, for reasons of domestic policy, ask the Assembly to urge them to the formal conclusion of their pact".

This gap in Article 19 was also pointed out during the exchange of views organized by the Geneva Research Centre. According to Article 19, the Assembly *advises* the States concerned to reconsider treaties which have become inapplicable and conditions which might endanger peace. That is all. In other words, the Assembly, in the sonorous atmosphere which characterizes its debates, opens, by a solemn declaration, an extremely delicate procedure, which ought to be handled with the greatest possible circumspection if one wishes to avoid its resulting in an explosion. Then it retires from the arena. After uttering its cry of alarm, it disappears. The parties are left to themselves. And yet is it not here above all that the intervention of third Powers would be useful? Is it not in the negotiations on which the fate of the undertaking depends that it would be necessary not to leave face to face and alone the States whose claims are in opposition and between which the problem is to discover formulas of agreement? The govern-

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<sup>1</sup> Raestad : *op. cit.*, pp. 11-12.

ments which speak in the name of these States have behind them public opinions which are probably excited and ready to denounce as weakness, if not as treason, the smallest gesture of compromise of which their representatives might take the initiative. Are not all these circumstances conducive to failure, which would be all the more serious, coming after resounding proclamations, if the voices and influences of third parties are not given a part in the negotiations, to facilitate the rapprochement of the parties, to suggest to them formulas of compromise and to remind them that the general interest requires that they display a minimum of goodwill?

92. In a nearly-related field which, in certain respects, is inseparable from the foregoing, Dr. Dunn remarks<sup>1</sup> that a treaty, being the expression of an agreement, cannot be concluded until the parties have succeeded in deciding what it is to contain; and that what is true of the conclusion of a treaty is true likewise of its revision. The latter has a formal aspect, which is relatively simple, but which presupposes the success of a preliminary operation which is much more complicated. It is this working out of the content which is the hub of the problem. It does not take place spontaneously, nor even by force of decrees. It requires negotiations, an effort of conciliation, of compromise, of persuasion, of pressure, etc. A procedure which neglected this vital part of the task would be incapable of fulfilling its purpose. And this is a defect which at present exists in the system of Article 19.

93. The observation of Dr. Dunn, which goes beyond the limits of Article 19, shows the importance of the work of preparation in the mechanism of the procedures of peaceful change. It is an aspect of the problem to which the jurists are perhaps inclined not to pay sufficient attention. Attracted by other elements, they tend to neglect this question, which seems to them to belong rather to the art of diplomacy than to the science of law. But we are not a congress of jurists; and one of the merits of our Conference is precisely the fact that it brings together, as far as possible, all the different types of professional training, all the points of view, in a spirit of synthesis. Now if the problem of the procedures of peaceful change be grasped as a whole, we cannot fail to see that "preparation" does really occupy a considerable place in it, whatever the system considered; whether the latter rests exclusively

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<sup>1</sup> Dunn : *op. cit.*, p. 107.

on persuasion or whether it leads ultimately to imperative decisions matters little.

It is quite true that, looked at from this angle, the matter calls rather for the spirit of the statesman and diplomat than for that of the jurist. No rule of law, no legal mechanism will ever succeed in replacing here the resources of diplomacy, its experience, its tact. We are in a sphere where the sense of realities and the art of negotiation constitute the highest values and where it would perhaps even be dangerous to wish to confine them within too rigid a structure.

Without running this risk, it is yet possible to keep certain methods which can be used to help, sometimes most effectively, in preparing the solution of a difficulty.

94. In this connection, mention has been made of the method of *enquiry* and of that of the *advisory opinion*. They must be distinguished, although, in practice, they are often combined. A commission of enquiry, properly so called, has no other mission than to establish the reality of certain facts. But it may be sometimes useful to enlarge its mandate and to instruct it to draw certain conclusions, in the form of an advice, from the observations which it will have gathered. To the enquiry is thus added an advisory opinion. Thus the Commission of "Rapporteurs" set up by the Council of the League of Nations in the Aaland Islands affair was instructed both to find the facts and to give the Council its opinion as to the conclusions to be drawn. The same was true of the Lytton Commission on the Manchuria affair.

A simple enquiry may facilitate the preparation of a solution, not merely because it makes it possible to elucidate in an impartial spirit certain points which perhaps play an important part in the controversy, but also because it sometimes affords the States engaged in the dispute an opportunity to enter the path of concessions without loss of face.

The advisory opinion goes further, since it involves an indication or at least the sketching of a solution. In asking for it, the political organ handling the affair brings into the procedure a non-political organ, composed of persons chosen for their competence, — an organ, therefore, from which may reasonably be expected more objectivity, and on the moral authority of which the political organ will rest its own action.

The advisory opinion may be of a legal order, as is the case with those which are sought from the Permanent Court of International Justice. It may be of a technical character, as are those solicited from

the Advisory Commission on Communications and Transit. It may be political or politico-legal, like those which were given by the Commission on the Aaland Islands, by the Lytton Commission, and by the Committee of Experts in the affair of the Sanjak of Alexandretta.

We have here a body of various resources, the utilization of which might be developed without losing the elasticity which is desirable so that they may be adapted to the infinite variety of the specific cases.

95. The idea has been expressed that a further step might be taken and a *permanent commission* of eminent personalities be created, which would perform a general advisory function in regard to peaceful change. Although this has not been specified, it seems that, in the minds of its protagonists, this institution, which would be more or less comparable to the Mandates Commission, would be called on to intervene only in the settlement of difficulties relative to the revision of subjective situations.<sup>1</sup>

96. Note must also be taken of the suggestion made by Dr. Dunn<sup>2</sup> that there be set up in the different countries permanent committees, small in size, without official character, composed of independent personalities, who would make a preliminary study of demands for changes in the *status quo*. These committees, whose competence would, of course, be purely advisory, might make recommendations to their respective governments and might keep in touch with similar committees in other countries. Their labours would remain strictly confidential, for if they were given publicity the effect would be to stiffen national attitudes before a solution could be worked out, and this must be avoided.

The author does not see in this plan the means of solving the problem of peaceful change but he believes that it would be apt to facilitate in many cases the examination of an affair in a calm atmosphere favourable to the search for friendly solutions.

97. This last observation of Dr. Dunn concerns a point of a general nature, which has been considered in other memoranda as well. The secret character of the old diplomacy is often contrasted with the publicity of the "new diplomacy". And on this matter opinions

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<sup>1</sup> See the remarks of Dr. Jessup at the 1933 Conference. *Collective Security : op. cit.*, p. 269.

<sup>2</sup> Dunn : *op. cit.*, pp. 149 ff.

tend to divide into two hostile camps, to crystallize into two systems. One side extols the benefits of public discussion and of the light which it throws on the attitude of governments. The other side clings to the contrary doctrine. It would perhaps be well to abandon these dogmatic positions and to profit by what experience has to teach. Does not experience show that each of the opposing theses contains a part of the truth, and that the real problem is not whether publicity should drive out secrecy, nor whether secrecy should be employed to the exclusion of publicity, but rather at what moment each of the two methods should be employed? Secret diplomacy and open diplomacy are not magic formulas; they are simply methods, having each its advantages and its drawbacks, its virtues and its risks. The choice between these methods cannot be made in the abstract; it must be dictated primarily by the conditions of the particular task; and is it not evident that these conditions change between the moment when the examination of the disputed question begins and the moment when the final decision regarding it is reached? To place on the same level the different operations which follow each other within these limits and to attempt to submit them all to the same method is to commit an error which may have serious consequences.

The problem, to be sure, is much larger than the question of peaceful change. It concerns the whole régime of international relations. But while we cannot treat it systematically nor make a detailed study of it, it can hardly be lost sight of in a discussion devoted to the procedures of peaceful change. We might perhaps take as the text for our exchange of views the ideas which Dr. Cruttwell expresses in his conclusions.<sup>1</sup> "It is, indeed, in the sphere of peaceful change that the advantages of 'secret diplomacy' are most obvious. The conclusion of a treaty which commits a nation, against its knowledge, to an engagement which may result in war is obviously open to the gravest objection. But the maintaining of secrecy at every stage which leads up to the conclusion of an agreement intended to settle concrete and tangible questions of dispute is the best way of ensuring the fairness of the bargain and its acceptance by public opinion."

98. Another fact not to be lost sight of is that the value of a procedure partly depends on the moment when it is set in motion.

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<sup>1</sup> Cruttwell : *op. cit.*, p. 212.

We are dealing with situations which generally endanger peace. The more they are allowed to become inflamed, the more their settlement becomes difficult and hazardous. It is therefore, in a certain sense, of the highest importance to be able to deal with them at the earliest possible moment.

But the question is more complex than that, for, if rapidity of intervention may be considered an advantage, it must not be forgotten that it likewise involves risks. The application of a procedure of peaceful settlement to an international difficulty underlines that difficulty, makes it stand out, attracts greater attention to it, and may considerably aggravate it, if it does not succeed in solving it. A premature intervention, especially when it is not accompanied by the greatest possible discretion, is therefore capable of producing a result diametrically opposed to the one intended.

We have here two considerations, in a certain sense contradictory, which must be examined all the more attentively because the matter of peaceful change is particularly sensitive and inflammable and because psychological errors may have the most disastrous consequences.

An idea suggested by Dr. Cruttwell<sup>1</sup> relates to this aspect of the question. The author asks whether it would not be possible, in the more or less distant future, to conceive an international organ, offering the greatest possible guarantees of objectivity, which could "take the initiative in suggesting alterations of the *status quo*, whether political or economic, instead of waiting to settle disputes already embittered and compromised by private controversy".

99. Another point to be kept in mind is the desirability of the more frequent insertion in international treaties of clauses providing for revision. This was particularly emphasized by Dr. Verzijl at the meeting organized by the Geneva Research Centre. The Geneva Research Centre has also sent us a substantial study by Dr. Engel, on "*Les clauses de Revision dans les Traités internationaux multilatéraux de l'après-guerre*".

As Dr. Raestad points out<sup>2</sup> it may be asked whether the operation of a revision clause falls, from the doctrinal viewpoint, under the idea of peaceful change, since the application of such a clause is merely

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<sup>1</sup> Cruttwell : *op. cit.*, p. 17.

<sup>2</sup> Raestad : *op. cit.*, p. 4.

the application of an existing convention. But there is no doubt that, practically, this method involves the revision of other provisions of the treaty and this constitutes a means of peaceful change.

100. A last type of consideration has been taken up both by Dr. Angus and by Dr. Raestad<sup>1</sup>.

It has to do with what might be called "regionalism", or, more exactly perhaps, "particular groupings" in the organization of peaceful change.

Regionalism has hitherto been considered especially from the standpoint of agreements of non-aggression and mutual assistance. But it may certainly be taken in a larger sense and given other aims. From the standpoint of the international community as a whole, regionalism is merely a phenomenon of decentralization; and decentralization does not apply solely to police functions.

Would it not be worth while to think of it in the field of peaceful change? Might not a special organization established in a certain region, in order to facilitate in that region peaceful changes in the *status quo*, render great services?

Dr. Angus recalls the important part that this idea has played in the debates of the Institute of Pacific Relations.

Dr. Raestad approaches the problem from a different angle, but is led to similar conclusions.

Basing his remarks on history, he notes that, in the past, the Great Powers, especially when they were guarantors of a political treaty, have often exerted an effective influence in the peaceful transformation of the *status quo*.<sup>2</sup>

In his opinion, however, the situation has changed considerably: "The circle of powerful States has grown larger, and the interplay of political susceptibilities has become more complicated". To be sure, the Great Powers can still, in certain cases, agree to bring about the modification of a legal situation affecting States "of limited interests", But when the situation concerns one or more of the Great Powers themselves, there is little chance of their reaching a unanimous decision, and that fact means the breakdown of the force which the Great Powers collectively constitute.

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<sup>1</sup> Angus : *op. cit.*, p. 165 ff., and Raestad : *op. cit.*, pp. 17 ff.

<sup>2</sup> Raestad : *op. cit.*, p. 17.

Dr. Raestad<sup>1</sup> then asks whether there exist other groups of States capable of exercising the pressure necessary to the practical functioning of a system of peaceful change. He sees at least two. A first example is provided, he says, by groups organized in the form of "Confederations", or, as they are sometimes called to-day, "Empires", and of which the British Commonwealth is at present the most characteristic type. A second example is that of States politically united by certain ties, either because of their geographical proximity, or because of the ethnical relationship of their populations — such as the nordic countries and the States of the American continent.

Within such groups, continues the author, a procedure of peaceful change will be facilitated and sometimes made necessary by the intimacy of the relations among their members. And he adds: "In appearance, the action of associations of States, or of groups, is of less interest than the acts of the Assembly of the League of Nations or of the Great Powers acting together. In reality, the truth is quite different, in my opinion. It is on the basis of the example of these associations that the practice of similar procedures may be extended to other States".

101. May I, in concluding this report, return once more to the importance of the psychological factors. If the problem raises questions of procedure, it is far from being confined to the limits of their technique. No mechanism — no matter how well it may be planned — can alone solve such difficulties, for they dwell in regions which are more subtle and more profound. The complexity of the enterprise, the gravity and the sensitiveness of the interests which it affects, the risks of disturbance which it involves, all these considerations conspire to give a decisive importance to the imponderables. What is required above all is a certain state of mind.

How can we define this state of mind?

I should be inclined to say that it is characterized by a certain balance between the sense of movement and the sense of regularity.

The "possessors", the beneficiaries of the *status quo*, have a natural tendency to forget that, behind the legal structure which protects their present situation, facts are changing. On the other hand, and quite as naturally, those who aspire to a change are inclined to fix their eyes only on the vital current which bears their hopes.

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<sup>1</sup> Raestad : *op. cit.*, p. 20.



Thus two opposing tendencies confront one another. As long as this divorce between them endures, the jurists may exercise their ingenuity as much as they please, — all the procedures which they may elaborate will remain without effect. The States of one group, by reaction against a “legalism”, without flexibility, will turn their backs on legality itself. The others frightened by an uncontrolled dynamism, will refuse even more energetically to make any concession or compromise.

Orderly and regular peaceful transformations, are possible only if these two tendencies, instead of being mutually exclusive, join forces and seek to find a balance. Their synthesis is by no means Utopian. It takes place daily in domestic matters, where legal situations are constantly being transformed under the sign of legality. It is true that international matters are less amenable to such synthesis. Each State believes that it is defending its interests when it adopts on this point an extreme position. But may it not be stated that these very interests impose on those responsible for them the duty of considering matters from higher ground and of not forgetting that the peaceful development of international relations has become to-day for all peoples an essential condition of their prosperity?

## INTRODUCTORY REPORT ON THE STUDY OF RAW MATERIALS AND MARKETS

by

Professor Etienne DENNERY, Secretary-Rapporteur

The present report, the object of which is to epitomize the different points of view set forth by the authors of the memoranda presented to the International Studies Conference, deals directly only with the question of raw materials. It will be recalled that the Preparatory Conference at Madrid requested an international expert to prepare a study on the general problem of markets.<sup>1</sup> That study constitutes a report in itself. The present report touches on the general problem of markets only in so far as it helps to an understanding of the problem of raw materials; to this extent the study of the author of the international memorandum has been utilized.

Nearly all the memoranda have dealt with the problem in accordance with the definition adopted at the Madrid Conference, which may be summarized as follows : the significance of the unequal distribution of raw materials in the world, the difficulties which may possibly ensue from that unequal distribution, particularly as concerns the procuring of supplies by the various nations, and the solutions suggested as remedies for these difficulties.

The plan of the present report is not identical with that which

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<sup>1</sup> See J. B. Condliffe : *Markets and the Problem of Peaceful Change*, International Institute of Intellectual Co-operation, Paris, 1938.

was suggested at the preliminary Conference at Madrid.<sup>1</sup> The very great inequality in the number of memoranda dealing with the different parts of the original plan necessitated a modification of the plan in order to maintain a proper balance. But the spirit of the original plan has been respected throughout.

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<sup>1</sup> The plan adopted at the Madrid Conference for the Study of Raw Materials and Markets was as follows :

#### Raw Materials

1. Determination of the raw materials or foodstuffs regarded as essential and on which the study will be concentrated.
2. Compilation of statistical documentation concerning the production and importation, exportation and consumption of raw materials.
3. Obstacles to the free supply of raw materials :
  - a) Restrictions on the production, sale and exploitation of raw materials;
  - b) Restrictions on the exploitation of national resources by foreigners;
  - c) Restrictions on the importation of raw materials.
4. Economic advantages or drawbacks resulting for a country from the different systems of supply of raw materials :
  - a) Production in the interested country;
  - b) Imports from colonies;
  - c) Imports from foreign countries;
  - d) Imports from abroad, production controlled by national capital.
5. Influence of the idea of possible conflicts on the conditions of supply.
6. Methods of supply of raw materials :
  - a) Policy in respect of the purchase of raw materials;
  - b) Development in the national production of raw materials;
  - c) Economic policy regarding raw materials;
  - d) Financial control of the production of raw materials in foreign countries;
  - e) Colonial expansion (see Colonial Study).

#### Markets

1. Structural changes in the organization of production and international trade.
2. Commercial obstacles and the influence of trade and monetary policies on exchanges.
3. Present methods of trade agreements between nations.
4. International cartels, in so far as this question is not included in the problem of raw materials.
5. International credit and loan systems. Investment of capital abroad in so far as this question is not included in the problem of raw materials or the problem of colonies.

## I. THE PROBLEM OF RAW MATERIALS

### (i) The Distribution of Raw Materials throughout the World

#### 1. DOCUMENTATION ON NATIONAL RESOURCES

In order to obtain a comprehensive view of the situation of the different countries as regards the production, consumption, and importation of raw materials, the Secretariat of the Conference had asked the different national groups to answer a questionnaire on these different points. The aim was to assemble a basic comparative documentation. The individual replies, and those embodied in the more general reports of committees such as the American, Brazilian, British, Canadian, French, and Rumanian<sup>1</sup> committees, provide on this point a particularly interesting documentation. The number of replies, however, was not large enough to enable the Secretariat to draw up, as it would have wished, a general statistical table. A study by the Royal Institute of International Affairs on raw materials and colonies gives, however, a clear and succinct view of the situation of the different countries. In addition, the Secretariat of the Conference thought that the volume of the League of Nations on the international trade in certain raw materials and foodstuffs by countries of origin and consumption<sup>2</sup> (1935) might likewise provide an important basis of documentation for its labours.

<sup>1</sup> Eugene Staley : *Raw Materials in Peace and War*, (United States Memorandum No. 1), pp. 11 to 19.

Royal Institute of International Affairs : *The Production, Consumption and Sources of Raw Materials in the United Kingdom*, (United Kingdom Memorandum No. 3).

H. F. Angus : *Canada and the Doctrine of Peaceful Change*, (Canadian Memorandum No. 1), pp. 83 to 93.

Alberto Betim Paes Leme : *Mémoire sur l'Etude des Matières Premières*, (Brazilian Memorandum No. 1).

J. Gottmann : *Mémoire sur l'approvisionnement de la France en matières premières et grandes denrées alimentaires*, (French Memorandum No. 7).

S. Dumitresco : *Mémoire sur les Matières premières en Roumanie*, (Rumanian Memorandum No. 1), pp. 1 to 34.

<sup>2</sup> League of Nations Publications. Economic and Financial, 1936, II. A. 26.

## 2. THE WEALTH OF THE NATIONS IN RAW MATERIALS.

The inequality of the distribution of raw materials among the nations is an obvious fact. This inequality, moreover, is as inevitable as is, for example, that of population, of territorial extent, of advantages of climate, of gold reserves, and of standard of life. Several memoranda undertake to classify the nations according to their wealth in raw materials.<sup>1</sup> Certain peoples produce a very large proportion of the world's raw materials. : the United States and the British Empire produce or control the production of nearly three-quarters of the mineral raw materials of the world, according to the author of a United States memorandum.<sup>2</sup> The Anglo-Saxon countries, in his opinion, can therefore play a very important part in allaying fears of monopoly or of restrictions. The U. S. S. R. appears to be in third place, but quite far behind the other two countries. Then come the French Empire and the Dutch Empire. Among the industrial nations which claim to lack raw materials are usually cited countries like Germany, Italy, Japan,<sup>3</sup> and Poland. But a United Kingdom memorandum<sup>4</sup> points out that, generally speaking, these distinctions between Powers which are rich in raw materials and those which are poor are not always very clear. The Powers which are richest in raw materials are far from being self-sufficient. The United States, for example, lacks, in particular, tin, rubber, nickel, jute, and silk; the British Empire lacks petroleum, silk, iron ore, sulphur, and even certain fertilizers. It is particularly hard to make a comparison between the different degrees of wealth and poverty of the nations as regards raw materials. Such a comparison depends on many factors. Are we to speak of produced wealth, or to take into consideration probable reserves as well? The quantity and the value of the raw materials produced must be considered; but their variety must not be forgotten either. Furthermore, the wealth of a country in raw materials must be calculated in terms of its population and in terms of the degree of development of its industries.

<sup>1</sup> Royal Institute of International Affairs : *Raw Materials and Colonies*, (United Kingdom Memorandum No. 1), pp. 21 to 25.

Elemer Hantos : *Mémoire sur le problème des Matières premières*, (Hungarian Memorandum No. 3), p. 5.

<sup>2</sup> Frederick Sherwood Dunn : *Peaceful Change. A Study of International Procedures*, (United States Memorandum No. 3), p. 26.

See also Stacy : *op. cit.*, p. 6.

<sup>3</sup> Kiyosue Inui : *Japan's Fundamental Trade Problem*, (Japanese Memorandum No. 2), p. 4.

<sup>4</sup> *Raw Materials and Colonies* : *op. cit.*, pp. 28 to 32.

### 3. THE KEY PRODUCTS

Finally, not only the quantity of national resources must be considered, but also the importance of each of these products. The possession of certain products is, in fact, much more important than that of others. The author of a Polish memorandum<sup>1</sup> makes a special study of the meaning of the term *key raw materials*. For some students, the term *key product* may have meaning from a national standpoint. The key product may be a product necessary to the life of the nation, either because it satisfies vital needs of the people, such as their need of food or clothing, or because it serves for the production of capital goods which are themselves necessary to the equipment of the nation. A key raw material as thus defined may also be a product which can be produced to particular advantage on the country's own soil, and the national production of which a people therefore seeks to protect. For the author of the memorandum, the term *key product* has an international significance. Those raw materials may be called key products which occupy an important place in the world, because of their production, of their commerce, or of the part which they play in the cost of production of manufactured goods or in the balance of trade of the nations. But those products are also included, the reserves of which are not sufficient to cover world demand. A key raw material is, therefore, for the author, one whose exploitation and consumption require an international convention. Mineral products are more frequently key products than vegetable or animal products, because the reserves of the former are more rapidly exhausted. It is true that, on the one hand, the size of the known reserves of raw materials in the world may change rapidly, and that, on the other hand, the evolution of customs and the progress of science may modify yet more rapidly the relative rôle of the principal products.

### 4. RÔLE OF COLONIES

Finally, when we have to consider not merely a nation, but an empire, several memoranda point out that the presence of raw materials in overseas territories may not offer the same advantages as their pre-

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<sup>1</sup> Hipolit Gliwic : *Les Matières premières-clés*, (I-V) and Jan Ernst : *Atlas sur les matières premières-clés*, (Polish Memorandum No. 2 and Annex).

sence in the national territory proper.<sup>1</sup> We shall refer below to the question of the value of colonies as a source of raw materials. A United Kingdom memorandum<sup>2</sup> points out that Great Britain has no control over the economic policies of the Dominions or of India. To talk of the advantages for Great Britain of the presence of raw materials in territories like the Dominions has a meaning only in so far as these territories are united in a system of imperial preference. A United Kingdom<sup>3</sup> and a French<sup>4</sup> memorandum, on the procuring of colonial raw materials by Great Britain and France respectively, both dwell on the fact that the importance of their empires as suppliers of raw materials should not be exaggerated. According to the author of the United Kingdom memorandum, the dependence of Great Britain on her Dominions and colonies is chiefly due to the fact that the Dominions and colonies produce and export foodstuffs which Great Britain needs; but these, in fact, go to various destinations. As to raw materials proper, Great Britain imports very little from her colonies. She procures raw materials primarily in foreign countries, merely making a profit, as concerns certain colonial raw materials, on re-export, notably to continental markets. As to the French colonies, the author of the French memorandum declares that colonial supplies are important for the mother country only in the case of exotic foodstuffs and of certain secondary minerals. The chief industrial raw materials which France does not produce at home are imported from foreign countries.

These considerations make it perhaps easier to understand the differences in the various points of view which appear when attempts are made to estimate the true wealth of the nations in raw materials. It is, however, true that there is real inequality of resources and that certain peoples are privileged in regard to raw material resources, as many of the memoranda recognize.

But, having spoken of the unequal distribution of raw materials among these Powers, we may now ask what is the significance of this inequality.

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<sup>1</sup> See below : *Introductory Report to the Study of Colonial Questions*, p. 169.

<sup>2</sup> *Raw Materials and Colonies*, *op. cit.*, p. 15.

<sup>3</sup> *The Production, Consumption and Sources of Raw Materials in the United Kingdom* : *op. cit.*

<sup>4</sup> *Gottmann* : *op. cit.*

## (ii) Direct Restrictions on the Sale of Raw Materials

It is obvious that the greater the restrictions placed on access to crude products, the more keenly the dearth of food-stuffs will be felt.

Three categories of direct restrictions with regard to the sale of raw materials are discussed in the reports : export taxes and duties, embargoes, and control schemes.

### 1. EXPORT TAXES AND DUTIES

National or international export taxes or duties, according to reports received, do not appear to hinder seriously the obtaining of supplies. They relate usually to countries economically young and little industrialized, and their rate is generally low. A United States memorandum<sup>1</sup> makes a study of the different varieties. Certain of them are revenue measures; they rarely attain 10% of the value of the product; they make no discrimination between the different customers and therefore cause no violent protests from abroad. They are of real importance for the consumer only if they go hand in hand with a virtual monopoly of the producing country, as is the case with coffee from Brazil or diamonds from South Africa. In other cases, they affect chiefly the producers themselves in the exporting countries. Thus, for example, Mozambique, Iran and Siam levy *ad valorem* export taxes on most of the raw materials which they export. Duties whose object is protection and discrimination, on the contrary, are more likely to arouse opposition; this is the case with those which favour local industries of transformation, by allowing them abundant and cheap supplies, or those which discriminate between exportations from a colony in favour of the industries of the home country. But these duties, which tend to create more dissatisfaction than simple export taxes, are also rarer than the latter. The case of the Federated Malay States is one of the most important instances : tin is taxed if it is not smelted in certain territories of the British Empire. In the Portuguese colonies also and in certain French colonies in Africa, raw materials which are not transported under the national flag are subject to special taxes.

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<sup>1</sup> Staley : *op. cit.*, pp. 67 to 79.



## 2. EMBARGOES

As to embargoes, these are unusual in times of peace. The majority are intended to prevent the exhaustion of certain raw materials. This is the case with the prohibition of the export of wood from the Canadian Crown Territories. Sometimes also the object of the embargo is to maintain reserves of materials necessary for national defence (embargo on tin residues in the United States) or to safeguard a superiority acquired in certain productions (embargo on the exportation of shoots or seeds).

## 3. PLANS FOR CONTROL

According to the authors of the memoranda, the plans for controlling the production and exportation of raw materials are of far greater importance for world commerce. Raw materials, as has been pointed out by the author of an international memorandum,<sup>1</sup> can be dealt with by such organizations far more easily than any other product. They are less complex and more standardized than manufactured goods, and lend themselves more easily to standardization. These organizations, in which private individuals or governments participate, but most of which owe their origin to private enterprise, restrict production, limit or regulate exportation, make a geographical division of markets, or even, though more rarely, fix selling prices.

There have been fewer memoranda dealing with national measures for the restriction of production than with plans of an international character. The former, however, are very numerous and varied in the world to-day. They have greatly multiplied since the world crisis and deal with a large number of exported products (e. g., the policy in regard to cotton and wheat in the United States, and to coffee in Brazil). But the international character of the latter has doubtless drawn particular attention to them. The actual causes for the formation of these organizations is studied in American, English, Netherlands and international memoranda.<sup>2</sup> These causes are various: an in-

<sup>1</sup> William Oualid : *International Raw Materials Cartels*, pp. 15 to 17. International Institute of Intellectual Co-operation, Paris, 1938.

<sup>2</sup> Staley : *op. cit.*, pp. 83 to 100.

*Raw Materials and Colonies* : *op. cit.*, p. 49.

Institut Economique néerlandais de Rotterdam : *L'Influence des Restrictions internationales, auxquelles participent les Indes Néerlandaises, sur l'approvisionnement des pays consommateurs*, (Netherlands Memorandum No. 5), pp. 21 and 29, published also by Economisch Statistisch Maandbericht, February 26th and March 25th, 1937 (Rotterdam).

Condliffe : *op. cit.*, p. 45.

creased desire to regulate production after a war which had rapidly and irregularly augmented the possibilities of world production; the wish to make all the producers bear their share in the effects of the crisis; the necessity of adapting the supply to the demand in a period of marked cyclic depression. A United States memorandum<sup>1</sup> insists on the fact that the development of cartels indicates a tendency to resist the automatic movement of prices at a time when too many factors (for example military expenditure and economic nationalism) contribute to prevent them from accomplishing their functions. This development corresponds also to the penchant for administration and rationalization that the growing concentration of capital and of production, and even the war, have contributed to spread. According to the memorandum already quoted, it may further show the desire of the producers to obtain larger and safer profits by means of a virtual monopoly.

#### 4. ADVANTAGES AND DISADVANTAGES OF PLANS OF RESTRICTION AS REGARDS THE PROCURING OF SUPPLIES OF RAW MATERIALS

The opinions of the authors of the memoranda vary considerably as to the advantages or disadvantages presented by such organizations in regard to the supplying of raw materials to the world's consumers.

Some consider that the disadvantages have been greatly exaggerated. They say that even from the point of view of the consumer these plans not infrequently present advantages. An international memorandum<sup>2</sup> declares that, in practice, they have not actually hindered to any extent the procuring of supplies for consuming industries. Plans elaborated during a crisis have, when better times came, made it possible to increase production to meet the demand. Doubtless certain cartels have succeeded, as was desired by their promoters, either in raising or in stabilizing prices. Doubtless, also, they have sometimes succeeded during a crisis in checking the fall in prices. But, at the same time, they ensure the safety of supplies when demand increases again after a depression.

A Netherlands memorandum on the influence of the international restrictions in which the Netherlands Indies participate,<sup>3</sup> especially

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<sup>1</sup> Staley : *op. cit.*, p. 89.

<sup>2</sup> Oualid : *op. cit.*, p. 42.

<sup>3</sup> Netherlands Memorandum No. 5, *op. cit.*, pp. 21 and 29.

those concerning tin, rubber, tea, and sugar, particularly stresses the fact that the restriction plans, by distributing price reductions among all enterprises in periods of crisis, save certain of them from bankruptcy, preserve for them all necessary means of production and even, by allowing them to continue such production, avoid unemployment and the ruin of their equipment. In the case of a rapid revival of consumption, the restriction plans assist in forestalling a temporary shortage and in starting work again more rapidly and at less cost than would be the case if new plants had to be created. Moreover, according to an international memorandum,<sup>1</sup> these restriction plans rarely discriminate between the nationals of different countries; the differences, between the markets, in the prices of the raw materials which they have to sell are subject to the different geographical, financial, and commercial conditions of these markets rather than to arbitrary discriminations. The consumers in the producing countries are usually as much at a disadvantage as those of the other countries.

However, according to two United States memoranda,<sup>2</sup> the disadvantages for the consumers very clearly predominate in the restrictive plans. Control does not always encourage the most efficient or least costly production. Usually, if demand increases, the control does not allow the creation of new enterprises at the lowest price. Recent examples prove that the cartels by no means always succeed in stabilizing prices. Moreover, such stability is not always indispensable to the consumer. It does not necessarily reduce the extent of a crisis.

The opponents of control schemes must admit, however, that such organizations are able to justify their existence more easily in a crisis than in a period of prosperity. According to the author of the same United States memorandum,<sup>3</sup> the value of plans for control is moreover extremely variable; it depends on the elasticity which prices would display if control did not exist, on the degree of control, on the ability and foresight of the staff of the organization, on the interests which direct the control and on the extent to which they do so.

Even though they insist on the dangers that these plans present

<sup>1</sup> Oualid : *op. cit.*, pp. 42 and 34.

<sup>2</sup> Staley : *op. cit.*, pp. 101 to 111.

Dunn : *op. cit.*, pp. 36 to 41.

<sup>3</sup> Staley : *op. cit.*, pp. 115 and 116.

for the consumer countries, the authors of the memoranda<sup>1</sup> recognize that these dangers are limited by the actual interests of the producers. On the one hand, an excessive rise of raw materials may bring about the ruin of non-cartellized consumer industries which are the actual customers of the producers of raw materials. Above all, foreign consumer countries may make reprisals: organize campaigns for the reduction of consumption, recommend the use of recuperated products or of substitutes, develop their national production, threaten producers who are too exacting or the countries to which they belong with tariff or financial retaliation. In Sweden, for example, consumers, grouped in defence associations, have succeeded in triumphing over the abuses committed by cartels in respect of the sale of margarine, flour, rubber goods and petroleum. The author of one American memorandum<sup>2</sup> declares that, in fact, cartels can do as much harm to those who impose them as to those who submit to them. He affirms that the Stevenson Plan has benefited only the Dutch.

Whatever bearing these direct restrictions on the sale of raw materials may have on the supply problems of different countries, these measures may make the purchase of raw materials more difficult of access. The author of a Hungarian memorandum<sup>3</sup> insists on their importance. He declares that the existence of restrictions on the production or on the sale of raw materials is one of the essential grievances of the dissatisfied nations as regards their supplies of raw materials. He says that poor nations complain that they have to submit to the rates imposed by the satisfied powers, which manipulate the prices of raw materials by means of cartels and plans or revalorization or restriction. But the majority of the authors of memoranda who deal with this question do not think that these restrictions ordinarily prevent the obtaining of supplies.

The various peoples can nearly always procure the raw materials which they require in times of peace, if they have the means to pay for them. But nations live under the obsession of war. Moreover,

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<sup>1</sup> Oualid : *op. cit.*, pp. 45 to 47.

Netherlands Memorandum No. 5 : *op. cit.*, p. 37.

Staley : *op. cit.*, pp. 127 to 131 and p. 291.

H. Stolpe : *Consumers and Monopoly Concerns*, (Swedish Memorandum No. 1), p. 9.

Dunn : *op. cit.*, p. 37.

<sup>2</sup> Staley : *op. cit.*, pp. 90, 91.

<sup>3</sup> Hantos : *op. cit.*, p. 3.

the exchange and monetary systems are to-day completely disorganized.<sup>1</sup> The problem of the perpetual dread of a conflict and the problem of the means of purchase — these are the two questions which have claimed the attention of a large number of the authors of the memoranda.

### (iii) The Strategic Aspect of the Raw Materials Problem

The majority of the authors who have made a general study of the problem of raw materials consider this phase of the question essential. United Kingdom, United States, French and Netherlands memoranda<sup>2</sup> draw attention to this problem. Some of them merely call attention to it and then set it aside as not coming within the scope of peaceful change. Others, on the contrary, assert that as it governs the whole problem of supplies, it is impossible to neglect its examination.

The obsession of war makes the problem of raw materials particularly acute and makes it a centre of future conflict. Two authors of United States memoranda<sup>3</sup> insist, for example, on the contradiction which exists between the objects of a war economy and of a peace economy. The former is an economy of power, it seeks to support military force and demands economic self-sufficiency. The second is an economy of a high standard of living. It profits more particularly by trade and the interdependence of nations. The most prosperous people can undoubtedly become in the long run the most powerful, from the very fact of its prosperity; but war potential does not mean the wealth of nations. The choice between guns and butter, says one of the authors, is not just a metaphor.<sup>4</sup>

The author of another United States memorandum remarks that many peoples have an economy which is neither a war nor a peace econo-

<sup>1</sup> J. Vanek : *Les Problèmes des Matières Premières*, (Czechoslovak Memorandum No. 2), p. 2.

See also below : *Introductory Report on the Study of Danubian Questions*, p. 242.

<sup>2</sup> Staley : *op. cit.*, pp. 23 to 36.

Dunn : *op. cit.*, pp. 27 to 31.

*Raw Materials and Colonies*, pp. 5 to 14.

Gilbert Maroger : *La Question des Matières Premières et les Revendications coloniales. Examen des solutions proposées*, (French Memorandum No. 8), p. 51.

Emanuel Moresco : *Claims to Colonies, Markets and Raw Materials*, (Netherlands Memorandum No. 6), p. 8.

<sup>3</sup> Staley : *op. cit.*, pp. 19 to 30.

Dunn : *op. cit.*, pp. 27 and 28.

<sup>4</sup> Dunn : *op. cit.*, p. 29.

my, but one of unstable peace, during which they prepare for eventual war. Countries desire to be independent, to produce on their own soil the greatest possible number of raw materials in order to be safe from a possible blockade. Nations frequently have a complex policy for the constitution of reserves; they oblige importers to stock each year a large part of their importations; they legally favour the development of refining industries on their territory, partly in order to be able at any moment, in case of conflict, to turn the crude petroleum to an appropriate use, chosen at the last moment. The costly policy of substitutes is partly caused by the same anxiety, as is that of the development of national resources, often under extremely unfavourable conditions. As one of the United States memoranda says, the race for raw materials is closely allied to the race for armaments. And conflicts may break out rapidly with regard to raw materials, for the various States are ready to fight about anything which affects their power, in fact more than for any other motive.

National policy concerning raw materials may even take into account the fear of sanctions and the eventuality, in case of conflict, of special legislation in certain countries, for instance the American neutrality law. Certain countries may have turned away from the United States as suppliers of cotton — Germany and Japan, for instance, though they have not closed their markets to American suppliers, seem to be placing more orders in South America — because an American neutrality law might one day, in case of war, stop exportation. In the same way, other countries have preferred not to depend for their purchases of coal on Great Britain alone, because she belongs to the League of Nations, and have sought other supplies not belonging to the organization for collective security.

The memorandum<sup>1</sup> submitted by the Institute of Pacific Relations points out that the guarantee given by a country consuming raw materials to leave its markets open to another country, even in time of war, is in theory, conceivable from the economist's point of view; in reality, such a guarantee is improbable. In order that it may be operative, an agreement of this kind presupposes that the country giving the guarantee has itself entered into an engagement with the other regarding the purchase of certain commodities. Such commit-

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<sup>1</sup> H. F. Angus : *Peaceful Change in the Pacific Area*, (Institute of Pacific Relations Memorandum No. 1), p. 190.

ments are difficult to imagine; the example of relations between Japan and the United States is sufficient proof of this.

Several memoranda<sup>1</sup> also insist on the fact that the possession of colonies can, to a certain extent, facilitate the obtaining of raw materials in time of war. Doubtless their importance should not be exaggerated. During the war, Great Britain received more crude products from a neutral Power like the United States than she imported from her colonies. Apart from the question whether the colonies can furnish large supplies of raw materials, those supplies cannot be imported, in case of conflict, unless communications can be kept open.<sup>2</sup> Expansion into a neighbouring territory would be still more advantageous than colonial expansion. The possibility of economic sanctions has, however, made the rôle of colonies more important in time of war for a possible aggressor.

Several authors point out, however, that the means to facilitate the preparation for war or even for aggression should not be discussed at a conference whose object is the study of peaceful change.

#### (iv) The Problem of the Means of Payment

The military side of the problem of raw materials is never brought forward in the claims of the nations which declare themselves dissatisfied; the question of the means of purchase, on the other hand, is the one most frequently raised. The problem of raw materials has acquired greater importance as the difficulty for certain countries to obtain the foreign currency necessary to their purchase has become more pressing.

##### 1. THE PROBLEM OF FOREIGN EXCHANGE

The author of an international memorandum<sup>3</sup> points out that a country can pay for purchases made abroad either with the product of its exportations, or with the funds it possesses abroad or which are due to it from previous investments abroad. It cannot obtain foreign

<sup>1</sup> Maroger : *op. cit.*, p. 51.

Staley : *op. cit.*, pp. 25 and 26.

<sup>2</sup> On the question of transport policy and competition, see C. de Neumann : *Peace in Transportation*, (Hungarian Memorandum No. 1).

<sup>3</sup> Michel A. Heilperin : *The monetary aspect of the raw materials problem and the revival of international trade*, International Institute of Intellectual Co-operation, 1938, pp. 16 ff.

products for a value superior to its own exportations and its revenue from foreign investments, unless it can obtain outside credit. Raw materials are only one of the types of merchandise that a country buys abroad, and only one of the elements in the production of the merchandise which it manufactures and can export. The problem of the importation of raw materials is much more difficult than the purchase of other merchandise when prices are rising, because the price of raw materials has a tendency to rise more rapidly than that of manufactured goods. According to this writer, the countries producing raw materials have the same difficulty in purchasing manufactured goods when prices are dropping, and they also might be mentioned when speaking of the lack of foreign exchange to purchase, in their case, industrial products. The author of a United States memorandum<sup>1</sup> points out, however, that the difficulty of purchase of raw materials is more likely to compromise peace than the difficulty of purchase of manufactured products, because the buyers of raw materials, i. e. the big industrial countries, are usually well-equipped Powers which can support their claims by force.

According to the authors whom we have quoted, the monetary difficulties for the purchase of raw materials are the result of the decline in the circulation of goods and capital throughout the world.

## 2. THE DECLINE OF INTERNATIONAL TRADE

It is first of all in the actual decline of international trade that an explanation of these difficulties must be sought. Between 1929 and 1932 the total gold value of the world's trade decreased by 35 %. The increase shown in the statistics from 1932 to 1936 is really due to the rise in prices and to the growing importance of the importation of raw materials. Moreover, trade has dropped particularly in Europe and in those countries which have remained on the gold standard or have controlled exchange.

The authors of memoranda<sup>2</sup> give numerous reasons for this

<sup>1</sup> Staley : *op. cit.*, p. 61.

<sup>2</sup> Condliffe : *op. cit.*, pp. 41 and 42.

See also Staley : *op. cit.*, pp. 55 to 63.

Maroger : *op. cit.*, pp. 58 à 65.

Henry F. Angus : *op. cit.*, p. 142.

Dunn : *op. cit.*, pp. 48 to 49.

Rudolf Blühdorn : *Mémoire sur les difficultés de principe d'ordre psychologique et sociologique qui s'opposent de nos jours à la solution pacifique des problèmes économiques internationaux*, (Austrian Memorandum No. 4), pp. 25 to 48.

Heilperin : *op. cit.*



decline; some attribute it to the intrusion of political motives into economic questions, to the obsession of war, and to the desire for economic independence previously referred to. The progress of science, which has allowed the development of national production and the creation of industries for the production of substitutes or of recuperated products, makes this independence more feasible, apparently at least. Others find that the advantages obtained by certain countries for their exports by rapid devaluation are the essential causes which have forced other countries to protect their own markets. The British devaluation, followed by currency depreciation in several other countries, caused numerous customs barriers to be raised. One may insist also, as has been done by the author of an international memorandum on markets<sup>1</sup>, on the reactions which have taken place in the world against an economic individualism and liberalism, the abuses of which go a long way to explain the extent of the world crisis. In a period when economic transformations are more and more rapid, when new centres of production may be developed more easily in new continents, when the development of communications and of credit may accelerate the effects of these transformations, and when scientific discoveries may change the conditions of exploitation and create new competition, it is not surprising that governments should seek by increased protection to ensure security for national production and employment for the workers engaged in it. The same author<sup>2</sup> declares that "it is just because international trade is such an effective instrument of peaceful change, that it is feared, at a time like the present, that the changes it is likely to bring about would be too great to be socially tolerable".

These restrictions have taken the most varied forms : increase in tariffs, specially important since 1925, when Germany regained tariff autonomy, and since 1930, when the United States adopted an increased tariff; quotas, which have been developed since the world crisis; control of exchange; State monopoly of trade; agreements for clearing and for payment; imperial preferential agreements, which may develop the commerce between certain specified countries, but which help to accentuate the restrictions on the liberty of trade. These measures of control deal not only with the trade in goods, but also with the payment of debts, tourist traffic, transport service. The

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<sup>1</sup> Condliffe : *op. cit.*, p. 41.

<sup>2</sup> *Id.* : p. 43.

countries which long remained faithful to Free Trade now have a partially regulated commerce. Great Britain has adopted the imperial preference system; she uses the quota system; she has signed clearing agreements with countries like Italy, Hungary and Spain. Generally speaking, as several memoranda<sup>1</sup> point out, imperial preference has also developed rapidly since the war, in all the empires, either in the form of differential import duties in the colonies, or in the form of bilateral preferential agreements, like those which have been signed between Great Britain, the Dominions, and India.

As the author of the international memorandum just quoted points out, the State more and more assumes the right to regulate the commercial activities of the country and to give to trade a more and more administrative character. Whether in the matter of quotas, instruments of commercial negotiations, of bilateral agreements, usually negotiated for every short periods and often including secret clauses, or of reservations which may be made in agreements as to the administrative side of the practical settlement of commercial transactions, the administration plays a bigger part in the application and interpretation of commercial treaties. And more and more also, commercial policies are becoming discriminative, either because of the utilization of multiple tariffs as a basis for bilateral bargaining, or because of differential treatments which are the consequence of the quota system, or of monetary restrictions.

### 3. TIGHTENING OF INTERNATIONAL CREDIT

But if it is becoming more and more difficult to balance the increasing purchases of raw material by sufficient exports, it is becoming less and less easy to borrow capital with which to make such purchases. During the last few years the circulation of credit in the world has become remarkably restricted. According to the authors<sup>2</sup> there are many causes which may explain this evolution. Some insist more on psychological factors: lack of confidence on the

<sup>1</sup> *Raw Materials and Colonies*: *op. cit.*, p. 36 to 45.

Maroger: *op. cit.*, p. 76 to 78.

<sup>2</sup> Charles A. Burky: *La circulation internationale des capitaux: méthode de règlement pacifique*, (Swiss Memorandum No. 1).

Staley: *op. cit.*, pp. 138 to 158.

Heilperin: *op. cit.*, p. 22.

Condliffe: *op. cit.*, p. 47.

Maroger: *op. cit.*, p. 214.

part of the lenders, who have too often seen contracts broken and credits frozen; the fear of debtors to see political pressure exercised under cover of economic dependence. Others throw the blame on monetary causes : after the international abandonment of the gold standard, the various countries tried to pursue independent national policies of monetary expansion; they departed from the policy of co-operation; and creditors abandoned the policy of investments abroad. Some even insist on the inevitable connection between the decline of the circulation of goods and that of the circulation of capital. The author of a United States memorandum <sup>1</sup> observes that possible creditors may consider it dangerous to lend capital to countries for the purchase of raw materials, on the ground that these countries may not find markets for the sale of their manufactured goods.

#### 4. MONETARY RESTRICTIONS

The restrictions on the export of money further increase these difficulties. These restrictions, which are due both to the political desire for economic independence and to the financial difficulties which have multiplied all over the world since the crisis, sometimes correspond, according to an international memorandum,<sup>2</sup> to the desire of the States to maintain monetary parity, either for reasons of prestige or to satisfy a public opinion that the after-war inflations have rendered hostile to the very thought of devaluation; they have sometimes been hastened by the decline of the credit of a State, resulting from the suspension of payment of its debts or of their transfer. They are also a consequence of the diminution of the national gold reserve. Finally, the desire to acquire more complete economic independence may make governments more willing to consider the application of restrictions. But whatever may be their cause, they contribute, as several memoranda note,<sup>3</sup> to restrict still further the volume of trade, by artificially maintaining the national currency at a fictitious parity; selling prices, in countries with restrictions, may become so high that the State which imposed them has to have recourse to export subsidies or premiums..

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<sup>1</sup> Dunn : *op. cit.*, p. 43.

<sup>2</sup> Heilperin : *op. cit.*, pp. 27 ff.

<sup>3</sup> Dunn : *op. cit.*, pp. 41 to 51.

Heilperin : *op. cit.*, p. 27.

Condliffe : *op. cit.*, p. 29.

### 5. THE DIFFICULTIES EXPERIENCED BY GERMANY

The authors of an American memorandum<sup>1</sup> and of an international memorandum<sup>2</sup> point out that the difficulties of purchase become still greater if the importing countries utilize these raw materials in the production of goods for domestic consumption, whether for public works or for armaments, instead of in export industries, where sales would serve to compensate the purchase of raw materials.

Several authors<sup>3</sup> quote particularly the case of Germany. The author of an international memorandum lays stress on the political causes of the German difficulties. He recalls the losses Germany suffered during the war and by the Treaty of Peace; loss of territory, of raw materials, of foreign investments; ruin of her merchant marine; obligation to pay reparations in money or in kind; limitation of her customs autonomy until 1925. He points out that this impoverishment was for a long time concealed by the large credits which were accorded to Germany. But on the other hand, many authors dwell on the part played in the increase of these difficulties by the policy of rapid re-arming; the resources at Germany's disposal are utilized for the purchase of the raw materials necessary for the military equipment of the country, to which the standard of life of the population is sometimes sacrificed.

## (v) Control of Production of Raw Materials

### 1. THE ADVANTAGES AND TYPES OF CONTROL OF PRODUCTION

Thus the dread of war on the one hand, and the restrictions on sending money out of the country on the other, induce certain peoples to concern themselves not only with the question of free access to the purchase of raw materials but still more with the possibility of producing them themselves. In fact, control of the production of raw materials appears to interest them in the highest degree.

(i) This control may imply sovereignty of the territory where the products are found, but it may also mean the control of exploitation on foreign territory. The sovereignty of the territories producing raw

<sup>1</sup> Dunn : *op. cit.*, pp. 42 and 43.

<sup>2</sup> Heilperin : *op. cit.*, pp. 25 ff.

<sup>3</sup> Condliffe : *op. cit.*, pp. 22 to 24.

Maroger : *op. cit.*, pp. 44 to 71.

materials apparently gives peculiar advantages, especially if the régime of the territory is not that of the open door. In a territory which is under the sovereignty or influence of the importing country, the exploitation of the raw materials will undoubtedly give more work to national labour; trade will be more advantageous to national distributors and will give more freight to the national merchant marine. The revenue from taxation will be increased, and the balance of trade improved. The author of a United States memorandum<sup>1</sup> points out, however, that these advantages may be offset by administrative expenses; they may also be offset in certain cases, as is noted by the author of a French memorandum on the procuring of vegetable oil by France,<sup>2</sup> by the increase in price of the raw materials at the expense of the consumers, that is to say, in the long run, at the expense of the national industry.

(ii) As to controlling the exploitation of raw materials in foreign countries, even if it offers certain advantages, it is not always possible.

## 2. CONTROL IN FOREIGN TERRITORIES

*a) Investments of foreign capital.* — From the financial point of view, foreign investments are undoubtedly still freely accepted in many countries. If there are no restrictions or embargoes on the export of capital, foreigners can usually buy bonds or shares at the normal rate. A United Kingdom memorandum<sup>3</sup> notes this as regards capital investments in colonial territories. The author of the memorandum adds that sometimes the foreigner is in fact at a disadvantage; first because of the fluctuations of the exchange; secondly, because he cannot always take advantage of the flotations of capital, which are often arranged rapidly and sometimes covered by private negotiations; and also because non-colonial Powers are usually obliged to operate in foreign financial markets in whose profits they do not share.

But what excites the greatest distrust and the most unfavourable legislation is the investments made for the actual exploitation of raw materials and those destined for the development of transport.

Raw materials are in fact very closely bound to the soil which produces them. The author of an American memorandum<sup>4</sup> insists

<sup>1</sup> Staley : *op. cit.*, p. 59.

<sup>2</sup> Gottmann : *op. cit.*, pp. 42 to 54.

<sup>3</sup> Royal Institute of International Affairs : *Capital Investment in Colonial Territories*, (United Kingdom Memorandum No. 8), pp. 25 to 31.

<sup>4</sup> Staley : *op. cit.*, pp. 138 to 159.

on the reasons why investments of foreign capital often arouse the distrust of the inhabitants of the country where they are made. These investments are often made by the citizens of a great Power in countries that are weak either socially or politically, or in which even the actual sovereignty is contested. But, above all, they are often used as means of establishing political domination. Sometimes they serve as instruments of diplomacy, add to the prestige and influence of a nation, allow it to claim an interest in negotiations bearing on distant territories, give it pretexts to make conquests or to oppose the conquests of other nations, mark the beginning of a real economic imperialism, and serve to impose the purchase of the products of the creditor nation. The same author adds that sometimes, on the contrary, diplomacy becomes the instrument of investments. Certain governments support and protect their nationals who have invested abroad, see that information as to the possible fields of investment is supplied to them, bring pressure to bear on the countries where capital has been invested in order to obtain the promulgation of new protective laws, sometimes demand security, privileges or concessions, intervene openly or secretly against governments which appear hostile to foreign interests, stir up revolutions or combat them. As the author of the same United States memorandum<sup>1</sup> remarks, the conflicts between the nations which provide capital and those which receive it may express not only political but profound social antagonisms.

b) *Restrictions on the exploitation of raw materials by foreigners.* — One memorandum<sup>2</sup> distinguishes two classes of countries : In the first, which embraces chiefly the United States, the British Empire and Holland, the policy adopted in regard to foreigners is fairly favourable. In the second, which includes France and her colonies, Japan and the U. S. S. R., this policy is, in the opinion of the author, far less favourable. Continuing its general observations, the memorandum points out that most of the restrictions affect mineral products. Setting aside the control plans inspired by strategic considerations — plans that are limited both in number and scope — we may assume that, in countries pursuing a restrictive policy, the prevailing tendency is either to supervise and control, or to ensure exploitation monopolies for the governments.

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<sup>1</sup> Staley : *op. cit.*, pp. 139 and 156 to 158.

<sup>2</sup> G. Kirk : *Restrictions on the exploitation of natural resources by foreigners*, (International Memorandum No. 6).

(i) In the first case, the States resort to a system of regulation which demands the fulfilment of conditions relative to the nationality of company shareholders, to their representation and to the very form of their statutes; or, thanks to certain administrative procedures, they enforce more drastic conditions for the granting of concessions.

A number of examples are cited in a United Kingdom memorandum.<sup>1</sup> In those colonies which for many years have remained examples of the practice of a Free Trade policy, in the Netherlands East Indies in particular, mining concessions are granted to foreign companies only on the condition that their headquarters are in Dutch territory and that the majority of their directors are domiciled there. In many British colonies, concessions for the exploitation of oil-fields are granted only to British concerns. For the exploitation of mines in the so-called assimilated French colonies, notably in Madagascar and Indo-China, three-quarters of the members of the Board of Directors must be of French nationality in the case of joint-stock companies, while more than one half of the members of the managing bodies must be French in the case of other companies; furthermore, at least one third of the capital must be French.<sup>2</sup>

(ii) The mines of the Belgian Congo are an example of a case where the State holds the exclusive rights of exploitation.<sup>3</sup> The potash mines of Alsace, the exploitation of petroleum in certain British colonies, etc., are also illustrations of this tendency.

It would seem, therefore, that the acquisition of territorial sovereignty may appear to be all the more desirable for certain nations as the restrictions are more numerous in regard to the control of the exploitation of raw materials in foreign territory. Similarly, and more generally, the desire to see the control of the production of raw materials may have been stimulated by the restrictions placed on the movement of goods and by the slowing up in the circulation of capital.

## II. SUGGESTED SOLUTIONS

A large number of elements for solving the problem of raw materials have been included in the memoranda presented to the conference.

<sup>1</sup> *Raw Materials and Colonies*, pp. 47 to 49.

<sup>2</sup> J. de Lauwe: *Le Statut des Etrangers dans la France Metropolitaine et la France d'Outre-mer*, (French Memorandum No. 6), pp. 17 to 23.

<sup>3</sup> *Le Bassin conventionnel du Congo belge*, (Belgian Memorandum), pp. 84 ff.

Their nature and their object often differ exceedingly, and the spirit in which they are suggested offers no less a variety. It is possible, however, to attempt to class them according to the tendencies which their authors display.

Certain proposals recognize as an established fact the development of economic nationalism and "autarkic" régimes; they suggest primarily palliatives for the difficulties met with by certain nations which have undertaken the control of foreign exchange and which suffer from a lack of foreign currency.

Others, on the contrary, hold that economic nationalism is the source of evils and of conflicts, that the lack of foreign currency is simply the result of restrictions on the circulation of merchandise or capital; it is therefore necessary to attack the root of the evil rather than to endeavour to palliate the consequences, to abandon a system which appears disastrous rather than to attempt to reduce its dangers.

Finally, some recommend more modest solutions, which, though necessitating a complete transformation of certain economic policies, would result in international agreements to facilitate access to the production or purchase of raw materials.

### (i) Suggested Solutions Applicable within the System of Autarkic Régimes

Several memoranda have mentioned the efforts made by certain nations to reduce their imports of raw materials and have examined the significance of these efforts, — efforts to regulate consumption, to develop national production, to create substitute industries or industries for the recuperation of used products. Few of the memoranda, however, study the mechanism of these efforts. The authors of a Brazilian memorandum<sup>1</sup> and of a Rumanian memorandum<sup>2</sup> analyse the attempts made in their countries to increase the capacity of national production. The authors of a Hungarian memorandum<sup>3</sup> and of a French memorandum<sup>4</sup> devote a few pages to the development of substi-

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<sup>1</sup> Betim Paes Leme : *op. cit.*, pp. 13 to 25.

<sup>2</sup> Dumitresco : *op. cit.*, pp. 55 to 60.

<sup>3</sup> Hantos : *op. cit.*, pp. 6 to 12.

<sup>4</sup> Maroger : *op. cit.*, pp. 77 to 107.



tute industries in the "autarkic" countries, particularly in Germany. The former believes that the method is making progress. Both insist on the far-reaching importance of this evolution. On the one hand, it constitutes a very serious menace to the producers of the principal raw materials, such as petroleum, cotton, rubber, wool. But on the other hand, the method is expensive; both authors agree that progress is obtained at the cost of the mass of consumers; and that it may result in lowering the standard of life of the nations which favour it.

But if few authors of memoranda have insisted on a solution whose application requires only national decisions, many of them, on the contrary, have discussed the question of increasing national production by the acquisition of territories, particularly of colonies.

#### 1. THE REDISTRIBUTION OF COLONIES<sup>1</sup>

All the authors of memoranda<sup>2</sup> who have discussed the colonial problem in relation to raw materials declare that a transfer of colonies cannot solve the question of raw materials. Opinions differ only in regard to the extent to which such measures might palliate existing evils. Undoubtedly, as stated in a United Kingdom memorandum,<sup>3</sup> the colonies have acquired a relatively important rôle in the supply of raw materials; and that, for two reasons. First, they are usually thinly populated and are able to export a large proportion of the raw materials they produce. Secondly, being situated in the tropical zone, they supply, at least in so far as the products of the soil are concerned, materials which the big industrial countries, which are generally in the temperate zone, cannot produce.

In international discussions, the problem of raw materials has been linked with that of colonial claims. But the authors of several memoranda<sup>4</sup> ask to what extent other political or economic motives play a more important part in the recent development of these claims.

<sup>1</sup> See also, below : *The introductory Report on Colonial Questions*, p. 169.

<sup>2</sup> Staley : *op. cit.*, pp. 6, 7, 59 and 186.

Maroger : *op. cit.*, pp. 107 to 165.

*Raw Materials and Colonies* : *op. cit.*, p. 52.

Condliffe : *op. cit.*, pp. 30 and 31.

Hantos : *op. cit.*, p. 15.

Moresco : *op. cit.*, pp. 10 to 12.

<sup>3</sup> *Raw Materials and Colonies* : *op. cit.*, p. 25.

<sup>4</sup> Maroger : *op. cit.*, pp. 13 to 44.

*Raw Materials and Colonies* : *op. cit.*, pp. 5 to 14.

Moresco : *op. cit.*, p. 10.

The author of a United Kingdom memorandum<sup>1</sup> points out that industrial Powers such as Czechoslovakia or Switzerland, which have little or no raw materials, do not complain of being seriously handicapped by the lack of colonial resources; he wonders what part economic factors have in this difference of attitude, or whether it is simply a case of the world being more disposed to listen to the complaints of a big Power than to those of a little one.

Several memoranda<sup>2</sup> call attention to the fact that the colonies produce only a small number of the essential raw materials. According to the author of a United Kingdom memorandum<sup>3</sup>, the colonies have the monopoly of only three principal raw materials: palm oil in Africa, rubber and, to a lesser degree, tin in Asia.

Certain memoranda<sup>4</sup> have made a special study of the German colonial claims. Germany particularly expects to obtain from the possession of colonial territories an extension of her monetary sovereignty and advantages for her balance of trade. The author of a French memorandum says that the discussion should bear on two points: it should deal first with the problem of economizing foreign currency, as that is the essential consideration advanced. Then an estimate must be made of the actual resources of the territories claimed by Germany, namely the old colonies lost by her.

The resources of the old German colonies are fairly small, as is pointed out in United Kingdom, French and international memoranda.<sup>5</sup> On the eve of the war, the total exports from the German colonies to Germany reached a total 133 times less than the German imports of raw materials alone. Undoubtedly, these territories, which are now under mandate, have been rapidly developed since the war. But, even in 1935, the total exports from the old German colonies, according to

<sup>1</sup> *Raw Materials and Colonies* : *op. cit.*, p. 32.

<sup>2</sup> *Raw Materials and Colonies* : *op. cit.*, pp. 25 to 28.

*The Production, Consumption and Sources of Raw Materials in the United Kingdom* : *op. cit.*, pp. 35 to 44.

Gottmann : *op. cit.*, pp. 24 to 32.

<sup>3</sup> *Raw Materials and Colonies* : *op. cit.*, p. 26.

<sup>4</sup> Maroger : *op. cit.*, pp. 107 to 120.

<sup>5</sup> *Raw Materials and Colonies* : *op. cit.*, p. 7 and 8.

Condliffe : *op. cit.*, p. 22.

Maroger : *op. cit.*, pp. 107 to 117.

the figures quoted by the author of an international memorandum,<sup>1</sup> did not reach 3.5 % of the total imports of Germany.

Some of the replies made by the Germans to these arguments have been set forth by the author of the French memorandum, just referred to, and also, in a large measure, by the author of a German memorandum.<sup>2</sup> First, it may be said that the coveted territories would not necessarily be given to them under a mandate but simply as exploitation colonies. The whole of the production under such a system could then be directed to the home-country. In the second place, the present production could be largely increased by a further effort at exploitation; the consumption of certain colonial products could certainly be developed through the activities of German chemistry and the discovery of new uses to which they could be put. Lastly, even if the old colonies could not relieve in an appreciable measure the needs of Germany as regards ores, wool, cotton, rubber, they could at least play an important part with regard to a product which is extremely useful to the Reich to-day, namely supplies of oils and fats. The production of oils and fats in the old German territories is rather less than a quarter of the whole of Germany's imports of these goods. The Germans add that if these quantities could be largely increased by further efforts, one of the essential supply problems of the Reich would be partially solved. Again, for other products such as sisal, Tanganyika in 1935 exported nearly double the quantity of sisal imported by Germany in that same year. With regard to phosphates, the production from Nauru was equivalent to about three-quarters of what Germany bought abroad.

The author of a French memorandum<sup>3</sup> declares, however, that in his opinion these arguments do not take into account a certain number of elements. Germany before the war received only about one half of the exports from Tanganyika and Cameroon. And if the Reich were now to acquire these territories again, it could only be *a priori*, under mandate. Moreover, it must be remembered that, in case of transfer, Germany would be under the obligation of purchasing at least a part of the property situated in these territories and would have

<sup>1</sup> Condliffe : *op. cit.*, pp. 31-34.

<sup>2</sup> Maroger : *op. cit.*, pp. 109 to 114.

K. Weigelt : *Koloniale Rohstoffversorgung im Rahmen der Heimischen Volkswirtschaft. Beiträge zur deutschen Kolonialfrage*, edited by Diedrich Westermann, 1937, pp. 80-89.

<sup>3</sup> Maroger : *op. cit.*, pp. 115 to 119.

to assure the service of the foreign debt of the territories so transferred. The foreign owners of property would hardly accept payment in marks. Again, even from the monetary point of view, the economy of foreign currency realized by Germany would be relatively unimportant. Today, the percentage of imports that Germany obtains from her old colonies represents only an infinitesimal part of her total imports. If to-morrow German money were put into circulation, the amount of foreign currency thus economized would be extremely small. According to the author of the above-mentioned memorandum, for the retrocession to be of real interest, the actual total of German imports from the African territories would have to be multiplied by more than thirty. The German reply to the objection concerning working capital is, it is true, that the question of organization seems more important than that of finances.<sup>1</sup>

Furthermore, the utilization of the old German colonies as markets would not bring much relief to the Reich: only 0.56% of German exports before the war were sent to colonial territories. This figure would certainly be very greatly multiplied to-day, but doubtless not enough to have any decisive effect on the problem of markets for German industry.

## 2. CHARTERED COMPANIES

Moreover, according to the authors of several memoranda, the transfer of colonies would encounter important political or psychological difficulties; first of all, the hostility of the principal colonial Powers. A solution which made the dissatisfied industrial nations co-operate in the development of colonies, says the author of an international memorandum,<sup>2</sup> would doubtless receive a more sympathetic hearing than proposals for division of strategically or economically important territories between possible enemies. Among these solutions there are some which, without going so far as the abandonment of territorial sovereignty, would allow co-operation in the exploitation of raw materials and would facilitate their purchase by peoples who lack currency.

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<sup>1</sup> Weigelt : *op. cit.*, p. 88.

<sup>2</sup> Condliffe : *op. cit.*, pp. 32, 33.

(i) *National companies and concession zones.* — Several memoranda<sup>1</sup> mention the possibility of concessions to foreign companies for the exploitation of raw materials. For instance, companies holding a concession might be allowed to establish themselves in given zones of a colony with a view to the exploitation of certain specified products. The grant of similar advantages not only in colonial territories but in new, independent States which have a small population and are so far little exploited, could also be considered.

According to the author of a French memorandum,<sup>2</sup> such a solution would, it is true, encounter many difficulties, economic as well as political. From the economic point of view, for the creation of chartered companies to be of real use to the dissatisfied Powers and enable them to economize their foreign currency, it would be necessary for the currency of the foreign country to circulate in these territories. The sovereign Power could not abandon the circulation of its own currency and, according to the author of a French memorandum,<sup>3</sup> the system of allowing the circulation of foreign money in a given territory in the form, for example, of purchase vouchers which could not be exchanged for gold or currency, at the same time as the national money, would be peculiarly difficult to apply. Moreover, from the political point of view, the nation possessing the sovereignty would doubtless hesitate to concede a whole zone of its territory, where its sovereignty would thenceforth be only theoretical and nominal, and where the inevitable expansion of the concessionary Power might create conflicts which a simple transfer of territory would at least avoid.

(ii) *International Chartered Companies.* — In order to meet these difficulties, consideration is being given to a solution mentioned in several memoranda, and to which a French memorandum<sup>4</sup> is entirely devoted, namely International Chartered Companies.

<sup>1</sup> Hantos : *op. cit.*, p. 16.

Maroger : *op. cit.*, pp. 227 to 235.

*Raw Materials and Colonies* : *op. cit.*, p. 55.

See also below : *Introductory Report on the Study of Danubian Questions*, p. 230.

<sup>2</sup> Maroger : *op. cit.*, pp. 227 to 234.

<sup>3</sup> Maroger : *op. cit.*, p. 229.

<sup>4</sup> René Hoffherr : *Les Compagnies à Chartre comme instruments de Mise en Valeur internationale de l'Afrique*, (French Memorandum No. 4). *Politique Etrangère*, 1937, III.

In these chartered companies, the citizens of the nations which wish to obtain a certain control of the production of raw materials occupy the same legal position as shareholders in a corporation.

From the point of view of dissatisfied nations, the problem of finding capital might cause difficulties, but the author of the memorandum says it would be possible to create shares which would be paid for not by a cash subscription, but in kind, for instance by furnishing equipment, machinery or even technical services or labour. The countries participating in the enterprise could arrange for the formation of a subsidiary company by the enterprises concerned in the establishment of the international company, which would receive and administer the shares thus created. The author of another memorandum<sup>1</sup> raises the objection that the methods employed for such an arrangement would have a distinctly inflationist tendency. As to dividends, they could be paid by the actual delivery of the raw materials produced. These dividends could be comparatively high in cases where the exploitation demanded a particularly elaborate equipment. The chartered company solution is therefore particularly worthy of consideration in connection with the exploitation of the production of raw materials or sources of energy where installation expenses are very heavy, such as mines or hydro-electric power undertakings. From the political point of view, the creation of international holding companies may offer fewer difficulties than the formation of national concessionary companies, since the representatives of the sovereign country could be associated with the representatives of the concessionary country. The author of the memorandum on chartered companies stresses the fact that such companies already exist for the exploitation of raw materials, for instance, the *Comité du Katanga* in the Belgian Congo, and the *Bureau Minier Chérifien* in French Morocco. The object of the latter organism, created by the Government of Morocco, is to prospect for mineral resources and at the same time to participate in private-mining enterprises; thus in a coal company formed a few years ago, one-third of the capital is held by the *Bureau Minier* and another third by a foreign company.

According to the author of this memorandum,<sup>2</sup> it appears that the Italo-German company of Ethiopia embodies these ideas up

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<sup>1</sup> Maroger : *op. cit.*, p. 235.

<sup>2</sup> Maroger : *op. cit.*, p. 236.

to a certain point. The German group subscribed 49% of the capital, leaving the majority of shares to the Italians; German engineers and specialists are employed in the undertaking, and an appreciable quantity of German machinery must be used in the works to be constructed.

In any case, this solution can only be looked upon, even by those who propose it, as a partial palliative of the problem of supplies of raw materials.

### 3. ESTABLISHMENT OF CLEARING SYSTEMS

Another palliative, also based on the methods developed throughout the world at the same time as the régime of autarky, is the institution and improvement of clearing systems. The nations which have imposed restrictions on the export of their currencies have, in fact, made numerous agreements for clearing and barter. As stated by an international memorandum,<sup>1</sup> German exportation, for instance, is largely directed towards the countries of Eastern Europe and South America, which have signed many clearing agreements with the Reich. In 1936, three-fifths of German commerce was carried on under clearing agreements and one-fifth under barter agreements. According to the author of the memorandum the control of exchange has been utilized to divert German commerce from creditor and free-trade countries and to direct it to debtor countries and those having exchange control. But this diversion of trade, he points out, has been costly. It necessitated large export subsidies, which were generally obtained by taxes on industry. According to the author, it is hardly possible to consider the expansion of the clearing system as a solution of the raw materials problem, because the price of importations made with the assistance of clearing agreements is very high.

However, as clearing arrangements exist, might it not be possible, as another author suggests<sup>2</sup>, to improve their methods? The transfer of credit balances of clearings and the possibility of establishing indirectly a new system of triangular operations might revive international trade in a certain measure. Under these circumstances, two of the greatest drawbacks to the clearing system could be avoided:

Co-operation between the various central banks would first be required in order to allow the transfer of the credit balances of the

<sup>1</sup> Condliffe : *op. cit.*, pp. 27-28.

<sup>2</sup> Maroger : *op. cit.*, pp. 206 to 214.

clearings, and export credit banks connected with the central banks would doubtless have to be created. The scheme proposed by the author of the memorandum favours a generalized use of commercial drafts, like those used in the application of clearing agreements, drawn in such a way as to make it impossible for the interested organisms of the exporting country to demand the transfer of the sums due in gold or currency. The export credit banks could adopt the practice of settling their respective debts by clearing operations.

The permanent balances of the clearing could be used for the purchase of credits on third countries by countries with a debtor trade balance. A regular system of triangular barter would thus be established. The author points out, however, that such measures might meet with hostility from the countries in question, as the creditor countries have frequently obtained their financial position only by sacrifices (such as export premiums or differential exchange rates) made with a particular object in view. This object would not necessarily be the one attained by the utilization of the permanent balances of clearings for the settlement of international debts or for other operations, which the creditor countries might consider devoid of immediate interest.

These various suggested solutions have, according to their promoters, the advantage of taking into account the economic systems in actual existence, and more especially those of the autarkic régimes. Their adversaries, on the contrary, object to them because they are based on the very spirit of these systems; they may contribute to maintain certain economic régimes by seeking remedies to the national difficulties caused by these régimes; they may extend the domain of autarky, by forcing countries which have thus far maintained a relatively free economic régime to participate in operations which are the result of that system.

## (ii) Proposals for International Agreements Concerning Access to the Purchase or Production of Raw Materials

Between the suggested solutions which keep within the framework of economic nationalism and those which, on the contrary, seek to break away from those tendencies, a certain number of proposals can be



grouped together in a special category : those which, without requiring a complete transformation of economic policies, look to the conclusion of international agreements facilitating access to the purchase and production of raw materials.

#### 1. CONVENTIONS FOR ATTENUATING DIRECT RESTRICTIONS

In the first place, certain proposals deal with agreements bearing on the attenuation or modification of the various restrictions on the sale of these products. A United States memorandum and a memorandum of the Geneva Research Centre<sup>1</sup> draw attention to the resolutions and recommendations of the World Economic Conference of 1927, urging that the exportation of raw materials should not be unduly burdened with duties and taxes. Such taxes should not be discriminatory and should never be imposed with the object of placing foreign countries at a disadvantage in the production of their finished goods. The author of a French memorandum<sup>2</sup> recalls the proposed conventions, which have been suggested in numerous works, concerning regulations which, if accepted by international agreements, might set a limit to the restrictions on trade in raw materials. This new code might be elaborated by an international organism; it would, in particular, forbid the application of discriminatory measures concerning the trade in raw materials, and the raising of the prices of raw materials, by imposing restrictions on production to a higher level than is reasonably necessary.

As regards the effects of international restriction schemes, a memorandum of the Geneva Research Centre and a French memorandum<sup>3</sup> recall the conclusions arrived at by the sub-committee of the World Monetary and Economic Conference of 1933 dealing with international agreements. These conclusions declared that the only legitimate restrictions were those which were necessary to uphold the standard of life of the producers and the co-ordination of production and sale; moreover, these restrictions should deal only with goods of major importance of which there was over-production; they should not exclude similar products or even substitutes; the bodies responsible

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<sup>1</sup> Staley : *op. cit.*, p. 193.

Karl W. Kapp: *The Efforts made by the League of Nations towards a solution of the Problem of Raw Materials*, (Geneva Research Centre Memorandum No. 1), pp. 62 to 69.

<sup>2</sup> Maroger : *op. cit.*, pp. 166 to 176.

<sup>3</sup> Kapp : *op. cit.*, pp. 84 to 88.

Maroger : *op. cit.*, p. 43.

for their application should include a sufficient proportion of producers and exporters; finally, the rules applied should be sufficiently flexible and should take into account the interests of the consumers.

## 2. INTERNATIONAL CONTROL OF RESTRICTION SCHEMES

The authors of an international memorandum<sup>1</sup> and of a United States memorandum<sup>2</sup> even recommend international control of restriction schemes. The former considers that the statutes and constitution of all international cartels should be registered with the League of Nations. In each country, commissions composed of the representatives of the various groups of interests should keep the League of Nations informed, through their governments, of the activity of these cartels and of the resulting economic and social consequences. A special organism of the League of Nations would centralize the information, enquire into the complaints made within each nation and invite the States to put a stop to abuses. In case the States refused, recourse to the Permanent Court of International Justice might be the method adopted. The author of the United States memorandum thinks that an organization similar to the one controlling the illicit traffic in opium should be established; an advisory committee would assist the Council to work out agreements; a permanent central bureau would superintend their application, and could demand explanations from the governments of countries where the activity of the cartels appeared contrary to these agreements. The Council of the League of Nations could impose sanctions.

The author of a French memorandum<sup>3</sup> points out, however, that a control of this kind would be somewhat difficult. It would be hard to make fixed rules of control, to judge to what extent selling prices were or were not reasonable, or whether the profits from the monopoly were or were not lawful. Such a judgment would presuppose that all the various activities of the enterprises had been taken into consideration. The application of sanctions would be still more delicate. At the present time, nations would hardly submit to international intervention in their national policies, and still less in the activities of private national groups. Several authors of memoranda<sup>4</sup> suggest a method which it

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<sup>1</sup> Oualid : *op. cit.*, pp. 49 to 55.

<sup>2</sup> Dunn : *op. cit.*, pp. 132 and 133.

<sup>3</sup> Maroger : *op. cit.*, p. 175.

<sup>4</sup> Dunn : *op. cit.*, p. 39.

Staley : *op. cit.*, p. 116.

appears to them could be carried out more easily : to increase the representation of consumer countries and groups in the bodies responsible for the management of international restriction schemes.

### 3. EXTENSION OF THE POLICY OF NON-DISCRIMINATION

Another category of international agreements proposed in certain memoranda<sup>1</sup> suggests the extension of the open-door, or rather, the non-differential system. The authors usually suggest the application of a system of economic equality to colonial territories. According to them, the policy of non-discrimination should extend to the customs, fiscal and administrative systems applied to citizens of different nationalities and to the establishment of foreign exploitation enterprises. Moreover, the abandonment of imperial preference in colonial territories would in all probability enable the dissatisfied countries to find new markets for their manufactured goods.

However, the author of a French memorandum<sup>2</sup> points out that such a solution would not necessarily be very efficacious. Even colonial territories under the open-door régime are often considerably affected by the commercial influence of the metropolis; their monetary system is usually linked with that of the mother country; loans are generally raised in the mother country; the very nationality of the agents and of the colonists affects the current of trade. As regards the territories under mandate, the majority of which enjoy the open-door régime, statistics<sup>3</sup> show that their largest trade is with the mandatory nation, with two exceptions : British Cameroons and French Togoland. The same may be said in regard to the Belgian Congo, which, in spite of the open-door policy, illustrates the preponderance of the home-country in the trade of a colony.<sup>4</sup>

As regards investments, the same non-discriminatory system appears advisable to some authors. In this case it would certainly be necessary, as in the case of international chartered companies, to obtain guarantees from the lenders. A United States memorandum<sup>5</sup>

<sup>1</sup> *Raw Materials and Colonies* : *op. cit.*, pp. 54 and 55.

Maroger : *op. cit.*, pp. 176 to 192 and pp. 220 and 221.

Staley : *op. cit.*, pp. 185 and 210.

<sup>2</sup> Maroger : *op. cit.*, pp. 177 and 178.

<sup>3</sup> Maroger : *op. cit.*, pp. 198 to 200.

*Raw Materials and Colonies* : *op. cit.*, pp. 61 and 62.

<sup>4</sup> *Le Bassin Conventionnel du Congo belge*, (Belgian Memorandum No. 1), p. 100.

<sup>5</sup> Staley : *op. cit.*, pp. 207 to 210.

insists that lenders must distinguish between the act of investment abroad and the desire for political penetration, and agree to adjust the invested capital to the national conditions of the country in which it is employed. The same memorandum suggests agreements clarifying the clauses of international law regarding the rights of foreign proprietors, and fixing both the limits of such rights and rules for their protection.

According to the French memorandum<sup>1</sup> already quoted, the proposed extension of the open door régime in colonial territories would cause certain reactions in the colonies. No doubt the social and economic advantages of lower prices would be unquestionable from the point of view of the consumers. However, so long as protectionism remains general, the colony might prefer the advantages to be obtained by reciprocity agreements. To accord advantages to other countries automatically would be to lose the possibility of occupying a favourable position for negotiations. Lastly, the rapid development of Japanese exports to the markets of Asia and Africa during the past few years has forced colonial territories such as the Netherlands Indies, which were traditionally free traders, to adopt restrictive measures.

Some authors consider that the extension of the open-door system in the colonies would undoubtedly meet with difficulties and would have relatively little effect. Others consider that this solution would not only have important economic advantages but also enormous psychological advantages. The great colonial Powers would thus prove their desire to collaborate; they would give the signal for a return to practices favourable to a free circulation of capital and of goods.

### (iii) General Proposals with a View to a Return to Freer Circulation of Goods and Capital

Many authors consider that the solution of the problem of raw materials is to be found in a complete transformation of the present economic systems, in the abandonment of economic nationalism, and in the return to more active circulation of goods and capital.

It is of course impossible to return to a system of complete *laissez*

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<sup>1</sup> Maroger : *op. cit.*, pp. 192 to 198.

*faire*. But a compromise is perhaps possible, and the author of an international memorandum<sup>1</sup> speaks of a policy of regulated economic expansion.

#### 1. FACTORS FAVOURABLE TO THE ATTENUATION OF PROTECTIONISM

Several authors insist on the fact that to-day conditions seem favourable to a new evolution towards liberalism. The author of an international memorandum<sup>2</sup> notes in the first place that at the present moment certain factors are at work in favour of the stability of exchanges. In fact, many debts have been reduced either by devaluation or by non-payment; an increased gold production has constituted new monetary reserves and made possible a new expansion of credits; monetary technique has improved; more frequent and more regular relations between the central banks promise more harmonious understanding; and lastly, the tripartite monetary agreement between the United States, France and Great Britain has made it possible to expect the maintenance of the balance of exchange not only in the countries which have signed that agreement but for all the nations. The lessening of the menace of monetary fluctuations, and the relative security which may result therefrom, may bring about the disappearance of an important element in the development of contemporary protectionism.

The author of the same memorandum<sup>3</sup> further points out that the bad distribution of gold reserves in the world is not only prejudicial to those who lack monetary reserves and who maintain their balance of external payments artificially by controlling exchange or by restricting imports, but also to those who have an abundance of gold. The rise in prices in these latter countries may perhaps be an encouragement to production, though probably only a temporary one, and may for a time permit an improvement of the standard of life; but it presents all the dangers which accompany any excessive expansion of credit.

#### 2. METHODS SUGGESTED

The author concludes therefore that means must be found to afford the countries which lack gold increased possibilities of sales to those countries where prosperity is increasing. This movement of

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<sup>1</sup> Condliffe : *op. cit.*, pp. 55 to 60.

<sup>2</sup> *Id.* : pp. 47 to 54.

<sup>3</sup> *Id.* : pp. 56 and 57.

exportation would thus allow an increase in the resources of the poor countries, and would at the same time limit the rise of prices, to the advantage of the mass of consumers, and would check dangerous tendencies toward boom conditions. The policy of the United States of lowering tariffs by bilateral treaties has already indicated the path that should be followed. The author<sup>1</sup> also declares that differential tariffs on the colonial markets must be suppressed or reduced, and a flow of exports from the poor countries stimulated by the opening of credits for the equipment of new countries. The increase of exports from the poor countries would allow them to reconstitute their monetary reserves; and the creditor nations would find, in the countries whose exports had increased, new possibilities for investments which would relieve the plethora of their own monetary reserves.

At the same time, the nations to whom new markets had been opened would have to be asked to reform their economic policy. The differential and discriminatory practices of the German monetary system, export subsidies, clearing agreements, would have to be abandoned and short-term debts mobilized.

The means of arriving at this result may vary. According to the author of the international memorandum<sup>2</sup> just referred to, the result could be obtained by new commercial agreements based on political reconciliation. Nations having adopted the policy of exchange control should agree to stabilize their currency at an invariable rate for all goods and for all other currencies, to abandon export subsidies, and to resume payment of their debts on a basis to be negotiated; whereas the creditor countries would agree to open their export markets and even to give financial assistance to mobilize the short-term debts and to provide means of maintaining the stability of exchange.

The author of another international memorandum<sup>3</sup> thinks that the development of commerce and international credit between the countries which are still relatively free economically is the first thing to attempt. The group of the tri-partite agreement, which Belgium, Holland and Switzerland have now joined, might serve as a nucleus for such an experiment. A commercial policy similar to that practised for some time past by the United States Government might be developed

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<sup>1</sup> Id. : pp. 33 to 35, and pp. 59 and 60.

<sup>2</sup> Id. : pp. 59 and 60.

<sup>3</sup> Heilperin : *op. cit.*, pp. 31 ff.

between these countries. Agreements including the most favoured nation clause and a preferential régime would apply only to States having abolished all commercial restrictions between them with the exception of customs duties. In addition, these countries would settle the question of debts among themselves, and the movement of long-term capital could start again. But these preferential agreements or these movements of capital would extend to countries imposing restrictions only in so far as the latter agreed to abandon the control of exchange and the exceptional restrictive differential measures which they had adopted. Thus it would be possible to develop in a smaller group of countries a new circulation of goods and capital; and in addition, it would perhaps be easier to induce certain countries to give up autarky.

To be sure, even those who make such proposals do not conceal the difficulties involved. On the one hand, political agreements would undoubtedly have to accompany or precede these economic agreements. Here it does not appear that a regional system can offer useful solutions.<sup>1</sup> And the desire for independence, the aims of which are strategic as well as economic, would have to give way before the desire for collaboration. Moreover, the diversity of social policies has caused the development in more than one country of costly experiments which the governments think they can carry out only in a self-contained economy. Finally, it is doubtful whether the peoples who have made great sacrifices in order to develop and organize systems of autarky will readily consent to reduce an industrial equipment intended for the production of substitutes and to abandon projects and plans which they have arranged to carry out over a long period of years.

Certain authors, then, do not consider that the economic problem of raw materials exists as such; difficulties in the purchase of raw materials arise only through the development of dangerous systems of protectionism or autarky; the solution of the problem of raw materials must be found in the abandonment of these systems and of the economic nationalism which has allowed them to develop. Others, whatever opinion they may hold with regard to the new forms of protection or restriction, believe that these measures are part and parcel of systems the disappearance of which can hardly be looked for, in any case in the

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<sup>1</sup> H. Gliwic : *Economie Régionale*, (Polish Memorandum No. 5), pp. 53 ff.

near future; autarky must be reckoned with, and, within the framework of these systems, solutions must be sought which will attenuate as far as possible the conflicts which may arise.

But whatever solution is suggested, the majority of the authors of memoranda agree that purely economic solutions of the problem of raw materials are not sufficient, and that political solutions must also be found. The author of a United States memorandum<sup>1</sup> says that the international problem of raw materials is a problem of armaments. If governments would confine themselves to raising the standard of life of their peoples, conflicts with regard to raw materials would be few in number. The authors differ only in the degree of importance they attribute to this aspect of the question, though they all admit that it is fundamental. Political insecurity is the very basis of the conflicts over raw materials. The question of raw materials must be considered from another point of view than that of war-preparation; that is an indispensable condition for the realization of peaceful change in this domain.

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<sup>1</sup> Staley : *op. cit.*, p. 234.



# INTRODUCTORY REPORT ON THE STUDY OF DEMOGRAPHIC QUESTIONS

by

Leonard J. CROMIE, Secretary-Rapporteur

## (i) Introduction

The importance of the demographic aspects of the problem of peaceful change was recognized at the very outset of the preparatory work for this present Conference. In laying down the general subject of study, the Programme Committee appointed by the Eighth International Studies Conference set down population and migration questions as being the first subjects of special reference. The first definition of these subjects was made by the General Rapporteur in his Preliminary Commentary of November, 1935. In that document, he stressed the fact that "questions of population, of migration, etc. concern us only from a special point of view, only in so far as they give rise to claims, needs or aspirations which imply a modification of the *status quo*, of the existing international relations." A further limitation and definition of the frame of reference was made by the General Rapporteur in his General Plan of Work, communicated to the Members of the Conference in January, 1936, following the discussions of the second meeting of experts on peaceful change. Particularly noteworthy was the recommendation that questions of colonization be separated from questions of population and migration.

In the same month of January, 1936, the International Study Group on Demographic Questions was created by decision of the Conference's Executive Committee, acting in agreement with the General Rapporteur. Various experts were appointed to serve on this body by the member

groups at the request of the Institute. On March 13, 1936, the first meeting of the Group took place in Paris, attended by five experts, the General Rapporteur and the Director of the International Institute of Intellectual Co-operation. At this meeting, specific proposals for subjects of study submitted by member groups were considered and recommendations were made for the further development of the work. Chief among these was that special attention should be given to the study of concrete cases of overpopulation, internal colonization as a remedy for overpopulation, and the possibilities of habitat, for the different races, of regions capable of receiving further immigration.

At the Madrid Conference of May 1936, the title "demographic questions" was substituted for "population and migration questions", since it was felt that these were but two aspects of the same problem. It was also understood that in so far as national and ethnical questions were concerned, the Conference would examine such concrete cases as its Members should have undertaken to study.<sup>1</sup> A definite plan of study was adopted at Madrid,<sup>2</sup> and a Secretary-Rapporteur for Demographic Questions was appointed with the function of co-ordinating the demographic studies under way and keeping the General Rapporteur and the Members of the Conference informed as to their progress.

Since then, the demographic study has progressed continuously and smoothly along the lines laid down by the Madrid Conference. In the course of his activities, the Secretary-Rapporteur has been in

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<sup>1</sup> See below note on the study of National and Ethnical Questions, p. 166 ff.

<sup>2</sup> The plan adopted in Madrid was as follows :

1. The notion of overpopulation.  
When can it be said that a State is overpopulated?  
What are the principal criteria of overpopulation?
2. What are the areas which seem to offer possibilities of habitat for the different peoples, (climate, social conditions, etc.)?
3. Within the limits thus laid down, what are the difficulties arising out of the problem of migration?  
a) from the point of view of the country of immigration;  
b) from the point of view of the country of emigration.
4. What means might be resorted to, to overcome these difficulties?
5. Domestic remedies for overpopulation :  
a) international colonization;  
b) increase of the resources of the overpopulated State intensification of its economic life.
6. Colonial expansion (cf. Colonial Study).

frequent correspondence with the collaborating experts and has personally visited these experts in seven different countries. Interim progress reports have been prepared and circulated to the member groups. Acting upon the recommendation of the International Study Group, an appeal was made to four recognized international authorities to prepare basic memoranda covering certain special subjects, namely, overpopulation, optimum population, difficulties and suggested solutions of the problem of international migrations, and possibilities of habitat. Three of these appeals were answered favourably. An arrangement was made whereby certain publications of the International Labour Office, treating some technical and statistical aspects of the migration question, have been placed at the disposal of Conference Members.

A second meeting of the International Study Group for Demographic Questions was held in Paris on January 22, 1937, attended by seven experts, the General Rapporteur and the Director of the Institute. A comprehensive survey of the status of the demographic study to date was made at this meeting, certain gaps were noted in the proposed documentation and recommendations were made as to the final orientation and conclusion of the work. As a result of this meeting, the Secretary-Rapporteur suggested the initiation of certain new studies and the reorientation of other studies already under way. In several instances this effort has met with success.

It can be reasonably expected that the demographic documentation of the Conference will be constituted by between thirty and forty individual memoranda, submitted by fourteen member groups and three international experts. In addition, four unofficial documents, dealing in whole or in part with demographic questions, have been placed at the disposal of the Members. It is obviously impossible, in a brief introductory report, to analyse in any detail such a wealth of material. It will be difficult to give full and just weight to all of the memoranda, each of which has its own special value and importance. Nevertheless, the main lines of thought relating to the demographic aspects of the problem of peaceful change, which will undoubtedly be developed at the Conference itself, already emerge from the documentation at hand. In the following pages, we will attempt to set forth these main lines of thought within the framework of the general plan of demographic studies.

## (ii) The Notion of Overpopulation

Among the different demographic aspects of the problem of peaceful change, no single question has received more attention in the memoranda than that of overpopulation and its corollaries, optimum population and underpopulation. Nor is the reason far to seek. Without exception, the authors are in agreement that lack of demographic balance can be a seriously disturbing factor in international relations and one which, if not adjusted, may sooner or later threaten the peace of the world.

Professor Landry expresses the belief that overpopulation is a more important cause of conflict between nations now than in the past. "Since the beginning of humanity", he writes, "there have been conflicts in which overpopulation played a rôle, although the word itself was not used; but I believe that overpopulation, as I have attempted to define it, plays a greater rôle than in the past as a cause of international strife."<sup>1</sup>

Professor Winkler expresses the same idea: "The consequences (of overpopulation) are no less dangerous when the pressure of population leads to movements across frontiers."<sup>2</sup> The theme is repeated in a very direct manner by Professor Burky. "A young and prolific people, forbidden the free circulation of its men and products, may feel itself obliged to resort to war."<sup>3</sup>

Population questions in general may become a factor in international affairs in two ways, directly and indirectly, according to Professor Nahlik.<sup>4</sup> Directly, when such questions as conflict of nationality laws or the admission of immigrants become the subject of international negotiations and accords. Indirectly, when States, "although not mentioning population expressly, nevertheless attempt to influence the course of international relations in a manner to conform to the needs and interests of their population." The same writer lays great stress upon the necessity of the regulation by the competent international

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<sup>1</sup> Adolphe Landry: *La notion de surpeuplement*, (French Memorandum No. 1), p. 15.

<sup>2</sup> Wilhelm Winkler: *The fertility of the people of the Danube Basin*, (Austrian Memorandum No. 10) pp. 2 and 3.

<sup>3</sup> Charles A. Burky: *La Notion de surpeuplement*, (Swiss Memorandum No. 3), p. 4.

<sup>4</sup> Stanislaw Edward Nahlik: *L'accroissement naturel de la population et ses facteurs*, (Polish Memorandum No. 4), p. 69.

organizations of the lack of balance between demographic resources and population pressure on the one hand and the distribution of territory on the other. If this is not done, he warns us that "the pressure of population for which it has not been possible to find a normal outlet will be released by violence. Nothing can prevent it. It is simply the physical law of communicating vessels which will be acting here."<sup>1</sup>

Professor Carr-Saunders<sup>2</sup> sees the matter in a slightly different light. For him, the danger of expansionist sentiments on the part of a nation arises more often from the fear of overpopulation, due, perhaps, to a rapid expansion in numbers, than from the thing itself. A really overpopulated nation is hardly in a position to make war. But the danger, for being psychological, is none the less real.

The unanimity of the demographic experts on the prime importance of overpopulation for the problem of peaceful change is thus apparent. We may turn our attention to the particularly exacting scientific task of the definition of overpopulation.

#### OVERPOPULATION

There are two angles of approach to the problem of determining whether a particular State is overpopulated. It is possible, of course, to lay down a simple, theoretical definition of overpopulation and then apply it to the State in question. That this method presents virtually insurmountable practical difficulties, however, is made very clear in the preliminary studies at hand. A more promising method of approach is to establish certain criteria of overpopulation, to search, within a given State, for certain symptoms which suggest, though they can never positively indicate, the existence of overpopulation. Variations of both these methods are discussed in detail in the demographic documentation of the Conference.<sup>3</sup>

It is of interest, however, to note at the outset that one expert, Dr. Burky, denies even the theoretical validity of the term "overpopulation". He writes,<sup>4</sup> "Overpopulation is an improper term, the very incorporation of which in social terminology constitutes a danger. Overpopulation, in the last analysis, is the sentiment of a class, of the

<sup>1</sup> Nahlik : *op. cit.*, p. 106.

<sup>2</sup> A. M. Carr-Saunders : *World population*, (United Kingdom Memorandum No. 2), p. 324.

<sup>3</sup> See Introductory Report on Memoranda on Danubian Questions, p. 233.

<sup>4</sup> Burky : *op. cit.*, p. 2.

educated and ruling class, and of a few countries of high density." His point is, of course, that the phenomena which are generally attributed to overpopulation can always be overcome by the utilization of new resources and by increased efficiency in the production and distribution of goods. The other experts would presumably admit the validity of this point in theory. However, they are in agreement that, where it is unlikely that such phenomena of distress can be relieved over a reasonable period of time by the utilization of new resources or improved technique, real overpopulation may be said to exist.

It may be said at once that the experts are unanimous in discarding any rigid, archaic formulae for the definition of overpopulation based on mere arithmetical density, such as the theory of Stanley according to which a density of 86 inhabitants per square kilometre automatically led to emigration. As Dr. Gliwic points out "10 men have more difficulty in finding subsistence on 10 square kilometres of desert than 100 men on 100 hectares of fertile ground."<sup>1</sup>

Two concise, theoretical definitions of overpopulation are stated by Professor Landry.<sup>2</sup> One of these is absolute: "One may say that there is overpopulation when the population exceeds the optimum." The usefulness of such a definition obviously depends upon the possibility of fixing with any degree of accuracy the optimum population for a given country. This is a question which will be dealt with further on. The second definition that he offers is relative: A country is overpopulated in relation to another country when its standard of living is lower than that in the latter. Thus country A, though underpopulated with reference to an absolute optimum, may consider itself overpopulated in relation to its neighbour B. Certain qualifications naturally accompany this definition. Country A cannot consider itself overpopulated in relation to B if its lower standard of living is due to a more backward technique of production, an indolent population, an inefficient government or other internal causes. It is this second type of overpopulation which Professor Landry<sup>3</sup> considers to be of greatest importance from the point of view of peaceful change, for it is this which gives rise to claims looking toward a revision of the *status quo*. Such claims are not put forward by those nations which are unques-

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<sup>1</sup> Hipolit Gliwic: *Introduction au concept de l'optimum de la population*, (Polish Memorandum No. 3), p. 22.

<sup>2</sup> Landry: *op. cit.*, p. 1.

<sup>3</sup> Landry: *op. cit.*, p. 4.

tionably suffering from absolute overpopulation, but rather by nations whose standard of living, while not the lowest, is lower than that prevailing in States of the same level of culture and civilization. The practical application of this relative definition of overpopulation, however, depends upon another question. Is it possible to compare different standards of living at all accurately? In the light of the discussions at the second meeting of the International Study Group for Demographic Questions, it would appear that this is not the case, owing to the multiplicity of factors involved and the present inadequacy of the statistical data.

The relative and psychological nature of overpopulation is further emphasized by Professor Hurd in his chapter entitled *The Ability of Canada to Receive Immigration*. He points out that overpopulation may be a matter of subjective, individual appreciation. "The immigrant to whom Canada offers opportunities which his native land denies him cannot think of Canada as overpopulated. The Canadian who, perhaps because he possesses special abilities for which no outlet can be found in Canada, migrates to the United States, does so because he believes that, for his purposes, Canada is overpopulated."<sup>1</sup>

Professor Carr-Saunders, recognizing the practical impossibility of applying theoretical definitions to determine the existence of overpopulation in a given country, turns his attention chiefly to the second method of approach, the establishment of certain criteria or signs which are highly suggestive, if not conclusive evidence of overpopulation. What are these criteria? Certainly not unemployment, for unemployment occurs periodically in all countries and is frequently most pronounced in those having the lowest population density. "Such tests", says Professor Carr-Saunders, "are hard to come by"; yet he does set forth a few phenomena which may be indicative of demographic pressure. In agricultural countries, for instance, "if we find that farms are very small, that the amount of labour applied to an acre is large, that living is poor and less than that won in other countries where skill is no higher but farms are larger, we may suspect overpopulation." In some cases, moreover, it is possible, by comparing movements in real income and population figures over a period of time, to judge which way the optimum is moving and thus to calculate

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<sup>1</sup> H. F. Angus (Editor) : *Canada and the doctrine of Peaceful Change*, (Canadian Memorandum No. 1). W. B. Hurd. Chapter II, p. 64.

whether the country in question is more or less overpopulated. In general, this authority concludes, "the one unescapable consequence of overpopulation is poverty — greater poverty than there need be in view of the resources of the country and the skill available for exploiting them."<sup>1</sup>

Dr. Büchner<sup>2</sup> considers that the various economic and social situations which are covered by the one name — overpopulation — arise essentially from the manner in which the population is distributed among the different parts of the framework of the economic life, and from the permanent and varying conflict which results in an opposition between individuals and the natural and political factors of territorial organization.

A special method for the calculation of the degree of overpopulation in self-supporting agrarian districts is described by Dr. van Heek. Dr. van Heek gives the following basic definition of overpopulation: "By overpopulation we mean such a density of the population that under the existing stage of development in scientific means of production and the present distribution of the means of production, the population is unable to provide itself with the necessities of life... Overpopulation can occur only if the general standard of prosperity renders the maintenance of the energy of the population impossible. The intensity of population pressure increases proportionately as the population recedes from the attainment of the above-mentioned minimum of subsistence."<sup>3</sup> On the basis of this definition, and using a refined statistical method, this author then proceeds to calculate the intensity of overpopulation in certain self-contained agrarian districts of China.<sup>4</sup> His method consists in comparing the total minimum living requirements *per capita*, expressed in terms of their food products, with the population density per hectare of cultivated land and the average annual yield of food products per hectare of cultivated land. The obvious practical limitation of Dr. Van Heek's method is that it is applicable only to virtually self-contained backward regions having an agricultural economy and where the living requirements of the population are absolutely minimum. Moreover, it is questionable whether his definition of overpopulation, based on the minimum standard of living

<sup>1</sup> Carr-Saunders : *op. cit.*, pp. 138, 139.

<sup>2</sup> Hans Büchner : *La notion de surpopulation*, (Swiss Memorandum No. 5), p. 15.

<sup>3</sup> F. van Heek : *The calculation of population pressure in agrarian territories inclined to be self-supporting*, (Netherlands Memorandum No. 2), p. 4.

<sup>4</sup> van Heek, : *op. cit.*, p. 9 ff.



necessary to maintain the vital energy of the population, would be acceptable in countries having a high standard of living and a low population density.

It was hardly to be expected that the collaborating demographic experts of the Conference should arrive at any single definition of overpopulation. It is only essential, for the consideration of the broad problem of peaceful change, that there should be a substantial measure of agreement as to the notion of overpopulation. This understanding exists. The existence of the theoretical concept of absolute overpopulation, at least in respect to present resources and technique, is generally admitted. A relative concept of overpopulation, strongly influenced by psychological and subjective considerations, is also recognized as a source of friction and misunderstanding in international affairs. It may be presumed that there is also a large measure of agreement on the symptoms or criteria of overpopulation. All the experts lay great stress on the importance of the relative concept of overpopulation for the problem of peaceful change. They are supported on this point by Dr. Burky who, while defining overpopulation as a state of mind of a class and of particular nations, frankly recognizes this as a grave menace for world peace.<sup>1</sup>

#### OPTIMUM POPULATION

This discussion of the Conference on overpopulation brings our attention to the notion of optimum population, for the one concept is the logical corollary of the other. In order to establish the existence of absolute overpopulation, it is necessary to define optimum population. And while it is generally agreed by all collaborating experts that it is impossible to calculate statistically the optimum population for any given country — and, consequently, to measure the degree of absolute over- or underpopulation it is, nevertheless, desirable, in considering the problem of peaceful change, to have some idea of what is meant by the notion of optimum population. For it is a goal towards which all enlightened nations will strive by international as well as internal action. The better the nature of this goal is understood and the closer it is reached by the individual peoples, the greater will be the prospects for harmony and co-operation among the nations.

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<sup>1</sup> Burky : *op. cit.* p. 4.

There is no difficulty in setting down an elementary definition of the notion of optimum population. This has been variously stated by the different contributors to our documentation. Dr. van Heek, for example, calls the economic optimum of population "the size of a population by which the largest possible production per inhabitant is obtained." He goes on to say, however, "We consider Mombert is right when he says the social sciences are not yet sufficiently developed to fix such a clear demarcation between under- and overpopulation."<sup>1</sup> Likewise, Professor Carr-Saunders defines optimum population as "that population which produces maximum economic welfare." He also adds, "It must not be assumed that... we can say what it is from our knowledge of the prevailing conditions. We can in fact do nothing of this sort; there is no way by which we can even begin to make such a calculation."<sup>2</sup>

If the demographic experts are in agreement that it is not possible to calculate optimum population as a measuring-rod for determining the degree of under- or overpopulation in a given country, they have, none the less, made an important contribution to the study of peaceful change by throwing light on those factors which determine the notion of optimum population. For the majority of the authors, the notion of optimum population implies more than the simple maximum economic welfare of the individual. A variety of factors, many of them of a subjective nature, come into play, so that the ultimate definition of optimum population depends largely upon the point of view of the individual author — upon the desiderata on which he lays most stress.

Dr. Gliwic treats this subject at length. "Humanity", he writes, "tends constantly, though unconsciously, to arrive at the demographic optimum by conserving the balance between its numerical increase and the progress of civilization. This optimum, moreover, is not always the same; it varies and depends upon the genius of man and his talents for taking advantage of the gifts of nature."<sup>3</sup> He maintains that optimum population does not necessarily imply a sparse population. A large population is essential if the maximum advantage is to be obtained from vast stretches of land and a high standard of living secured. Basing his judgment upon the sources of raw materials and

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<sup>1</sup> van Heek : *op. cit.*, p. 4.

<sup>2</sup> Carr-Saunders : *op. cit.*, p. 137.

<sup>3</sup> Gliwic : *op. cit.*, p. 19.

the world distribution of population, Dr. Gliwic concludes that Europe is lacking in raw materials though not in men while the contrary is true of the new world.<sup>1</sup> "How considerably it would be necessary to modify the distribution of labour, that is of the world's population, if it were proposed to distribute rationally the work of the earth!"<sup>2</sup>

The subjective and essentially arbitrary nature of any definition of optimum population is emphasized by Professor Landry. The fixing of an optimum depends upon whether one attaches more weight to the welfare of the State (i. e. its capacity for defence, which would imply a large population) or to the welfare of the individual and to the factors which one assumes relevant to his welfare. It is Professor Landry's opinion that quantitative considerations are too frequently overlooked in this connection.<sup>3</sup>

This point of view is strongly supported and developed by Professor Livi.<sup>4</sup> "According to a materialist conception", he writes, "a population reaches its optimum when the number of inhabitants of a given country makes it possible to obtain, in certain conditions, from natural resources, from instrumental capital and from technique, the maximum advantages." He rejects this conception because it is inspired exclusively by the idea of maximum individual profit and does not take into account the interests of the community, cultural and moral interests, or future interests. Future interests especially must not be neglected, since the attainment of any optimum is dependent upon the maintenance of the capacity of increasing the population. There can be no such thing as a stationary population, according to Professor Livi, for where the birth rate exactly balances the death rate the inevitable tendency is towards decline.

The basic Conference document on optimum population is that prepared by Dr. Imre Ferenczi.<sup>5</sup> Dr. Ferenczi's task has been to analyse in detail and evaluate the different considerations relevant to the establishment of an integrated and balanced notion of optimum population. He, too, feels the notion of an economic optimum to be over-simplified, as it fails to take adequate account of the development

<sup>1</sup> Gliwic : *op. cit.*, pp. 12 ff.

<sup>2</sup> Gliwic : *op. cit.*, p. 13.

<sup>3</sup> Landry : *op. cit.*, pp. 1 and 2.

<sup>4</sup> L. Livi : *La conception d'optimum de population et de surpeuplement avec considération spéciale pour l'Italie*. Record of the preparatory Conference on Peaceful Change. Part One, p. 216.

<sup>5</sup> Imre Ferenczi : *The Synthetic Optimum of Population*, International Institute of Intellectual Co-operation, Paris, 1938.

of statistics, the need of security felt by individuals as well as governments, and the influence of movements in the demographic structure and biological qualities of the population on the material well-being of nations and of individuals. Weighing each of these elements carefully, the requirements of social policy, of security, of rational demographic evolution, and of eugenic selection for the betterment of the race, he arrives at a proportional or synthetic notion of the optimum of population which can stand as a goal towards which nations and the world as a whole may strive. Dr. Ferenczi concludes his paper by outlining certain practical steps, in the nature of international accords and action, which must be taken if this goal is to be brought nearer reality.

#### UNDERPOPULATION

Since underpopulation is the counterrpart of overpopulation and its definition entails precisely the same difficulties, no particular stress has been laid on this point in the memoranda. Dr. Ferenczi defines underpopulation as beginning with "a minimum size of population below which it cannot fall without the insufficient exploitation of resources bringing about a decline in general welfare."<sup>1</sup> It may be assumed that this or a very similar definition would be acceptable to all the authors. In any case, it is clear, by definition, that underpopulation can be as unhappy in its consequences as overpopulation. That it receives less attention is probably due to the fact that rarely, if ever, has underpopulation been advanced as an immediate basis for claims looking toward the revision of the *status quo*.

Underpopulation does, nevertheless, have a very real bearing on the problem of peaceful change. For a country could scarcely urge a redistribution of population or territories, giving its own overpopulation as a motive, if all the other countries of the world were likewise overpopulated or even if they were blessed with an optimum population. Claims advanced by overcrowded countries are based on the hypothesis that certain other regions of the earth are underpopulated and that, consequently, it would be to the advantage of all to bring about the changes they advocate.

The argument that the world as a whole is underpopulated is advanced most emphatically in those papers which, elsewhere, advocate some change in the *status quo*. Thus, Professor Livi writes,<sup>2</sup> "The

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<sup>1</sup> Ferenczi : *op. cit.*, p. 106.

<sup>2</sup> Livi : *op. cit.*

world is indeed underpopulated, and if there are regions which are overpopulated, these do not make up for the underpopulation of the remainder. The present crisis, which is due to the lack of equilibrium between the capacity of production and the capacity of consumption, furnishes us with a further proof." In a similar vein, Dr. Burky writes,<sup>1</sup> "In fact, the world is still sparsely populated. It has less than 15 inhabitants to the square kilometre (all of humanity could be assembled on the surface of the Lake of Geneva, counting three or four individuals to the square metre)."

It serves very little purpose, however, merely to point out that the average density of world population in relation to the total land area is low. If a substantial case is to be made for peaceful change in this field, it must be shown that certain habitable countries or regions of the earth are underpopulated and that they would stand to benefit by increased numbers. This point has been discussed by the authors of several Conference documents, who have turned their attention chiefly to North and South America, Australia and New Zealand, and Africa.

Professor Carr-Saunders,<sup>2</sup> in reference to the European countries overseas, emphasizes their low density of population. "In the United States", he writes, "one of the most favoured regions of the world as regards climate, natural resources, fertility, and ease of communication, there are only 41 persons per square mile, whereas in Europe the corresponding figure is 130." Adding that there are no grounds for supposing that Europe is overpopulated as a whole, he concludes: "There are grounds for thinking that a denser population in the United States would be beneficial because it would tend to reduce the costs of production and of distribution." The British Dominions, according to this authority, are even more sparsely populated than the United States, the density of Canada per habitable square mile being 7.7, that of Australia 3.8, and that of New Zealand 18.1. "Thus", he concludes again, "there is a good case for saying that a much denser population will be necessary in these new countries if their resources are to be fully employed." Clearly, however, a country's population cannot be doubled or tripled overnight. Population increase is limited by the

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<sup>1</sup> Burky : *op. cit.*, p. 4.

<sup>2</sup> Carr-Saunders : *op. cit.*, pp. 172, 173, 175 and 176.

possible rate of economic expansion. There is no way of fixing this possible rate of population increase theoretically except in the light of past experience, and in all of the countries under consideration this has averaged about 2 % per annum. If this rate of growth continues, "although these countries will still be lightly populated for several decades, there will be no substance in the charge that the owners occupy territory that they do not use... But, if it does not, the charge will lie." According to Professor Carr-Saunders' estimates,<sup>1</sup> this rate of growth will probably not be maintained through native fertility. In 1913, the population of the United States was only just replacing itself, and in Australia and New Zealand the reproduction rate was already below unity in 1932. It would, however, appear that if no immigration takes place these countries are faced with potential underpopulation if they are not actually suffering from it.

In regard to Africa, Professor Carr-Saunders is dubious about the ability of that continent to support a much larger population under present circumstances. On the other hand, he feels that South America would stand to benefit by increased members, and in this view he is supported by Dr. Fernand Maurette<sup>2</sup> and by Dr. Bandeira de Mello.<sup>3</sup>

Professor Hurd<sup>4</sup> joins issue with some of the high estimates that have been made of Canada's potential population carrying capacity which would imply that that country is to-day underpopulated. "Some seem to hold", he says, "at least by implication, that a country is underpopulated until it reaches the limit of its carrying capacity... This definition is totally unacceptable in the United States and the British Dominions." Estimates of Canada's potential population capacity are usually based on her possible agricultural production and on her rich reserves of natural resources. However, Professor Hurd points out that farming in Canada and the other British Dominions is largely a commercial enterprise producing large quantities of foodstuffs for export and, secondly, that food represents only about 15 % to 20 % of normal living costs compared with very much higher proportions in countries with heavier population densities, lower standards of life

<sup>1</sup> Carr-Saunders : *op. cit.*, p. 180, and chap. XX, p. 300 ff.

<sup>2</sup> F. Maurette : *Immigration and Settlement in Brazil, Argentina and Uruguay*. International Labour Review, vol. XXXV, Nos. 2 and 3, February and March 1937.

<sup>3</sup> Alfonso de Toledo Bandeira de Mello : *La situation démographique des différentes régions du Brésil (peuplement, etc.) et les conséquences, les remèdes possibles, les possibilités d'immigration, les obstacles et les solutions proposées*, (Brazilian Memorandum No. 2), p. 9 ff.

<sup>4</sup> In Angus : *op. cit.*, chap. II, pp. 47, 48 and 49.

and more equable climatic environments. Moreover, he continues,<sup>1</sup> "Most figures on natural resources are at best mere guesses, frequently not even informed guesses, and in Canada are usually characterized by gross exaggeration." Furthermore, natural resources are of no consequence for the purpose of such calculations unless they can be utilized and exploited profitably. Professor Hurd, therefore, takes exception to the statement of Professor Carr-Saunders, noted above, that unless the rate of population increase in countries of low population density is maintained at an average of 2 % per annum for several decades to come, they will be open to the charge of failing to utilize their natural wealth (and, consequently, may be deemed underpopulated). For Professor Hurd maintains<sup>2</sup> that the possible rate of a country's increase in population is dependent not only upon its resources, the enterprise of its inhabitants and the available supply of capital (none of which are lacking in Canada), but also upon the opportunity for trade with other countries of the world.

It is thus made clear by the memoranda at our disposal that underpopulation, like overpopulation, is closely related to the general world economic situation and to the problem of the revival of world trade. Whereas, however, a marked revival in world trade would cause many of the more acute symptoms of overpopulation to disappear, it would lead to more pronounced underpopulation in countries of low population density provided that their rate of increase failed to keep pace with the quickened economic tempo and the opportunities for new expansion. In any case, the demographic experts are in agreement that possibilities for a substantial increase in the population of various regions of the world, notably in North and South America, Australia and New Zealand, are not lacking.

#### SPECIFIC CASES OF OVERPOPULATION

In the preceding paragraphs, we have outlined those parts of our documentation dealing with regions of the world which could presumably support a larger population than they have at present, and which, in any case, are surely not overpopulated. We must next turn our attention to the experts' discussion of the demographic situation in those countries which are widely believed to be overpopulated or which,

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<sup>1</sup> *Ibid.*, p. 52.

<sup>2</sup> *Ibid.*, p. 58.

at one time or another, have put forth claims for a revision of the *status quo* based on alleged overpopulation.

All the memoranda which deal with the question express the conviction that there is serious overcrowding in the Far East. This is notably true of India, China, Japan, Korea and the Netherlands Indies.

India and China, according to Professor Carr-Saunders,<sup>1</sup> have probably reached the Malthusian limit of maximum population. That is, any further increase is rendered impossible by the lack of available food supply. This is indicated by the fact that in both regions the population has been relatively stable over a long period of time (the slow increase in Indian population may be attributed to the extension of cultivation to new areas, irrigation, industrialization) and the birth- and death-rates have remained very high and parallel, fluctuating only in time of famine or of an unusually plentiful harvest. Dr. van Heek<sup>2</sup> has actually calculated the extent of population pressure in certain agricultural provinces of China. In some of these provinces, according to his estimates, as much as 19% of the population is obliged to emigrate or seek other sources of income if the remainder is to have enough food to keep body and soul together. Further light is thrown on Chinese overpopulation by Professor Angus<sup>3</sup> in his summary of this subject. "Roughly 360 million people or 85% of the total population of China are concentrated in a few densely populated regions, comprising an area of only 700,000 square miles, or 17% of the whole country." Dr. Gliwic<sup>4</sup> points out that the population densities of the island of Tsung-Ming and of the peninsula of Hai-Men at the mouth of the Yangtse-Kiang reach the astounding totals of 1,475 and 700 inhabitants per square kilometre respectively. Distressing as it is, however, the demographic situation of these countries is of only limited interest from the point of view of peaceful change. For so long as there is no limitation of births by the inhabitants, no international action can bring any relief. Nor has their overpopulation ever motivated any claim they have put forward for the revision of the international *status quo*. It is scarcely probable, in any case, that their military weakness,

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<sup>1</sup> Carr-Saunders : *op. cit.*, pp. 273 and 290.

<sup>2</sup> van Heek : *op. cit.*, pp. 13, 21 and 22.

<sup>3</sup> H. F. Angus (Editor) : *The problem of Peaceful Change in the Pacific Area*, (Memorandum presented by the Institute of Pacific Relations).

<sup>4</sup> Gliwic : *op. cit.*, p. 13.



resulting from overpopulation, would ever permit their backing up such a claim by force.

The same is not true in the case of Japan, which, despite its overcrowded condition, is a powerful military nation whose efforts to relieve the pressure of its population through territorial acquisitions, agitation for changes in migration laws and an aggressive trade policy have been important factors in world politics since the War. There is little room for doubt as to the existence of overpopulation in Japan. M. Uyeda<sup>1</sup> gives a collection of statistics on this subject and an estimate of the future population of Japan, making quite clear the demographic situation of his country. The net reproduction rate there is high, showing, however, a tendency to decrease in the years to come. Consequently, the "productive" group of the population must increase very strongly and the total population will exceed 80 millions in 1950, to increase still further until 1970. By comparing these data with those which inform us of intense urban immigration and the increase in the number of workers in industry as contrasted with agriculture, the peculiar nature of the problem in Japan can be envisaged.

However, the tendency to stagnation, which appears in the initial period of increase, that is to say, in the rate of reproduction, and various measures, such as birth control, enable us to hope that the phenomena will be at least limited within a few years.

Citing figures on the high proportion of the population engaged in agriculture, the small average size of farm holdings, the relatively low yield in return for the labour expended on these farms, and the paucity of Japan's natural resources, Professor Carr-Saunders arrives at the conclusion "that there is congestion of numbers in Japan, and that the further increase, which is to be anticipated, though less than sometimes supposed, is a formidable menace."<sup>2</sup> According to estimates made in the studies of the Institute of Pacific Relations, Japan must now provide for an annual increment of about a million people. It is further calculated that the total population of the islands will have reached a maximum of 78 or 80 millions by 1950. Shortly after that, the composition of the population will be such, due to the growing practice of birth-control and delayed marriage, that the annual number

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<sup>1</sup> T. Uyeda : *The present conditions of the Japanese population*, (Japanese Memorandum No. 1).

<sup>2</sup> Carr-Saunders : *op. cit.*, p. 226.

of births will probably decrease. There are grounds for belief, therefore, that international action can be of some help in relieving the demographic situation in Japan.

Owing to the complicated economic life of the European States, it is more difficult to get a true picture of the extent of overpopulation here than in the Orient. Professor Carr-Saunders is our authority for the statement that Europe as a whole is not overpopulated. What is of most importance in connection with the study of peaceful change, however, is to determine whether there is overpopulation in certain individual European States, notably in those States from which claims for the revision of the *status quo*, based on alleged overpopulation, are most often heard. The demographic experts have directed their attention principally to Italy, Germany, Poland and the Balkans.

That Italy is manifestly overpopulated is the contention of Professor Livi.<sup>1</sup> He has arrived at this conclusion by comparing data concerning the natural increase with those concerning the effective increase of the population and thus calculating the deficit caused by migration. For the period 1912-1930, this deficit was 42.47 per thousand which is greater than that of any other country. "This clearly proves", he writes, "a demographic pressure which exceeds the possibilities of absorption offered by home resources and by the resources of social and technical progress. Italy is, therefore, an overpopulated country." Professor Carr-Saunders<sup>2</sup> reaches the same conclusion by comparing the demographic situation in Italy with that of Germany. Both countries have the same relatively high density of population. But in Italy nearly half the population is engaged in agriculture as against little more than a quarter in Germany. Moreover, there is more good land in the latter country. For the same return, then, there is more intensive application of labour to land in Italy than in Germany. Italy's population is still reproducing itself, and there is a large excess of births over deaths each year. However, despite all the measures of the Italian Government, the birth-rate is declining and may be expected to fall with ever-increasing rapidity. Professor Carr-Saunders estimates<sup>3</sup> that the Italian population will increase from 40 to 45 millions within the next twenty-five years; after which a net decline may be expected to set in.

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<sup>1</sup> Livi : *op. cit.*

<sup>2</sup> Carr-Saunders : *op. cit.*, p. 142.

<sup>3</sup> Carr-Saunders : *op. cit.*, p. 229.

Germany, it is shown in the various memoranda, has already reached the point where its population is failing to reproduce itself. National-Socialist measures to increase the birth rate met at first with considerable success, but a downward trend has once again set in and at no time was the tendency towards depopulation completely overcome. Under these conditions, it is difficult to speak of overpopulation in any real sense in Germany.

On the other hand, there is little doubt expressed as to the existence of serious demographic pressure in Poland.<sup>1</sup> "Poland is a country where the population problem is particularly acute and where it dominates all social and economic policy", writes Professor Grabski. He bases this conclusion on the constantly diminishing size of farm holdings, the high percentage of the Polish population engaged in agriculture (73 %), the slight development of Polish industry, the strong and constant stream of emigration from Poland, which, before various outlets were closed, amounted to as much as half a million persons a year, the fact that Poland has the highest population density of any country in the temperate zone, and the fact that the growth of population is much more rapid than the accumulation of capital necessary to provide employment for the increased numbers. Professor Carr-Saunders agrees with this opinion,<sup>2</sup> stressing the high agricultural density, the dwarf holdings of farm land, and the powerful current of emigration from Poland as being indicative of overpopulation.

Summing up his chapter on the demographic situation in Europe, Professor Carr-Saunders adds,<sup>3</sup> "There are signs that Rumania, Bulgaria, and Yugoslavia, though not overcrowded to the same extent as Poland and Italy, are over- rather than underpopulated; for in these countries the population is fairly dense while the proportion of the inhabitants engaged in agriculture is very high. The evidence therefore goes to show that Poland and Italy certainly, and possibly also South-east Europe to some slight extent, are overcrowded." Furthermore, the outlook for the immediate future is none too bright. In all of these countries, the population continues to increase, and it is not thought likely that these countries would, by industrialization, be able to take advantage of a resumption of world economic activity. It is a point worthy of

<sup>1</sup> H. Grabski : *Le problème de la population en Pologne et les intérêts des états surpeuplés*, (Polish Memorandum No. 1) p. 55.

<sup>2</sup> Carr-Saunders : *op. cit.*, p. 143.

<sup>3</sup> Carr-Saunders : *op. cit.*, p. 144.

notice, however, that the practice of voluntary family limitation has begun to take hold, to a greater or lesser degree, in these overcrowded nations. And past experience shows that this practice, once started, spreads very rapidly and brings about an abrupt fall in the birth-rate. Eventually their populations may be expected to reach a maximum and thereafter begin to decline. Until that time, an international solution will have to be found to relieve the distressing symptoms of overpopulation from which they suffer.

### SOLUTIONS

A variety of solutions to the problems arising out of overpopulation and underpopulation have been put forward and discussed in the demographic documentation of the Conference. Notable among these are migration, internal colonization, industrialization and colonial expansion, all of which figure in the plan of demographic studies adopted at Madrid and will be dealt with in subsequent chapters of this report.

Two special matters must be noted at this point, however, which, although not specifically referred to in the Madrid plan of study, have been treated in the memoranda and would seem to belong to any general study of demographic aspects of the problem of peaceful change. One of these is birth control as a remedy for overpopulation; the other is the means of combating the depopulation which is threatening the countries of Western and Central Europe and of European civilization overseas, as a result of the sharp and steady decline in the birth-rate.

The argument is often advanced that overpopulated countries have no one but themselves to blame for their distress, that since their inhabitants fail to help themselves by the practice of birth control, they sacrifice all claim to assistance through international action. This argument finds only limited support in the memoranda. The difficulties standing in the way of the acquirement of the technique of contraception by backward peoples are recognized by all the writers who touch this problem. Religious beliefs, hostile to the practice of birth control, are also strongest in precisely those countries where it is most needed. Moreover, the opinion has been expressed by at least one expert, Professor Landry,<sup>1</sup> that it is a selfish and unmoral position for peoples who are themselves heading towards depopulation as a result of the excessive practice of contraception to recommend that

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<sup>1</sup> Landry : *op. cit.*, p. 20.

the hitherto prolific nations of the earth likewise participate in the race to extinction. However, in one respect, as Professor Carr-Saunders points out,<sup>1</sup> birth control is an important element in the solution of the problem of overpopulation. For emigration can bring no permanent relief to overcrowded countries where some family limitation is not practised, as the void created by the departure of emigrants will quickly be filled up by a further rise in the birth-rate. Thus emigration would be of no lasting help to India or China, where family limitation is not as yet practised to any appreciable extent, but it would be of undoubted benefit, from the point of view of relieving overpopulation, to Japan and the other overcrowded countries mentioned, where the practice of birth control has already set in.

We have already alluded to the experts' commentaries on the actual or threatened underpopulation of the countries of Western and Central Europe and of European civilization overseas and the importance of this question in relation to the problem of peaceful change. What means are proposed for overcoming this actual or threatened depopulation? Immigration is one answer advanced by the experts, and this will be dealt with further on. But if immigration, for one reason or another, is deemed undesirable by these countries, their only recourse will be to raise the birth-rate until reproduction, generation by generation, is at least assured. Both Professor Nahlik<sup>2</sup> and Professor Carr-Saunders<sup>3</sup> discuss in detail the motives that lead men to limit their families and the measures taken by various governments to overcome this tendency. They are in agreement that these measures, financial assistance and other benefits for large families and young married couples, social pressure and propaganda, the relatively heavy taxation of bachelors, the prohibition of birth control information, etc., have either not been sufficiently applied or else do not meet the requirements of the situation, for they have met with only very moderate success. It is the conclusion of Professor Carr-Saunders that definite demographic planning must be undertaken on a large scale, involving considerable changes in present habits of life, if the spectre of depopulation is to be conquered.

We have already referred to the practical proposals for co-ordinated international demographic planning advanced by Dr. Ferenczi to over-

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<sup>1</sup> Carr-Saunders : *op. cit.*, p. 326.

<sup>2</sup> Nahlik : *op. cit.*, p. 86 ff.

<sup>3</sup> Carr-Saunders : *op. cit.*, p. 248 ff.

come the problems of overpopulation and underpopulation and hasten the realization of optimum conditions through the world. This authority recommends that a series of agreements be concluded among the nations to this end. These would include : *a*) an agreement concerning the statistical and other indices to be used in calculating a synthetic, social optimum of population; *b*) an understanding on the principles and methods of international action (mutual assistance) to attenuate the differences in living standards between particularly over- and underpopulated countries; *c*) recommendations and, if possible, an international convention on uniform social policy relative to the distribution of family expenditures; *d*) a general convention on equality of treatment for alien workers in the field of social rights; and *e*) an accord on the social principles governing a uniform, qualitative population policy.<sup>1</sup> A preliminary condition for the conclusion of such accords would be a comparative international enquiry on the demographic situation in certain type countries and the carrying on of parallel studies on the inter-action of demographic changes and the principal social problems relating to living standards, perhaps by the International Labour Organisation.<sup>2</sup> For the organization of such studies, Dr. Ferenczi recommends the calling of an official demographic conference (League of Nations Committee for Demographic Conciliation) and the establishment of a Mixed Commission of the international and scientific organizations interested in the question.<sup>3</sup>

### (iii) Habitat

The question of habitat was inscribed in second place in the demographic Plan of Study adopted at Madrid, for it logically precedes any discussion of two of the most important solutions suggested for the problem of overpopulation and underpopulation, namely, migration and colonial expansion. It is clear that migration and colonial expansion can only be envisaged as remedies for the lack of demographic balance in the world if the alleged underpopulated regions, whether independent countries or colonial territories, are suitable, by virtue of their climatic

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<sup>1</sup> Ferenczi : *op. cit.*, p. 113.

<sup>2</sup> Ferenczi : *op. cit.*, pp. 113, 114.

<sup>3</sup> Ferenczi : *op. cit.*, pp. 114, 115.

and social conditions, for settlement by migrants from the overcrowded areas. This subject is dealt with in two different ways in our documentation. Professor Carr-Saunders<sup>1</sup> and Dr. Gliwic<sup>2</sup> deal particularly with the theoretical aspect of the problem; while the practical aspect is studied in detail in the work published under the direction of Dr. Isaiah Bowman,<sup>3</sup> in so far as the material conditions of life — habitat — are concerned.

The theory has been advanced that the different races of man, like the different types of fauna and flora, can thrive and multiply only within limited climatic regions to which they have become especially adapted. It is suggested, for instance, that certain physiological race features, such as the dark skin and wide nostrils of the Negro, are indicative of adaptation to a specific climate. From this, the conclusion is drawn that men cannot be placed in a climatic environment different from that to which their race is usually accustomed without a resulting sharp diminution of their ability to labour and to reproduce their own kind. If this theory is true, it obviously has an important bearing on the problem of peaceful change, for, as Professor Carr-Saunders points out, "It would clearly be hard to defend the retention of regions by Europeans which they could not use."<sup>4</sup>

Professor Carr-Saunders proceeds to test this suggestion by investigating the vital statistics of certain groups of people who have been removed and are living outside their normal habitat. Among these are the American Negroes who have moved in increasing numbers, particularly since the World War, from their native States in the south to the northern States of the Union where the climate is often very cold and rigorous. "So far as the available facts concerning the death-rate among Negroes in these northern regions go", writes Professor Carr-Saunders, "there does not seem to be any reason for supposing that they are less well able to survive there than Europeans." Another case in point is the condition of the Europeans who live and work without the help of any native labour in the tropical or semi-tropical climate of Queensland, Australia. According to a scientific climograph, conditions in one city there of over 30,000 inhabitants, Townsville, are almost identical with those in Calcutta. Although

<sup>1</sup> Carr-Saunders : *op. cit.*,

<sup>2</sup> Gliwic : *op. cit.*

<sup>3</sup> I. Bowman : *Limits of Land Settlement*, (United States Memorandum No. 2).

<sup>4</sup> Carr-Saunders : *op. cit.*, pp. 170 ff.

at first mortality rates among Europeans in this region were high, they have since learned to adjust their habits of life to their natural surroundings with the result that at present, judging from length of life, infant mortality or fertility of women, Queensland is as healthy as any other part of Australia. Summarizing his conclusion, Professor Carr-Saunders writes, "While there may be as yet no proof that white men can live and work in the tropics and remain as healthy and vigorous as in a temperate climate, there is no evidence that they cannot do so. There is, therefore, no basis for saying that these new European estates contain areas of which, for reasons of climate, Europeans by themselves cannot make full use." <sup>1</sup>

The same opinion is held by Dr. Gliwic <sup>2</sup> who writes, "The white race is distinguished by its ability to adapt itself everywhere; it owes this to the sacrifices of previous generations. If it is still said that there are regions which cannot be settled by Europeans, it must be understood by that that the difficulties which settlement would entail would not be commensurate with the resulting profits." Of course, he adds, there are regions which are more suitable for colonization than others, and he then goes on to describe a method evolved by Professor Griffith Taylor (1922) for evaluating the different parts of the globe from this point of view. Professor Taylor's method is to assign the index figure of 1,000 to an ideal country for White settlement which would lie at sea level, would have an average temperature of 55° Fahr., a rainfall of 50 inches, and resources of 2,000,000 tons of coal per square mile. According to this estimate, the most favourable regions of the earth for White settlement are the British Isles and North China, which have an index of 770. Professor Taylor indicates as well an ideal density corresponding to each index figure. For the index 600, this would be 77 persons per square kilometre; for the index 100, 4 persons per square kilometre, etc. Leaving Asia to the Yellow and Brown Races and Central Africa to the Negroes, he contends that North America can support 52 % of the Whites in the world, Europe, 29 %, Argentina, 8 1/2 %, South Africa, 6 %, and Australia, 4 1/2 %. Such figures, Dr. Gliwic points out, are vague and must be considered with caution. Nevertheless, they do indicate that the White Race will pass

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<sup>1</sup> Carr-Saunders : *op. cit.*, p. 172.

<sup>2</sup> Gliwic : *op. cit.*, pp. 19, 20, 21 and 22.



progressively from Europe, which is its principal centre now, to the other parts of the world.

The geographical bearings of the problem have been dealt with in a work prepared by several authors under the direction of Dr. Isaiah Bowman.<sup>1</sup> It is, therefore, possible to review in succession the various countries capable of new, more or less extensive, colonization.

Canada in the first place, presents no obstacles as regards climate over a very large part of its territory. But the virgin free land which is capable of exploitation being limited, this country has reached the stage where new settlers must establish themselves in districts already prospected.

In Australia, moreover, conditions of habitat have already enabled the limits of settlement to be pushed very far — indeed, as far as possible, — and if there is still plenty of room for migration, the migrants must try to establish themselves in the coast regions which are already populated, especially in the East.

On the other hand, Siberia would certainly offer vast possibilities, in spite of the extremes of climate in the northern regions.

In Africa, there is no problem of free land properly so-called; the essential question is which of these lands can offer the indispensable conditions of life; land settlement is torn between the two extremes of complete aridity and unhealthy dampness, aggravated by heat and diseases.

For colonization by migrants, it is necessary to turn to the districts of the high tablelands and the semi-arid regions, not to speak of a few temperate countries, but on the day when questions of sanitation have been practically solved, the natives will be the first to be able to colonize. From then on we must expect to see the latter develop more rapidly than the migrants and after a certain time begin to impede the expansion of the white race in particular.

Finally, in South America habitat is sufficiently satisfactory in numerous regions except perhaps in the higher mountain ranges, the Matton Grosso, or the denser regions of the Amazonian forest.

From this general sketch it may be deduced that there is no lack of vast areas in the world which are free land but the majority are essentially marginal and the others have already passed the first stage of exploitation.

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<sup>1</sup> Bowman : *op. cit.*

The question is, therefore, not one of simple lack of free or little populated land, nor one of finding the healthiest among them. It is necessary to find out what are their immediate or potential resources and the suitability of their products in the present world economic situation.

#### (iv) The Problem of Migration

The migration question is of interest in connection with the general problem of peaceful change in two ways. In the first place, emigration and immigration must be considered as remedies for overpopulation and underpopulation. Secondly, migrations and the obstacles to migration give rise to certain difficulties, affecting the countries of emigration and immigration, the individual migrant, other countries indirectly interested in the migratory movement, and the world community as a whole, which are directly an element of disturbance and discontent in international affairs. These two aspects of the problem of migration have been carefully weighed in the demographic memoranda at our disposal, and various solutions and procedures have been proposed which would tend at once to make migration a more effective remedy for overpopulation and underpopulation and to lessen those difficulties which are a constant source of friction between States.

#### EMIGRATION AS A REMEDY FOR OVERPOPULATION

It would seem to be self-evident that, in a country in which births are controlled to some extent at least, emigration will provide an effective and positive remedy for overpopulation, and this is, indeed, the thesis of the majority of the demographic experts. All of them, however, qualify this assertion by pointing out that emigration is only one remedy which must be applied in conjunction with a balanced demographic policy and that its efficacy will depend upon the volume and nature of the movement, the type of emigrant selected, the degree of skill and the amount of capital he takes with him on leaving his native country, the importance of the remittances which he sends back to relatives and friends remaining at home, etc.

Professor Carr-Saunders<sup>1</sup> is perhaps the most categorical of the authors in asserting the value of emigration as a remedy for over-

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<sup>1</sup> Carr-Saunders : *op. cit.*, p. 328.

population. "When there is overpopulation", he writes, "the only possibility of easing the situation is to permit migration to the developing countries." He adds, however, that "since there are likely to be psychological troubles as well, colonial readjustment may have a part to play."

The basic study on the difficulties arising out of the problem of migration has been prepared by Dr. Jacques Legouis<sup>1</sup> and his paper is based upon the assumption of the utility of migration. "We presume that migration is desirable, its desirability being, moreover, relative (and not absolute, as if it were a question of a panacea whose effect would render the action of any other factor superfluous)." At another point he writes, "In order that a solution or relief (for overpopulated countries) may be found in migration, a more or less considerable portion of the population must be given an opportunity to leave the country."

The necessity of emigration as a measure of relief for overcrowding is stressed by a number of authors, writing on the demographic situation in their own particular countries. Thus, as a conclusion to his paper on Swiss emigration policy Dr. Frossard writes,<sup>2</sup> "It is absolutely necessary for Switzerland that she be able to send abroad this surplus of population which, in normal times, fluctuates between five and seven thousand persons a year."

The demographic situation of Norway, studied by Dr. Arne Skaug,<sup>3</sup> corresponds to an almost complete stoppage of emigration and to a considerable increase of the active class, which has moved from 57% to 64% of the total population in thirty-five years. This movement of expansion is noticeably slowing down but it has raised and still raises a serious problem for Norway, and it seems that if the almost complete restriction of possibilities of emigration had not coincided with the economic crisis, the situation would consequently have been less serious.

The stoppage of emigration is not the determining cause of these difficulties but it has contributed to them.

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<sup>1</sup> J. Legouis : *Les migrations; problèmes international : difficultés, éléments de solution*, (International Memorandum No. 7), pp. 1 and 4.

<sup>2</sup> Paul Frossard : *L'émigration suisse*, (Swiss Memorandum No. 2), p. 23.

<sup>3</sup> A. Skaug : *Norwegian emigration, its fluctuations compared with fluctuations in migration from other countries since 1900, and causes of these fluctuations (development of industries, social conditions, etc.), with special reference to the economic and social difficulties caused for Norway by the American restrictions on immigration*, (Norwegian Memorandum No. 1).

Similarly, in Austria there has been annually a fairly small quota of subjects who do not find satisfactory economic conditions in their country and are anxious to seek a higher standard of living abroad. The internal crisis clearly accelerated this movement and made it all the more indispensable.<sup>1</sup>

The benefits which Poland has derived in the past from emigration are described by Professor Grabski.<sup>2</sup> At the beginning of the present century, approximately half a million peasants left Poland each year to seek their fortune abroad. "Thanks to this emigration," writes Professor Grabski, "despite the constant diminution in the size of rural properties through successorial divisions, incomes of peasant families increased instead of declining. The standard of living of the rural population was raised little by little." Although overcrowding in agricultural districts continued to exist, overpopulation was not apparent, because salaries were rising on account of the stream of emigration, and emigrants, returning to their native villages, brought back with them considerable sums of money saved abroad. The stoppage of this movement, due to the erection of legal barriers to immigration, has been a prime cause of distress in Poland since the World War.

It has already been emphasized in this report that unemployment, according to the collaborating experts, cannot be considered a sign of overpopulation. It is, nevertheless, true that the unemployed in any nation constitute a surplus population until such time as a revival of trade or economic readjustment permit their reintegration in the normal life of the country. The question may well be asked whether an organized policy of emigration can relieve unemployment and thus hasten a solution of this ephemeral "overpopulation". The experience of Great Britain in this matter tends to show that the answer is in the negative, according to a paper on the subject<sup>3</sup> prepared by Mrs. Dorothy Harwood. Under the terms of the Empire Settlement Act, it is known, approximately 400,000 people have been assisted to emigrate overseas by the British Government since 1922. A great many of these individuals, however, were definitely above the average in skill and native ability, and they were not by any means drawn exclusively from the

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<sup>1</sup> V. Guttman: *Individual and collective emigration from Austria*, (Austrian Memorandum No. 6). See also below: *Introductory Report on Memoranda on Danubian Questions*, p. 228.

<sup>2</sup> S. Grabski: *op. cit.*, p. 58.

<sup>3</sup> Dorothy Harwood: *Organized migration from Great Britain and its relation to unemployment*, (United Kingdom Memorandum No. 6), p. 15.

specially depressed areas. Consequently, their departure may be regarded as a distinct loss to the British nation without any compensatory relief of the unemployment situation. "It is unquestionable", concludes Mrs. Harwood, "that organized migration as a short-term policy with a view to relieving unemployment cannot be said to have proved effective, nor was it justified by any large reduction in the number of unemployed." This conclusion would appear to lend further weight to the assertion that unemployment is not necessarily an indication of real overpopulation, for which emigration is prescribed as an essential remedy by the majority of the demographic experts.

It must be noted, however, that one of the experts, Professor Hurd,<sup>1</sup> is not in agreement on this point. "Emigration does not remedy overpopulation", he states. "If the economic pressure which tends to reduce the birth-rate is relieved, a desirable and indeed inevitable adjustment is postponed and the danger of overpopulation is increased."

#### IMMIGRATION AS A REMEDY FOR UNDERPOPULATION

The counterpart of this view of Professor Hurd is that immigration, in the long run, adds nothing to population and cannot, therefore, be considered as a remedy for existing or threatened underpopulation. The theoretical basis of this argument, first enunciated by an official of the United States census bureau, is that immigration tends to depress the native birth-rate to such an extent as to counterbalance the number of new immigrants, and thus results only in a substitution of foreign for native stock. Such an argument is generally admitted to be groundless. Professor Carr-Saunders shows,<sup>2</sup> for example, that in every decade since 1830 the gain to the population of the United States from immigration was greater than the hypothetical loss resulting from the decline in the birth-rate, even assuming (which would be quite incorrect) that all of this loss can be attributed to the influence of immigration. Professor Hurd supports Professor Carr-Saunders in this instance. Professor Hurd<sup>3</sup> does hold it to be significant, however, that in the period 1851-1931 losses of native Canadians through emigration to the United States and elsewhere have exceeded gains through

<sup>1</sup> In H. F. Angus (Editor): *Canada and the doctrine of Peaceful Change*, p. 77.

<sup>2</sup> Carr-Saunders: *op. cit.* p. 161 and 162.

<sup>3</sup> In Angus: *op. cit.*, pp. 62 and 63.

immigration. He points out further that waves of Canadian emigration have followed and not preceded periods of intensive immigration.

With this one qualification, all the memoranda dealing with migration questions are based on what Professor Carr-Saunders terms the "common-sense view" that immigration, generally speaking, increases population.<sup>1</sup> Dr. Legouis<sup>2</sup> has stated this conviction as follows: "For these (underpopulated) countries, migration is beneficial if, at a rate compatible with circumstances and requirements, it introduces 'desirable' elements who leave as soon as their temporary work is done, or who are absorbed by and accept in their country of adoption their share of the responsibilities devolving upon them as citizens and in the economic activity of that country." Having established, then, the consensus of opinion among the experts as to the utility of migrations, we may turn our attention to their estimates of the opportunities for a revival of migration between the various regions of the earth.

#### OPPORTUNITIES FOR MIGRATION

Assuming for the moment that the obstacles which hinder the free flow of migrations could be overcome, the question arises, which are the countries that are in a position to supply an important number of individuals each year to the migratory stream; which are the countries or regions of the earth that are able to receive these migrants and give them a permanent home? A part of the experts' answers to these questions has already been dealt with in this report under the headings of underpopulation and specific cases of overpopulation.<sup>3</sup>

It is natural that, in looking for possible sources of emigration, one should think first of the overpopulated countries. For the practical purposes of peaceful change, however, we may leave out of account the seriously overpopulated nations of the Far East as sources of emigration. As we have seen, births are unrestricted in all these nations save Japan, so that emigration would provide no permanent relief for their demographic pressure. Moreover, the objections of the possible countries of immigration to receiving immigrants of non-European race, with certain exceptions for the Japanese, are so strong as to render any discussion of this subject pointless. There remain, then, the crowd-

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<sup>1</sup> Carr-Saunders : *op. cit.*, p. 205.

<sup>2</sup> Legouis : *op. cit.*, p. 7.

<sup>3</sup> See above, pp. 128 and 131.

ed countries of Eastern and Southern Europe which have a large annual surplus of births over deaths, a surplus which is likely to continue for some years to come though not indefinitely. According to the estimate of Professor Carr-Saunders, the countries of Eastern Europe, omitting Russia, now have an annual surplus of about 1,200,000 persons, and the countries of Southern Europe, Italy, Portugal and Spain, about 780,000 persons, altogether a yearly total of 1,980,000 potential candidates for migration.

For all practical purposes, there are but two types of region to which these migrants might conceivably go: backward, primitive areas heretofore unopened to White settlement, and the countries of the New World and Australasia which, it has already been said, have not yet reached their full population capacity and would stand to gain by increased numbers.<sup>1</sup> There are scarcely any countries of the first type outside of Africa which are not already teeming with native population, and considerable doubt is expressed by Professor Carr-Saunders on the capacity of that continent to receive any part of Europe's surplus. "There are no large territories", he writes, "which can be appropriated by immigrants without upsetting native economy; and the disturbance caused in this way tends, unless counteracting factors come into play, to produce congestion among the native population... Africa is an under-developed continent; it is not underpopulated, having regard to the resources of the native inhabitants, though it might accommodate without inconvenience a slightly more dense population in certain areas. Therefore, the view that, as things are, Africa could be used as an outlet for the surplus population of other continents has no foundation. If Africa is to support a much larger population, the whole scheme of African life must be transformed."<sup>2</sup>

More optimism is expressed by most of the experts on the immigrant-receiving capacity of the countries of the New World and Australasia. Indeed, Professor Carr-Saunders holds<sup>3</sup> that, on paper at least, the problem of Europe's surplus population could be solved by migration to these young and developing countries. "It would appear that the average annual absorption capacity of all the overseas countries taken together is such that they could take about half the

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<sup>1</sup> Carr-Saunders : *op. cit.*, p. 305.

<sup>2</sup> Carr-Saunders : *op. cit.*, p. 306.

<sup>3</sup> Carr-Saunders : *op. cit.*, p. 222.

natural increase of the countries of South and East Europe. As time goes on, the absorption capacity of the overseas countries will grow while the natural increase of the European countries will diminish. Since France and certain other European countries are also countries of immigration, the difficulties arising from congestion in some parts of Europe are soluble on paper."

Although making no quantitative estimates, the wide possibilities for further immigration to South America are stressed in a publication of the International Labour Office prepared by Dr. Fernand Maurette.<sup>1</sup> Dr. Maurette points out, however, that a special type of migrant, the settler and not the paid worker, is required by these countries. Dr. Bandeira de Mello<sup>2</sup> suggests that the State of Sao Paulô alone can receive 200,000 immigrants a year, not only as settlers, but also for paid labour on the coffee and cotton plantations. Further noteworthy opportunities for settlement exist in the States of Rio, Rio Grande do Sul, and on the high plateau of Serra Do Mar.

While admitting the possibilities of further immigration to their respective countries, Professor Hurd,<sup>3</sup> and Messrs. Eggleston and Packer<sup>4</sup> are conservative in their estimates of the number of migrants these countries can receive annually. Professor Hurd states that a case may be made for both a pessimistic and an optimistic view of Canada's immigrant absorption capacity. The first case rests upon the expected re-entry of numbers of native-born Canadians from abroad and a rebound from the present low rate of native increase which, coupled with the fact that there are still 400,000 unemployed in the Dominion, will make it possible for Canada to supply her own population requirements for five or ten years to come. "Even if the boom conditions of 1901-1911 were somehow brought back, she would not need to draw more than a few thousand a year from abroad to reach the limit of her absorptive capacity." More optimistic observers, however, contend that calculations based on past experience do not furnish a reliable guide to future possibilities, and that Canada's vast mineral resources and stretches of undeveloped territory suitable for agriculture provide great opportunities for useful labour. It has

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<sup>1</sup> Maurette : *op. cit.*

<sup>2</sup> Alfonso de Toledo Bandeira de Mello : *op. cit.*, p. 10.

<sup>3</sup> In Angus : *op. cit.*, pp. 69, 73, 70, 81, 82.

<sup>4</sup> F. W. Eggleston and G. Packer : *The growth of Australian population*, (Australian Memorandum No. 1).



already been pointed out that some estimates place Canada's limiting population very high, and Professor Hurd himself mentions the figure of 20,000,000. In any case, this authority emphasizes, the ability of Canada to support a larger population will depend upon the development of markets for Canada's export trade.

Difficulties of exploitation and financial considerations play an important rôle in limiting Australia's ability to relieve European population pressure by receiving immigration, according to Messrs. Eggleston and Packer.<sup>1</sup> "In Australia the pioneering and settlement problems are of extraordinary difficulty. The climate is arid, liable to great fluctuations in rainfall, and a highly developed individualistic and capitalistic economy has been necessary." These experts are of the opinion that Australia's maximum absorptive capacity cannot exceed 40-50,000 immigrants a year for some time to come if present living standards are to be maintained.

It will be clear from the foregoing *exposé* that the tendency of European writers is to take a broad view of the opportunities for migration overseas, whereas the demographic experts of those countries attach a great deal of importance to the obstacles hindering migratory movements and consequently arrive at lower estimates of their potential immigrant-receiving capacity. All of the authors are, of course, aware of the existence and importance of these practical difficulties and the necessity for overcoming them if a measure of demographic equilibrium is to be restored through a revival of migrations and if the international frictions and grievances caused by these difficulties are to disappear.

#### DIFFICULTIES ARISING OUT OF THE PROBLEM OF MIGRATION

There are two sorts of difficulty which arise out of the problem of migration, man-made difficulties in the nature of laws passed by the various national governments restricting or even prohibiting emigration and immigration or regulating the juridical status of the migrant, and, secondly, difficulties inherent in the act of migration itself. The origin of many of these difficulties can be found in the conflicting attitudes of countries of emigration, on the one hand, and countries of immigration, on the other. The former, says Professor Oualid<sup>2</sup> are willing to lend

<sup>1</sup> Eggleston and Packer : *op. cit.*, pp. 11 and 13.

<sup>2</sup> William Oualid : *Les éléments d'une solution internationale du problème des migrations humaines*, (French Memorandum No. 2), p. 6.

their citizens but not to give them away abroad. Consequently, they tend to create obstacles to the absorption of their nationals in foreign communities. In some cases, they even refuse to permit their citizens to emigrate under conditions which would permit their permanent establishment abroad. Countries of immigration, on the other hand, are generally anxious to break all ties between the immigrant and his native land as rapidly as possible and are often inclined to force assimilation and naturalization on the immigrant.

#### LEGAL RESTRICTIONS ON MIGRATION

It is scarcely necessary to emphasize the extent and importance of the various legal restrictions on emigration and immigration nor does space permit a survey of the types of regulatory legislation in force. Suffice it to say that, in the opinion of the demographic experts, these restrictions, more than any other single factor, have been responsible for the sharp drop in migrations which was already evident before the War and which has approached the vanishing point during the post-war years. These restrictions have been described in detail in the numerous memoranda dealing with the subject, most completely, perhaps, by Professor Carr-Saunders<sup>1</sup> and by the various authors contributing to the volume edited by Professor Norman MacKenzie.<sup>2</sup> The example of the United States, which is fully studied by Miss M. Schibsby,<sup>3</sup> is sufficient to show the kinds of measures which can be taken from the most varied points of view (political and social security, hygiene, racial unity, etc.). Restrictions on emigration are, of course, a fairly recent innovation and are by no means universally applied. Most countries, like Switzerland,<sup>4</sup> take only a benevolent interest in the welfare of their nationals who have migrated abroad and oppose no serious legal obstacles to this movement. Others, however, of which Italy and the Soviet Union are outstanding examples, regard their population as a form of national wealth with which they are loathe to part and impose such drastic restrictions on emigration that, for all practical purposes, the movement is impossible. Restrictions on immigration

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<sup>1</sup> Carr-Saunders : *op. cit.*, chap. XIV, p. 183.

<sup>2</sup> Norman MacKenzie : *The legal status of aliens in Pacific countries*. Oxford University Press, 1937.

<sup>3</sup> M. Schibsby : *The immigration policy of the United States*, (United States Memorandum No. 6).

<sup>4</sup> Paul Frossard : *op. cit.* pp. 15 ff.

likewise vary in their severity and in their form. They may be merely selective with regard to the personal characteristics, profession, race or country of origin of the individual migrant, or they may be quantitative, or both. Both qualitative and quantitative restrictions on immigration often amounting to absolute prohibitions are now almost universally in force. Such restrictions, it would appear from the memoranda at our disposal, are applied for a variety of motives. Potential countries of immigration are either unaware of their actual or threatened depopulation or refuse to admit its reality, or they are influenced by considerations of the other difficulties inherent in migration itself which will be dealt with shortly.

#### JURIDICAL STATUS OF THE MIGRANT

The other man-made difficulties, those arising out of the juridical status of the migrant, are of two sorts. They may take the form of legal disabilities imposed upon the migrant by the foreign land in which he has chosen to reside or they may consist in the obscure legal status of the migrant or his kin (double nationality or lack of nationality) resulting from the conflict of nationality and naturalization laws. It is impossible to describe here in any detail the various types of legal disability and the different conflicts of laws which constitute a very serious obstacle to the revival of international migrations, but the question has been very thoroughly treated in a number of Conference memoranda. Professor Oualid gives<sup>1</sup> a general treatment of the subject. Dr. de Lauwe makes<sup>2</sup> a statement of the problem in this particular region of the world. The status of aliens and the position of British subjects in the British Empire are surveyed by Professor Keith.<sup>3</sup> Reference has already been made to the important volume edited by Professor Norman MacKenzie on *The legal status of aliens in Pacific countries*.

#### ASSIMILATION

Undoubtedly, one of the most important considerations leading nations to restrict or even prohibit immigration is the desire for a homo-

<sup>1</sup> Oualid : *op. cit.*, pp. 10 ff.

<sup>2</sup> Jean de Lauwe : *Le statut des étrangers dans la métropole et dans les colonies*, (French Memorandum No. 6).

<sup>3</sup> A. Herriedale Keith : *The status of aliens and the position of British subjects in the British Empire*, (United Kingdom Memorandum No. 4).

geneous population and the consequent fear that if large bodies of immigrants are admitted they will remain an unassimilated lump in the community with disastrous results for the domestic tranquillity of the nation.<sup>1</sup> This fear is well founded on the past experience of Canada according to Professor Hurd.<sup>2</sup> "Assimilation between the dominant Anglo-Saxon population outside Quebec and many classes of European immigrants has proved equally difficult, and of all classes of European immigrants the least easy to assimilate are the South, Eastern, and Central Europeans." And he concludes, "It seems equally assured that any huge influx of foreign immigrants... in the not distant future would be regarded both in Canada and in the United States as greatly exceeding their social assimilative ability and on that score alone must be ruled out as a possible solution for the overpopulation problem in certain European countries by means of peaceful change." The same fear is voiced by Messrs. Eggleston and Packer,<sup>3</sup> "Problems of assimilation and of social control are more difficult under democratic conditions. Hence the growing intensity of exclusion under democracy."

That the difficulties of assimilation have, however, been exaggerated by the immigrant-receiving countries, or even heightened by their non-receptive attitude, is the contention of two other experts dealing with this problem, Professor Mauco<sup>4</sup> and Professor Carr-Saunders. Professor Mauco has weighed in the balance the factors which render assimilation difficult in his own country and those which, on the contrary, tend to facilitate the process. Among the former he lists the obstacles in the way of assimilation by the countries of origin (nationalist propaganda, etc.), linguistic differences, the tendency of foreigners to collect in isolated communities, military service, the instability of individuals and their repatriation, psychological difficulties, and extreme ethnic differences. Among the factors favourable to assimilation he includes ethnic similarity, family immigration, State and private efforts to aid adaptation, economic and social equality of foreign and native workers, the attraction of French prestige and

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<sup>1</sup> Jesus Bojorquez : *Les questions démographiques au Mexique*, (Mexican Memorandum No. 1).

<sup>2</sup> In Angus : *op. cit.*, pp. 75 and 76.

<sup>3</sup> Eggleston and Packer : *op. cit.*, p. 11 (c).

<sup>4</sup> Georges Mauco : *L'assimilation des étrangers en France*, (French Memorandum No. 3), pp. 6 and 43.

civilization, the hospitable attitude of the French, mixed marriages, the influence of religion and the French clergy, the schools and naturalization. Professor Mauco's conclusion is that "the factors favourable to assimilation are stronger than the unfavourable factors. Assimilation is thus a natural phenomenon and operates almost automatically."<sup>1</sup> Discussing the problem in a more general way, Professor Carr-Saunders agrees.<sup>2</sup> Where there is goodwill on both sides, acquired differences between immigrants and native-born inhabitants should present no insurmountable obstacle to easy assimilation. It is a moot question, however, whether genetic differences and particularly physiological or race differences do not present such serious obstacles to assimilation that the admission of persons showing these characteristics should be refused by nations desirous of assuring the harmony and homogeneity of their domestic populations.

#### FINANCIAL OBSTACLES

A most practical obstacle hindering international migration is the problem of finance. There is necessarily considerable expense involved in transporting a migrant, often over long distances of ocean, from one country to another and in setting him up in the latter, and only in rare cases can this expense be entirely met by the migrant himself. This problem has been particularly emphasized and examined in detail by Mrs. Dorothy Harwood,<sup>3</sup> by Professor Mauco<sup>4</sup> and by Dr. Murette. Messrs. Eggleston and Packer<sup>5</sup> believe the financial problem to be one of the decisive factors limiting Australia's capacity to receive immigrants. They calculate that "an influx of 100,000 migrants would require an additional investment of £100 millions per annum, the bulk of which sum would need to be raised abroad. There is no prospect whatever of financing such a movement."

#### OTHER DIFFICULTIES

In addition to the difficulties mentioned above, there are, of course, a host of other factors suggested in the memoranda which tend to hinder the migratory movement or to nullify its good effects, either to the

<sup>1</sup> *Id.*, pp. 108 and 109.

<sup>2</sup> Carr-Saunders : *op. cit.*, chap. XII and XIV.

<sup>3</sup> Harwood : *op. cit.*, pp. 6 ff.

<sup>4</sup> Mauco : *op. cit.*, pp. 48 ff.

<sup>5</sup> Eggleston and Packer : *op. cit.* p. 9.

countries of emigration and immigration or to the migrant himself, once the movement has taken place. The political difficulty, arising out of the fact that people are accustomed to different forms of government and are thus likely to be a disturbing element in a new community, and the practical difficulties involved in the exploitation of the land and resources of certain countries have already been referred to.

Special difficulties exist in Europe due to the changes in political frontiers, brought about by the Peace Treaties.<sup>1</sup> Thus, in Hungary and Czechoslovakia, the problem of migration has an original aspect and its acuteness is due to the new frontiers created by the Peace Treaties. In fact, there existed in the Austro-Hungarian Empire clearly defined internal migratory currents, such as that which in Hungary drew the population of the mountains towards the valleys. These currents have been impeded by the new political boundaries which have cut across the routes of migration; various regions of Central Europe suffered from the situation thus created.

We should add to these the exhaustive list of factors which can nullify the benefits of migration set forth by Dr. Legouis.<sup>2</sup>

#### SOLUTIONS AND PROCEDURES

Migration itself is offered as a solution for the lack of demographic balance in the world. We are concerned here with the measures suggested in the Conference memoranda for overcoming the special difficulties surrounding the problem of migration and the means by which these measures might be applied.

In as much as many of these difficulties arise out of the attitude and the acts of individual States, it follows that their solution will depend upon a reversal of these attitudes in many cases and upon the willingness of the individual States to adopt policies of emigration and immigration conforming to the real exigencies of the situation. Good will and a sound knowledge of the facts are thus the *sine qua non* of any solution of the migration problem. A pressing appeal for international understanding and co-operation towards this end is made by Professor Oualid.<sup>3</sup> "Between these two extreme and equally selfish points of

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<sup>1</sup> A. Bohac : *Le problème démographique du point de vue tchécoslovaque*, (Czechoslovak Memorandum No. 1).

A. Ronai : *Les mouvements démographiques et migratoires de la population de l'Europe centrale*, (Hungarian Memorandum No. 10).

<sup>2</sup> Legouis : *op. cit.*, pp. 2 ff.

<sup>3</sup> Oualid : *op. cit.*, p. 9.

view (of countries of emigration and immigration), it is possible, it would seem, to build a bridge by making a distinction between individual and social necessities, by tempering exaggerated ideas of national conservation with the inalienable rights of individual liberty, and by conciliating the divergent policies of countries of emigration and of immigration within the contractual framework of international accords and institutions." This appeal is repeated by Dr. Legouis<sup>1</sup> who adds: "Knowledge of the actual facts is the indispensable complement of the application of these principles."

One obvious conclusion which may be drawn from the discussion in the memoranda of possible solutions for problems arising out of a stoppage of migratory movements, is that if such movements are to reappear, this will be achieved not in the individual and spontaneous fashion of the pre-war years, but preferably by directed and even subsidized migration according to a preconsidered plan. This organization will deal with the individuals who participate in the movement, with the countries of destination and with settlement conditions in the countries to be colonized.

#### LEGAL RESTRICTIONS ON MIGRATION

Goodwill and a knowledge of the facts alone will not break down the present barriers to migration unless coupled with international organization to revive and regulate the migratory movement. It is the consensus of opinion among the experts that the days of unregulated, more or less spontaneous migration of individuals are over. In the future, migratory movements must be carefully prepared and controlled so that they will actually conform to the needs and best interests of the countries of emigration and immigration and the individual migrants. Numerous proposals for specific procedures along these lines are contained in the memoranda. Professor Carr-Saunders<sup>2</sup> feels that the success of the system of bilateral pacts, widely applied since the World War to migrations within Europe, has been demonstrated, and that this régime should be extended to overseas migration. Dr. Bandeira de Mello<sup>3</sup> urges that careful attention be given to the suggestion that there be constituted in Geneva an international committee, in direct

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<sup>1</sup> Legouis : *op. cit.*, p. 13.

<sup>2</sup> Carr-Saunders : *op. cit.*, pp. 150 and 209, 211 ff.

<sup>3</sup> Toledo Bandeira de Mello : *op. cit.*, p. 18.

contact with the national labour exchanges, with the function of receiving and transmitting offers and demands for labour of the different occupational categories in the different countries. The idea of an international organization for the control of migration has been developed at length by Dr. Legouis.<sup>1</sup> "Every policy", he writes, "needs an organization in order to be made effective: a migration policy will only bear fruit in so far as it rests upon an *ensemble* of arrangements, measures and understandings." Such an organization as he envisages would have three functions: scientific activity, that is, research into the problems of migration; the collection and dissemination of information on the opportunities for migration; practical activity such as the drafting of type bi- or multi-lateral treaties and conventions on migration and the bringing together of interested nations in view of their adoption. The legal restrictions on migration arise from the fact that the individual States, rightly or wrongly, feel that emigration or immigration, as the case may be, will be harmful to them or to their citizens. These restrictions have all but led to the extinction of the migratory movement. If, however, the States could be assured through the existence and activities of some such international organization that migration would only take place under conditions which would be of benefit to all concerned and on their own express demand, the lowering of these legal barriers and a substantial revival of the migratory movement might be confidently expected.

#### JURIDICAL STATUS OF THE MIGRANT

International action will also be required if the disabilities from which the migrant often suffers in a new land are to be removed and his nationality status clarified; and any international organization created for the control of migration would have an important rôle to play towards this end.

The experts are unanimous in emphasizing that the principle which should underlie the treatment of migrants is that of equality with the nationals of the country concerned. If this principle were applied in the matter of wages, for instance, the objections to immigration of the Labour organizations of many countries would probably disappear. Provisions for equality of treatment should be written into all international accords concerning migration.

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<sup>1</sup> J. Legouis: *Les Migrations; problème international: difficultés, éléments de solution*. Annex, *Notice sur l'organisation internationale des migrations*, (International Memorandum No. 7), p. 1.



Two specific procedural proposals for the clarification of the juridical status of the migrant are advanced by Professor Oualid.<sup>1</sup> He recommends the conclusion of bi- and multi-lateral pacts to regulate the question, based on the principles of Part XIII of the Treaty of Versailles. Secondly, he urges "that the international organizations prepare and elaborate a proposal for an international recommendation or convention, containing the guiding principles of the international status of the emigrant... without prejudicing the special protection accorded to refugees and Stateless persons; principles which would be proposed to the nations with a view to their application in laws, bi-lateral conventions or treaties of broader scope."

#### ASSIMILATION

The interrelationship of the various solutions proposed for the difficulties of migration is evident when we consider the question of assimilation. Assimilation will obviously be facilitated by equality of treatment and by the conclusion of accords whereby States will bind themselves, on the one hand, to refrain from nationalist propaganda among their emigrants abroad and, on the other, to abstain from forcing assimilation or naturalization upon immigrants who are not yet prepared voluntarily to make their new country of residence their country of adoption.<sup>2</sup> In the matter of assimilation, goodwill on the part of all concerned must play an especially important rôle. We have already noted the list of factors which Professor Mauco<sup>3</sup> considers unfavourable to assimilation. In many cases, he contends, it would be possible by wise State intervention to mitigate the influence of these factors and to encourage those which are favourable to assimilation.

#### FINANCIAL OBSTACLES

It is the tendency of many of the experts to believe that careful planning in the matter of financing migrations would permit the avoidance of many of the mistakes of the past which have resulted in the failure of so many assistance schemes, bitter disappointment for the migrants, and financial loss for those who placed their capital in these

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<sup>1</sup> Oualid : *op. cit.*, pp. 10 and 11.

<sup>2</sup> B. Kardos : *Possibilities of Peaceful Change in the present trends of assimilation, dissimilation, reassimilation*, (Hungarian Memorandum No. 9).

<sup>3</sup> Mauco : *op. cit.*, pp. 6 and 113.

ventures. Here again the research and action of an international migration organization would be invaluable.

Two points in the memoranda in this connection are particularly noteworthy. Special stress is laid by several of the authors, among them Dr. Maurette,<sup>1</sup> on the necessity of keeping the price of land and establishment within the means, which are usually extremely limited, of intending settlers, for the fewer debts they contract the greater are their chances of success. Reference is also made in the memoranda to a suggestion by Dr. Ferenczi<sup>2</sup> for the establishment of an international bank to finance migratory movements.

### (v) Domestic Remedies for Overpopulation

If there is a practical possibility of doing so, it will probably be easier for a State to relieve its overpopulation by internal measures than to obtain the consent of other States to a modification of the international *status quo*. Moreover, as has already been said, a nation would hardly be justified in asking for help from abroad to meet its population problem until all possible home remedies have been exhausted. This is not to say, however, that other States are not concerned in the application of internal measures to relieve overpopulation. For, whether the remedy envisaged be internal colonization or increased economic activity (industrialization), capital and raw materials will probably be required from abroad to support the movement and foreign markets will have to be found to absorb the new commodities produced. From these two points of view, then, this subject is of immediate interest in connection with the problem of peaceful change.

#### INTERNAL COLONIZATION

Some of the memoranda refer rather hopefully to the possibilities of internal colonization as a remedy for overpopulation in certain countries. Professor Carr-Saunders,<sup>3</sup> for instance, points out that Poland is not uniformly overpopulated and that there might be an opportunity there for migration, from the crowded districts to less

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<sup>1</sup> Maurette : *op. cit.*, p. 68.

<sup>2</sup> Ferenczi : *op. cit.*

<sup>3</sup> Carr-Saunders : *op. cit.*, pp. 143, 144 and 294.

congested areas. He also refers to the movement from China to Manchuria as an example of successful internal migration to relieve overpopulation. It is known, moreover, that interesting experiments in the revalorization of land and internal colonization have been undertaken in Germany, Italy and, to a lesser extent, in the United States.

For the most part, however, the memoranda dealing with this subject regard the possibilities of relieving overpopulation by internal colonization as very limited and beset with various difficulties. In reference to Italy, for example, Professor Livi<sup>1</sup> writes, "A rough calculation enables us to conclude that the complete execution of the programme for the agricultural development of national territory would, according to the highest estimates, permit of the absorption of 17,500,000 persons in fifty years. But, taking into consideration the annual average increase in the population, it must be reckoned that in fifty years' time as from 1931, the population of Italy will have risen by 27 million." The studies of the Institute of Pacific Relations indicate, according to Professor Angus,<sup>2</sup> that the policy of internal migration in the Far East has met with but slight success. "Although the pressure of population in Java is very great and the annual increase is still 600,000, government policy has failed to spread the population more evenly over the islands. One difficulty is that the agricultural system of Java is not practicable for most parts of the other islands, and emigrants usually lack funds to get there and to live for the initial period before profits begin to be earned." As for China, soil and climatic conditions will probably prevent anything more than a trickle of immigration into the emptier lands of the North-West and Chinese Turkestan. Although it is alleged that Manchuria could profitably support a population increase of 20,000,000 souls, "even at its highest point in 1927, the migration to Manchuria from China was not great enough to furnish permanent relief from population pressure and the migrants came almost exclusively from the two provinces of Hopei and Shantung." Professor Winckler<sup>3</sup> points out that internal migration may cause no less serious political difficulties than international migration. "It was this which caused mainly the age-old rivalry between the peoples of the Austro-Hungarian Monarchy and finally led to its fall."

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<sup>1</sup> Livi : *op. cit.*

<sup>2</sup> H. F. Angus : *The problem of Peaceful Change in the Pacific area*, (Memorandum presented by the Institute of Pacific Relations).

<sup>3</sup> Winckler : *op. cit.*, p. 3.

Dr. Hans Bernhard,<sup>1</sup> taking the example of Switzerland, indicates the particular necessity of internal colonization, which is a certain remedy for overpopulation and conceivable even at an advanced stage of land exploitation. But he shows at the same time that though a courageous effort must be made in this direction, the limits will nevertheless soon be reached, and the demographic problem, in Switzerland at least, will not be entirely solved in this way. The most optimistic note is struck by Professor Keirstead<sup>2</sup> who claims that emigration from the maritime Provinces to the other regions of Canada (and the United States) has played an important part in easing population pressure in that region and in raising living standards.

#### INCREASED ECONOMIC ACTIVITY

It is clear that any stimulation of the economic life of a country will increase its ability to support a larger population. However, by definition, the overpopulated States are those in which reforms in technique or industrialization sufficient to take care of the surplus population are unlikely to come about in any reasonable period of time. Nevertheless, vigorous efforts to relieve the situation at least partially by this means have been made by almost all the overpopulated States. The success of these efforts is obviously very closely bound up with the problem of securing raw materials and capital, for the purpose of production, and foreign markets for the goods produced.

Professor Grabski has stressed the importance of the movement of foreign capital into Poland, during the forty years preceding the World War, which permitted the development of her metallurgical, mining and manufacturing industries. The cessation of this movement and the erection of barriers to Polish commerce have greatly aggravated the symptoms of population pressure. Under present circumstances, Professor Grabski<sup>3</sup> is led to recommend a policy of rigid autarky as being the only possibility of raising the tempo of economic life in Poland and thus relieving to some extent her overpopulation. Industrial development is likewise held out as a possible remedy for Italian

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<sup>1</sup> H. Bernhard : *La colonisation et la politique démographique en Suisse*, (Swiss Memorandum No 4). See also L. Thirring : *Contribution à l'étude du problème et de la situation démographique en Hongrie*, (Hungarian Memorandum No. 8).

<sup>2</sup> In Angus : *Canada and the doctrine of peaceful change*, p. 108.

<sup>3</sup> Grabski : *op. cit.*, pp. 58 ff.

overpopulation and for that of China by the Institute of Pacific Relations' Studies.<sup>1</sup>

Japan, as is well known, is a nation which has made particularly vigorous and partially successful efforts to occupy her surplus population by a programme of intensive industrialization and the conquest of new foreign markets. She has, however, suffered from two obstacles: lack of raw materials and increasingly high protective tariffs against Japanese goods. As Professor Landry points out,<sup>2</sup> the nations are particularly apprehensive of the competition in world markets of overcrowded countries like Japan, which have a low standard of living and extremely low wage levels.

### (vi) Colonial Expansion

The colonial question in its broadest aspects has, of course, been treated as a special chapter of the peaceful change study. It was decided, however, at the second meeting of the International Study Group for Colonial Questions that the special question of the demographic value of colonies, in other words, the value of colonies as outlets for the surplus population of metropolitan countries, should properly come under the heading of demographic questions. Moreover, colonial expansion has been specifically recommended as a remedy for overpopulation in at least one memorandum, that of Professor Livi.<sup>3</sup>

We can divide this problem into two parts. What demographic advantage, if any, have the colonial nations derived from the possession of Colonies? To what extent can the overpopulated countries hope to find relief in colonial expansion?

#### DEMOGRAPHIC ADVANTAGES OF THE POSSESSION OF COLONIES

This question has been treated mainly in two documents at our disposal, a volume<sup>4</sup> by Dr. Grover Clark, and the first chapter of a Memorandum by Dr. Gormsen.<sup>5</sup>

<sup>1</sup> Angus : *The problem of peaceful change in the Pacific area.*

<sup>2</sup> Landry : *op. cit.*, p. 19.

<sup>3</sup> Livi : *op. cit.*

<sup>4</sup> Grover Clark : *The Balance Sheets of Imperialism*, Columbia University Press, 1936, p. 10.

<sup>5</sup> Gormsen : *A comparative study of the economic development of small countries with and without colonies. (The Netherlands, Denmark, Norway and Sweden).* (Danish Memorandum No. 1).

Dr. Clark emphasizes the very small volume of emigration in the past from metropolitan countries to their colonial areas as compared with migration to other independent countries. In 1913, for example, twenty years after Germany got most of her colonies, there were fewer than 20,000 Germans of all occupations in all the German colonies, an infinitesimal number compared with German migration overseas. The same is true of Italy, which, until the Ethiopian venture, counted a total net migration to Africa of only 7,000 persons since 1886. He cites other examples of this kind and then concludes: "In the face of such a record the absurdity of claiming that politically controlled colonies have been important as outlets for population is too obvious to need further discussion. The record shows that the presence or absence of political control has had practically nothing whatever to do with determining the destination of emigrants from Europe."<sup>1</sup>

The memorandum of Dr. Gormsen suggests, however, that though the actual volume of migration between a metropolitan country and its colonies may be small, the character of this migration may be of such a nature as to provide a distinct advantage to the colony-possessing nation.<sup>2</sup> This would appear to be the case of the Netherlands. During the period 1905-1930, net emigration from the Netherlands to the Netherlands East Indies amounted to approximately 39,000 persons or an average of 1,500 to 1,600 individuals a year. There are no complete statistics available on immigration into the Netherlands from the Netherlands East Indies during the same period, but it is probable, according to this authority, that it formed an important part of the total overseas immigration into the Netherlands. All the evidence tends to show that this emigration and immigration represented a very definite social and economic benefit to the Netherlands, as it amounted to an exchange of relatively poor emigrants for relatively wealthy immigrants. The only qualification to this is that this benefit was enjoyed directly only by a small number of individuals and may thus have led to a more uneven distribution of wealth in the Netherlands than would otherwise have been the case. However, the author adds, it is clearly advantageous to the Netherlands that, at least since the beginning of restricted immigration into America up to the world crisis, she was able to dispose definitely of a certain number of emigrants in the Indies.<sup>3</sup>

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<sup>1</sup> Grover Clark : *op. cit.*, p. 11.

<sup>2</sup> Gormsen : *op. cit.*, pp. 7 ff.

<sup>3</sup> Gormsen : *op. cit.*, p. 15.

On the other hand, it happens that the situation of the colonial Powers changes and shows itself as an extremely difficult one. Thus, the United States have encountered serious obstacles in the Philippines and Porto Rico.<sup>1</sup>

The demographic problem would be serious for the Philippines themselves, even without the immigration of Chinese and Japanese, which makes it still more complicated. It results, therefore, that in exchange for a very small number of white settlers imported to the Islands, there is a very strong migration of Filipinos towards the United States, and the Federal Government has been compelled to separate.

In Porto Rico, which is in a situation of extreme overpopulation, association with the United States seems to have opened, above all, possibilities of outlet for a large excess population.

Thus, the possession of colonies is capable not only of not offering a solution to the demographic problem, but even of aggravating it.

#### OPPORTUNITIES FOR COLONIAL EXPANSION

Even if it were admitted that there may be some advantage from the demographic point of view in the possession of colonies, the very practical question arises as to what regions of the earth might be allotted to the overpopulated countries as colonies or mandated territories. As Professor Landry<sup>2</sup> points out, the colonial areas of the earth which are at all suited for settlement, such as the Netherlands Indies, are already in the possession of one country or another which is actively colonizing them, and the remaining immigrant-receiving regions are independent countries. It may be assumed that neither the one nor the other can be brought under the flag of a new Power without a struggle. The remaining colonial areas, which might conceivably be bartered among the nations, are unsuitable for settlement, and this is notoriously true, according to Professor Landry,<sup>3</sup> of the former German colonies.

Professor Carr-Saunders supports Professor Landry in this thesis. He does add, in conclusion, the following important point: "It may be urged here that... there is an additional argument for transfer (of colonies). Many expanding countries, though they are mistaken,

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<sup>1</sup> J. R. Hayden: *American experience with problems of population in the Philippines and Puerto Rico*, (United States Memorandum No. 4).

<sup>2</sup> Landry: *op. cit.*, p. 8.

<sup>3</sup> Landry: *op. cit.*, p. 13.

think themselves to be overpopulated, and therefore failure to find room for settlement in such colonies as they might obtain would do no harm, whereas the mere possession of colonies would provide a cure for the psychological troubles which do arise from the population situation."<sup>1</sup>

### (vi) Conclusion

The preparatory study of the demographic aspects of peaceful change has been broad in scope, objective in approach, and frequently intensive in the amount of research applied to particular problems. All of the points enumerated in the Madrid Plan of Study have been covered, though, of course, with varying degrees of emphasis and completeness. It is not the function of the International Studies Conference — and even less so that of a Rapporteur — to draw definitive conclusions from the studies submitted to it and the discussions that take place under its auspices. Without overstepping this prohibition, however, it may be permissible to recapitulate some of the main lines of thought which are apparent in the memoranda and upon which there is a general consensus of opinion.

The experts are in agreement in recognizing the lack of demographic balance in the world resulting from the existence of overpopulation in certain countries and regions and the opportunity for a healthful further expansion in population which exists in the world as a whole and in certain countries in particular. They concede that this situation, constitutes a disturbing factor in international affairs and that overpopulation, or the psychological fear of overpopulation, especially presents a menace for world peace.

No one remedy is offered as a panacea for all the population ills of the world. Each country, in a spirit of collaboration and goodwill and with the fullest possible knowledge of the facts at its disposal should adopt a demographic policy calculated to establish optimum conditions within its own frontiers, but with due regard for the interests of other States and respect for the rights and dignity of the individual man. A considerable contribution has been made by the documentation of the Conference to the clarification of the notion

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<sup>1</sup> Carr-Saunders : *op. cit.*, p. 325.



of optimum population, a concept which is important for the formulation of demographic policy. Recommendations have been advanced for international organization of research into demographic problems, for the co-ordination of efforts looking towards sounder demographic policies, and for the application of the various international solutions proposed for population and migration problems.

Migration is generally regarded as a most hopeful means of correcting demographic maladjustments. It is recognized, however, that the opportunities for migration are limited and the obstacles to migration serious. Although estimates vary as to the immigrant-receiving capacities of the New World and of Australasia, there is a consensus of opinion on the fact that some expansion of population in these regions would be beneficial. The obstacles to migration, it is felt, both the legal obstacles created by the States themselves and the other difficulties which surround migration, can be largely mitigated, given sufficient goodwill on the part of all concerned, by adequate knowledge of the facts, and careful planning.

Little confidence is expressed in the possibility, under present circumstances, of remedying overpopulation to any great extent by domestic measures, internal colonization and increased economic activity, or by colonial expansion. Despite the fact that considerations of habitat probably present no insurmountable obstacle, the opportunities for settlement in the more backward regions of the world are widely held to be negligible and those regions which might be further settled are either already independent countries or else securely held by some colonizing Power.

The necessity of a revival of world economy and a freer exchange of raw materials, goods, services and capital is stressed as an essential condition of the ultimate solution of population and migration difficulties. Thus it is emphasized that these problems constitute only one element — but an important element — of the many interrelated aspects of peaceful change.

## NOTE

### ON THE STUDY OF NATIONAL AND ETHNICAL QUESTIONS

The general plan of study, drawn up by the Madrid Session of the International Studies Conference, provided for the examination of national and ethnical questions. In order that this naturally extensive subject should not result in discussion ranging over too vast a field, it was decided that a comprehensive study of this question should not be organized but that the investigation should be limited to such concrete cases as should be dealt with in the memoranda presented to the Paris Session in 1937.

The absence of a preconceived plan explains the incomplete character of the documentation, of which we shall try here to give a general account.

It is above all in Central Europe, in the Successor States and the States which were remodelled by the Peace Treaties, that national and ethnical problems have acquired a new acuteness. Dr. W. Supan,<sup>1</sup> examining the problem of minorities, criticizes the post-war statute which he thinks was not applied logically or completely. In his opinion, it was necessary to ensure the national autonomy of minority groups in every case where political independence was not practicable. Instead of this, there was created a system of individual guarantee, which places them by the very fact of their small numbers, in a disagreeable position, particularly from the cultural point of view. The author concludes by demanding the establishment of a new statute, recognizing the existence of minorities as communities possessing juridical personality.

This conclusion coincides with that of Professor A. von Verdross,<sup>2</sup> who supports it by fresh considerations. Furthermore, frontier alterations would not be a solution, because of geographical complications. But minority interests exist and care must be taken to see that the minorities can ensure

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<sup>1</sup> W. Supan : *The Minorities Problem*, (Austrian Memorandum No. 7).

<sup>2</sup> A. von Verdross : *Minority Law and Nationality Law*, (Austrian Memorandum No. 9).

the defence of these interests in whatever State they find themselves. It is in this spirit that a real practical system of autonomous administration of minorities has been set up in Estonia.

In the opinion of Dr. J. Kornis,<sup>1</sup> political frontiers, drawn up by the Peace Treaties, create an intolerable situation for peoples separated from the nation to which they belong, and, in particular, for Hungarians. The author therefore demands a revision of the territorial *status quo*. Furthermore, he gives an interpretation of Hungarian public opinion, which, he says, is persuaded that the Successor States continually violate the minority treaties.

M. W. Winckler<sup>2</sup> presents to the Conference the practical bases for an examination of population statistics in the Danube Basin. He recognizes the applicability of studies of this kind to the people of the whole world.

In order to throw light both on the extreme complexity of certain demographic situations and the danger of applying to them systematic and over-simplified solutions, Count Paul Teleki and M. Ronai<sup>3</sup> present a series of maps, illustrating typical cases and accompanied by commentaries. They strongly prefer living examples of the mixture and interpenetration of races, to the method of numerical ratio.

These two writers propose a realistic method of dealing with cases which vary so much according to districts. In the first place, each of them must be examined in the light of a special understanding of local conditions; then, a solution must be sought for, inspired by principles which are considered correct from the point of view of human liberties. This should be undertaken by a body of men, convinced of the high value of their work and "devoted might and main to the cause of justice."

Dr. Macartney,<sup>4</sup> having also emphasized the extreme complexity of race mixture and the continual conflict between ethnical frontiers and economic realities, affirms the importance of a good political frontier. In order that this may be achieved, the writer thinks that it will be necessary to make certain changes, capable of reducing to a minimum the number of individuals subjects of a nation State whose nationality they do not possess. But he remains sceptical as to the final result of these solutions. It would be neces-

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<sup>1</sup> J. Kornis : *L'opinion publique de la nation hongroise et le "Règlement Pacifique"*, (Hungarian Memorandum No. 4).

<sup>2</sup> W. Winckler : *The fertility of the peoples of the Danube Basin*, (Austrian Memorandum No. 10).

<sup>3</sup> Count Paul Teleki and A. Ronai : *The different types of ethnic mixture of population*, (Hungarian Memorandum No. 5).

<sup>4</sup> C. A. Macartney : *The Danube Basin - its problems of Peaceful Change*, (United Kingdom Memorandum No. 5).

sary to achieve some radical measures and to reconstitute a political entity within the limits of optimum economic frontiers, and organized in such a way that the various nationalities can live together without tyranny or preponderance of either.

Finally, Professor Sherwood Dunn<sup>1</sup> studies the minority problem from a general point of view, in so far as it affects the achievement of peaceful change. Territorial changes are doubtless made difficult by geographic complications and by the danger of altering the equilibrium of forces within the countries in question. The surest and the most advantageous action for the future would perhaps be to achieve a better system of international guarantees of the status of minorities.

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<sup>1</sup> F. S. Dunn : *Peaceful Change : a study of international procedures*, (United States Memorandum No. 3) pp. 23-25.

# INTRODUCTORY REPORT ON THE STUDY OF COLONIAL QUESTIONS

by

H. O. CHRISTOPHERSEN, Secretary-Rapporteur

## Foreword

The main subject to be discussed at the meetings of the Colonial round table might be termed the colonial aspect of the problem of peaceful change. It should be noted at once that the problem with which the round table will deal is not "colonies", but peaceful change. It will be interested in colonies only in so far as they have a definite, real or imagined bearing on the problem of peaceful change. It will not be necessary to deal with what is generally termed the "colonial problem" as such, nor with the whole colonial situation, its causes and probable development.

In relation to the problem of peaceful change, colonies can be considered from two points of view :

1. As a difficulty. The colonial *status quo* may be looked upon *a)* as a probable or possible cause of violent change, and *b)* as in itself an obstacle to peaceful change.

2. As a solution. The colonies may furnish elements for the solution of certain particular problems of peaceful change.

In trying to avoid unnecessary and futile argument, as well as to focus the discussion on the most fruitful points, our chief instrument of preparation has been the general plan for the colonial study adopted

by the Ninth General Study Conference at Madrid, 1936.<sup>1</sup> This plan has, however, not been regarded as a straight-jacket, setting absolute limits to our work, but as a guide of sufficient suppleness to admit of such organic growth as is natural in all cases of scientific research within the social field. This can be seen clearly by comparing the Madrid Plan with that selected for the present report : <sup>2</sup>

<sup>1</sup> 1. Definition of the term "colonies" and distinction between the different types of colonies.

2. Value of colonies, from the standpoint of the colonial Powers. What are the advantages and drawbacks of the possession of colonies :

- a) from the economic standpoint ?
- b) from the political and moral standpoint ?

3. Interests of native populations as a factor in the problem of peaceful change.

4. Solutions suggested :

A. Non-territorial solutions :

- a) Régime of the Conventional Basin of the Congo ;
- b) Mandates system ;
- c) Participation of nationals of non-colonial Powers in certain technical departments of the colonial administrative service ;
- d) Status and régime concerning foreigners in the colonies ;
- e) Investment of capital by foreigners in the colonies.

B. Territorial solutions.

<sup>2</sup> This report is based on documentation composed of memoranda presented to the Conference by national groups (Austria, Belgium, Denmark, France, Netherlands, Switzerland, United States, United Kingdom) and member institutions.

Parallel with this work, a group of German scholars under the direction of Professor D. Westermann had undertaken a series of studies, entitled *Beiträge zur Deutschen Kolonialfrage*, of which a limited number of copies were sent to the secretariat for distribution. A preface by Dr. Berber connects it with the International Studies Conference in the following way : "The German Institutes, originally co-ordinated in the *Ausschuss für Auswärtige Angelegenheiten* at the *Deutsche Hochschule für Politik*, later in the *Deutsche Zentralstelle zum Studium der Internationalen Beziehungen* within the framework of the *Deutsches Institut für Ausserpolitische Forschung*, withdrew in the autumn of 1933 from the International Studies Conference (on account of its administrative connection with the League of Nations) and have since then participated in the sessions of the Conference only through unofficial observers. Although direct German collaboration in the scientific work of the Conference has thus been impossible, the activity of the Conference is nevertheless of the greatest interest to German scientific research..... As, in the circumstances, a systematic German study of the subjects selected for the Tenth International Studies Conference was out of the question, only a statement of policy in respect of certain especially important problems could be envisaged, among which the colonial problem was of particular significance. As early as the autumn of 1935, two groups devoted to the scientific study of the colonial question, one in Hamburg, the other in Berlin, began their activity. The group of the Hamburg University, under the direction of Professor Adolf Rein, dealt with its subject in a comprehensive and strictly systematic way, and, consequently, its memoranda cannot be ready in time for this year's Study Conference. On the other hand, the Berlin Group, under the chairmanship of Professor D. Westermann, limited itself to the study of certain especially important subjects, which have been set forth by leading scholars and authorities, in the memorandum form customary at the Conference. Although it contains no systematic exposition of the German scientific attitude to the colonial problem, it nevertheless shows some common aspects of the German view of certain specific problems. The information given will probably be of considerable value to foreign scientific research

- I. Introduction.
- II. Value of colonies from the standpoint of colonial Powers.
  - A. Economic standpoint.
    - a) Critical study.
      - 1. Definition of the value of colonies to the home country.
      - 2. Exports and imports.
      - 3. Capital investments.
      - 4. Population.
      - 5. Profits resulting from freight shipped from the colonies to the mother country and to foreign countries.
    - b) Statistical study.
  - B. Moral and political standpoints.
- III. Point of view of the native populations and their interests as factors in peaceful change.
  - a) Introduction.
  - b) Nature of the interests of the native populations.
  - c) Factual policies and guiding principles.
- IV. Suggested solutions.
  - A. Non-territorial solutions.
    - a) Politico-economic.
    - b) Economic.
  - B. Territorial solutions.
- V. Conclusion.

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and, particularly, to the Tenth International Studies Conference shortly to be held in Paris." This publication contains the following six memoranda :

1. *Political Co-operation with other Colonial Powers in Africa*, by C. Karlowa.
2. *Principles of Native Education in the former German Colonial Territories*, by Professor M. Schiunk;
3. *Co-operation with other Colonial Powers, in respect of Cultural Penetration*, by Dr. Reinhold Schober;
4. *The part of Germany in the Exploration and Development of Africa*, by Professor Franz Thorbecke;
5. *Supply of Colonial Raw Materials within the framework of the German National Economy* by Dr. K. Weigelt;
6. *Native Policy*, by Professor Diedrich Westermann.

All the memoranda contain brief summaries of the most important conclusions.

## (i) Introduction

### DEFINITION OF THE TERM "COLONIES" — DIFFERENT TYPES OF COLONIES

#### I. UTILITY OF A DEFINITION

In attempting to define the term "colonies" and to classify the territories covered by this definition, we have kept a practical end in view : our main object has been to agree upon the limits of our particular field of investigation in relation to the other group studies undertaken in preparation for the 1937 Conference. Thus the main purpose served by a definition was one of delimitation of functions between the various international study groups. From the outset the tendency was to adopt as comprehensive a definition of the word "colony" as possible. At a meeting of colonial experts in March, 1936, it was agreed that the term "colony" should be interpreted in the broadest sense, embracing generally : possessions, dependencies and settlements situated outside the mother country, regardless of their special denomination. At another meeting of colonial experts, in December, 1936, it was agreed that the question of definition from the point of view of the Conference was of a purely preliminary character, and that it should not be allowed to lead delegates to engage in an interminable debate on formal lines at the Conference itself. It was, however, necessary for the Group, for reasons of practical convenience, to agree upon an interpretation of the terms of reference. It was maintained that a juridical definition would have to form the nucleus of such an interpretation, but that it might be necessary to modify this definition in so far as our study is concerned, so as *a*) to exclude certain territories, such as British India, whose legal position is analogous to that of the colonies, but which for economic and other reasons are to be regarded as autonomous, and *b*) to include other specified territories, such as mandates, which from the point of view of peaceful change might conveniently be classed with the colonies proper. There was general agreement among the experts that it should be explicitly stated that the mandates are included in our study. On the other hand, it was not thought necessary to come to a formal decision with regard to the other border-line cases, such as India, as this difficulty would arise only if some member of the Conference declared its intention to study



these particular territories. No such intention had so far come to the notice of the International Study Group, and for this reason the question was not a practical issue.

There was, furthermore, at the outset, some uncertainty as to whether the term "colony" itself was the most appropriate designation of the reality with which we were dealing. At the first meeting of the colonial experts several other terms were suggested, but they were all found inexact and misleading. It was, therefore, realized that although the word "colony" was no ideal term, it was, nevertheless, the most satisfactory designation at our disposal. Accordingly, this term has been used all through our work with a wider connotation than is usual, and often in a way that from a scientific or juridical point of view would appear incorrect.

## 2. VARIOUS DEFINITIONS : POLITICAL, ECONOMIC, LEGAL

Legally, a colony is a territory administered by authorities appointed for that purpose by the Government of the Power concerned, in accordance with a special legislative system; without going into the question of the more or less extensive sovereignty exercised over this territory, and leaving the terms sufficiently vague, it is possible to formulate a definition that is likely to be accepted by all the colonizing countries.

From the political standpoint, however, there are actually too many divergent conceptions within and between the great Empires to permit of a unification of the notion of "colony"; the degree of liberty and the rôle assigned to the natives in the affairs of their country vary from one extreme to the other, and the impossibility of finding a single political definition compels us to return to the legal definition, the essential factor of which alone remains constant, namely, the administrative and legislative dependence at different phases.

Even when we consider the economic aspect of the question, the word "colony" calls for a special definition, for here the only territories that can be regarded as colonies are those for which the Government of the home-country is free to practise the economic policy most compatible with its views, particularly in the matter of customs and the settlement of its nationals.

When studying peaceful change, however, the idea of "colony" should be taken in its broadest sense, implying a mixture of the powers and responsibilities of a State in respect to territories.

A Netherlands Memorandum<sup>1</sup> defines the public law function with regard to the colonies in the following way: the expressions "home-country" and "colonies" designate organized collectivities inhabiting non-adjacent territories forming part of one and the same empire, but subject to different and unequal governmental systems, the home-country exercising supreme authority throughout the whole empire. Colonies are, moreover, the result of a particular type of migratory movements of men towards areas outside their ordinary habitat. These migrations are characterized as movements of individuals, members of a people organized as a State, with complete maintenance of political links, more particularly subjection to the same supreme authority established in the country of origin, which thereby becomes the home-country of an empire. Colonies, then, according to this definition, are characterized by *a*) the specific nature of the system practised, *b*) subordination, and *c*) distance (separation by sea). It is furthermore pointed out that the mandates, in spite of their peculiar legal position, ought to be included in our study because of the important part they play in the discussions concerning the value of overseas territories for the economic life both of the metropolitan Powers and of the world as a whole.

### 3. DIFFERENT CATEGORIES OF COLONIES TO BE DISTINGUISHED ACCORDING TO VARIOUS DEFINITIONS

It would be possible to arrive at one or several modes of classification on the basis of these definitions. France, for example, divides her colonies into four main categories according to a criterium which is partly juridical and partly political.

The three main groups of British dependencies,<sup>2</sup> which it is possible to distinguish (colonies, protectorates, and protected States), are generally all included in the British Colonial Empire properly so called. Outside the Colonial Empire but inside the British Empire there are, however, certain States which cannot be classified as colonial territories. These countries, the Dominions, are by the Statute of Westminster declared to be "autonomous communities within the British Empire,

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<sup>1</sup> E. Moresco: *Definition of the term "colony" and distinction between the different types of colonies*, (Netherlands Memorandum No. 1), p. 1.

<sup>2</sup> Royal Institute of International Affairs: *Definition and classification of colonies and dependencies and the status of the British Dominions*, (United Kingdom Memorandum No. 13).

equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations". The Dominions thus have complete legislative independence. They are, furthermore, separate members of the League of Nations and possess power to make treaties. They may also maintain their own diplomatic representatives in foreign capitals. It is worthy of especial note that three of the Dominions (Union of South Africa, Australia, and New Zealand) are themselves colonial Powers. India is in an intermediate position between the colonial empire and the Dominions. She has not yet achieved full responsible government, and even when the Government of India Act (1935) is in full operation, there will remain for some time important limitations on her independence. Nevertheless, as an original member of the League of Nations she is to be classed with the Dominions as a non-colonial area.

Although the Dominions and India are essentially independent States, their membership of the British Commonwealth of Nations involves mutual obligations which limit their sovereignty. Among the circumstances which qualify their independence the following are especially important: the existence throughout the empire of a common citizenship, the unity of the Crown, the relation to the Permanent Court of International Justice, the common practice of the protection of the interests of the Dominions by British diplomatic agents, and the much debated question of neutrality.

## (ii) Value of Colonies from the Standpoint of the Colonial Powers

### A. — ECONOMIC STANDPOINT <sup>1</sup>

#### a) Critical study

With a view to preparing this part of the study for the Conference discussions, two different methods of work were adopted. First, a synthetic report was prepared by an international study group for colonial

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<sup>1</sup> See above: *Introductory Report on Raw Materials and Markets*, p. 82.

problems, statistical data constituting the second part of the studies contributed by its members. Secondly, memoranda drawn up by national groups, dealt more or less directly with the various relevant problems.

We shall here follow the synthetic report, referring to the national memoranda whenever they raise a point of special interest, for example when they call attention to conflicting ideas.

#### I. DEFINITION OF THE VALUE OF COLONIES TO THE HOME-COUNTRY

It is commonly thought that the possession of colonies is an economic advantage to the metropolitan country. This opinion has to be supported by statistics, which, in general, however, are not complete enough to throw light on all the aspects of the problem. For this reason an attempt has been made to arrive at a complete definition of the term "the value of colonies".

The economic value of colonies may be defined as the dynamic influence exerted by the colonial economy on the organization and the development of the metropolitan economy and upon the international economic situation, measured by the effect upon the national income of the various economic factors : production, labour and capital.

To make an estimate of the economic value of a colony, it would be necessary to enumerate the following items<sup>1</sup> on the credit or debit side of the colonial account :

*Credit* or payments inward to the metropolitan country.

(i) Return on total capital invested in the colony.

(ii) Profits derived from the purchase or sale of goods not upon capital account.

(iii) Profits derived from shipping, insurance, etc., between the colony and the metropolitan country.

(iv) Benefits accruing from the migration, temporary or permanent, of nationals of the metropolitan Power to the colony, or of nationals of the colony to the metropolitan Power.

(v) Contributions of the colonial treasury to the civil expenses of the metropolitan country and to the expense of national defence.

(vi) Transfers of bullion, currency or foreign exchange from the colony to the metropolitan country.

<sup>1</sup> Royal Institute of International Affairs : *Capital investment in colonial territories*, (United Kingdom Memorandum No. 8), pp. 1-v.

*Debit* or payments outward from the metropolitan country to the colony.

- (i) Losses of capital.
- (ii) Losses upon purchase or sale of goods not upon capital account.
- (iii) Losses on shipping, insurance, etc.
- (iv) Losses caused by migration of metropolitan nationals and by the return of unemployed nationals to the metropolitan country in time of depression.
- (v) Contributions of the metropolitan exchequer to the civil and military expenses of the colonies.
- (vi) Repatriation of bullion, currency and foreign exchange from the metropolitan country to the colonies.

Furthermore, it is necessary to take into consideration the effects of the above factors upon costs of production in, and the purchasing power of, the metropolitan country and their incidence upon the main social groups of the population. It follows that this valuation can be made only over an extended period. For example, the earlier investments into the colony, such as ports, roads, railways, etc., are not immediately remunerative investments, but stimulate in turn more remunerative investments, for example mining, etc.

Even so, such statistical data as exist do not permit in practice a real evaluation of colonies, as it has been defined in ideal terms above. Such statistics as can be given can only be the most important instruments for the interpretation of a situation which is composed of so many variable elements.

It is certain that such a definition must be understood in a very broad sense and there would be risk of concealing the truth if it were based solely on the profits account. But, in accordance with the principle of colonial policy, and the circumstances of the case, different countries are led to choose from the various criteria that, or those, which appear most urgent or most striking.

Thus, it has been stated<sup>1</sup> that the investment of capital by the home country and foreign countries in the colonies was a characteristic feature of colonial development to-day; from this point of view, the ratio between creditor and debtor accounts furnishes a possible criterion for determining the value of colonies.

<sup>1</sup> Cf. United Kingdom Memorandum No. 8.

## 2. EXPORTS AND IMPORTS

It should be noted<sup>1</sup> that the relative importance of colonial possessions in the trade of the colonial Powers has increased since 1925, particularly in the assimilated colonies.

a) Exports of merchandise to the metropolitan country and to foreign countries. — The proportion of the exports of the colony which go to the metropolitan country do not necessarily indicate that the colony is proportionately profitable or unprofitable. From the point of view of the investor in the metropolitan country, it is the rate of return on capital which is the criterion of the profitability or otherwise of the colony. This profit may be derived as much from the export of colonial produce to foreign countries as from that to the metropolitan country. For example, the capital invested in sugar in Netherlands India is wholly Dutch and hence the profits go to the Netherlands, but virtually none of this sugar is sold in the Netherlands itself. On the other hand, if the capital in a colony is largely of foreign origin, the fact that the exports of that colony go largely to the metropolitan country disguises the fact that a great part of the profit of the exploitation of that colony goes to the foreign shareholder. For example, the trade of Angola is increasingly with Portugal, but British investors derive a steady revenue from the colony, although its exports to Great Britain are quite small.

b) Imports by the metropolitan country and by foreign countries from the colony. — The amount and the proportion of the imports by the metropolitan country from the colony may not be a source of pure profit. The colonial products may compete with home produce, and cause losses to capitalists and unemployment in the home industry in question, and in others connected with it. Exports of corn and wine from North Africa have competed with the produce of the South of France and caused distress there. Part of the readiness of the United States to grant independence to the Philippines is to be accounted for by the losses to United States agriculture caused by competition of Philippine produce. Similarly, the interests of Japanese and British home agriculture are opposed to imports of certain kinds of colonial produce. Again, the imports of colonial produce may be fostered by a policy of protection which raises the costs of the home industries, and hence

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<sup>1</sup> Royal Institute of International Affairs : *Colonial trade, shipping and commercial policy*, (United Kingdom Memorandum No. 9), pp. 1-3.

causes them losses or relatively smaller gains than would otherwise accrue to them in the world export market, and, by raising prices to the home consumer, diminishes the national income. This may occur as the result of the decline of revenue which might be derived from imposing revenue duties on colonial produce, revenue which hence must be replenished by heavier duties on foreign imports or by higher taxes in the metropolitan country. It may also occur as the result of preferential tariffs upon all imports which discriminate in favour of the colonial exporter.

In the two major Empires, the British and the French Empires, we find<sup>1</sup> similar tendencies towards a growth of intra-imperial trade, more particularly in the case of the French Empire.

In the general trade of these two Powers, the colonies have increased their percentage contribution of foodstuffs and raw materials but — especially in the case of Great Britain — they nevertheless remain a fairly weak source of supply for these two categories of products. Furthermore, they play an insignificant part as regards their exports of manufactured goods. It will be seen that these features are more striking when expressed in absolute figures than in percentages. Finally, the greater part of their export trade is with the home-country. The Portuguese Empire can also be included in this category; but the position is different in the case of Belgium and the Netherlands: most of the trade of the Belgian Congo is with the home-country, but its exports are in excess of its imports. With regard to the Netherlands East Indies, not only do they ship a considerable quantity of their exports to foreign countries but their exports to Holland exceed the volume of imports.

c) Imports by the colonial territory from the metropolitan country and from foreign countries. — The amount and the proportion of the imports into the colonial country from the metropolitan country, if fostered by tariffs, may be more to the disadvantage of the metropolitan investor in colonial enterprises than it is to the advantage of the producer and exporter of metropolitan produce which goes to the colony. For if this produce of metropolitan origin is more expensive than similar goods which the colonies could import from other countries, it may raise the colonial cost of living and hence the costs of the enterprises in the colony from which the metropolitan investor derives dividends.

<sup>1</sup> *Ibid.*, pp. 21-35, 36-45.

For example, the quotas imposed by the Netherlands on imports of textiles from Japan to Netherlands India have raised the cost of living and hence the cost of production in Netherlands India. Example : The import of textiles (cambrics) from the mother-country to Netherlands India has been protected against the import of cheap Japanese textiles by a quota decree. Consequently, there has been a rise in the prices to be paid by the batik industry. As this industry is unable to pay the higher prices, an amount is refunded to the importer, so that the price asked from the batik industry can remain on the same level as before. This amount again is taken by the mother-country from a surplus duty on foreign textiles imported into the Netherlands. In this case, the protection of one metropolitan industry on the colonial market is paid for by the consumers of certain foreign commodities in the mother-country.

For the British and French Empires, the present trend of the economic relations between the home-country and its dependencies is towards a preponderance of imports by the latter, with an increase in the demand for goods from the home-country. The situation is different, however, in the case of the Belgian Empire and the Dutch Empire; here, it is found that between intra-imperial imports and exports there is an unfavourable balance on the side of the exports made by the colonial Power.

d) Total exports of a colony. — The total exports from a colony may be a poor indication of its profitability to the metropolitan country for three reasons. In the first place, as far as the return on capital is concerned, regional trade within the colony may provide equally profitable markets for industries, and hence as great returns to the foreign investor who puts money into these concerns as if they were producing for export. In the second place, as far as the investor in enterprises which are producing for export is concerned, the total exports of the colony do not show what part of the exports is the result of foreign, and what part is the result of metropolitan, investments. In the third place, a part of the total exports of the colony may be the result of native production, and hence the profits of these are retained in the colony and do not go to the metropolitan investor; to a very minor extent only do they yield profit to the metropolitan importers. On the other hand, exports are often of minor importance as compared to the business carried on within the colony itself. For example, the total revenue of Morocco in 1934 was 7 milliards of francs,



whereas the export figure only reached 660 millions. And it must further be noted that of these 660 millions, 400 millions have the benefit of preferential entry into the home-country : only 200 millions are subject to the ordinary fluctuations in world prices. The internal trade of the colony is consequently a more certain index of its purchasing power and of its progressive enrichment. Moreover, it is relatively easy to estimate its fluctuations by means of taxes on sales, inland customs and expenditure on food in family budgets. Colonial exports have, however, another signification : they show the ability of a colony to pay its external debts. If the home-country expects to be paid what is owing to it, its colonies must be free to export.

e) Surplus of colonial exports over colonial imports. — It has been argued that an export surplus indicates the steady payment of profits by the colony to the home capitalist or importer. But it is possible that a relatively small export surplus is the result of either heavy capital imports, or small profits in colonial enterprises and, therefore, appears in times both of good and of bad trade. On the other hand, a large export surplus may be the result either of a high level of profits in colonial enterprises or of a failure to attract capital necessary to the development of the colony. Furthermore, such an export surplus may merely be the result of the methods of valuation of exports in the colonial trade statistics. If raw materials for export are valued at their price in the home market, they will include many items, such as cost of transport and dealer's commissions, which are not elements of pure profit.

As stated above, these colonial exports to the home-country are developing very considerably, and the same may be said of the total volume of exports. With regard to the balance in favour of colonial exports, this phenomenon has been noted in the cases of Belgium and the Netherlands, whose colonies had a tendency to supply the home-country with far more than they imported from it. These Powers were of the opinion that this constituted an economic danger and have endeavoured to counteract it by the revision of their customs régime.

### 3. CAPITAL INVESTMENTS

a) Calculation of the yield of capital invested in the colonies. — Difficult as it is to obtain figures for the yield on capital investment in colonies, such figures, when obtainable, are not necessarily conclusive evidence of the profit or loss on investment in colonies. Where dividends appear relatively low, it may be that profits are being ploughed back

and hence prosperity is actually on the increase, and larger dividends will in a future period be paid. On the other hand, high dividends take no account of capital which was totally lost in the past development of the colony, nor of capital written off as a matter of business policy. In Netherlands India, for example, it is a not infrequent practice for estates and companies to write off their capital to 1 guilder within the first years of operation.

b) Estimates of total capital invested. — Again it is difficult to obtain figures for total foreign capital invested in colonies, although considerable researches into this matter are being undertaken or recommended at the present time. Unless it is known how much of this capital is held by nationals of the metropolitan Power, it is impossible to say to what extent the capital invested is of benefit to the metropolitan country. But it is extremely difficult to discover the nationality of capital, since shares change hands every day, and are frequently held by one person for the benefit of others, perhaps others of different nationality.

Nowadays, the importance of the ratio between creditor and debtor accounts in colonial policy makes the problem of capital investments the pivotal point of our study.<sup>1</sup>

Apart from the total amount of, and returns from, capital invested in the colonies, it is interesting to examine their distribution.<sup>2</sup> The fullest and most reliable data available are for Africa. It should first of all be noted that, with the exception of Northern Africa, the preponderance of British capital is sometimes as much as 50%, followed by French capital and investments by other countries representing a total of secondary importance but generally preponderant in their respective colonies. Secondly, it is possible to distinguish between private capital and public funds; the latter are, for the most part, in the French possessions and represent, amongst the other capital, only from one third to one half. Finally, capital investments can be classified; from two different points of view :

According to their object, investments are distributed among trade, agriculture, public works and mines; the last two heads are no doubt the most important, the first because it governs the development of the country (railways, roads, etc.); the second because it concerns

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<sup>1</sup> United Kingdom Memorandum No. 8 : *op. cit.*, p. 1-v.

<sup>2</sup> *Ibid.*, pp. 36-37.

colonial production, on which the prosperity of the African territories depends. It should, moreover, be stressed that mineral wealth leads to a development of means of communication by giving them a definite object and the possibility of recuperating capital.

When examining the methods of investment, it is possible to distinguish : a policy of free enterprise, especially in the Anglo-Saxon and Dutch colonies; the development policy adopted for the French Empire; the policy of concessions to joint-stock companies, which was perhaps the first to be instituted and which is again coming into favour.

Colonial budgets may be considered in conjunction with these questions.<sup>1</sup> In the first place, it is interesting to point out that Portugal is the only country that has succeeded in securing a balanced budget in its colonies without aid from the home-country; on the other hand, the British dependencies, the French Empire and, more particularly, the Italian Empire live in varying degrees, but largely, on subsidies from the home-country. From the local standpoint, a comparison of the colonial public debts of the different Empires shows that the average debt of the British colonies is less than that of the colonies of all the other countries, except Portugal.

Further light is thrown on the budgetary position of the colonies through a comparison of colonial budgets before and under the depression, with special emphasis on the existence of colonial reserves. Such statistics as exist may be used to prove that in most colonies the depression has unbalanced the budgets, especially by revealing the inherent weakness in the economic structure due to over-development. With regard to the various sources of colonial revenue, customs and excise and direct taxation are the two most important items. In most British colonies more than half the total revenue is provided for by customs and excise, with a tendency for the British Asiatic colonies to show a higher proportion than the African dependencies (especially East Africa). The general impression is that there is " little relation between the height and complexity of a colony's tariff and the revenue obtained from it ". In Morocco, for example, the percentage in 1934 was 70.3. Owing to lack of data no general conclusion can be drawn with regard to the distribution of customs and excise charges between the native and European parts of the colonial population. The proportion of

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<sup>1</sup> Royal Institute of International Affairs : *Public Finance of the Colonial Empires* (United Kingdom Memorandum No. 10).

revenue from direct taxation to total revenue varies considerably in the colonial territories. There seems to be a general tendency for direct taxes to be of relatively greater importance in Africa than elsewhere. In most cases, it is difficult to measure the actual taxation of the native as compared with the European community. Royalties are a source of revenue which is of special importance where mining exists : "The extent to which the existence of a mining industry in a colony improves the position of its public finances is noticeable; and in proportion as a colony has to depend on revenue derived wholly from agricultural production so its difficulties in providing for essential services and economic development increase."<sup>1</sup> With regard to the various items of colonial expenditure, local military defence seems rarely to account for more than 3 or 4 per cent of the total. On the other hand, in many colonies the service on public debt absorbs a large part of the revenue. This sometimes has the effect of upsetting the balance of budgetary expenditure. The heaviest item of colonial expenditure is, however, administration. This is inherent in the nature of colonial territories and populations. Especially in local administration self-government seems to make for reduced expenses. Another important item of expenditure on the colonial public account is economic development. It should be noted in this connection that it is essential to the economic soundness of a colony that this item should bear a just proportion to the resources and needs of the territory. The general situation with regard to the problems of colonial public finance is summed up in the following words : "A greater variety of productive power, a greater internal and neighbouring purchasing-power, in a word, increased colonial economic autonomy, would benefit colonial finance in the same way as it would benefit colonial economic and social conditions."

#### 4. POPULATION.

A large immigration of nationals of the metropolitan Power may be cited as one of the benefits accruing from the possession of a colony. But, on the other hand, if the standard of living of these immigrants is high, the level of wages in the colony may be forced up, and however beneficial this may be to the inhabitants of the colony, it raises the costs of concerns producing in the colony, and hence affords them

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<sup>1</sup> D. Harwood : *Organized migration from Great Britain and its relation to unemployment*, (United Kingdom Memorandum No. 6), p. 55.

smaller profits than would accrue to them if they could employ natives at lower wages, and avoid paying the high wages of persons of metropolitan nationality. Hence, the dividends to investors in the metropolitan country will be relatively lower.

The most interesting examples to be studied from this point of view are furnished by the British Empire,<sup>1</sup> since the volume of migration is here greater than in any other part of the world and the currents of migration are of much longer standing. A striking feature of these movements is that, up to the world war, their origin must not be sought in the economic difficulties of the home-country but in a certain spirit of enterprise and the desire for rapid success. It was in 1922 that the British Government first turned its attention to directing the migratory movement, the question having become urgent chiefly as a result of the unemployment peril. In many instances, the Empire offered better living conditions, with the guarantee of finding employment, but it is a noteworthy fact that it has been possible to settle only a small percentage of immigrants (about 14%) on the land. British experience proves that the best immigration is not that due to a low standard of living in the home-country; as far as possible, there must be a certain prosperity in the home-country itself.

The conditions in regard to the settlement of white people in colonial territory are becoming more and more different from what they were originally. The policy of the colonizing Powers, which is to improve the status and living conditions of the natives and, in particular, to introduce public health measures, results in new strength being acquired by the native populations, who are thus able to offer an increasing resistance to immigration.<sup>2</sup>

In Africa, for example, where it would seem that the population could be increased by nearly 90%, it must be reckoned that the contribution made by the black population to this increase will be very considerably greater than that made by the immigrant population.

Furthermore, the capacity of absorption of the African Continent will increase only gradually, and if the increase in native populations corresponds to present estimates, they will accordingly occupy the vacant areas leaving no really interesting possibilities of settlement to the men coming from the home-country.

<sup>1</sup> Harwood : *op. cit.*

<sup>2</sup> Isaiah Bowman (ed.) : *Limits of Land Settlement*, (United States Memorandum No. 2), p. 19.

The experience of the United States in the Philippines and in Puerto Rico furnish two curious examples of population problems.<sup>1</sup>

In the Philippines, the situation was one of twofold complexity. First of all, conditions vary from one island to another; the islands were unequally and differently populated in the early days of their history and do not offer the same economic opportunities. Secondly, the claims of the natives must be reconciled with the immigration policy of the white races, on the one hand, and of the Japanese on the other.

In Puerto Rico, there exists an acute problem of overpopulation — a problem that will no doubt become more acute as time proceeds but for which there seems to be no satisfactory solution.

#### 5. PROFITS RESULTING FROM FREIGHT SHIPPED FROM THE COLONIES TO THE HOME-COUNTRY AND TO FOREIGN COUNTRIES

If the profits upon colonial shipping can be maintained only by a policy of subsidization by the metropolitan country or by the exclusion of foreign shipping, these profits are not to be attributed to the possession of the colony, but are the result of a general levy on the other industries of the metropolitan country. When the profits on colonial shipping are maintained by a policy of "flag surtaxes", the effect of these is to raise the cost of transport of goods to the colony, and hence to raise colonial costs of production, which in time lower the returns to the metropolitan investor.

For the Netherlands, for example, the available information concerning shipping points to the conclusion that during the first thirty years of the present century the Dutch colonies made an essential contribution to the notable development of Holland's mercantile marine and to the total volume of freight carried by Dutch ships; now, during that period no special grant was made to the Dutch merchant service, but the concentration of overseas traffic from Holland to the East Indies and neighbouring ports, and the dependency of this ocean trade on the shipping to and from these regions, must perhaps be regarded as one of the fundamental causes of the great decrease in the tonnage of the Dutch fleet and in the total volume of freight carried by Dutch ships during the recent economic depression.

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<sup>1</sup> J. R. Hayden : *American experience with problems of population in the Philippines and Puerto Rico*, (United States Memorandum No. 4).

*b) Statistical study*

The statistical material at present in our possession consists mainly of answers to the questionnaires, schedules and forms circulated by the Secretary-Rapporteur, and replies to the so-called Models A and B distributed to the national colonial groups in August, 1936. The latter schedules were intended to serve as a minimum questionnaire. Model B asked for information concerning area, population, occupation, date of acquisition and title of possession, form of government, forced labour, type of economy, mineral resources, principal crops, tariffs, principal exports, public finance, trade statistics and communications. This schedule was intended for colonies of lesser importance. Model A, intended for the more important colonies, asked for more detailed information on the points included in Model B and contained the following additional items : density of population, vital statistics, immigration, justice and police, land alienation, surveys, principal minerals, concessions, capital invested, banking, shipping, currency, exchange, defence, recruitment of labour, education and other social and cultural activities.

It has been impossible for the International Studies Group in the time at its disposal to compile documentation covering all colonial territories and furnished by the participating groups themselves on the lines of these schedules.<sup>1</sup>

It is, however, not only with regard to space and time that our statistical survey is incomplete. There are also certain types of situation of which we know next to nothing and there are others with regard to which our knowledge is not comparable. Thus it has been very difficult to throw any light on the problem of colonial investment. We also possess only incorrect measures of colonial populations, especially of their movements. A few remarks on each of these heads might prove of interest.

1. Colonial investment. — It is evident that colonial investment is an essential element in the problem of the economic value of colonies. It has been argued that any attempt at solving the problem of value

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<sup>1</sup> Of all the documentation thus collected, only the completed questionnaires provided by the Netherlands and United States groups were mimeographed and distributed, but the other parts were at the disposal of the round table on colonial questions during the discussions.

In view of the volume of this documentation, the Editorial Board has not found it possible to publish them here.

without reasonably certain knowledge on this point is bound to meet with failure. The question of colonial investment itself contains two elements : (1) the amount of capital wealth in a given colonial territory, and (2) the ownership of that capital. A study of colonial investment accordingly calls for both a quantitative analysis of the actual amount of capital invested and an examination of data in respect of ownership. This question of evaluation and ownership of capital in colonial countries should be kept apart from the juridical question of the facilities for or obstacles to capital investment in such territories. The latter question is part of the problem of equality of treatment in the colonies, and has accordingly been dealt with as such. At the request of the Secretary-Rapporteur an attempt has been made to draw up some lines for the study of the problem of colonial investment. Many useful suggestions have been made, and it may now be said that we are in the possession of valuable elements for establishing a method of approach. Most of these ideas have been utilized in some of the national memoranda on the economic value of colonies, to be analysed below. So far, however, this outline of a method remains to all principal intents and purposes an empty framework. Owing to the lack of preparatory research in this field it is at present very difficult to know how far the problem of colonial investment can in itself be solved. In so far as the 1937 Conference is concerned, we can furnish only fragmentary suggestions relating to method, and scattered factual information which may prove insufficient for the satisfactory solution of the problem under consideration.

It has also been suggested that the question of colonial investment might be successfully tackled from the commercial angle. Through a study of colonial trade balances it might be possible to discover in what measure any surplus can be said to serve the interest on the capital which has been invested in the various colonial territories. Such a study, however, whether undertaken on the basis of monthly or of yearly figures, would involve a painstaking comparative study of the nature of the imports and exports and could probably not be done in a short time. By way of experience in method, something constructive might be done if a few particularly typical colonies were singled out for intensive study. This suggestion has been followed up by the United Kingdom group with regard to Ceylon, to British Malaya and the British West Indies. The preliminary results attained have been incorporated in a memorandum on capital investment in Malaya,



submitted to the Conference by the British Co-ordinating Committee (United Kingdom Memorandum No. 15).

2. Colonial population. — From the standpoint of the economic value of colonies it is necessary to distinguish between three aspects of the demographic problem: 1. the native population in the colonial territories, their growth and actual number, with special reference to the question of the supply of manual labour; 2. the European populations actually settled in the colonial territories; and 3. the possibilities of future settlements by Europeans. It has not been possible to establish a reasonably certain documentation on native population movements. A relatively accurate idea of the growth or decrease of colonial populations would indicate the success or failure of the present colonial systems, and thus the necessity or desirability of change.

3. Colonial trade. — As it now stands, our statistical survey contains a great deal of information under this head with special reference to inter-imperial trade and, in certain cases, to regional trade. The difficulty is not here one of lack of data, it is more a difficulty of presentation of the information which has been collected. An almost indispensable condition for a useful comparison of the commercial figures for the various colonial empires is the adoption of a uniform method of classification of goods. It was originally hoped that it would be possible in the end to reduce the different national statistics to the formulas of the Brussels Convention of 1913, but although this task is in itself possible, lack of time and technical assistance made it impracticable as part of the preparation for the Conference. In spite of these difficulties of presentation we are probably justified in saying that in the present state of our colonial documentation, the commercial approach to the problem of the economic value of colonies is the safest method, and the one that will carry us as near to the solution of the problem as is possible.

4. Colonial budgets. — As in the case of colonial trade, the problem of colonial budgets is more one of presentation of the facts than of lack of data. There are three angles of the problem which ought to be separately considered 1. the metropolitan budgets in so far as the colonies are concerned; 2. the colonial budgets of each empire and their comparability, and 3. the comparison between the budgets of the various empires. With regard to the first aspect, the material at present in our possession is very inconclusive. On the other hand we possess relatively ample information on the colonial budgets of some of the

empires; in some cases, however, this material is not comparable even for the colonies of each empire taken by itself. So far little has been achieved with regard to the comparison between the colonial budgets of the different empires, but some of the national memoranda contain useful lines on this problem.

In the light of these special considerations it becomes obvious that the statistical contributions of the various national groups in their present form, and taken together, do not provide us with a completely satisfactory basis for the study and discussion of the problem of the economic value of colonies.

#### B. — MORAL AND POLITICAL STANDPOINTS

This side of the colonial problem is not adequately set forth in the existing documentation, owing mainly to the fact that a separate memorandum on political and strategic value which it was expected would be ready in time for the Conference has, in the end, not been submitted. It is maintained that the purely economic motives cannot explain the colonial expansion movements of the last two generations.<sup>1</sup> There were originally powerful anti-imperialist factors in operation, especially in Germany and France, and this resistance could be conquered through intensive propaganda with the object of enlisting popular support for the colonial policy. Colonies were given a prestige value, and a value as territories susceptible to the civilizing influence of various forms of cultural mission. "Cultural and religious 'imperialism' cannot be divorced from economic 'imperialism', because, whereas the latter offered financial allurements, the former gave a moral stimulus to those groups which were not bent on material gain". Besides, colonies were often proved to be of supreme strategic importance, or valuable as sources of military man-power. It is, on the whole, apparent that the economic argument does not furnish an exhaustive explanation of the colonial aspirations of certain powers. Psychological and political motives supply much of the driving force behind the quest for colonies. They also explain the resistance to the claims put forward. This non-economic side of the problem, however, is hardly susceptible of scientific treatment, but loses itself in a field where politics is a dominating factor.

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<sup>1</sup> B. Schrieke : *The Colonial question*, (Netherlands Memorandum No. 4), pp. 3-4.

In view of the uncertainty of the foundation on which theories of the economic value of colonies have to be based, it is not strange that the views of this problem adopted in the memoranda are not always the same. Leaving the question of future potentialities, which is hardly susceptible of scientific treatment, out of account, it is probably true to say that the economic value of colonies to the colonial Power has not yet been conclusively proved or disproved. Whereas, for instance, some memoranda emphasize the fact that the colonies have been relatively unimportant factors in the economic life of the metropolitan Powers, another memorandum appreciates the significance of colonial capital investment in the following words : " It is the dynamic factor in the economic situation and one of the determinants of the political. "

Without deciding this question, it is possible to distinguish three kinds of advantages resulting from the possession of colonies, in the sphere of politics and in the moral sphere of prestige : there is, first, the question of strategic positions and military effectives, then the advantages for a great Power of being " present " on all world occasions, and, finally, the civilizing rôle of a country to the tutelage of backward peoples is the source of a certain moral influence.

### (iii) Point of View of the Native Populations and their Interests as Factors in Peaceful Change

#### a) INTRODUCTION

The question of native interests, which is often claimed to be the most important element in the colonial problem as such, is not in itself a problem of change as we conceive of peaceful change for the purposes of the Conference. We are employing the phrase " peaceful change " with a special and restricted connotation, for such changes in the field of international relations as are to be regarded mainly as a safety valve for disruptive forces. There is an important category of changes which are the natural outcome of continuous evolution. These changes do not enter into our notion of peaceful change, and it is precisely changes of that kind which we often meet with in the field of native policy. The changes in the native situation which immediately interest us in connection with the conference are those

which have a direct bearing on international relations, in the present or in the near future. Thus it becomes evident that the question of the evolution of systems of native policy, which in itself is a question of immense importance, does not *as such* enter into our study and discussion. But, firstly all questions of change in the colonial field involve a question of native interest, and secondly, there are certain types of change in native policy which tend to diminish native unrest, and which thus become important to peaceful change as we conceive of the problem.

Although a detailed comparative documentation on native policy is out of the question for the 1937 Conference, certain special aspects of the problem have been dealt with rather fully by some of the national groups.

#### b) NATURE OF THE INTERESTS OF NATIVE POPULATIONS

By assuming administrative responsibility regarding the native populations, the Powers undertook to look after their interests of all kinds to the best of their ability. It is certain that no single part can be detached from this comprehensive whole by assuming that it is of lesser importance; all the factors contribute equally to the shaping of a colonial policy. Nevertheless, we have already considered the material aspects of the question: agricultural colonization, general economics, public health — which can merely be influenced by native interests, but can only partially be determined thereby. On the other hand, the political and even the cultural aspect here concerns us more directly, since it is a compromise between the interests and the obligations of the colonizing Power, a compromise in which the obligations arising out of the status of guardian State should be conspicuous, not to say predominant; without overlooking the importance of the economic factor, it must nevertheless be admitted that when it is a question of raising the native populations to a higher standard of civilization, political organization and the cultural attitude of the colonizers are of paramount importance.

#### c) FACTUAL POLICIES AND GUIDING PRINCIPLES

In point of fact, the documentation collected deals far more often with the policies adopted and even with certain points of detail, than with the guiding principles and tendencies of the colonial Powers.

However, we have at our disposal data relating both to the policy practised by France with regard to problems concerning native customs, and to the intentions of this country regarding the development which the whole of this question should take.<sup>1</sup>

The principle of assimilation, which, in the French Empire, has been adopted in the economic and political sphere, has not been observed in jurisdictional matters. Further, from the legal point of view, two kinds of assimilation can be distinguished: *a) real* assimilation, which is often the consequence of the imitation or "contraction" of European customs by the natives; *b) legal* assimilation, which signifies identity or equality of status. This second form of assimilation does not yet exist in the French colonial Empire. Consequently, these territories have two legal systems, one French and the other native, based on different concepts. The first is national (territorial) and laical; the second is personal and religious, based on the unity of blood and mind. It is obvious, therefore, that the respect of local tradition and the compulsory observance of native customs are the fundamental principles of the French system of colonial administration.

In order that these principles may be judiciously applied, native customs must be exhaustively studied, with a view to their ultimate codification. Codification, of course, is also a matter of interpretation and needs to be carried out with discretion and caution. Furthermore, native customs which are themselves in a state of constant evolution, become too rigid when set down on paper: codification sometimes amounts to petrification. Native traditions should never be fixed *ne varietur*. For this reason, in the French codifications of this kind provision is made for annual revision. In the event of flagrant divergence — as regards sentiment or interests — between French law and native customs, it is the law of the home-country that prevails. It is generally for moral or utilitarian reasons that abrogations from the law on local customs are enacted. By applying the law of the home-country in these cases of dispute, a new conception of public order is established among the natives, a conception that must be respected by all. In order to form an adequate idea of the colonial law, it is therefore necessary to distinguish not only a national law and a law of native customs, but also a common law based on moral (humanitarian) principles and

<sup>1</sup> R. Maunier: *La coutume indigène en pays colonial*, (French Memorandum No. 5), pp. 2-4.

interests, which automatically imposes itself through the abolition or modification of native customs by persuasion or legal compulsion.

It is likewise interesting to have some information on the attitude of the United States towards the populations of the Philippines, especially on account of the changes which rapidly take place in the elements of this problem.<sup>1</sup> The United States wished to withdraw as soon as possible from the Philippine Islands, while the Filipinos were desirous of acquiring their independence without delay; the result was a reserved and somewhat passive attitude on the part of the colonizing Power.

In the Netherlands East Indies,<sup>2</sup> agriculture is based on two fundamental principles : *a*) the protection of native agriculture in so far as concerns its right to the land; *b*) the creation of agricultural industries by the non-native population, for which the Government has granted long-term leases for Crown property. Besides the minor agriculture practised by Europeans already mentioned, there are two types of agricultural exploitation in the East Indies : that of the big landowners, and that of the natives. Most of the big landowners established themselves on fallow land, originally regarded as State property, but a few crops are raised on land leased to the population or hired from the natives on short lease.

The problem of native labour, or what some may prefer to call the economic and juridical conditions of labour, has engaged the attention of the experts, since it is complementary to the question of the organization of populated areas.

An examination of the "procedure followed at Geneva for the drafting of international labour conventions applicable to native labour and the provisions of these conventions" throws light on the part that international conventions and agreements can play by determining or influencing the policies and administrative methods adopted in colonial territories.<sup>3</sup> Consideration is therefore given more specially to procedures and solutions, and not only to the problem itself.

For reasons of clarity, and because the general plan of study makes no special provision for solutions pertaining to problems of native

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<sup>1</sup> Hayden : *op. cit.*

<sup>2</sup> C. J. J. van Hall : *An outline of agriculture in the Netherlands Indies*, (Netherlands Memorandum No. 3).

<sup>3</sup> C. W. H. Weaver : *Native labour in Africa with special reference to international conventions*, (International Memorandum No. 1).

policy, it will be convenient to deal with both aspects of the native labour question here. The nature of native labour in Africa (North Africa excluded) is first explained, with regard to methods of supply and forms and terms of employment. The methods of supply of native labour are of particular importance. Labour is either spontaneously offered, locally or by migration, or obtained by various methods of direct and indirect compulsion and recruiting. Forced labour is now hardly ever used, except for public purposes, and has, in its prevalent form the character of taxation. Recruiting, which is the usual method of obtaining labour not spontaneously offered, is described as "a method of obtaining labour, especially for the employment at a distance from the workers' homes, by propaganda and persuasion; it is usually carried on by agents who may be professional recruiters or servants of the prospective employer or of an employers' organization." The terms of employment of native labour are influenced by the forms of employment and methods of supply, but also by the character of the populations supplying the labour; it may be casual, by the task, under short-term contract, or under long-term contract, with a tendency to favour long-term contracts for recruited labour. The native labour thus described gives rise to various problems, some of which principally affect the worker personally, and some of which principally affect the public interest. Among the first set of problems, that of the personal liberty of the native worker is of especial importance. This problem is inherent in the various forms of forced labour still existing, and also, to some extent, in recruited labour. Even in the latter type of work the personal liberty of the native is sometimes restricted in a way that is repugnant to Western legal conceptions. In order to guide the policies of colonial administrations certain provisions relating to native labour are laid down in international treaties and conventions. A distinction is made between international instruments not specifically concerned with labour, bilateral conventions, general international labour conventions, and international labour conventions having special reference to native labour. a) The Berlin and Brussels Acts and the Convention of Saint-Germain-en-Laye contain various general clauses indirectly related to the problem of regulating native labour. Of considerably greater importance is the Covenant of the League of Nations, whose Article 22 introduces the Mandates system, and whose Article 23 deals with the treatment of the natives in colonial territories. In the texts of the African "B" and "C" mandates, clauses are included which forbid all forms

of forced labour in the mandated territories, except for essential public works and services, and then only in return for adequate remuneration. Lastly, the Slavery Convention of 1926 included an article relating to forced labour, by which the parties undertook "to take all necessary measures to prevent compulsory or forced labour from developing into conditions analagous to slavery", and to "endeavour progressively and as soon as possible to put an end to the practice." *b)* Certain bilateral agreements relating to native labour have been concluded in Africa (e. g. between Portugal and the Union of South Africa and Southern Rhodesia) with the object of regulating migration and stipulating the conditions under which labour should be permitted to be recruited in one territory for employment in another. *c)* The international labour conventions are based on preparatory research done by the International Labour Office or by committees of experts. All conventions which have no special reference to native labour, are nevertheless applicable to the colonies in appropriate circumstances, but governments have wide discretionary powers as regards this application. *d)* Most of the general conventions applied in Africa probably affect native labour to a very small extent: "Any effective international action on behalf of the native workers must be directed to their special problems and take the form of Conventions specially drafted to deal with these problems." Two such special conventions, concerned with forced labour (1930) and with recruited labour (1936), have been drafted and partly applied. In addition, three recommendations have been passed relating to the regulation of forced labour (1930), indirect compulsion to labour (1930), and the progressive elimination of recruiting (1936). The main problem with which these instruments are concerned is perhaps best expressed in the Forced Labour Recommendation: "The amount of labour available, the capacity for labour of the population, and the evil effects which too sudden changes in the habits of life and labour may have on the social conditions of the population, are factors which should be taken into consideration in deciding questions connected with the economic development of territories in a primitive stage of development." A careful consideration of these factors leads to the recognition of the "desirability of avoiding indirect means of artificially increasing the economic pressure upon populations to seek wage-earning employment." This fundamental principle is further elaborated in the "Recruiting of Indigenous Workers convention" (1936), which states that "before approving for any area any



scheme of economic development which is likely to involve the recruiting of labour, the competent authority shall take... measures... to avoid the risk of pressure being brought to bear on the populations concerned... and ensure that, as far as possible, the political and social organization of the populations concerned and their powers of adjustment to the changed economic conditions will not be endangered by the demand for labour."

One cardinal question remains to be put: What has been the practical effect of the conventions and recommendations specially concerned with native labour? Although no complete answer can at present be given to this question, it is nevertheless true that "reference to the annual reports submitted by the Governments which have ratified the Forced Labour Convention — the Recruiting Convention, as already stated, has only just been adopted and is not yet in operation — reveals an impressive effort on the part of the administrations concerned to secure conformity with the provisions of the Convention. Further, it is beyond doubt — and the fact has been recognized by independent observers — that important changes of policy in line with the Convention have been made by countries which have not yet ratified it."<sup>1</sup>

The Government of French West Africa has recently set up a very complete régime of native labour.<sup>2</sup> In this task it was influenced by several preoccupations: in the first place, it was necessary to create an extensive and complex administrative system of a European type, modified to meet the need of the particular case. Secondly, the administrators were anxious to combat the careless character of the blacks and to accustom them to thrift by the institution of compulsory saving. Finally, it was necessary not to make a frontal attack on native custom but to cause them to evolve and make use of the more practical among them.

#### (iv) Suggested Solutions

In the preceding pages the colonial situation has been looked upon from the point of view of "difficulty". We have tried to answer the question as to how far the colonial *status quo* may be considered as a probable or possible cause of violent change, or as in itself an obstacle

<sup>1</sup> Weaver: *op. cit.*, pp. 20 and 21.

<sup>2</sup> H. Labouret: *Le travail et la main-d'œuvre autochtone en Afrique Occidentale Française*, (French Memorandum No. 10).

to peaceful change. But the colonial problem in relation to peaceful change has also another, perhaps even more important, aspect : the colonies, it is claimed, may furnish elements for the solution of certain particular problems of peaceful change. It now remains to define the limits of this possibility.

#### A. — NON-TERRITORIAL SOLUTIONS

According to the general plan of study adopted at Madrid, certain colonial systems, which hitherto have found only restricted application, should be studied as possible solutions for the problem of peaceful change in the colonial field. The real theme underlying these studies, and which was to be considered in the light of varying experiences, is the question of equality of treatment in colonial territories. The study of the Conventional Basin of the Congo and of the Mandates system was conceived of from this point of view. The same applies to the following items included in our original programme of research :

- (i). Participation of nationals of non-colonial Powers in the technical departments of the colonial administrative service.
- (ii) Status and régime concerning foreigners in the colonies.
- (iii) Investment of capital by foreigners in the colonies.

#### a) Politico-economic solutions

1. Mandates System. — For the practical purposes of the Conference the "mandates system" might be defined as the collection of the general provisions laid down in the present "B" Mandates, to wit *a*) that the well-being of the native peoples is to be considered as a primary trust, *b*) that there shall be equality of economic opportunity, *c*) that there shall be no militarization of the native population, nor fortification of territory, and *d*) that there is to be an annual examination by the Mandates Commission, of the manner in which the mandate has been executed.

It is maintained<sup>1</sup> that, in general, the economic equality clause appears to be closely observed, and that, "as the advantages are in practice extended to non-members of the League, such as Germany and Japan, the dissatisfied Powers would seem to have little cause for complaint." Various information concerning the economic life of the mandated territories can also be gleaned from the United Kingdom

<sup>1</sup> Royal Institute of International Affairs : *Raw Materials and Colonies*, (United Kingdom Memorandum No. 1), pp. 52-54.

memoranda on consumption and production of raw materials and on colonial investment, trade, and public finance. It should, of course, be borne in mind that the present mandates system from the point of view of peaceful change is chiefly interesting as a possible *solution* for certain colonial problems. It was from this standpoint that special provision was made in our plan of study for an investigation of the method and results of the system. The way in which the extension of the mandates system has been advocated as a constructive solution for the colonial problem has been briefly set out in the United Kingdom memorandum on "Raw Materials and Colonies." The proposal put forward is, in the words of Dr. Barnes<sup>1</sup>, as quoted by the United Kingdom memorandum just referred to, that the imperial Powers should offer to bring their colonies under a mandate system, i. e., administer them themselves "not in exercise of the old arbitrary imperialism but as agent for the League and in accordance with provisions defined in a League mandate." Whereas at present the examination by the Mandates Commission of the administration of the mandates is based solely on the reports of the mandatories themselves, it has been suggested that, in order to strengthen the position of the Mandates Commission, its members should be authorized to make tours of inspection in the mandated territories. These concessions on the part of the colonial Powers would, furthermore, provide them with a bargaining basis when attempting to settle the wider issues of war and peace. This suggested solution should not be confused with the proposal to create so-called "international mandates" through the transfer of colonial territory to an international authority acting for the League of Nations. The latter solution is, of course, not a "non-territorial" solution, but involves a change of sovereignty.

The French mandate in the Cameroons has benefited from the vigorous action of the mandatory Power to improve the conditions of living of the natives, and there has been a veritable campaign against the diseases which decimate the population and particularly against sleeping sickness.<sup>2</sup>

The success of these efforts, which is already great, has given the blacks confidence in their administrators, which will be valuable to the latter in enabling them to undertake the rest of their programme

<sup>1</sup> L. Barnes : *The Future of Colonies*, p. 37.

<sup>2</sup> H. Labouret : *Le Cameroun*, (French Memorandum No. 11).

of improvement, that is to say, the development of the plantations. The improvement of the situation in Syria has shown how a great Power can facilitate the evolution of a less developed country.<sup>1</sup>

2. Participation of nationals of non-colonial Powers in certain technical departments of the colonial administrative service. — This is a method of reconciling the sovereign rights of the colonizing Power and the desire expressed by other nations not to be entirely excluded from colonial activity. A certain solution makes it possible to respect the importance attached to prestige by certain countries. It was proposed as a subject of study by the German observer at the meeting of colonial experts in March 1936 but was not studied by the Members of the Conference.<sup>2</sup> Some of them, however, expressed the wish that the subject should be discussed in the meetings of the round table on colonial questions.

3. Status and régime concerning foreigners in the colonies. — The special solution implied in this item of our study programme might be termed equality of opportunity for resident aliens in the colonies combined with diminution or removal of discriminatory restrictions on immigration.

As it exists at present, the system has already had appreciable results.

In the British colonies proper and the protectorates assimilated to the colonial model the final control of policy as regards aliens rests with the British Government. The conditions imposed upon aliens through the various laws and regulations in force are naturally strongly influenced by the conditions existing in the United Kingdom. On the whole, one could be led to the conclusion<sup>3</sup> that there is very little discrimination against aliens in British colonial territories, both as regards immigration and equality of opportunity for resident aliens. Relatively unimportant examples of discrimination against aliens are to be found in the immigration legislation of the Gold Coast, Nigeria, Gambia, Somaliland, Gibraltar, and Malta. In the Leeward Islands, Windward Islands, Bermuda and Trinidad, aliens are discriminated against with regard to the holding of land. In most colonial territories restrictions

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<sup>1</sup> R. Montagne : *Un exemple de changement pacifique : la Syrie*, (French Memorandum No. 9).

<sup>2</sup> D. Westermann : *Beiträge zur Deutschen Kolonialfrage*, p. 170, note 2.

<sup>3</sup> A. Berriedale Keith : *The status of aliens and the position of British subjects in the British Empire*, (United Kingdom Memorandum No. 4).

on the acquisition of land from natives by non-natives are applied equally to British subjects and aliens. In some territories there is legal limitation of the economic privileges which aliens may enjoy, e. g., British Guiana, British Honduras, Gold Coast and Ashanti, Nigeria, Sierra Leone. Another kind of discrimination exists in Malta, where a licence must be obtained from the Governor by any alien for the practice of any profession, for owning or being employed in any school, or for taking part in the management of any public institution. Of the mandated territories, Palestine occupies a special position, inasmuch as immigration of persons of Jewish race is favoured whether they are British subjects or not. Rights of immigration and of equality of treatment with British subjects are not included in the provision for the territories under Dominion mandate, and the local governments have therefore power of exclusion of aliens on any ground held relevant.

The status of aliens is not the same in all parts of the French Empire.<sup>1</sup> Nevertheless there are a certain number of common regulations and a certain similarity of conditions, evidently inspired by the tendency to equality and assimilation which is one of the principal features of French imperial policy. As a fundamental principle, it is stated that the legislation regulating the status of aliens in metropolitan France is the basis of this kind of legislation in other French countries. In order to understand the laws regulating immigration into the overseas parts of the French Empire, it is necessary to distinguish between two currents of immigration: *a*) Europeans and members of nations considered as assimilated to the European races (e. g., the Japanese, Chinese and Filipinos), and *b*) Asiatics. The laws and regulations concerning the admission of Asiatics are very often severely restrictive. In so far as the purely legal position of Europeans in the colonies proper and in the African mandates is concerned, they are practically in the same position as if they were in France. With regard to naturalization, as in matters of immigration, Asiatics are discriminated against in Madagascar, Indo-China and the French settlements in the Pacific. In Tunis and in Morocco the introduction of the protectorate has greatly complicated the provisions relating to the legal status of foreigners, especially in Tunis where the existence of two parallel jurisdictions, one French and one Tunisian, has given rise to a number of difficulties.

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<sup>1</sup> Jean de Lauwe : *Le statut des étrangers dans l'Empire français*, (French Memorandum No. 6).

In Tunis the position is further complicated by the fact that the Italians enjoy a special status by virtue of a Franco-Italian Convention (1896) still partly in force. The privileged status of the Italians makes it possible for them to form a homogeneous group strongly attached to their native country. The convention has lately been modified in such a way as to provide for the progressive return of the Italians to common law from 1945 onwards. After a transition period of twenty years, the Italians in Tunis will be subject to the legislation regulating French nationality. The question of the purely legal status of aliens is, however, of less importance than the status of aliens with regard to the various forms of economic activity. It is only through equality of treatment in this respect that international co-operation for the economic development of the colonies can be realized. In French Morocco and in the territories under French mandate, equality of treatment is enforced by international treaties. In Algeria and Tunis, which are assimilated to the French economic system, the metropolitan legislation obtains without important modifications, the only notable difference being that foreigners cannot obtain agricultural concessions. With regard to the colonies proper, no general rules are applicable to all the territories. Certain main tendencies can nevertheless be distinguished: in most colonies there are certain professions which for various considerations (national security, public service and morality) cannot be exercised by foreigners; in certain colonies, especially where there is an important Asiatic immigration, foreigners cannot obtain agricultural leases; in most colonies the granting of mineral concessions to foreigners is subject to important restrictions; in the colonies, in general, public works contracts are not given to foreigners; lastly, foreigners are forbidden to fish in French colonial territorial waters. Special attention is given to the problem of the Asiatic immigration into Indo-China, Madagascar, Oceania, and New Caledonia. The regulations concerning this category of immigrants vary considerably from one territory to another, but there are certain common features, as strict police supervision (system of "congregations"), fiscal measures for the protection of local commerce, and special limitations with regard to naturalization.

#### *b) Economic Solutions*

1. The open door system. — The open door system may be studied in the conventional régime of the Congo Basin. The area

covered by the Congo Basin Convention includes, besides Belgian Congo, parts of French Equatorial Africa and of Portuguese West Africa, Ruanda-Urundi, Kenya, Tanganyika, Uganda, Nyasaland, Zanzibar, part of Abyssinia, part of Italian Somaliland, the northern part of Northern Rhodesia and of Angola, and part of the Anglo-Egyptian Sudan. The régime obtaining in this area, and whose extension may be discussed as a part solution for the problem of equality of treatment in colonial areas, is briefly described by the United Kingdom memorandum on "Raw Materials and Colonies"<sup>1</sup>: In the Congo Basin, the open door is guaranteed to the signatories and to States Members of the League of Nations by the Convention of St. Germain of September 10, 1919, signed by the United States, Belgium, the British Empire, France, Italy, Japan and Portugal. This Convention revised the General Acts of Berlin, 1885, and of Brussels, 1890. The Berlin Act was the result of French and German protests against British "recognition" of Portuguese rights over the mouths of the Congo, after the potentialities of the Congo Free State had become evident. It guaranteed freedom of import into the Congo Basin for the goods of all nations: this provision was revised by the Brussels Act, which allowed 10 per cent. revenue tariffs on imports, but no preferential or transit duties. Under the Convention of St. Germain, there is no limit in the height of tariffs, but complete commercial equality is guaranteed. No provision is made for denunciation. But under Article 15, "the Signatory Powers will reassemble at the expiration of ten years from the coming into force of the present Convention, in order to introduce into it such modifications as experience may have shown to be necessary"; under Article 12, "the Signatory Powers agree that if any dispute whatever should arise between them relating to the application of the present Convention which cannot be settled by negotiations, this dispute shall be submitted to an arbitral tribunal in conformity with the provisions in the Covenant of the League of Nations."

In the Territory of the Belgian Congo<sup>2</sup> the open-door system creates complete equality in law. This régime has not hindered the development of the Belgian Congo: on the contrary, it has assisted it. Nor has it prevented Belgium from acquiring the preponderant influence in the colony from the economic point of view. This is legitimate,

<sup>1</sup> Royal Institute of International Affairs: *op. cit.* p. 38

<sup>2</sup> *Le Congo Belge*, (Belgian Memorandum No. 1), pp. 100 ff.

because the development of new countries involves expenditure and risks.

In certain domains of economic activity, foreign influence has remained fairly small. This is not on account of the system but simply because foreigners have not been able, or wished, to participate. This fairly small proportion of foreign influence in the domains here considered is compensated for by the very large place which they occupy in their domains. In order to prove this, it is sufficient to quote certain figures. More than half the export and import trade of the Belgian Congo is made for the profit of foreigners. Of 6,072 non-native undertakings calculated in 1935, 3,060 are foreign undertakings. Of a population of 18,683 non-natives (1935), 6,029 are foreigners.

The study of the problem leads one to the certain conclusion that the extension of the system of economic liberty and equality, as it is practised in the Congo, to new colonial territories would greatly contribute to good international relations and would result in a certain mitigation of the difficulties which are met with to-day by nations which are looking for sources of raw materials.

2. Investment of capital by foreigners in the colonies. — It should be noted that the possibility of capital investment by foreigners in the colonial territories is, to some extent, part of the general problem of the status and régime of foreigners, and has, therefore, incidentally been dealt with under that heading. It should further be noted that the subject of capital investment appears in this section of our study programme with a different emphasis from the one with which it appeared in connection with the problem of the value of colonies. It is here suggested as a possible solution, and the study involved deals more with the *conditions* of investment than with the sums actually invested. The most important problem to be considered is the definition of the extent to which the metropolitan countries are in a privileged position with regard to the investment of capital in the colonies. The following questions should be answered: Would nations which do not at present invest capital in the colonies, more easily obtain the raw materials they desire if without difficulty they could proceed to such investment? Have the colonial Powers put serious obstacles in the way of colonial investment by nationals of States which they regard as politically dangerous?

There is a natural desire on the part of non-colonial countries to



share in the return on profitable colonial investment.<sup>1</sup> Despite certain advantages to the metropolitan investor which are inherent in the political relationship between colony and mother-country, it is true to say, however, that "in the main the greatest barriers to investment in colonial securities at the present time are restrictions set upon the export of capital by foreign countries themselves." Another notable feature of capital investment in the colonies is the fact that "many colonial enterprises are financed internally out of profits or out of private issues of shares which are not quoted on the stock exchanges." Partly for this reason, but mainly owing to the impossibility of obtaining statistics of the nationality of capital invested in the colonies, the actual share of non-metropolitan nationals in colonial investment is not at present ascertainable. In connection with the problem of access to colonial investment it is of interest to note that lately foreign capitalists have been invited to combine in the formation of important colonial development companies, e. g., the Italian East African Mining Company. The fact, however, that nationals of non-colonial Powers have to operate through foreign capital markets is a notable disadvantage. In so far as the settlers in colonial areas are concerned, the private investment of non-metropolitan nationals is handicapped only by restrictions on immigration. Immigrants often accumulate important amounts of capital out of savings, particularly in British Malaya, Netherlands India, and the Philippines, where the growing influence of internal capital is a sign of approaching maturity.

The recent proposal for the allocation of undeveloped land within the colonial territories to chartered companies authorized to operate in the interests of the dissatisfied Powers might be dealt with in this connection. The chief objection to this scheme is that in its general form it affords no solution to the foreign exchange problem. This difficulty is not insuperable.<sup>2</sup> The salient feature of pre-war economy was the sharp distinctions between raw material producing countries and industrial countries. Europe was like an enormous workshop of transformation freely replenishing its stock of necessary raw materials in the open market. This situation has changed : on the one hand, the raw material producing countries try to create their own transformation industries, for which part of the produce of their soil is reserved; on

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<sup>1</sup> United Kingdom Memorandum No. 8 : *op. cit.*

<sup>2</sup> R. Hoffherr : *Les Compagnies à charte comme instruments de mise en valeur internationale de l'Afrique*, (French Memorandum No. 4).

the other hand, the free trade in raw materials is paralyzed by customs restrictions and the cartels. As a consequence of this contraction of the world market, the colonies have become increasingly important to the metropolitan country, a development which makes it easier to understand the popular confusion of the colonial problem with the general problem of the distribution of raw materials. The principal dissatisfied Power in Europe is now Germany. Up to the world economic crisis the problem for Germany was more a problem of markets than a problem of supply of raw materials. But when the imports of foreign capital came to an end, it became necessary for her to limit the payments in foreign exchange. Consequently, colonial territory under German sovereignty, or within the régime of the mark, became desirable. This made colonies, which had been claimed independently for reasons of prestige and honour, economically important to Germany. There are two aspects of the colonial problem which must be sharply distinguished: the political question of the redistribution of colonial territory, and the purely economic question of an international exploitation of colonial natural resources. The memorandum is concerned only with the latter aspect, and only with reference to Africa. The problem to be solved is how to make it possible for Germany to buy certain colonial raw materials without the use of foreign exchange, but also without transfer of sovereign political rights. The extension of the open-door régime to all African colonies is no solution for this specific problem, which contains a commercial as well as a monetary element; these two aspects, it is claimed, cannot be separated. On the other hand a possible solution seems to lie in the creation of international chartered companies for the exploitation of specially determined regions. This procedure, however, is not applicable without the fulfilment of certain conditions. It is necessary, as an initial step, to co-ordinate the industrial groups interested in the problem. Furthermore, the collective international exploitation of colonial resources implies a control of the use which is made of the raw materials thus obtained. Lastly, an intimate and constant co-operation of private enterprise and public authorities is indispensable to the success of the scheme. The old chartered company often possessed extensive political powers. In the modern world, however, the chartered company can have no distinct political object; it can exist only for the economic exploitation of colonial territory. Moreover, the State in the modern form of the chartered company plays only the part of a shareholder;

it has renounced its controlling power and limited its rôle to that of a constructive support of private initiative. The co-ordination of private undertakings and the co-operation between private and public enterprises effected by these companies point the way to a planned and rational exploitation of the great reserves of raw materials in Africa. Especially in new countries, the co-operation of private enterprise and public authority is indispensable to sound economic development: without public order and services exploitation is impossible. It is therefore natural that local governments should wish to reap some of the benefits accruing to development companies and made possible only through public works. This is achieved when local governments as shareholders participate in the formation of some kind of chartered company. A further result is that local governments in this way will be able to accumulate reserve funds, and, on the other hand, to safeguard the public interests in local undertakings. The chartered company also may prove a powerful instrument in counteracting the excessive sectionalism which hampers economic development in certain colonial areas. The author of the memorandum maintains that it would be possible to associate various nations with this kind of planned exploitation of colonial resources. Some examples of already existing international companies for colonial exploitation are cited: the Franco-German company for forest exploitation in the Cameroons, the international copper company in French Equatorial Africa, the Suez Canal Company, and the national bank of Morocco. Apart from the international solutions, the chartered company may be of importance to some colonial empires by facilitating a policy of complementary economy. This consideration is especially significant in relation to French imperial interests, for, whereas economic interests in the British, Japanese and Russian Empires have become increasingly inter-dependent, the French metropolitan and colonial economics have to some extent been competitive. A rational French imperial policy would endeavour to make the Empire more self-dependent with regard to certain important raw materials, such as coal and oil, which it now lacks, but which might be found on its territory.

After this analysis of the problem of equality of treatment in the colonies, it becomes natural to ask what would be the economic and other consequences of the solutions suggested.<sup>1</sup> It is maintained that

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<sup>1</sup> B. Schrieke : *op. cit.*, p. 16.

the result of modern colonial expansion has not come up to expectations, and that therefore the possibility of satisfying the claims of the "have-not" Powers through changes in the colonial situation has been greatly exaggerated. Data tend to prove that the colonies economically were relatively unimportant factors in the development of metropolitan countries. They also show that "the colonial question was not a specific problem susceptible of a solution by itself, but that it was absorbed — economically and politically — into the entire structure of international society." It is therefore evident that the real cause of the present difficulties, is not the uneven distribution of colonial territory but "the breakdown of the international machinery of exchange." The economic stringency resulting from the world economic crisis can be lessened only by means of a gradual recovery of the international machinery of exchange on a world-wide scale.

#### B. — TERRITORIAL SOLUTIONS

In the interests of international peace, colony-owning States may be required to consider the transfer of titles of certain areas to other States.<sup>1</sup> Specifically, the problem arises in connection with the mandated territories. Originally Germany demanded equality of treatment, not transfer of territory, but lately the Germans have stressed the necessity for their country to possess territories in which sources of raw materials can be included in the German currency area. Such territories will be important fields for German economic enterprise, as the possession of political sovereignty will make possible the development of the colonies in a much more intensive fashion and on a much bigger scale than was the case under the old German imperial administration.

It should be noted that whereas most cases of peaceful territorial readjustment in the past have included transfer in both directions or some other form of compensation, the German claims envisage cession of sovereignty without compensation elsewhere. The possibility of such one-sided transfer is to a large extent dependent on the existence of cogent political reasons or an actual promise made with regard to the wider issues of war and peace. The position of the mandates is peculiar also for another reason. The attitude towards the transfer

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<sup>1</sup> Royal Institute of International Affairs : *Considerations on the transfer of colonial territories*, (United Kingdom Memorandum No. 11).

of colonial populations from one rule to another has changed; the mandates contain provisions concerning the welfare of the subject peoples and to the effect that the territories involved are held in trust by the mandatory Powers. Any transfer of territory involves an examination of the title of possession, and of third-party rights limiting the sovereignty of the possessing State. These considerations are of special note as regards the mandated territories as views of the legal position of these countries are highly divergent. Though the allocation of the territory was made mainly on the basis of the existing occupation, and though the mandates were drawn up by agreement between the Principal Allied and Associated Powers themselves, they carry the approval of the Council of the League of Nations and were issued by its Secretariat. There are different views with regard to where the ultimate sovereignty of the mandated territories lies. Does it lie with the Principal Allied and Associated Powers, with the mandatory Power, with the League of Nations, with the subject peoples over which the mandates are exercised, or is it divided between several of these bodies? So far the question of the sovereignty of the mandated territories has been a purely academic question, but in the case of transfer the legal position would have to be taken into account, since other parties would have to be consulted. The peculiar position of the United States in this respect is discussed, and it is maintained that "in the event of a transfer of mandated territories, in practice, the assent of the United States, as an original interested party, as well as of the Principal Allied and Associated Powers would almost certainly have to be sought."<sup>1</sup> Furthermore, "the legal standpoint of the British Government as stated by Lord Baldwin is that before transfer could be accepted, the consent of the present mandatory Power and of the Power to whom the territory was to be transferred, and also the unanimous consent of the League Council would be required, in addition to the consent or acquiescence of the inhabitants of the territory."<sup>2</sup> It is not yet clear how far Germany in the case of transfer would accept the terms of the mandates. She maintains that she has no military motives, but the intensive economic development which she envisages is of such a nature that it cannot take place without serious infringement or modification of the economic equality clause. It is not likely, however, that either the League

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<sup>1</sup> *Id.*, p. 49.

<sup>2</sup> *Id.*, p. 45.

Council or the United States would give their approval to a transfer that does not include this clause. There are, however, other kinds of colonial territorial readjustment. In Africa at least, the supreme consideration at present ought to be integration, rather than disintegration of territory. The unnatural fragmentation of African territory during the years preceding the World War has greatly hampered the rational development of trade, especially internal and regional trade. "If it is accepted that any redistribution of colonial territory must take account of the economic and other interests of the countries themselves, this can only mean that no change ought to be made which will increase the fragmentation of colonial areas, but that changes should be rather in the direction of consolidation. No re-shuffle for political purposes which intensifies economic and political maladjustment can be permitted."<sup>1</sup> Another difficulty in the way of transfer of colonial territory, already dealt with, is the great variety of colonial administrations. All these difficulties, resulting from the protection of the interests of the natives and other third parties, make the desirability of changes very questionable in the present circumstances. Some kind of European agreement is a necessary condition for international co-operation, especially in Africa. But the "ideal solution in the eyes of a great many Englishmen is the eventual termination of the colonial dominion by the emancipation of the subject peoples, and any transfer which would hinder development towards self-government stands in the way of such a solution."

Another territorial solution for the colonial problem, briefly dealt with in the United Kingdom memorandum on *Raw Materials and Colonies*<sup>2</sup> is the creation of international mandates, the transfer of colonial sovereignty not to another national Power, but to an "international authority acting for the League, and representing the dissatisfied, as well as the present colonial Powers." The first step towards this goal might be the transfer of certain selected technical services from the colonial Power to the League of Nations to be staffed by nationals of non-metropolitan Powers. This suggestion has already been referred to above under (c) of the "non-territorial solutions."

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<sup>1</sup> *Id.*, p. 59.

<sup>2</sup> United Kingdom Memorandum No. 1 : *op. cit.*, p. 53.

## (v) Conclusion

The solutions outlined above, on the basis of the existing Conference documentation, can be grouped in three main categories : *a*) solutions mainly involving questions of native policy; *b*) solutions tending to the creation of a system of equality of treatment in colonial areas; *c*) solutions involving transfer or readjustment of colonial territory. An attempt has been made below at establishing an analytical scheme of the various solutions suggested. In order, however, to ensure the most profitable discussion at the Conference itself the elements of this scheme may have to be re-grouped in a more natural and "concrete" manner.

### A. — Solutions not involving a change of sovereignty.

#### I. Solutions tending to equality of treatment.

- (i) *Demographic* : Repeal of restriction on colonial immigration.  
(Necessary to distinguish between the problems of immigration and population in Africa from similar problems in Europe).
- (ii) *Administration* : Participation of nationals of non-colonial Powers in certain technical departments of the colonial administration.
- (iii) *Economic* :
  1. Equality of opportunity for resident aliens in the colonies.
  2. Free access to colonial resources, through:
    - a*) Repeal of direct restriction : preferential colonial export duties, international producers' restriction schemes.
    - b*) Repeal of indirect restrictions : preferential colonial import duties.
    - c*) Stabilization of currencies.
    - d*) Removal of restrictions on investment of capital by foreigners in the colonies (discrimination in the granting of concessions).

- e) Adoption of an international convention guaranteeing non-discrimination in colonial territories with regard to supply of colonial produce.
- f) Extension of existing open-door systems (e. g. Conventional Basin of the Congo, Mandates System, etc.).

Solutions 2, *a-f*, would involve some discussion of the economic consequences of an open-door policy.

3. International co-operation in the exploitation of colonial resources :
  - a) International development companies (East African Mining Company, Anglo-German Company for forest exploitation in the Cameroons, Suez Canal Company).
  - b) International chartered companies.
  - c) International financial institutes (National Bank of Morocco).

## II. Solutions mainly affecting native policy.

- a) Adoption of universal colonial policies and consolidation of colonial administration :
  1. Adoption of international conventions concerning native policy.
  2. Extension of the principles of native policy laid down in the mandates.

This question is relevant to peaceful change because the solutions suggested would facilitate other solutions of an economic or political character (special question suggested for preliminary examination : The effects on a native labour force of intensified work in building railways and developing methods of transport).

- b) Increasing participation of the native populations in colonial administration (making for cheaper administration).
- c) Extension of regional trade (especially in Africa) based on an increase of industrialization (tendency in the mining industry to local processing, ultimately leading to some degree of local industrialization, development of manufacture of consumption goods, problem of regional complementary economy).



d) Individualistic agriculture based on slow accumulative development of internal trade. (Here also some discussion of the development of colonial agriculture toward specialization for the export market with consequent high capitalization, and of the special cases of colonies which are dependent on one or two staple commodities. Also some discussion of the possibilities of creating European small-holdings in tropical regions).

B. — Solutions involving a change of sovereignty.

- I. Transfer of territory. (Involving a discussion of the economic consequences of transfer of colonial territory.)
  - a) From a colonial Power to another *national* sovereignty :
    1. Return to Germany of her former colonies.
    2. Transfer of colonial territory in exchange for special advantages (territorial, economic, political), or in order to diminish economic and political tension.
    3. Adjustment of colonial frontiers.
  - b) From a national to an international sovereignty : international mandates.
- II. Extension of the present mandates system, with or without modification (tours of inspection, etc.).
- III. Eventual termination of colonial status by the emancipation of the subject peoples.

# INTRODUCTORY REPORT ON MEMORANDA ON DANUBIAN QUESTIONS

by

C. M. WRIGHT, Secretary-Rapporteur

A co-ordinated study of the economic interdependence and the structural development of the Danubian countries was undertaken by a group of economists working under the auspices of the International Studies Conference.<sup>1</sup> This work, which involves a very detailed analysis of the situation in this part of Europe, will not be finished before the end of 1939.

Some committees, Members of the Conference, have nevertheless prepared, for the meetings devoted to peaceful change, memoranda on various aspects of the Danubian problem. The present report gives a summary analysis of these memoranda; it does not in any way claim to be a comprehensive study of the programme, since it is based on documentation which is incomplete but which it seemed useful to bring immediately to the notice of readers without waiting for the completion of the work under way.

In a general survey of the problem of peaceful change in the Danube Basin<sup>2</sup> Dr. C. A. Macartney points out that "the relationship of the Danube Basin to the problem of peaceful change is clearly quite different from that of population, raw materials, currency, etc. These may be regarded as factors accentuating, retarding, necessitating or preventing peaceful change in any given area; the study of them should elicit general truths to be applied to particular cases. The Danube Basin is itself such a case and it should be our task to examine the situation."

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<sup>1</sup> See below : *Note on the study of Danubian problems*, p. 482.

<sup>2</sup> C. A. Macartney : *The Danube Basin, its problem of peaceful change*, (United Kingdom Memorandum No. 5) p. 1.

General surveys of the problem are given by Dr. C. A. Macartney<sup>1</sup> and by Dr. E. Hantos.<sup>2</sup> In order to estimate the possibilities of peaceful change in the Danube Basin, historical, political and economic conditions have to be investigated. Dr. Macartney is of the opinion that the political conditions are by far the more important. "In the Danubian area all of its inhabitants who have any political potentialities whatever... put their political ambitions before their economic. Though a frontier be ever so uneconomic, they will bear it cheerfully if it satisfies their political ambitions; and conversely, let the area in which they live constitute ever so perfect an economic unity, they will without further thought first make it impossible to live in and then wreck it for the sake of their politics." This rather extreme opinion is not shared by Dr. Hantos, who thinks that "the preceding settlement of political conflicts would be very desirable, but not absolutely indispensable in the interest of economic co-operation. Economic *rapprochement* might help to bring about political understanding, established mutual economic interests which make it easier to convince the people that a pacific arrangement is profitable to all parties, as the feeling of economic solidarity and interdependence is, after all, deeply rooted in the minds of the Danubian people."

Working on the assumption that "the problems of peaceful change cannot be dealt with successfully if the ideological factors which influence the attitude of individuals and nations are not taken into consideration" an Austrian Study Group prepared three memoranda, dealing with the political ideas of the Hapsburg Monarchy, the political ideas and movements of post-war Austria and the change in the ideas on Government and Constitution in Austria since 1918.<sup>3</sup> A historical study of the endeavours of the Czecho-German compromise made in Bohemia up to 1918 has been undertaken by Dr. K. Hoch.<sup>4</sup>

Dr. J. Kornis<sup>5</sup> has made a study of the public opinion of the Hungarian nation with regard to peaceful change. In relation to this

<sup>1</sup> Macartney : *op. cit.*, p. 8.

<sup>2</sup> Elemer Hantos : *Le problème danubien*, (Hungarian Memorandum No. 2a).

<sup>3</sup> *The political ideas of the Hapsburg Monarchy. Political ideas and movements in post-war Austria. The change in the ideas on Government and Constitution in Austria since 1919.* By a Study Group on Ideological Questions, (Austrian Memoranda Nos. 1-3).

<sup>4</sup> K. Hoch : *Les tentatives de "Compromis" tchéco-allemand en Bohême faites jusqu'en 1918*, (Czechoslovak Memorandum No. 4).

<sup>5</sup> Jules Kornis : *L'opinion publique de la nation hongroise et le "Règlement pacifique"* (Hungarian Memorandum No. 4).

psychological study, two further Hungarian memoranda<sup>1</sup> point out several specially important political problems of the Danube Basin which could be brought towards a more satisfactory solution by means of peaceful change. Demographic questions concerning regions in the Danube Basin have been investigated by Dr. A. Bohac,<sup>2</sup> by Dr. V. Guttmann<sup>3</sup>, and by Dr. L. Thirring.<sup>4</sup> Dr. S. Verosta has studied the Austrian colonial problem.<sup>5</sup> Hungarian Memorandum No. 8 has been dealt with in so far as it treats questions of special interest for the Danubian problem. The same applies to the Czechoslovak Memorandum,<sup>6</sup> which deals with the problem of raw materials in general but emphasizes the special importance of this problem for Central Europe. The other three memoranda on economic questions deal with problems of the Danubian area exclusively and consider aspects in non-Danubian countries only in so far as they are connected with the Danubian problems. A summary of the book by S. N. Prokopovitch, dealing with the international trade of the Danubian countries after the war, is given in a Czechoslovak Memorandum,<sup>7</sup> and a special study of trade relations between Rumania and the other Danubian States was made by Dr. Al. Hallunga.<sup>8</sup> Dr. R. Kerschagl gives a survey of foreign exchange restrictions in Central Europe.<sup>9</sup> Dr. Z. Pesca had written a Memorandum on the international organization of navigation on the Danube.<sup>10</sup>

With regard to terms of reference, Dr. Macartney thinks it permissible to disregard all outside power factors and to seek only to

<sup>1</sup> *Les transformations pacifiques de caractère politique dans le bassin danubien*, by the Seminar of International Law at the Pierre Pazmany University of Budapest (Director: Ladislav Gajazgo) and by the Institute of Law and Minority questions at the Pierre Pazmany University of Budapest (Director: Béla Kenes). (Hungarian Memoranda Nos. 6-7).

<sup>2</sup> Antonin Bohac: *Le problème démographique du point de vue tchécoslovaque*, (Czechoslovak Memorandum No. 1).

<sup>3</sup> V. Guttmann: *Individual and collective emigration from Austria and shifting population in Austria*, (Austrian Memorandum No. 6).

<sup>4</sup> Louis Thirring: *Contributions à l'étude du problème et de la situation démographiques de la Hongrie au point de vue du surpeuplement et de l'espace pour la vie et le travail de la nation*, (Hungarian Memorandum No. 8).

<sup>5</sup> Stephan Verosta: *Austria and the colonial problem*, (Austrian Memorandum No. 8).

<sup>6</sup> J. Vanek: *Les problèmes des matières premières*, (Czechoslovak Memorandum No. 2).

<sup>7</sup> *Le commerce international d'après-guerre des Etats danubiens*, résumé du livre de S. N. Prokopovitch, (Czechoslovak Memorandum No. 3).

<sup>8</sup> Al. Hallunga: *Le commerce entre la Roumanie et les Etats Danubiens*, (Rumanian Memorandum No. 2).

<sup>9</sup> Richard Kerschagl: *Foreign Exchange Restrictions in Central Europe*, (Austrian Memorandum No. 5).

<sup>10</sup> Z. Pesca: *L'organisation internationale de la navigation sur le Danube*, (Czechoslovak Memorandum No. 5).

secure the wishes, interests and happiness of the peoples of the Danube Basin themselves. For "if a state of genuine peace, contentment and prosperity could be established in the Danube Basin, then the interests of the whole world would assuredly be served thereby. No position of special advantage which any outside State might perhaps achieve by fishing in troubled waters could in the long run compare with the advantages which all would enjoy from the final elimination of friction in the Danube Basin." Nevertheless, it has to be said that the problems of the Danube Basin are especially dependent on power factors from outside. Most of the memoranda have taken them into consideration in so far as the study of specific problems demanded. The only memorandum which deals mainly with the attitude of a neighbouring country is that presented by Dr. J. Kostanecki,<sup>1</sup> who discusses particularly various Danubian plans "as seen by Polish eyes."

### (i) Historical and Political Aspects

In a general survey, Dr. Macartney<sup>2</sup> points out the ironical fact that although the Danube Basin in contrast to the States of Western Europe provides a unique example of conscious planning, there seems to be "no other part of Europe in which change, peaceful or otherwise, is more passionately demanded and none in which it seems, to judge from the general atmosphere prevailing there, *a priori* more probable.... Not merely does every pair of neighbouring States disagree as to where the common frontiers ought to be drawn, but the question goes far deeper than that : whether at least some of the States concerned have any right to existence at all."

He sees the ultimate reason for these struggles in the fact that, owing to its geographical situation, the Danube Basin has been subjected, up to quite recent times, to those migrations of peoples which ceased so long ago in Western Europe that to-day their effects are no longer felt there. In the Danube Basin the constant renewal of violent invasion made it impossible for the peoples to organize themselves into durable national States. Instead, political organization took the form of a few great super-national Empires, either originally aggressive and

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<sup>1</sup> Jan Kostanecki : *Poland and the Danubian problem*, (Polish Memorandum No. 6).

<sup>2</sup> Macartney : *op. cit.*, p. 1.

passing as they weakened to the defensive, as the Hungarian State and later the Ottoman Empire, or formed first for the defensive and passing then to the offensive, as the Austrian and the Muscovite. Some of the nationalities of the Danube Basin which are relatively numerous or have a historical past have succeeded in preserving their identities intact, but very often, perhaps more often, the definition of nationality was much harder. The lack of distinction in national feelings and the intermixture of such nationalities as can be recognized, made the creation of national States in the Danube Basin extremely difficult. In addition, even where comparatively clear ethnical lines exist, they often tend to be uneconomic. In consequence every arrangement of the Danube Basin in the form of national States must be a compromise and a fairly rough one. "In many respects, therefore, the present map of the Danube Basin lacks inevitability." In spite of the fact that no arrangement could have satisfied everybody in the Danube Basin, some different arrangement might bring about a greater approximation to general satisfaction or, at least, general dissatisfaction; for it is arguable that no outside body could hope to improve on Count Taaffe's formula of "keeping all the nationalities in a state of equal and well-moderated discontent."<sup>1</sup>

The study of the present problems of the Danubian countries necessarily presumes a full understanding of the historical and political aspects of the Hapsburg Monarchy, since these aspects still form the background for all political development in the Danube Basin.

In investigating the political ideas of the Hapsburg Monarchy, Dr. O. Brunner<sup>1</sup> points out that in the Austrian Monarchy the ideology of "Empire" never gained dominating influence. The "Empire" of the Hapsburg Monarchy was the "Holy Roman Empire" and quite distinct from the Austrian Monarchy where the Emperors did not rule as heads of the Empire, but as rulers of the dominions, their power being mainly of a dynastic character. The pre-war correspondent of the "Times", Mr. Wickham Steed, defined the differences of meaning of the most important political ideas of the Hapsburg Monarchy in the following way: "'Nation' on the territory of the Monarchy did not mean the people of the monarchy as a political unit, but the single nationalities on that territory. The word 'Fatherland' did not

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<sup>1</sup> Macartney : *op. cit.*, pp. 6 and 7.

<sup>2</sup> Austrian Memoranda Nos. 1-3 : *op. cit.*

designate the Monarchy, but either Austria or Hungary. Such 'soul' as Austria possesses, is mainly dynastic and the principal bond between the Hapsburg peoples is devotion to the person of the monarch, who, ruling by divine right in various constitutional guises, is the chief factor in each State separately and in both States jointly..."<sup>1</sup>.

The "Monarchy" was not an Empire because the Austrian (hereditary) and the Bohemian groups of dominions were parts of the Roman German Empire themselves, while Hungary stood apart, as a sovereign State. Neither was the monarchy a federation, because the federal organization was never fully carried out. During the centuries of its existence the Austrian Monarchy was a combination of States, their common bond being the ruler — the "House".

The European Great Power, "the House of Austria", which was subdivided into a German and a Spanish line, had a universal position. The German line was the bearer of the Roman German Crown and in holding this office inherited the position of the protector of Christianity and of the Catholic Church; the interests of the family dominions and of the Empire were interlocked with a European policy, which always had to take into consideration the interests of the Spanish line, and in consequence foreign politics became highly complicated. The "House of Austria," considering its European position, necessarily had to follow a policy which could not clearly bring out the particular interests of a centralized State and its *raison d'Etat*. As emperors and protectors of Christianity, the rulers lived under the mediæval ideal of Law which is rooted in a moral and religious field and suppresses the idea of the *raison d'Etat* and the development of an absolute power of the monarch. The old historical units of the "provinces" (*Länder*) continued to exist in the period of the absolute State. Austrian rulers were conscious of the precarious existence of this peculiarly loose political unit. The necessity of concluding compromises between conflicting interests led to a style of government which avoided radical measures (Hungarian, Croatian, German-Czech compromises).

The tendency towards a centralized absolute administrative State, organized by the Viennese bureaucracy, was reinforced by external danger and great wars, but never fully realized. The political changes after 1740 proved the necessity of an administrative organization. The Bohemian-Austrian nucleus State was organized as a modern

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<sup>1</sup> Cf. Henry Wickham Steed: *The Hapsburg Monarchy*, 1913.

State with a clear political consciousness to distinguish itself from the other members of the monarchy. "Austria" as a political idea is the monarchy as a whole; thus it was possible in the different provinces to be devoted to the Emperor, but at the same time to develop a negative and even hostile attitude towards the "State" of the Viennese Central bureaucracy.

The influence of the dynastic idea and the universal European idea, which prevented the development of a "State consciousness" in the modern sense of the word, became of special importance in modern times when European monarchy gradually lost its religious basis, the ruler ceasing to be the bearer of the basic idea of the political body, and becoming an organ, "the first servant" of the State. In order to give some meaning to the political community, created by the absolutist State, a new sense of the old ideas of "fatherland", "nation", "people", etc. had to be developed.

In the Hapsburg Monarchy these new ideas had no substratum, because the Hapsburg Monarchy was neither a "State," nor an "Empire", nor a "Federation". The rulers themselves kept to the old idea of their divine right, but with the effect that the monarchical power became neutralized. "*Le roi règne, mais il ne gouverne pas.*" In consequence of the renunciation of rule by the monarch it was necessary to form a political idea which could replace the monarch and in the name of which the government could rule. For the Danubian Monarchy the question arose, to which political entity this idea should be related. This Monarchy was not a unit; it was a combination of political entities. From about 1800 there were attempts to make the conception of the Austrian Fatherland a political idea comprising the whole monarchy. But the idea of Fatherland, when applied to the whole monarchy, met with insurmountable obstacles. From above it was suppressed by the dynasty which clung to its old European idea of divine right, and wanted to limit patriotism to being nothing else but the inherited devotion to a dynasty. As the dynasty rejected the development of the conception of "fatherland" as a political ideal which could extend over the whole monarchy and become independent of the monarch, the way was opened for the particular political interest of the historical provinces and groups of provinces as well as for the awakening consciousness of the nationalities. Open opposition to the centralist institutions could thus be combined with loyalty to the Emperor. This attitude, which could be noticed from about 1809, was



the germ of all the later problems of the monarchy. The growing consciousness of nationalities was especially marked by the strengthening of the German idea in the years 1805-1813, the idea of the Magyar nation, the Illyrism of L. Gaj, and the breaking up of the Bohemian provincial patriotism into a German and Czech national consciousness. Starting from the national consciousness of the different peoples, an attempt was made to give a new meaning to the Hapsburg monarchy as a whole. The idea of a Western Slav Empire, inspired by the idea of anti-Russian Catholic Panslavism, was indicated, but this idea could never become a basic idea for the State as a whole, because the tradition of the dynasty and at the same time the interests of other peoples, the Germans and the Magyars, stood in its way.

Thus the first decades of the nineteenth century showed already the complex of problems which was later to determine the life of the Danubian monarchy. Until its breaking up the Monarchy preserved its character of a combination of States. The old régime before 1848 was essentially conservative, and refrained from any radical measures. The attempts at a solution which have been made since 1848, that of a liberal constitution for the monarchy as a whole and that of a bureaucratic, absolutist, centralized State in the 50's, proved to be untenable in the long run. The compromise of 1867 brought the old construction again to the fore. The consciousness of the State as a whole, which tends to unify the State, was confined to a narrow class of the higher officials and of the higher German *bourgeoisie*, while the second social class, the feudal aristocracy, which by its origin was most closely connected with the whole State, was on account of its estate origin still the strongest supporter of provincial federalism. These classes, continuing to support the State as a whole, since they were deprived of any participation in decisions, eventually showed their concrete political principles and restricted their demands to the attainment of purely administrative control. But in a time of unheard-of social and economic changes brought about by the industrial age, the old methods of compromise were destined to failure.

Before the war, neither the great Powers nor the monarchy's own nationalities desired the destruction of the monarchy. The great mass of the population were in favour of the monarchy. But the danger lay in the fact that the peoples of the monarchy had very differing ideas about its future internal form, and that these differing groups no longer supported the monarchy unconditionally, but only under the

condition that their own views were recognized. Against this the Austrian idea could set nothing except the theory that the monarchy was "reasonable" and that men would have to invent it if it did not exist (Palacky). But the idea of reasonableness was not sufficient, as unconditional faith was lacking.

Dr. Brunner<sup>1</sup> concludes his analysis by saying: "The nationalities knew that their opposing aims in the interior could be achieved only with the help of foreign Powers. The European Powers reckoned with being able radically to upset the European balance of power through an alteration of the internal form of the monarchy. Thus the World War took its start from Austria without Austria's desire. And, therefore, with the end of the World War, the monarchy broke up roughly into the lines which had long made themselves clear."

Professor K. Hoch<sup>2</sup> speaks of the attempts at a Czecho-German compromise in Bohemia up to 1918. Referring to the pre-war political structure, he points out that in Bohemia the Czech part of the population held the majority, the historical tradition and the central situation, while the Germans had the dominating political and economic power. The revolution of 1848 strengthened the national idea. Gradually the Czech element also penetrated the higher spheres of economic life. The author gives a detailed description of the fight for the three main groups of nationalistic interests: 1. Changes in electoral law; 2. Admission of the Czech language for administrative purposes; 3. Problems of the provincial organization.

The problem of the official language had not yet been settled when the Great War broke out. The provincial administration of Bohemia was in the hands of the Czechs. However, the Germans were opposed to this autonomous Czech administration. After decades of conflict this fight entered a serious stage immediately before the Great War, when the provincial autonomy was suspended by the Government. The most important attempt at a compromise was made in 1871, when the Emperor showed himself willing to recognize to a certain extent the national rights of the Czechs and to establish more favourable rules of election. However, the realization of these reforms was frustrated in the end. The author points out that, in spite of many endeavours, no real Czecho-German compromise could be reached prior to 1918.

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<sup>1</sup> Austrian Memoranda Nos. 1-3 : *op. cit.*, p. 24.

<sup>2</sup> Hoch : *op. cit.*

Referring to the present, he claims that first of all the Slavs as well as the Germans should free themselves from the artificial attitude of a struggle of the Slav against the German nations, an attitude which he considers to be of German origin, like the idea of the racial struggle itself. The importance of the national idea should not be denied, but it should be given a positive significance, i. e., the evolution and perfection of each nation.

The dominating ideas of the 19th century : nationalism and constitutionalism, have been joined in our century by the political ideas of the right of self-determination and the rights of national minorities.<sup>1</sup> The authors of the Hungarian memoranda have given special consideration to problems of national minorities, and in this connection to the problem of frontiers and all other problems which arose out of the new situation created by the Peace Treaties, and which might be led towards a more satisfactory solution by peaceful change. Dr. J. Kornis<sup>2</sup> states that peaceful change is a subject which interests the whole Hungarian nation. Deprived of three-quarters of its territory and two-thirds of its population, Hungary is striving for peaceful change which will assure it just conditions of existence.

Although Wilson's famous principle of the peoples' right of self-determination should have been the basis of the peace treaties, the Peace Conference fixed artificial frontiers without once consulting the parts of the population which were separated from their countries. The territories which were thus taken from Hungary had formed a geographically and historically ideal union for one thousand years. From the viewpoint of nationalities the situation created by the Treaty of Trianon was worse than before. Only 48 per cent of the population separated from Hungary were handed over to States of the same nationality as their own. Hungary is accused of having oppressed its nationalities. If this were true, the author asks, how could they have preserved their language and their ethnical particularities, for such a long time? Furthermore, Dr. Kornis states that the present-day minority rights as postulated by Wilson are not observed and that the treaties are seriously violated. The situation is impossible not only politically, but also economically. The territory of the former Austro-Hungarian Monarchy is divided into seven States which strive for autarky. So far all attempts to develop closer economic relations between them have

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<sup>1</sup> Hantos : *op. cit.*

<sup>2</sup> Kornis : *op. cit.*

failed. A peaceful economic development cannot be assured without a reasonable political peace.

If Hungarian public opinion claims revision of the unjust peace treaties, it serves world peace. A revision would be in accordance with Article 19 of the Covenant; its necessity has been recognized by Wilson, Lloyd George and Briand, and as it is, it would not be the first revision of peace treaties. Hungary tried to find an honourable *modus vivendi* with its neighbours; it did not join any military alliance and it did not re-arm, like Germany and Austria. It gave way to its neighbours' pressure and refused to re-establish its legitimate king on the throne. Dr. Kornis affirms that in spite of the unjust treatment by the Peace Treaty of Trianon, Hungary's conduct was always entirely satisfactory from the juridical and moral point of view.

Two further Hungarian memoranda<sup>1</sup> make more detailed studies of the possibilities of Peaceful Change in the Danube Basin. They try to find remedies for economic and intellectual isolation by seeking at least a *modus vivendi*, and by developing an efficient system of control and jurisdiction. The authors state that, if it was the aim of the Peace Treaties to give political freedom to all nationalities, they had in reality just the contrary effect. One-third of the former Hungarian people are living as minorities in other States. In the Danube Basin, where so many nationalities are intermingled, a rational solution is impossible. In fact, the former Monarchy, representing a kind of "League of Nations" in the Danube Basin, was a good solution. Its motto "*viribus unitis*" has now been replaced by political and economic war between seven States. Pre-war Hungary gave its minorities full rights in all respects. The only conditions were the use of the official language and loyalty to the State. The political activity of the minorities was free and they could influence legislation; they could have private schools in their own language; no foreign papers or books were suppressed.

The post-war treaties are no real guarantee for the rights of minorities. Means to oppress them can always be found. Industrial, commercial and agrarian reforms which are officially claimed as treating all parts of the population equitably are, in reality, means to oppress and expropriate some minorities and enrich the others. In matters of instruction and education, the settlement of the peace treaties is worthless, because the practical foundation is lacking. In pre-war times, schools

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<sup>1</sup> See note 1, page 216.

and churches could be maintained by the means of private persons or communities. Soon after the war, the new governments took possession of the funds and buildings of these private, confessional and communal schools and discharged the teachers without providing for them in any way. Although the right of having their own schools was stipulated in the Peace Treaties, the minorities had no means of creating a new organization replacing the old one which had been destroyed.

The present system of protection treats the minorities as *res inter alia acta*. Even in the legal procedure, fixed for their protection, they have no voice of their own. And in many cases, this procedure was not even carried through by the League of Nations. The League's abstention from acting was contrary to positive right. In a few cases, the Permanent Court of International Justice intervened, but it was too late and the wrong which had been done already could not be repaired. For instance, the Court expressed the opinion that the minority treaties are violated if the State, organizing exclusively State instruction along all lines, suppresses existing schools of minorities or makes their establishment impossible. But at the time when this opinion was expressed, it was already too late to re-establish the *status quo*. The improvement of this situation would be a task of peaceful change; it would be comparatively simple because all it requires is the just application of positive law without any need for reforming the law. Apart from international guarantees, bilateral treaties should be concluded; with the help of the rules thus laid down, all conflicts concerning the rights of minorities should be settled by the minorities themselves, at least, in the first instance. The treaties concluded between Germany and Poland in 1933, concerning the protection of minorities in Upper Silesia, could be taken as a model. This would be another subject for peaceful change. Such treaties could be completed by pacts of reciprocal non-aggression. A regional system of conventions, concluded in this way, might be under the guarantees of great and medium Powers, which had and still have historical relations with the Danube Basin. On the other hand, damaging influences on conditions in the Danube Basin should be excluded and those which continue to exist should be absolutely neutral and impartial. The present bad conditions are to a great extent due to the fact that foreign influences did not fulfil these essential requirements.

Considering the question of nationality, the authors state that the rules of the Minority Treaties and Peace Treaties according to which

Hungarian nationality can be kept or changed are not clear and have been abused. The memorandum gives various illustrations of such contradictions.

An attempt at a better arrangement was made by the Rome Conference in 1922. It was intended to create a tribunal of arbitration, but other States restricted this Court's competence to such an extent that it would have been practically useless and, therefore, the Convention was not ratified. Before establishing new rules of procedure, the chaos caused by existing law has to be changed to order. The authors desire the creation of just, homogeneous and compatible rules for changing nationality, expressed in one treaty; independent international courts with unrestricted competence should be established and the conformity of their jurisdiction should be guaranteed by the creation of a court of appeal.

The authors then deal with the problem of Hungary's intellectual isolation. They argue that the successor States broke off all intellectual contacts with Hungary; publications, printed in Hungary, are not allowed to pass their frontiers. It is very difficult for Hungarian artists to obtain authorization for their productions and scientific bodies and institutions have difficulties in maintaining contacts. The recognition of Hungarian degrees is unattainable and intellectual unemployment is growing in Hungary, while in the successor States qualified men are needed. Reciprocal judicial assistance also requires to be developed.

The authors hold that the agrarian reform of the Succession States led to the expropriation of Hungarian and German minorities, and that these measures were incompatible with the right of property as confirmed by Articles 63 and 250 of the Trianon Treaty.

The authors of a Hungarian memorandum<sup>1</sup>, examine the legal aspects of the principle of self-determination. They start by trying to find analogies between international and national legislation and hold that the method of calling one of two fighting parties the "aggressor" and making a collective war against him seems like trying to check an internal revolution by a compulsory counter-revolution of all those who had not taken part in the first revolution. In fact, revolutions have not been checked by counter-revolutions, but by developing a system of legislation able to modify the *status quo* in the direction of

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<sup>1</sup> See note 1, page 216.

greater justice. The same method ought to be adopted in order to extirpate international war. The authors think it strange that the striking analogy between the national and the international legal systems has not been perceived before. It is not a satisfactory solution merely to protect the *status quo*. International peaceful change should be made possible in the same way as national peaceful change. Confining the problem to the aspect of territorial peaceful change, the authors state first of all that they want to consider territorial changes only in the restricted sense, i. e., changes which are brought about not by an integration or disintegration of sovereignties, but by sovereign States making each other territorial concessions, in the form of cessions or re-annexations, solutions which usually are not supported by internal legislation.

If the legislators of the two interested States cannot come to an agreement, it is the task of international law to find the right form of peaceful change. In fact, this form exists already, only it is not yet sufficiently developed : it is the free determination of the peoples themselves.

The democratic ideology is not yet developed in international law, which is still concerned only with sovereign States. Therefore, the political principle of self-determination has been developed outside juridical principles. Wilson made this principle an axiom of worldwide importance, but he overlooked the fact that it is a political principle without the slightest juridical structure to support it. The principle is defined in the following way : Each people decides of its own accord *a*) to create an independent and sovereign State, different from the State of which it was a part till then and from which it is separated by its race, language, traditions and civilization, perhaps also by geographical conditions or economic interests; or *b*) to attach itself after secession to another sovereign State; or *c*) to form without separation or secession an autonomous community within the greater community; and in the latter case, *d*) to determine itself the degree of autonomy it wants to have.

Now the "people" is not a notion of international law. In order to make it a subject of international law, three unknown factors would have to be determined : *a*) The group of individuals composing a "people"; *b*) properties, structure, nature, visible and invisible signs characterizing the union which exists between these individuals, and *c*) relation of the people to other peoples, perhaps also to States falling into another category of international law.

Another problem is the choice of the people between different possibilities; the possibilities must not be limited, otherwise the people is not absolutely free. Furthermore, a satisfactory regulation of the procedure for this choice has to be found.

All these juridical foundations are lacking and, therefore, with the best of intentions the putting into practice of the principle of self-determination has been a complete failure. Peaceful change ought to develop the juridical foundations of this political principle.

The two most essential problems are : *a*) to define the subjects of modern international law; *b*) to decide upon a procedure by which the will of the people may be expressed.

The author makes some detailed suggestions for the organization of plebiscites.

## (ii) Demographic Aspects

Dr. V. Guttman<sup>1</sup> brings out the essential issues of Austrian migration and the related questions. He argues that modern Austria is a country with a declining population, owing to low birth rate, yet comprising a relative surplus in industrial inhabitants. The natural trend of emigration from Austria is checked by the restrictions imposed by systems of autarky. The author indicates methods of stating facts on migration, and points out the difficulties which arise from the neglect of official statistics in a former period when liberal principles prevailed and the crossing of frontiers was considered less significant than in the present time of powerful autarkic tendencies. Other difficulties arise from the varieties of statistical methods applied in different countries.

Austrian emigration is numerically very small. In the year 1934, for instance, 172 persons emigrated out of a population of 6,760,233. The low number of emigrants is, however, not a result of lack of will to emigrate, but of restrictions in countries of immigration. In studying migration trends, world conditions, especially world economics, have to be taken into consideration. One of the aims of investigations on migration is to ascertain whether the movement means a relief to the nation or a loss of national strength. For this purpose it is neces-

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<sup>1</sup> Guttman : *op. cit.*; see also, above, *Introductory report on the study of demographic problems*, p. 144.



sary to study the percentage of male emigrants, of persons in the most productive ages, skilled and qualified labourers and so on. Statistics of overseas migration in the years 1919-1936 show a steady decrease in emigration. The figures show a majority of male emigrants; a slow increase of middle-aged and elderly persons, (a sign that it is not the adventurousness of youth, but economic considerations which are the chief motives); unmarried emigrants predominate; most of the labourers are either unskilled or not specially qualified workers; the largest contingent is provided by workers in agriculture and forestry. The chief countries of destination are the United States, Brazil, Argentina and Canada. More than half the emigration is subsidized (52.53 % at the expense of foreign governments, relatives, employers and others); family emigration is losing ground (1921 = 100; 1936 = 16). Group emigration to Brazil was organized by the former Austrian Minister, Thaler. In 1933, ninety persons went out to do pioneer work on an area of 50 square kilometres, where all kinds of cereals can be grown and which should provide the means of living for a rising generation of peasants. In 1935, the colony included five hundred persons.

Austrian emigration on the continent has not been statistically recorded and can be traced only from the reports of Provincial Employment Bureaux. The emigrants are mostly skilled labourers, administrators, technicians, engineers, dressmakers, milliners, furriers, hairdressers. After 1935, a considerable number of female domestic servants emigrated to England and Holland where they could obtain workers' permits.

The statistical record of 1936 shows a general decrease. The United States is again the preferred country; however, full use is not made of the quota. Emigration to Palestine has decreased and the number of emigrants to the U. S. S. R. has become quite negligible. The situation in Abyssinia has not yet been clarified. A new and comprehensive scheme of emigration has been submitted to the authorities of Liberia. Since August 1934, 484 Spanish refugees have come to Austria, but most of them have now gone back to Spain or to Argentina.

In order to get an idea of future development, Dr. Guttman gives figures of the birth-rate in Austria and in the chief countries of destination. A comparison between Austria, Hungary, Czechoslovakia, South East Europe, Italy, the U. S. S. R. and Poland shows that Austria has the lowest birth-rate of all these countries. On the whole, the

rationalization of life and production led to a rise of industrial production and a fall in the increase in population. In consequence, emigration shows a declining tendency. A decisive factor, working in the opposite direction, is unemployment. The increase in unemployment in the industrial countries led to legal restrictions on immigration. Of late, these restrictions have been increased by the adoption of systems of autarky.

Austria's contribution to world migration is numerically insignificant, yet the study of it gives not only a statistical but also a material result. The interpretation of the trend of Austrian emigration, leading to the investigation of the development of the Austrian population, leads to the conclusion that Austria is predestined to be a country of immigration in the future; not, however, to such an extent as to relieve overpopulation in the countries of East and South-east Europe. The movement will depend on economic conditions which at present cause emigration from Austria and on the system of legal restrictions in all countries.

The Austrian Colonial problem has been made the subject of a special study by Dr. S. Verosta.<sup>1</sup> He points out that modern Austria's attitude to the colonial question cannot be properly understood without a short historical survey of the attempts at colonization made by the Austro-Hungarian Monarchy.

In the period after the successful conclusion of the Turkish wars and the loss of Spain, together with her colonies, to the Bourbons, the house of Hapsburg took for the first time a more active interest in colonization projects. Sadatgatnam on the Coromandel coast of India was occupied and in 1722 a trading company was founded at Ostend. This company received by imperial charter for a period of thirty years the right to carry on trade to the East and West Indies and the African coast and to carry the Emperor's arms and flags. But, as a result of the opposition of England and Holland, Charles VI ordered the dissolution (1731) of this flourishing company in order to secure wider recognition of the Pragmatic Sanction. During the reign of Maria Theresa a new trading company was founded which acquired establishments in Delagoa Bay and the Nikobars. But the unfavourable conditions in the districts acquired led to the abandonment

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<sup>1</sup> Verosta : *op. cit.*; see also, above, *Introductory report on the study of raw materials and markets*, p. 105.

of the colonies. After 1848, the nationality problem and the opposition of the Hungarians began to exert a paralysing influence on all colonizing activity. Austria was for centuries a country with a typical internal colonization; official circles were preoccupied with internal difficulties, for none of which internal colonization offered a solution.

Nevertheless, the idea of colonization did not die out in Austria-Hungary. In view of the tremendous pressure of population — Austria stood for a long time ahead of all other countries in the number of emigrants — the problem of colonies for settlement became very important. This was particularly true since the emigrants, who, especially in the United States, were assimilated with the people of the land of settlement, represented a heavy human and economic loss to the State.

In 1894, the Austro-Hungary Colonial Association was founded. Its aims were the protection of emigrants, the development of possibilities for increasing outlets for Austrian export and the acquisition of territory for colonization. The Colonial Association was not completely successful. The Austrian settlement in Tientsin was not acquired until a rather late date (1901). Territorial success was achieved only by the Austrian polar expeditions. After the dismemberment of the Austro-Hungarian Monarchy, the colonial territory which the Monarchy had held in the polar regions (if such territories may be described as colonial) became derelict because none of the Succession States claimed it.

The new State of Austria had no overseas possessions or rights whatsoever. Its general renunciation of such possessions was expressly stated in the Treaty of St. Germain. Accordingly, it could not follow up the scanty successes Austro-Hungary had achieved overseas. The prospects of acquiring colonies for a small State without sea coast, and the internal national impulse were rather small after the war because the country had to struggle against great business and financial troubles. Then it was precisely the business troubles and especially the problem of unemployment that again drew the attention of Austrian patriots to the possibilities of colonization. The Austrian Colonial Society was founded. Its aim was above all the acquisition for Austria of a non-European colonial or concession territory, as well as the attainment and furthering of all other forms of Austrian colonization abroad. Its purpose was to find a way out of the serious unemployment problem by settling the surplus population in an overseas settlement region that

would effect an expansion of the Austrian market and spheres of influence through business, trade and monetary connections with the mother country. Colonization would take place in new forms, especially that of voluntary work corps. The settlement of families was at first to be considered only in case the family had itself adequate capital or in case of private support. Consequently, the Austrian Colonial Society sought primarily settlement colonies and not plantation or exploitation colonies. The settlement colonies could even be established on foreign State or colonial territory. But in order to protect the Austrian settlers from the common fate of emigrants, a treaty was felt to be necessary between Austria and the foreign country or colonial Power concerned. This treaty should, first, make it possible for Austrian colonies to have an exclusive settlement and, secondly, guarantee extensive autonomy to their settlement. Thus, foreign colonization was, indeed, a concern of the Government, but private initiative was also to have a word to say about it. The endeavour to harmonize private and government interests led back to the distinctive form of the chartered companies<sup>1</sup>. The impetus of private initiative was further emphasized by the introduction of a voluntary work corps, to collect the unemployed willing to work into work camps, and to carry out public works. Private capital was to be enabled to co-operate in the Austrian colonial work in the form of joint-stock companies. While the Austrian Colonial Society accomplished the indispensable preliminary work, it was hoped that an Austrian Colonial Chartered Company might soon be founded giving internationally-guaranteed settlement possibilities for the Austrian surplus population in one or several overseas countries. The concept of the Colonial Chartered Company seemed to offer smaller States an opportunity for colonization abroad which would bring them and the receiving State or colonial territory demographic, economic and cultural benefits. This absolutely peaceful and constructive conception of colonization, which was based on bilateral treaties between the State of emigration and the State of immigration, would seem to be a timely Austrian contribution to the problem.

In a study on the demographic situation in Hungary from the viewpoint of overpopulation and space for the life and work of the

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<sup>1</sup> See also, above, *Introductory report on the study of raw materials and markets*, p. 105.

nation, Dr. L. Thirring<sup>1</sup> states that the economically, socially and nationally alarming demographic situation of Hungary is a consequence of the new frontiers established by the Peace Treaties.

Pre-war Hungary had economic and geographic balance; for centuries its frontiers were among the most stable in Central Europe. Its demographic evolution showed a converging tendency. The author blames the Treaty of Trianon for having torn to pieces this territory without first making an impartial examination of the possibilities of life in the transferred territories as well as in the remaining Hungarian territory. Post-war Hungary has become an entirely agricultural country and at the same time lost its most secure possibilities of outlet. It has been deprived of its principal raw materials and the major part of its mineral resources. These circumstances had a fatal influence on the demographic problems of the country.

If overpopulation is measured exclusively by the tendency of the population to increase, it would have to be concluded that modern Hungary is not overpopulated because its population is still increasing. However, this method of drawing conclusions is fallacious; in fact, the slowing down of the progressive movement should be considered the decisive factor.<sup>2</sup> For present economic conditions, Hungary is too densely populated.

The extent to which density of population is important for the definition of overpopulation is mainly determined by the prevailing occupation of the people. While industrial countries are able to employ an almost unlimited number of persons, agricultural countries can support only a limited number. Besides occupation, the natural, economic and social conditions of the country have to be taken into account.

With regard to the density of its population, modern Hungary is, however, not in an especially bad situation, and certainly not in a worse situation than its neighbours, Rumania and Yugoslavia. Like these other States, Hungary sees the density of its population increasing from year to year. Yet it is wrong to consider these countries as overpopulated; they are not even relatively overpopulated. Hungary's demographic problem is mainly caused by the diminution of the sphere of labour; growing density aggravates the problem, but it is

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<sup>1</sup> Thirring : *op. cit.*

<sup>2</sup> See also, above, *Introductory report on the study of demographic questions*, p. 121.

not a decisive factor. Dr. Thirring gives statistical facts to show that modern Hungary is able to maintain a non-agrarian population, which is almost as numerous as the agrarian population, although Hungary's present resources of raw materials, except in agricultural production, are insufficient. This means that the food supply of the population is assured; but there is not enough work. Great importance must be attributed to the transformation of the age composition of the population. Such a transformation can be noted in Hungary since 1920. Statistical figures on the relations between the age and the density of population show that in the years 1920-1930 the proportion of "labourers", especially among persons in the productive age groups, per square kilometre, has notably increased in Hungary.

An important change in the country's demographic structure consists in the fact that from the demographic viewpoint the town of Budapest has three times the importance it had in former Hungary. Such a disproportion is a great disadvantage, especially if it has been brought about by a sudden intervention. The serious demographic problem of Hungary resulting from the reduction of its potentialities calls for an international solution.

One of the remedies would be internal colonization, which, however, is not merely an internal problem, as it would need the assistance of foreign capital. Foreign capital would also be necessary for re-education and for changes in the occupational structure. A solution of the problem by lowering the standard of living seems impossible as the living standard of the Hungarian people is already very low; on the contrary, a rise in the standard is to be expected.

Measures reducing the population cannot be taken into consideration. Emigration might alleviate the situation, but this is not the way of life and progress. As to economic expansion, Hungary has very little chance.

The only really efficacious solution of the Hungarian demographic problem would be the enlargement of the space necessary for the life and work of the Hungarian nation.

### (iii) Economic Aspects

In his reflections on the economic problems of the Danube Basin, Dr. Hantos<sup>1</sup> states that the economic interdependence of the Danubian countries is very strong. Its two main roots are the relative geographical isolation of the territory and the former political union of the territory. He states that for each of the Danubian countries the internal market of the region is of greater importance than the outside market. This statement is, however, contradicted by Professor Hallunga,<sup>2</sup> who states that for Rumania the exports to Danubian countries are less important than its exports to other countries. Dr. Hantos also gives a survey of the distribution of the commercial relations of the Danubian countries with each other. Detailed studies of this subject have also been made in a Czechoslovak<sup>3</sup> and in a Rumanian<sup>4</sup> memorandum. The Czechoslovak memorandum gives a summary of S. N. Prokopovitch's book on *The international trade of the Danubian countries after the War* (1936). The author points out that the foreign trade of the Danubian countries seems to show a more rapid progress than that of other European countries. However, this total growth in the export value figures of the Danubian countries is due only to the new frontiers. The reciprocal trade of the Danubian countries in 1922 was about five times that of 1913, but foreign trade with non-Danubian countries diminished during the same period. From 1922 to 1934 there was a diminution of exports from the industrial countries and a considerable increase of exports from the agricultural countries of the Danube Basin. During the same period the imports of Czechoslovakia, Austria and Hungary remained about level, the imports of Rumania increased and the imports of Yugoslavia diminished. The reason for the decrease of inter-Danubian international trade in this period is to be found in the industrialization of the agricultural countries.

Figures of Danubian exports to non-Danubian countries show that there was a period of decline from 1919-1922, that from 1925-1929 they were about level with the European average, and that in 1934 they

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<sup>1</sup> Hantos : *op. cit.*; see above, p. 215, note 2.

<sup>2</sup> Hallunga : *op. cit.*; see above, p. 216, note 8.

<sup>3</sup> Prokopovitch : *op. cit.*; see above, p. 216, note 7.

<sup>4</sup> Hallunga : *op. cit.*; see above, p. 216, note 8.

were above the European average. According to these figures the exports from the Danubian countries were less affected by the world crisis than European trade in general. From 1925-1929 the foreign trade of the agricultural countries (Hungary, Rumania and Yugoslavia) shows a much more rapid development than that of the industrial countries (Austria and Czechoslovakia); only Bulgaria was below the industrial countries' average. In the years of the crisis, too, the foreign trade of the agricultural countries shows a less marked decline.

Since 1930, the balances of payments of all the Danubian countries, except Austria, show a surplus.

The geographical distribution of exports and imports is difficult to trace because the methods of registration according to countries of destination are very different in different countries, and the statistical material is not homogeneous.

The development during the war and in the post-war period shows a diminution of exports to Russia, Poland, Germany and Great Britain and an increase of exports to Italy, France and other parts of the world. Imports from Russia, Germany and other parts of the world have diminished, and imports from Italy, France and Great Britain have increased. Germany has a pre-eminent position in international trade relations with all Danubian countries. In 1913, Germany took 40.4 % of the total exports and provided 34.7 % of the total imports of the Danubian countries. In 1934, it still took 27.5 % of the total exports and 28.7 % of the total imports of the Danubian countries. Apart from Yugoslavia, where Italy ranks first, Germany holds the first place in the international trade relations of all Danubian countries. Yet, until 1934, the trade balance showed a considerable deficit, while the balance with "other countries" showed a surplus (except in 1925).

The author gives special consideration to the question of re-exportation. He regrets the fact that no special statistics of re-exportation have been made except in Czechoslovakia since 1925 and in Bulgaria, where they are not of great importance, since 1930. Especially in Austria a great amount of transit trade is recorded as imports and exports. The fact that intermediary trade is not specified leads to the exaggerated estimate of the importance of Germany and Italy as consumers of export goods from Danubian countries and on the other hand as producers of articles which are necessary for the Danubian countries. It is regarded as a success that of late years the intermediary trade of Germany has decreased considerably; on the other hand, there



is no diminution in the supply of goods manufactured in Central Europe for consumption within that area. The second great success of the Danubian countries after the war is, in the author's opinion, that they have overcome their unfavourable trade balance.

The fundamental characteristics of the geographic distribution of goods, coming from Danubian countries, are : a diminution of trade relations with Central and Eastern Europe and an increase in trade with Western Europe and other parts of the world.

According to the Brussels nomenclature, export goods are divided into the following groups : (1) live animals; (2) food and drink; (3) raw materials and semi-finished goods, and (4) finished goods. This grouping was introduced in some countries rather late (Rumania 1934) and has not yet been adopted by Hungary or Yugoslavia. Using it as a basis, it can be shown that the international trade volume of the first group (live animals) is of little importance in the Danubian countries and mainly confined to local markets. The second group is of great interest. Dr. Prokopovitch makes a distinction between inter-Danubian trade relations and trade relations with non-Danubian countries. The inter-Danubian trade area shows a declining tendency for exports of foodstuffs from industrial countries and imports of agricultural countries, while the imports of industrial countries and the exports from agricultural countries remain about the same. The part which foodstuffs play in the total exports of industrial countries is insignificant and especially restricted in the Danubian area where it was reduced to almost nothing in 1934. On the other hand, the proportion of foodstuffs in the total imports of industrial countries is greater in the Danubian area than outside that area and also its decline is less considerable. As to the agricultural countries, their imports of foodstuffs coming from Danubian countries are very small and show a tendency to disappear completely. The imports coming from outside the area are diminishing too. A certain decline can also be noticed in the export to non-Danubian countries. A peculiarity of this area is the fact that the value of its exports reached its highest point in 1929 and not in 1925. This development was due to the growing tendency towards autarky in the production of foodstuffs in industrial countries. Yet the agricultural production of the industrial countries is insufficient and imports are needed. There is a diminution of imports from non-Danubian countries, especially of imports of agricultural products from other European countries. Thus the articles of food and drink coming

from Danubian agricultural countries have kept their privileged position on the markets of the Danubian industrial countries.

Raw materials are needed by the industrial countries to a considerable extent, and their imports are continually increasing.

Finished goods form the greater part of the exports of the Danubian industrial countries. Imports of finished goods rank second — after raw materials. Trade in finished goods is not increasing to the same degree as trade in raw materials. Exports and imports are diminishing within the Danubian area and increasing with regard to countries outside the area. These tendencies show that the trade in finished goods of the Danubian industrial countries is passing beyond the limits of the Danubian territory and expanding over the world market.

An examination of the balance of international trade of the Danubian countries shows that the balance which was negative from 1921 to 1932 has been positive since 1933. This deficit was due to the deficit in the Austrian trade balance. On the other hand, the surplus of the trade balance has only a fictitious value. To a great extent it is due to incorrect declarations by exporters from Danubian countries, who indicate as countries of destination other Danubian countries which in reality only function as intermediaries, the goods finally going to non-Danubian countries. These incorrect declarations imply an increase of the unfavourable balance with countries outside the Danubian area. However, the balances of 1934 show that this source of error is of declining importance.

The trade relations of Rumania with the other Danubian countries are the subject of a special study by Dr. Hallunga.<sup>1</sup> He states that Rumanian exports to the Danubian countries vary from 22 % to 28.14 % of the total of Rumanian exports; the most important buyers of Rumanian goods in the Danubian Basin are Austria, Czechoslovakia and Hungary. These exports are not due to a specific policy, but the result of stable commercial relations.

A comparison between Rumanian exports to the Near East and the Danube Basin shows that Rumania sells more to the five Danubian countries (about 25 % more than to the other group, 21.81 %). Rumanian trade relations with Austria have, however, not been sufficiently developed. Surrounded by agrarian States which pursued a protectionist industrial policy, the industrial country, Austria, was forced to

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<sup>1</sup> Hallunga : *op. cit.*; see above, p. 216, note 8.

increase its import duties on agricultural products in order later on to obtain a reduction in import duties on industrial goods.

The economic situation of Rumania was also modified after the war, because the new provinces had important industries which had to be protected.

Austria's interests in Rumania and the delta of the Danube were greater than Austrian interests in Hungary or Yugoslavia, and Rumania might, therefore, obtain preferential treatment. Difficulties for Rumanian exports to Austria arose out of the Hungarian transit policy.

Hungary by the nature of its economic structure as well as its customs policy is not an important export country for Rumania; but the competition of these two countries should be transformed into collaboration. As things are, the Hungarian bargaining position is inferior to the Rumanian, and trade relations are favourable to Rumania. Rumanian exports to Yugoslavia meet with great difficulties. In Czechoslovakia, too, the difficulties are increasing, owing to the tendency to agrarization.

Dr. Hallunga<sup>1</sup> gives a survey of export values of the most important Rumanian articles to the individual Danubian countries, which reveals that the export of live animals is by far the most important; it represents 75 % of the total exports considered. Other goods of importance are cereals, petrol and timber.

The author then examines the exports of all Danubian countries. His result shows that from Bulgaria 8.15 % of total exports go to the other Danubian countries, from Austria 30.35 %, from Czechoslovakia 21.85 %, from Yugoslavia 31.73 % and from Hungary 28.67 %. Out of the total of exports of Danubian countries, the percentage which comprises exports to Austria and Czechoslovakia is found to be smaller in Rumania than in other agrarian countries. The most important articles imported by Rumania from Danubian countries are metallurgical articles and vegetable fibres.

With regard to Germany, the author states that the activity of its trade balance makes the trade relations with the Danubian countries especially valuable for Germany, and this explains the strong German opposition to all projects of economic union between the Danubian countries.

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<sup>1</sup> Hallunga : *op. cit.*; see above, p. 216, note 8.

In his conclusions, the author points out that, as the percentage of total exports which goes to Danubian countries is smallest in Rumania, Rumania is least of all Danubian countries interested in the Danubian market. 90 % of the Rumanian exports of cereals, 75 % of Rumanian petrol exports, go to non-Danubian countries.

Even if, upon the formation of a Danubian *bloc*, the two industrial countries, Austria and Czechoslovakia, had bought all their requirements in the four other countries, the distribution of Rumanian exports could not have been modified. Therefore, the trade relations of the Danubian countries have a tendency towards stagnation. Intensification would, however, be made possible by a common economic policy of the States of the Little Entente and the Danubian States of the Balkan Entente. A customs union of the Balkan States would correspond to the policy of a European customs union, pursued by Tardieu and the agrarian *bloc*. Difficulties arise out of the differences of legislation and regulations. It would be necessary to unify customs legislation, transport tariffs and legislation on the protection of labour. A monetary unification would also be essential. Mutual concessions would have to be made. Customs problems easily turn into political problems. Yet, in view of the geographical-economic structure of the countries concerned, it might be possible to overcome these difficulties.

A Convention for a Rumanian-Yugoslavian customs union was prepared in 1931. From the realization of such a scheme it is only one step to the realization of the Danubian alliance. It is easier to reach this final aim by starting with bilateral agreements. Such a gradual and systematic realization of the end in view would allow of constant modification during the development of the scheme. A union of three States is less desirable, because the other States might be given the impression that this union was directed against them. Although the Protocol of February 16th, 1933, stated that all economic agreements of a country of the Little Entente, which might have political consequences, need the unanimous consent of the Council of the Little Entente, the Little Entente, nevertheless, favours collaboration between all Danubian States.

Dr. Hantos<sup>1</sup> considers that the simultaneous *rapprochement* of all the Danubian States would be the most practical way. He believes in the possibility of a "Danubian Europe". A certain disintegration

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<sup>1</sup> Hantos : *op. cit.*; see above, p. 215, note 2.

took place in the Danubian area in the years 1930-1936, but he thinks that this may only be a consequence of exchange policy, which will disappear, and not a lasting transformation. The interdependence of the Danubian region was strengthened by the change in the relations with the Great Powers. In contrast to pre-war times, the creditor countries are no longer the natural markets of the Danubian countries. The former tendency to integration of the Danubian countries has also been affected by the agrarization of the industrial countries and the industrialization of the agrarian countries.

In investigating in which economic fields a *rapprochement* of the Danubian States could be best furthered and with the smallest losses of capital, it appears that this aim could most easily be reached in the field of communications, and also in the manufacturing industries, if agreements on production in the different industrial branches could be reached. On the whole, co-operation between the Danubian States would be desirable in all branches of economic policy. States outside the Danube Basin should co-operate particularly in questions of transport policy. With regard to their co-operation in other branches of economic policy, care should be taken that as a result of the formation of a Danube union neighbouring countries are not put into a situation worse than at present; that is, to say, co-operation between the Danubian countries should by no means lead to a system of autarky directed against non-Danubian States.

Considering the problems of commercial policy of the Danubian countries, Dr. Hantos is of the opinion that the most-favoured-nation clause should not be applied to the restricted circle of the Danubian States. He is against the present quota system, and considers a preferential system without quotas desirable. Political and commercial co-operation between the Danubian countries could be achieved by a preferential system as well as by an economic and customs union. A customs union, however, could only be the product of long evolution.

Industrial policy should lead to the formation of economic groups (cartels, syndicates, trusts) which re-establish the international division of labour and regulate the formation of prices. In those branches of industry where cartels had been formed, the consequences of the crisis were less severe. The juridical position of cartels should be defined by law.

The Danubian agrarian States should have a common commercial organization. A unification in the transport policy of the Danubian

States would be highly desirable, especially with regard to the technical standardization of railways and river transport. The navigability of the Danube should be improved and the navigation companies should be independent of political influences.

Professor Z. Peska<sup>1</sup> gives an exposé of the international organization of navigation on the Danube. The liberty of navigation, which in theory had already been claimed by Grotius, was not put into practice in Europe until the Vienna Congress of 1815 — and even then only for commercial purposes. The principles established at the Congress were applied in practice to the organization of the navigation on the Danube only by the Peace Treaty of Paris 1856, when two commissions were established. After many changes during and after the World War, the principles of a new regulation were established by the Peace Treaties. The Danube was declared international, full equality was given to the subjects and flags of all States; an exception was made for the ships of the defeated States (*petit cabotage*). Taxes were allowed only for the protection of cargoes, the maintenance of navigability, amelioration and other expenses incurred in the interest of navigation. Where no other organization existed, each State should take care of its section of the river. The mandate of the European Commission (CED), including now representatives of Great Britain, France, Italy and Rumania, was renewed and an International Commission (CID) was established. The concrete organization was worked out in a Convention ratified in 1922, which was envisaged by the Peace Treaties. The CED watches over the maritime part of the Danube and the CID over the “*Danube fluvial et le reste du réseau.*”

Considering the monetary policy of the Danubian states, Dr. Hantos<sup>2</sup> is of the opinion that a settlement of the problem of foreign debts is the first condition for the restoration of normal monetary conditions in the Danube Basin. The present clearing systems are not flexible enough. There should be a stronger co-operation among the note-issuing banks of the Danubian States. The system of co-operation of central banks, which functions already in the relations between the Scandinavian States showing excellent results, should be introduced.

In a memorandum on the subject of raw materials, Dr. J. Vanek<sup>3</sup>

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<sup>1</sup> Peska : *op. cit.*; see above, p. 216, note 10.

<sup>2</sup> Hantos : *op. cit.*, p. 23.

<sup>3</sup> J. Vanek : *Mémoire sur les problèmes des matières premières*, (Czechoslovak Memorandum No. 2). See also, above, *Introductory report on the study of raw materials and markets*, p. 89.

describes world economics and civilization as an edifice resting on four pillars: supply of raw materials; science and technical progress; organization of international exchange; and organization of payments and international capital circulation. The whole edifice is built on a foundation of peace and political equilibrium. The problems of to-day primarily concern not raw materials themselves but the ways and means to procure them. The pre-war edifice of world economics must be built up again and the first step in this work is the re-establishment of international confidence; for, if the foundation is shaken, the whole building cracks. In fact, it is still more difficult to restore than to build a new edifice. However, the repair work has to be done and one of the main points in this programme must be the economic reconstruction of Central Europe. Political and economic equilibrium cannot be reached in Europe until Central Europe has become again a stable and reliable part of the continent. However, this does not mean that Central Europe needs special help. As soon as peace is established in Europe, the common sense and loyal collaboration of the people will be sufficient to reconstruct the building of world economics and civilization.

In a survey of foreign exchange restrictions in Central Europe, Dr. Kerschagl<sup>1</sup> examines the whole exchange legislation in the field of monetary and trade policy and tries to find out the conditions within the frame of the economic tendencies which may lead to a successive elimination of exchange restrictions and to a freer intercourse of currency, credit and capital transfer methods.

Dr. Kerschagl starts with a survey of the different systems of exchange restrictions in the countries of Central Europe, especially with regard to the policy of exchange rates, gold rates, official allotment of exchange and clearing arrangements, and regulation of capital transfers. Of special interest is the German "sluice" system by which the whole trade in goods is carried on by one form of compensation or another. In investigating the fundamentals of the different systems of exchange restrictions, four main problems have to be taken into consideration. The first group consists in the attempts to equalize the balance of payments, or, more exactly, to equalize the exchange demands for imports with the exchange inflow from exports. A certain equalization has already been achieved through measures of commercial

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<sup>1</sup> Kerschagl: *op. cit.*; see above, p. 216, note 9.

policy, for instance, quota agreements. In connection with the equalization of payments, three main questions arise. First, the question of existing indebtedness, i. e., the question of repayment and interest service on the debts owed abroad. Furthermore, a sharp distinction has to be made between the question of raising money and the question of transferring it; with regard to transfer, the clearing of old debts and the question of meeting debts just falling due have to be considered. These questions cannot be solved until a solution of the problems of the balance of trade has been found, because international loans ultimately have to be repaid in goods. The second question deals exclusively with the flow of capital that takes place apart from the settlement of old debts. The third group of problems deals with the question of genuinely new credits, which leads back to the first problem, namely, that of the balance of trade. The fourth group of problems is that of exchange policy. It is certainly the ultimate goal of each country to have a rate of exchange as stable and as free as possible. One of the chief obstacles lies in the fact that, even in the case of correct evaluation and theoretical grasp of the problem, it seems doubtful whether rates can be maintained at all, if the first and second groups of problems remain unsolved.

Dr. Kerschagl then asks what measures or groups of measures in respect to exchange restrictions might lead to relaxation and normal conditions. For relaxing control of trade, the technical procedure is fairly clear. At first, relaxation of the clearings has to be sought. This relaxation would gradually transform the clearings into collective accounts and maintain their importance only in technical respects, not, however, for capital and currency policy. Thus, they would become a mere statistical guide for commercial policy. Dr. Kerschagl then points out those means for the relaxation of clearings which would demand special consideration.

The problem of capital movements is much more difficult to solve. The question of amortization and interest service on the existing indebtedness should be considered first. As countries can pay their debts only with exports, two things are essential in this respect: first, the determination of the extent of favourable balance of trade needed to supply the means for meeting the debt payments; and, secondly, the examination of the whole question of payments and interest rates. The author then examines this latter question in Austria, Hungary, Czechoslovakia, Italy and Germany.



Another problem concerns the purchase of raw materials. The advantages and drawbacks of the German "sluice" system and the possibilities for Germany to obtain a loan from abroad are discussed.

In connection with the relation between flow of capital and movement of goods, the author holds that it would be a great step forward and a definite relief for all countries if the creation of associations among the foreign creditors of all countries could be brought about; these associations should assure, through exports, the payment of amortization and interest instalments. A similar institution exists in the so-called merchant-banks in England. By the establishment of such associations the great problem of trade policy versus capital policy would be simplified, and they would thus contribute to an extensive relaxation of exchange restrictions. The solution of these problems would enable the countries to have free exchange rates. These rates could be reinforced by ratio treaties like the Anglo-Franco-American agreement. This would require a co-operation among the banks of issue greater than at present, but the necessary technical and organizational experience would be fully available.

In a memorandum on Poland's attitude to the Danubian problems, Dr. J. Kostanecki<sup>1</sup> deals with Danubian plans "as seen by Polish eyes." He points out that he does not agree with those who regard the so-called "Balkanization" of Central Europe and the small size of the Danubian countries as the main cause of their economic difficulties. Two large new territories have been created, Rumania and Yugoslavia, and even an Austria three times as large as Belgium or Holland and twice as large as Switzerland, i. e., the three countries whose populations enjoy the highest standard of living. He concludes that bad economic conditions in the Danubian countries must be due to other reasons, and he sees one of the main reasons in the high level of interest rates. During the years of reconstruction, all internal and international financing was done at a level of rates obviously excessive in relation both to rates in creditor countries and to the earning power of economic enterprise in the Danubian countries. The high rates of interest increased the attractiveness of purely speculative investments at the expense of investments in productive processes. The people of the Danubian countries themselves have no enthusiasm for economic activity; the variety and acuteness of their internal problems are sufficient

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<sup>1</sup> J. Kostanecki: *op. cit.*; see above, p. 217, note 1.

to justify the lack of a strong desire to plan for generations ahead. During the last five years the world crisis hindered the improvement of the economic situation of the Danubian countries. Their exports have been very seriously affected, not so much by a shrinkage in volume as by the fall in prices. At the present moment, the devaluation of national currencies, internal deflationary processes and the rise of world prices have laid the foundation for a fairly sound equilibrium in most of these countries.

Danubian plans present two aspects which should be distinguished as dealing with different problems. In so far as they imply an economic *rapprochement* of the successor States (possibly with the addition of Bulgaria), they can be described as a "return to an economic Austria-Hungary." The other side of the question appears when the relation of this or any other reform to the most-favoured-nation clause is examined. If a complete customs union were included, matters would be relatively simple; but a customs union would meet with such opposition that it cannot be regarded as a practical possibility. Any attempt at *rapprochement* by preferential treatment would, however, mean a new exception to the most-favoured-nation clause. With due regard to all the difficulties, Dr. Kostanecki considers the realization of a plan embracing the six countries hardly feasible, and even if all the difficulties were overcome, a territory thus created would probably not have the elements of prosperity which it has obviously lacked to the present moment. As before, it would need the financial resources required for the full exploitation of its natural resources. The inclusion of Serbia, Montenegro, Bulgaria and Rumania would make it impossible for the new territory to be independent of the fall of world agricultural prices to the same extent as pre-war Austria-Hungary had been. Outside markets for farm products would be needed. Furthermore, the Danubian countries as a whole do not export enough to the countries producing raw materials to pay directly for the supplies they need and they would have to obtain the necessary foreign exchange by triangular trade. The new arrangement could bring certain advantages to the foreign trade of the two industrial States, Austria and Czechoslovakia, but not to the other three or four States. Rumanian petrol, Yugoslav zinc, lead, copper and iron ore can be profitably exported to Western Europe but not to the Upper Danube.

The economic *bloc* of the Little Entente has increased the mutual trade of Czechoslovakia, Rumania and Yugoslavia, but as each one of

these countries represents a very small percentage of the foreign trade of the other two, the influence of this increase of mutual trade is not of great importance.

An entirely different set of problems is presented by the building up of closer economic relations between certain or all Danubian countries and other countries by means of preferential treaties. Such treaties would be welcomed as a temporary expedient in Poland. The system of preferential *rapprochement* with neighbouring countries may do a certain amount of good as a temporary solution; but if conceived as a permanent policy, its usefulness would be just as doubtful as that of collaboration, on a preferential basis, of the Danubian countries among themselves.

The author states that the above estimate of the feasibility and usefulness of Danubian plans should not be taken to mean that Poland under-rates the importance of the problem. He then gives a survey of Poland's active participation in the search for satisfactory solutions of the problems, and, in particular, Poland's leading part in the formation of the agrarian *bloc*.

Regarding the question of nationalities from the economic point of view, Dr. Macartney<sup>1</sup> draws a distinction between cases where populations were attached to the State of another nationality in their own economic interest and those where they were assigned in the interests of the States. If it is still inevitable that the national principle should be modified on economic grounds, the sacrifice should as far as possible be distributed equally. The political sovereignty of States has generally been limited through the minority treaties, while the economic sovereignty has been left intact. "The minority treaties have proved a failure in practice, partly because of the ineffectual nature of the machinery set up to enforce them but even more because they depend so much on imponderables such as 'equal treatment' which no law can enforce. Obviously a system of free zones or of special transit arrangements can also be made unworkable given ill will; foot and mouth disease has been a perfect godsend to governments wishing to score off their neighbours. But the reduction to a minimum of minorities would so greatly relieve the existing tension that the future of such an arrangement would probably be still more helpful than that of minority protection."

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<sup>1</sup> Macartney : *op. cit.*, pp. 10 and 11.

However, Dr. Macartney considers that the only true solution of the problem of the Danube Basin lies in the adoption of more radical methods. The number of national minorities can be whittled down, but it will never be possible to abolish them altogether and to overcome the economic difficulties at the same time. In his opinion, the only way to abolish the national minority is the abolition of the national State by reconstituting the area of mixed population into a single political unit within the optimum economic frontiers and the organization of that unit in such a way that no one nationality shall be able to interfere with or oppress any other. The State must be placed on a basis other than that of nationality, as in the U. S. S. R., or on a co-partnership of independent nationalities as is done in Switzerland.

NOTE  
ON GOVERNMENT PLANS  
FOR ECONOMIC CO-OPERATION  
BETWEEN THE DANUBIAN COUNTRIES

To meet the new situation brought about by the Peace Treaties, a number of government plans for closer collaboration among the Danubian countries have been proposed since 1919.

1. SPECIAL CUSTOMS RÉGIME PROVIDED FOR BY THE PEACE TREATIES OF  
ST. GERMAIN AND TRIANON

As early as April 1919, in the course of the Peace Conference, Mr. Lloyd George urged that the Austrian Republic should conclude a series of preference treaties with the neighbouring States, but this suggestion was not followed. Certain provisions were made in the Peace Treaties of St. Germain and Trianon for the establishment of a preferential customs régime between Austria, Czechoslovakia and Hungary (Treaty of St. Germain, Article 222, and Treaty of Trianon, Article 205). The five-year period, provided by the Treaties for these special arrangements, passed, however, without their coming into force.

2. PREFERENTIAL SYSTEMS OF THE PORTOROSE CONFERENCE

In 1922, on the initiative of Colonel Browning Smith, American representative on the Reparation Commission in Vienna, a Conference in Portorose, attended by representatives of all the Succession States, Great Britain, France and the United States, undertook to seek, by common accord, measures leading to an expansion of commercial relations and communication between the Succession States. The most far-reaching point on which agreement was reached in principle was the abolition of import and export prohibitions between the Succession States. Furthermore, the Protocol provided that the Succession States should grant each other most-favoured-nation treatment

in the delivery of licenses for the import and export of goods and that they should conclude among each other commercial treaties, based upon the principle of free trade.

The Final Protocol of the Genoa Conference (March-May 1921) contained the same provisions as were agreed upon at the Portoroze Conference, but these provisions were never ratified by the governments.

### 3. AGRARIAN PREFERENCE

The idea of closer collaboration among the East European agricultural countries dates as far back as the Bulgarian Prime Minister Stambulisky's attempt in 1921 to establish the necessary basis for co-ordination. In 1930, preferential tariffs were suggested in negotiations between Hungary, Rumania and Yugoslavia, and in answer to an enquiry by the League of Nations' First Conference on Concerted Economic Action (Tariff Truce Conference 17 February to 24 March 1930), these three countries gave a joint reply in which they recommended a system of preferential tariffs for grain and agricultural products of European origin as the most suitable measure. At Poland's suggestion, the collaboration of agricultural States was extended to the eight agrarian States : Bulgaria, Czechoslovakia, Estonia, Hungary, Latvia, Poland, Rumania and Yugoslavia. However, the agricultural preference proposals, contained in the Final Act of the Second Conference on Concerted Economic Action (17-18 November 1930) were encumbered with so many conditions to make them conform to the most-favoured-nation principle that their practical importance was insignificant.

### 4. AUSTRO-GERMAN CUSTOMS UNION

Immediately after the war, the necessary legal basis for economic collaboration between Austria and Germany was laid down in the constitutions of both countries. The Allied and Associated Powers were, however, opposed to such a union and this opposition was incorporated in Article 80 of the Treaty of Versailles and in Article 88 of the Treaty of St. Germain, declaring the independence of Austria inalienable, except with the consent of the Council of the League of Nations. Austria's obligation not to alienate her independence was renewed in the Geneva Protocol (No. 1 of the 4th October, 1922) signed by the representatives of Great Britain, France, Italy and Czechoslovakia on the one hand and Austria on the other.

In March 1931, the German Government and the Austrian Government agreed to enter into negotiations forthwith for a treaty to assimilate the tariffs

and economic policies of their respective countries. On March 19th, an Austro-German protocol for the establishment of a Customs Union was signed and published in Vienna. It contained an open invitation to all countries. At the request of the British Government, the question of the Customs Union was placed on the Agenda of the May Session of the Council of the League of Nations, on the ground that it might be found to be contrary to Article 88 of the Treaty of St. Germain and/or the Geneva Protocol of 1922. At the same time the French Government produced a "Constructive Memorandum", which contained *inter alia* an alternative plan for the economic reconstruction of Austria. The Council of the League of Nations decided to submit the question of the customs régime between Austria and Germany to the Permanent Court of International Justice. The Court gave its opinion which — by eight votes to seven — declared the proposed Customs Union to be incompatible with Austria's treaty obligations. Two days before the Court's opinion was delivered, however, definite action had been taken at Geneva. Both the Austrian Chancellor, Dr. Schober, and the German Foreign Minister, Dr. Curtius, made announcements on behalf of their respective countries abandoning the projet of a Customs Union. Both statesmen subsequently resigned from their posts. The need of French financial assistance to Austria had rendered necessary this precipitate abandonment of a case which was still *sub judice*.

#### 5. COMMISSION OF ENQUIRY FOR EUROPEAN UNION

The Commission of Enquiry for European Union was set up by the League of Nations on the initiative of Briand in 1930.

At this time, a general agricultural depression was sweeping the world and its effect was particularly serious in the Central European and East European agricultural countries.

Immediately after the Commission of Enquiry had been set up, the agricultural question was, therefore, raised by the European States which formed the so-called Agrarian Bloc. In February 1931 a meeting was held in Paris which was attended by representatives of seventeen countries including all the grain exporting countries of Central and Eastern Europe. At this meeting the importing as well as the exporting countries adopted the principle of preference for European wheat, maize and barley.

The International Wheat Conference in Rome and in London, both in 1931, failed in their endeavour to achieve a world agreement on the production and marketing of wheat.

A few months later, bilateral preferential agreements were made between Germany and Rumania and between Germany and Hungary.

A French memorandum on proposals for remedying the present European crisis, submitted to the Third Session of the Commission of Enquiry for European Union in May 1931, contains proposals for the introduction of a system of European preference for grain from the Central and West European countries and a special preferential treatment for Austria.

#### 6. DANUBIAN CUSTOMS UNION

Another proposal made at this time, but never published, was the British plan for a Danubian Customs Union between the members of the Little Entente, Austria, Hungary and Bulgaria. It was submitted to the German and Italian Governments, but the answers were negative.

In March, 1932, the French Government submitted to the British Delegation at Geneva a memorandum containing suggestions for the economic and financial reconstruction of the Danubian area. It stated the French Government's opinion that the creation of a Danubian Customs Union would meet with insuperable difficulties, but that the desired result could be obtained by combinations on a preferential basis on which it had no settled doctrine at the moment, but which seemed to it absolutely necessary. The initiative should be left to the five Danubian countries concerned, and, only after they had reached an agreement, should their conclusions be communicated to the competent organization of the League of Nations.

The British Government then called a conference to meet in London (12 June, 1933). The four Great Powers were represented. M. Tardieu proposed, in the course of the Conference, that the Danube States should be asked to agree to reduce the tariffs existing between them by ten per cent.; to abolish all import and export prohibitions; to abolish exchange restrictions, and possibly even to establish a common currency. The ten per cent. reduction was urged merely as a first step which would mark an important reversal in the direction of the tariff policy. The conference broke down, however, on a simple question of procedure.

#### 7. THE STRESA CONFERENCE

Pursuant to the Lausanne Agreement of July 9th, 1932, a Committee was appointed to submit to the Commission of Enquiry for European Union at its next session plans for the financial and economic reconstruction of Central and Eastern Europe. The Committee held its meetings at Stresa



from September 5th to 20th, 1932. The following countries were represented: Austria, Belgium, Bulgaria, Czechoslovakia, France, Germany, Greece, Hungary, Italy, the Netherlands, Poland, Rumania, Switzerland, the United Kingdom and Yugoslavia.

Before the Stresa meetings, a Conference of the eight countries adhering to the Agrarian Bloc was held at Warsaw, (28-30 August, 1930), and agreement was reached on the point that customs preference should be granted in favour of the agricultural products of the members of the Agrarian Bloc.

At Stresa some of the importing countries, particularly Great Britain and Italy, requested that most-favoured-nation rights should be maintained.

France suggested a multilateral convention. Imports of cereals from the Danubian countries should enjoy customs preference, and a fund should be established to which each of the importing countries should contribute proportionately to the amount of its imports, for the purpose of raising the value of the cereals in question. The proposal would first of all have to be considered by the overseas exporters of grain enjoying most-favoured-nation treatment.

The Italian scheme provided for a system of bilateral agreements for the purchase of grain from the Danubian countries. A subsidy would be granted to each exporting country in proportion to its average export of cereals during the past three years; the necessary means to be provided by levying a toll on every European country based on the amount of its total foreign trade. To encourage imports from other European countries and from the overseas countries, the tariff of the grain importing countries would be lowered. Germany was in favour of the French project, but in case of its rejection suggested an alternative plan, namely: a convention to be concluded between Germany, France, Italy, Austria and Czechoslovakia for the purchase of cereals, under a preferential system involving reductions of tariffs, from Bulgaria, Hungary, Rumania and Yugoslavia, with whom they would conclude bilateral agreements.

The Report of the Economic and Agricultural Committee of the Stresa Conference stated that the action individual States could take in the field of national economy or by means of bilateral agreements was limited and had to be supplemented by collective action enabling them to be both co-ordinated and perfected. Even if all the bilateral agreements concluded since 1930 were in force, they would probably fail to achieve the most important result, namely: an increase in the home prices in the producing countries. Such a result seems attainable only by a method which would have the effect of revalorizing to a certain extent all exportable surpluses of the various cereals

under consideration. If a higher price is obtained for all exports, home prices will follow such a rise.

It is further necessary that while the total amount of all such surpluses could not be exceeded, the quantities of each of the cereals in question should be variable according to harvest fluctuations. This two-fold result seems very difficult to attain merely by means of bilateral treaties concluded independently of each other and without any co-ordination. Hence the idea of collective European action.

The report of the Economic and Agricultural Committee, which was unanimously accepted by the Conference in plenary session, contained *inter alia* a recommendation for the conclusion of an international convention for the revalorization of the cereals of Central and Eastern Europe. It was suggested that the granting of preference in bilateral treaties open to the participation of third States as well as financial contributions should serve that purpose.

#### 8. MONETARY AND ECONOMIC CONFERENCE (WORLD ECONOMIC CONFERENCE), LONDON 1933

Neither the preparations for the World Economic Conference, nor the Conference itself carried the question of preferential treatment any further.

The Draft Annotated Agenda recommended the unconditional and unrestricted most-favoured-nation clause under normal conditions. Exceptions should be temporary, but difficulties in the path of economic progress might be overcome by allowing temporary exceptions. Most members of the preparatory committee of the Conference held that, without prejudice to the rehabilitation of the wheat markets by means of wider arrangements, the Conference should examine the possibility of admitting a temporary exception to the most-favoured-nation clause, which would allow the putting into force of the special agreements concluded by Danubian States with certain purchasing countries granting particular advantages in respect of limited quantities of cereals, and give effect to the recommendations of the Stresa Conference without harming the interest of others.

This opinion was not, however, shared by all members of the committee.

The Conference itself established the international wheat agreement, but no results were obtained by means of preferential agreements.

#### 9. ECONOMIC LITTLE ENTENTE

From about 1927 the Little Entente, originally created almost exclusively for political aims, took a more active interest in economic questions.

The economic programme took a more definite form after the conclusion of the Organization Pact in 1933, which completed the unification of general policy and established an organ for its direction. In the preamble to the Pact the signatory Powers expressed their firm intention to strengthen economic relations with all States without distinction and with the States of Central Europe in particular. An Economic Council was set up in order to elaborate each year an economic plan as a basis for the further extension of commercial relations.

#### 10. BALKAN PACT

The Four Power Balkan Pact which was signed at Athens on February 9, 1934, by Greece, Rumania, Turkey and Yugoslavia, provided the basis for closer economic collaboration among these States and " any Balkan country, whose accession thereto is favourably regarded by the Contracting Parties and such accession shall take effect as soon as the other signatory countries have notified their agreement ".

An Economic Advisory Council for the progressive co-ordination of the economic interest of the four Balkan States was set up. The Balkan Pact was preceded by the Balkan Conference, in which Albania as well as Bulgaria took part together with the four signatory States of the Balkan Pact.

#### 11. ITALIAN MEMORANDUM ON THE POSITION OF CENTRAL EUROPE

As a result of a Franco-Italian exchange of views a memorandum on the situation in Central Europe was submitted by the Italian Government to the 14th Assembly of the League of Nations in September, 1933.

It rejected the proposal for an all-inclusive Danubian Bloc created through a multilateral or collective agreement, but was in favour of a network of bilateral agreements. A Franco-Italian agreement on the subject was officially announced in October 1933. This agreement, although little more than a matter of mutual courtesy between the two Powers, may have facilitated the negotiations between Italy, Austria and Hungary, which ultimately resulted in the Rome agreement of March 17th, 1934.

#### 12. THE ROME PROTOCOLS OF MARCH 17TH, 1934

The Rome negotiations between the Governments of Italy, Austria and Hungary led to the conclusion of three protocols : one dealing with the political and one with the economic collaboration of the three States, and

one concerning the further development of economic relations between Italy and Austria.

The second protocol reads as follows :

“ The Austrian, Italian and Hungarian Governments, being anxious to develop economic relations between Italy and Austria, Italy and Hungary, and Austria and Hungary by giving a fresh impetus to the exchange of goods with a view to overcoming unsound tendencies towards autarky and to promoting by concrete measures the work of economic reconstruction of the Danubian States, in accordance with the spirit of the decisions of the Stresa Conference and with the principles laid down in the Danubian Memorandum submitted by Italy and dated September 29th, 1933 ”, have agreed “ to extend the agreements at present in force ”, and “ to facilitate reciprocal exports. ”

This agreement should in particular help Hungary to overcome the difficulties caused by the fall in the price of wheat and facilitate and develop the transit traffic of the Adriatic ports. Further, it provided for preferential treatment of Austrian goods to Italy within the limits of the Italian memorandum.

PART TWO

RECORD OF THE DISCUSSIONS  
IN PLENARY  
AND ROUND-TABLE MEETINGS

## FIRST PLENARY STUDY MEETING

Chairman : Mr. John F. DULLES

THE CHAIRMAN. — The subject of Peaceful Change is a difficult and delicate one. It was selected two years ago at a time when the Conference was concluding its study of Collective Security. Moreover, a logical link unites the two subjects.

The previous discussions had already made it apparent that collective security could not exist if by security we mean immunity from change. It is apt to be the case that the bulk of the good things of the world are in the possession of a few privileged nations, and while that situation may, at a given moment, be legitimate, it will not indefinitely continue to be so. It must therefore be transformed and give place to a new situation. Up till now, such change has been effected primarily through force or the menace of force, and if we are to do away with the moral sanction of force as a factor in world evolution, we must find some peaceful mechanisms which will produce a comparable result. The possibility of finding those peaceful mechanisms is, as I conceive it, the subject of the interchange of views which we are about to have.

The importance of our discussion is, I think, increased by the fact that the topic is of such delicacy that Governments are indisposed to make it one of official discussion. Our work can, therefore, be particularly fruitful if it can open the way to such discussion. It seems to us that this first plenary meeting should devote itself to a general consideration of the problem. In his introductory report, Professor Bourquin has provided us with useful suggestions in this respect, and I can do no better than ask him to speak.

Professor BOURQUIN, General Rapporteur<sup>1</sup>, (*Translation*). — My report contains two chapters which are perhaps of a character to con-

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<sup>1</sup> See also, below, p. 381, the address delivered by Professor Bourquin at the Inaugural Meeting. In this address, Professor Bourquin gave a general outline of the problem of peaceful change.

tribute to general discussion to-day : chapter (i), which is devoted to a definition of the subject and, above all, chapter (iii), which is entitled "Difficulties and solutions". But I think that in this preliminary exchange of views, we should not confine ourselves to too narrow limits. Our task is in fact to enable certain general ideas and certain tendencies to be expressed, before we approach the study of particular questions.

As I said this morning, we are all, I think, agreed on the actual principle of peaceful change, on the truth that international order, like internal order, needs to adapt itself to changing conditions of social life, and that it is desirable that this adaptation should take place by regular and peaceful procedures. But this principle, however important it may be, does not take us very far, the real problem being to find out to what extent and by what methods the principle can be transformed into a practical reality.

And here, without losing sight of the future, should we not concentrate upon the present? It would probably be easy — but it would not be very helpful — to construct attractive systems, which would perhaps correspond to a true ideal, but which would be out of contact with the possibilities of the times in which we live. Realism must be the law of true idealists. If we must have our eyes fixed on a goal, we must also, in order to proceed towards this goal, keep our feet upon the ground.

To what extent and by what means is it at present possible to proceed along the road of peaceful change? That seems to me the general theme which presents itself for our discussion this afternoon and which it was the task of your Rapporteur to indicate in a few words.

Lord LYTON. — Professor Bourquin has warned us of two dangers : first, of becoming involved in mere abstractions, and second, of allowing controversy over the details of our subject to divert our attention from the importance of the main theme. I think that is very sound advice and I shall endeavour to profit by it.

I would like, in the first place, to make a reference to two things : the relation of this Conference to the last and the relation of this plenary session, with which it opens, to the group discussions by which it will be followed. I think it was necessary that the subject we are discussing this year should have been preceded by a conference on the subject of collective security, because the system of procedure of peaceful change which we are now considering is really only possible of achievement as part of a collective system.

It has happened in history that treaties have been changed, frontiers altered, and even territory — although this is more rare — has changed hands. These things have been done and done peacefully by agreement between two States and may, therefore, possibly be referred to as examples of peaceful change; none of them, however, were instances of any systematic procedure and they cannot, therefore, in my opinion, be quoted as application of the principle which we are considering in this Conference.

A system of peaceful change is only possible in a world where, when the rights and interests of one country are found to be inconsistent with those of another, the countries concerned are prepared to accept some collective or third-party judgment.

We shall be discussing many complicated and acutely controversial subjects, such as raw materials and markets, colonies and mandates, problems of surplus population and immigration, the modification of treaties and territorial changes; it is essential that in discussing them we never lose sight of their relation to the collective maintenance of peace.

We meet at a very critical moment in the history of Europe. This very day is the eighteenth anniversary of the signing of the Treaty of Peace at the end of the last war; it is also — and this is significant — the twenty-third anniversary of the murders at Sarajevo, which gave rise to that war. Let us think of these two dates and let us not forget that as international peace was the object of our last conference, so must it be the object of this.

For example, changes are sometimes demanded by a nation with a view to strengthening its position in time of war; it is inevitable that such demands should meet the opposition of the country from whom the change is demanded. If we think all the time of a divided world, from which all international co-operation is absent and where the States might at any moment fall upon each other, we shall make very little progress. That is why I say that this Conference is closely linked to the last and that you cannot have peaceful change without collective security, and equally you cannot have collective security without some organized system of peaceful change. We cannot eliminate war unless aggression is made impossible by a collective system of defence against it and we cannot expect countries to unite with each other for their common defence unless we can hold out to them some reasonable prospect of peaceful changes in matters where they regard transformation



of the *status quo* as necessary to safeguard their interests and welfare in time of peace.

There is one other thing that lies ahead of us, also referred to in Professor Bourquin's report. It is not our task to rewrite the Treaty of Versailles, or any other treaty; it is not our task to redistribute colonies or mandates; it is not our task to re-make the map of Europe. We have not to look for solutions to certain particular problems, but rather to consider the programme of peaceful change as a whole, in its general aspects, as much from the fundamental point of view as from the point of view of procedures. And in this respect, we shall, I hope, find time to consider both the legislative procedure, if I may so call it, for altering international law, and the arbitral procedure for settling disputes between States. Professor Bourquin has warned us against abstractions. In this class of ideas, it is desirable that our discussion of procedures should find material and a basis in the various particular problems which will be dealt with in the round tables.

May I, in conclusion, express my own opinion about the general aspect of peaceful change. I speak as an Englishman but I speak only for myself. I have no authority to speak for anyone else and I cannot even say whether my opinion is shared by the other members of the British group.

If we accept the very loose classification of States into "haves" and "have nots", I am privileged to belong to a country in the first class, a nation with possessions spread throughout the world. Now, changes of the kind that we are going to discuss would, if they were carried out, probably involve sacrifices rather than gains for a country so constituted. How may a country in that position be expected to regard such changes? In answer to that question, I will at once say that the greatest interest of my country is peace. We are the most vulnerable community in war owing to the scattered nature of our possessions. Moreover, for the same reason, we stand to suffer more than others from wars in which we are not as a nation engaged. Therefore, we must consider changes principally in relation to peace. If demands for change were made by countries which exalt war, which train up their youth to believe that the profession of arms is the noblest profession they can follow, countries which believe that war is the best way to settle international disputes and obviously maintain armaments for the purpose of extending their possessions, countries which accompany their demands for change by a threat of war if their demands are

not granted, they would not find us very sympathetic. Even if our Government were prepared to consider such demands, it would not be supported by public opinion. On the other hand, in a world in which a real collective system for peace existed, a world in which obedience to law was inculcated from youth upwards as an ideal rather than reliance upon force, a world in which armaments were limited by agreement, a world in which co-operation for defence against aggression could really be relied upon and had been proved by experience to be reliable, then, I say, that in such a world, there is no change I should not be prepared to discuss, no subject which I should wish to withhold from the collective judgment of the nations taking part in that international society. I say that for myself, but I hope it would be found that the majority of my countrymen would agree with me.

It is one of the main advantages of a conference like this that we are all free to express the opinions we hold individually. We are not agents, we are not representatives, we are not plenipotentiaries; we are a gathering of thoughtful men and women with some knowledge of world affairs, students of international problems, all united with a common desire to promote peace and to introduce a system of law into international life; precisely as we have succeeded in establishing it between the citizens of our own countries, within our own territories.

THE CHAIRMAN. — Lord Lytton, among many other wise propositions, seems to me to have established the general principle that we can usefully consider the organization of peaceful change, only as part of the system of general security. It would be impossible to facilitate transformations of the *status quo* if the result of such transformations were to be simply to enable those who benefit from them to make war more easily.

Dr. VON VERDROSS (*Translation*). — If we consider the history of international law in its bearing upon our problem, it seems to me that we can distinguish three periods. The first is characterized by a state of international anarchy; it lasts until the world war. In the second, a system of collective security begins to be elaborated, but this system tends at first simply to forbid war without concerning itself with peaceful methods for effecting changes in international relations. It is true that in this second period there appears Article 19 of the Covenant of the League of Nations. But Article 19 contains only

the germ of the idea. If we want to achieve real collective security, it is absolutely necessary to build up a real procedure for peaceful change. When we have the courage to take this step, we shall enter the third period of international law, that in which the idea of collective security is maintained, but completed and strengthened by a system of peaceful change.

The first thing to do is to change international psychology, and when we return to our respective countries, we must be apostles of peaceful change. There exist in every country either societies for the League of Nations or study conferences of the New Commonwealth. It is necessary to put the problem of peaceful change on the agenda of these organizations. We cannot, indeed, achieve our ends unless, on the one hand, governments and, on the other hand, public opinion, are convinced that the way to guarantee peace is to introduce in an orderly fashion those changes which are necessary in the *status quo*.

Without dealing with questions which will be treated in other meetings, I should like to say that in my opinion it would be a mistake to confine ourselves to a single peaceful juridical procedure for peaceful change, which involves a combination of various systems.

DR. VAN KAN (*Translation*). — We have as a starting-point for our discussions the clear, precise and exhaustive introductory report of Professor Bourquin. The report constitutes the keystone of our work at its present stage and appears as the background against which our future research will take shape. For my part, I accept the report in its entirety and if I make a double observation it is certainly not to call it in question, but on the contrary to underline two points which appear in it and which are particularly worthy to hold our attention.

I refer first of all to the method which should be followed in our work. This method has already been employed by our Conference for several years, but, in order to avoid any doubt or equivocation in this respect, the General Rapporteur has thought fit to remind us of it. Professor Bourquin lays stress on the fact that our Conference is a deliberative body, a meeting of men of science. Whence it follows that no resolutions will be formulated and no recommendations will be made upon the problems which are submitted to us. Nobody can subscribe to this idea with greater conviction than one who has the honour to represent here the Institute of Pacific Relations.

I turn to my second observation. The problem of peaceful

change of the *status quo* is, of course, above all, a practical problem. The procedures which it renders necessary are bound up with the possibilities of the moment. Its principle springs from realities which exist or are likely to exist. But behind all these practical preoccupations stand the great ideas on which humanity lives. We must not forget this, and Professor Bourquin has not forgotten it. I wish to explain my satisfaction at finding in his introductory report,<sup>1</sup> among so many practical considerations, the motive of justice, the eternal magnet which attracts and directs human activity in spite of itself and prevents it from losing its way in material aspirations and purely selfish calculations.

Professor HAUSER (*Translation*). — French lawyers and historians who have studied this question are all convinced that it is impossible to commit a graver fault than to consider history as being at any time something static which will not change. People who look at the hands on the clock of history and say, "From now on everything will go well and will continue to go on as at present" have not the least idea of what human life has been and will be. This clock of history is always slow, and we see great wisdom in the little phrase which the old diplomatists used to put in their treaties, "*rebus sic stantibus*". At a given moment we think we can draw the map of Europe and the world. Then things change, humanity continues to live, it finds new needs, new ideas, forms new groups, and it is necessary, whether we like it or not, to adjust the new organization of the planet to these new needs which have made themselves felt.

On this point we are all agreed. But we know the task is extremely difficult, and we notice with what prudence, with what vagueness even, the Covenant speaks in Article 19 of those modifications which must be examined "from time to time".

Up to now, changes in the political situation of the world have been produced in only two ways: either by the brutal and barbarous method of war, whose disadvantages we all know and which we hope will never be used again, but which had this advantage that a new situation was created and a new starting-point for future evolution; or else, very rarely, by the ordinary methods of diplomacy, — but it was then a question of minor changes and almost exclusively in econo-

<sup>1</sup> See, above, page 17.

mic questions. To-day, thanks to this Conference, we are taking part in an attempt which has never been made before. To ensure these changes and to ensure that at any moment, by a series of continuous readjustments the world shall be more or less what it ought to be in order to satisfy new aspirations by peaceful means, — such is the task to which we are called to-day. Its success would perhaps constitute the most important step forward ever made by humanity; but its failure would leave with all those who have participated in it a feeling of bitter disappointment. Therefore, we are obliged to reflect very seriously upon the general considerations of peaceful change.

The first of these conditions is, of course, good faith, — perhaps the rarest thing in international relations. To us, around these tables, good faith seems a very normal thing. We are all determined to make an effort to rid ourselves of our national prejudices, to put our cards on the table and leave nothing hidden. But the game of political relations between States is not like this at all. And if in a diplomatic conference, certain governments hold one of their cards behind them — one of those trump cards which are thrown on the table at the last moment to break an opponent's power of resistance, — the only result is to create in the victims of such a trick a feeling of distrust and revolt.

The second condition — Lord Lytton alluded to it and we are very grateful to him for doing so — is that, in the international community, as in the national community, no one should be in a position to deal out justice to himself. It is to the international community that each should entrust the defence of his interests, since this justice which was formerly decided by the sword tends to-day to be decided by a kind of arbitration, where one agrees in advance to accept the decision of the arbiters whatever it may be. It has been done sometimes. Fortunately, there are in the annals of humanity, particularly since the middle of the nineteenth century, a certain number of cases of arbitral sentences which have been accepted without recrimination. I take a certain satisfaction in recalling that France has some such acceptances to her credit.

Finally, there is a third condition which is in reality the corollary of the second. We must condemn with all the necessary clarity and all the necessary vigour the doctrine of the *fait accompli*. This doctrine seems to-day to be spreading in a disquieting manner. The procedure of the *fait accompli* represents a kind of defiance of the peaceful sentiments of those who are the victims of it. No international

community is workable on these conditions. We might as well return to the law of the jungle, see to it that at any moment we are always the strongest, either alone or in alliance with others, and meet force with force.

It would appear that a habit has grown up of changing the usual meaning of words. What, for instance, does the word "understanding" mean? It really means that an effort must be made to understand one another mutually. Well, in modern language, in journalistic language, understanding consists simply in accepting as such a *fait accompli*, accepting it without recrimination because it is a fact and because being a fact, it will be invested with the new sovereignty of law.

Has not there been a similar change in the meaning which is given to the word "honour"? For those who have been brought up in the study of ancient culture, honour, whether of individuals or nations, consists in fulfilling obligations that have been contracted, in being faithful to agreements that have been made, and in accepting the duties which are enforced by morality. To-day, the honour of a nation is too often called on to justify certain ambitions and to seek for their complete satisfaction, without any spirit of compromise.

The risk is grave, because if we allow the doctrines I have spoken of to establish themselves, there will come a time when the nations that have been victims of them will rise in revolt and will tell themselves that perhaps after all it is better not to live than to live in such a perverted world. In conclusion, I will remind you of a saying of Lucretius. "In order to preserve a wretched life, we should not throw away the best of our reasons for living."

PROFESSOR RICHARDSON. — The excellent report of the General Rapporteur indicates the need in a changing world for making concessions to avoid war. On what principles are these concessions to be made? And how are reasonable concessions to be made from the strong to the weak?

In my view two main conditions are necessary to ensure peaceful change: first, the establishment by association between States of forces adequate to maintain peace, and, second, the willingness of the States controlling these forces to make changes based on principles of justice.

It will be agreed that a discussion on justice in the abstract would not be fruitful in this Conference; yet in considering in detail the

subjects on the agenda we must inevitably endeavour to suggest changes which would remove injustice. For example, if, in considering the question of raw materials, we express our disapproval of discriminations, we are thinking in terms of justice. The same is true if we support opportunities for migration from congested to underpopulated areas. We are groping towards world order and this must be founded on justice. A peaceful change not based on justice can offer no permanent solution and would be demoralizing in its effects.

If we turn to conditions in the world to-day, we must recognize the danger that changes will be made only to the advantage of strong States. Yet there are weak States suffering from injustice but not threatening to disturb the peace of the world. In a world of separate States, dominated by power politics, the strong would never need to make concessions to the weak, and would only make concessions to other strong States because of the threat of force.

Our object must not be merely to preserve peace — peace at any price; peace must not be sought by a renunciation of justice. Our discussions must be directed towards solutions in the general interests of the community of States, the weak as well as the strong, and based upon collective authority and collective force.

Dr. BLUHDÖRN (*Translation*). — I think we have all met with the intention of “thinking with our hands.” We do not want to philosophize or work in an abstract manner but we have a practical objective and it is the one which our General Rapporteur has so finely indicated in his introductory report. I observe that we have banished from our ranks all representatives of governments. We have done so because we want to work scientifically and we are anxious not to be hindered by political considerations. Yet it must be recognized that governments do exist in the real world. If we are to work in a practical manner, we must not, therefore, lose sight of that fact: governments will not accept our suggestions unless they are capable of realization and take legitimate interests into account.

To achieve this practical goal, we must study all these aspects; we cannot treat the questions on our agenda from a rational point of view only. It may be the most interesting aspect, but it is also in practice the most deceptive. We must see men and States as they are, with their virtues and with their faults.

If we study the question of peaceful change, it is because we feel

that, in the life of nations as well as in international life, things are not as they should be. What is the reason for the chaos with which we are threatened? In my opinion, the first reason — but not the only one — is economic. The economic question is no longer a technical one; it is not a matter of knowing how to obtain food, of how to avoid dying of hunger. Technique has solved these problems. The question we have to consider is how we are to control the technique, how we are to control national and international economics in order that men may adopt our solutions and establish that economic peace whose certain consequence will be political peace.

The question we have to deal with is eminently a moral question: Are men capable of organizing social life in a moral way, and, if so, what can we do to help them?

Professor MANNING. — I would like first to remark that I really believe we are making progress in these International Studies Conferences, and, in particular, to associate myself with the congratulations offered to the authors of the various memoranda before us. This year I feel there has been achieved a generally higher standard of realism than in previous years and we have it from the Rapporteur that realism is what we have to be aiming at. Realism in the documentation, realism in the Rapporteur's report.

The danger, I think, is not so much that we should fail, in our hearts, to see things in a realistic light, but rather that we may well find it especially difficult, on our present subject, to speak out what we feel in our hearts. And if it be true that realism must be "the law of the idealist", we have also another maxim to remember, namely: that diplomatic reticence is the death of scientific research. No one would claim to be capable of complete scientific sincerity on a subject such as ours; the most to be hoped is that we may all aim at it, and get as near to it as we can.

Realism, in getting down towards the heart of the subject. Some one lately said to me, "Two years ago we had a conference on Collective Security, and the striking thing is that, although we were more or less unanimous — we nearly died of unanimity — collective security was not thereby brought about." Perhaps that large measure of unanimity was due to our concentrating on broad abstract propositions and not, for example, on such questions as: Why is it that we are not getting collective security? What obstacles stand in the way,



both in questions where there is a desire for change and in some where we might wish to see a willingness to join in defending the *status quo*?

It has been suggested that we should become "apostles of peaceful change." That, in respect of precision, is doubtless an improvement on being merely apostles of peace. The purpose of this Conference is not, however, to produce apostles, but to get down towards the bottom of the subject. What we want is not peaceful change in the abstract, but a deepened understanding of what it amounts to in the concrete — though, in saying this, I am not wholly agreeing with Lord Lytton's remarks about concrete solutions and the seeking of means to apply them. Rather do I agree with Professor Bourquin, where he defines our topic as the organizing of international life with a view to providing for peaceful change in general — as opposed to the devising of concrete solutions for individual problems existing here and now.

Realism, in recognizing the essential facts, — for example, the fact, lamented by Professor Hauser, that goodwill, and good faith, are not always present. Realism, in perceiving how, whatever we may wish, States in point of fact are often unwilling not to be judges in their own cause. That, after all, is one of the given facts, which we do not dispose of simply by laying it down, as a general proposition, that they *ought* to be so willing.

Realism, in regard to the vagaries of language. The difficulty over that word "honour" will perhaps be largely met by admitting that it is used in two different senses, and in most contexts it is possible to tell in which sense it is used.

Where, however, it appears to me most important to be realistic is in judging how far any analogies between the lives and natures of individuals and States are relevant to our enquiry. Let me try to illustrate this. At one point in his report, Professor Bourquin speaks of the advantages we enjoy within the State, where peaceful change can be imposed by authority. Elsewhere, however, he recognizes that, as in international, so also in domestic affairs, there are problems of peaceful change: for, even within the State we surely cannot everywhere claim to have provided satisfactorily for peaceful change. There still do occur such things as revolutions, and civil war.

Nor have we, within the State, succeeded where we do not get peaceful change in ensuring that such change shall be just. Supporters of democracy tend to assume that majority decisions are *eo ipso* just

decisions, but at most I would concede that they are presumably "applicable" decisions; they are decisions which may be expected to make for peace, but they will not on that account be necessarily just. In approaching this question of justice, I would therefore simply acknowledge that, even within the State, in the interests of peace, we do not always succeed in achieving justice. So, too, in the international sphere we may have to be content to look for the practicable without too strict a regard for its ideal desirability.

The general problem, says Professor Bourquin, is one of "legal dynamism"; it is change not merely in the interests of peace, but in the interests of justice, too. And he seemingly holds that within the State this is what we get. Now, I am by no means hostile, personally, to justice, and to the search for justice, in international affairs; I would merely wish my colleagues to recognize that in demanding that changes be just, we shall be aiming, for international purposes, at something higher than we have yet attained to, within the domestic sphere.

Dr. Blühdorn, in his otherwise truly admirable memorandum, speaks of certain "instinctive tendencies" which appear, he says, in the behaviour of the States just as in that of individuals. Now to my mind, while the behaviour of States is often sufficiently similar to that of an individual, this is not to be explained merely in terms of instinctive tendencies. I agree rather with Professor Dunn that, so long as international society is organized as at present, it seems inevitable that States will to some extent be in for power politics. What else can they do? It is the circumstances in which they find themselves placed, rather than any suggested instinctive tendencies that determine the disposition of States to conserve themselves and to expand.

Another difference has already been referred to. With individuals it is sometimes defensible to use the term "persuasion" as a euphemism for intimidation. But experience seems to suggest that with States this is less likely to happen. The two now seem to be mutually exclusive positions: either you try to persuade or you try to intimidate. The more you try to intimidate, the less effectively persuasive you become, short, that is, of out-and-out coercion.

Is it becoming too subtle to suggest, in talking of the "aspirations" which are at the root of the problem of peaceful change, that we should consider whether in particular cases we mean the aspirations of the people, the aspirations of their leaders, or the so-called aspirations of the State itself? There is, I suggest, such a thing as "aspiration"

with a merely conventional existence — cultivated, as an instrument of policy. What we call the “attitudes” of States are less a function of collective aspirations than of calculated official policy; though policy no doubt will incidentally take some account of such popular aspirations as exist. My point is that the study of the problem of peaceful change should embrace an examination of the behaviour, and of the determinants of the behaviour, of States — a study of “State” behaviour in particular as possibly contrasted with specifically human behaviour as such.

One further point, to show how essentially sceptical I am. Some have seen in the presence here of representatives of twenty-three countries, a sign that in that number of countries a solution for the problem of peaceful change is believed to exist. May I rather observe that, very often, the more doctors we see at a bedside, the less hopeful we are apt to feel about the case, and the more desperately serious do we take it to be. We physicians are here to study the situation and to see *whether* it cannot be treated. Not all of us have come as holding a belief that there necessarily exists a solution.

Dr. JOACHIM (*Translation*). — The Czechoslovak delegation associates itself with all the speakers who have emphasized that the problem before us can be summarized in the phrase: *Pacta sunt servanda*, and that, moreover, from the moral point of view, the foundation of all international relations in the past, present and future must be goodwill, the indispensable element which, in the words of the great German philosopher, Emmanuel Kant, cannot be replaced by anything else. We are convinced that a *sine qua non* for the maintenance of peace and the recovery of international relations, so confused at present, must be effective and decisive solidarity of all peoples who remain faithful to the great principles of international collaboration, solemnly proclaimed in the preamble to the Covenant of the League of Nations.

THE CHAIRMAN. — Before adjourning I will depart for a moment from my rôle as presiding officer to make one suggestion. In his memorandum, Professor Bourquin says that the phrase “Peaceful Change” is difficult to understand in French. It seems to me that even in English a very serious problem is involved in what we mean by peaceful change. This is: What is it that we think of changing? In these international discussions we are apt to think almost entirely

in terms of sovereign States. But we must not forget that sovereign States are artificial entities. States have no natural rights, nor do they as such suffer or prosper. The real entities behind, with whose welfare we must be concerned, are the human beings who do suffer and who do prosper. The State is the mechanism which is destined to serve to promote the prosperity of human beings. But that prosperity is not necessarily promoted by or dependent upon the transfer from time to time of sovereign rights as between sovereign States.

I confess that I feel considerable discouragement at the prospect of our being able to suggest a mechanism, whereby sovereign rights within the world are periodically re-shuffled and certain territory or other attributes of sovereignty taken from one nation and given to another. A mechanism for accomplishing that seems to me to be fraught with exceeding difficulty. I therefore think that while considering that problem we should also bear in mind that what we really wish to arrive at is a world organism in which individual human beings have rights and opportunities which are not unduly curtailed or interfered with through the operation of artificial rights of the sovereignty system. In that connection, I might refer to the experience of the United States in which there was a grouping of originally independent sovereign States. When those States came together and signed the Treaty of Federation, it was agreed that the citizens of one State would have equal rights in other States with the citizens of those States. Since that was accomplished the attributes of sovereignty became of secondary importance, and for 150 years there has never been a question of one State, however powerful or however needy, taking territory away from, or enlarging itself at the expense of, another State. Under those conditions sovereignty becomes of secondary importance. Therefore, before closing, I would like to express the hope that the round-table discussions should consider the problem before us not necessarily as one of changing various sovereign rights from time to time, but of finding a world organism where sovereign rights become unimportant and, therefore, not a subject of war, because the individual is afforded reasonable opportunity to improve his status in the world by availing himself, if he is worthy, of opportunities throughout the world.

# THE ROUND-TABLE MEETINGS ON RAW MATERIALS AND MARKETS

## AGENDA

A Programme Committee, which was convened at the International Institute of Intellectual Co-operation on June 12th, 1937, to consider the agenda of the Tenth Session of the International Studies Conference, proposed that the discussions at the round-table meetings on raw materials questions should be concentrated on the following questionnaire (corresponding to chapters (ii), (iv) and (v) of the first part of the Secretary-Rapporteur's Introductory Report and (i), (ii) and (iii) of the second part) :

### PART I. — THE PROBLEM

#### I. Direct restrictions on the sale of raw materials.]

. Taxes, duties and embargoes on the export of raw materials :  
*a)* general; *b)* discriminatory and especially those which particularly favour one branch of national activity : industry, merchant marine.  
To what extent do these measures cause difficulties for the consuming country to obtain raw materials ?

2. National or international plans for the control of the production, sale or export of raw materials.

What are the causes of their development since the war ?

To what extent are these plans an advantage or disadvantage from the point of view of the organization of production and the adjustment of supply and demand ? What has been the influence of these plans on the price of raw materials ? To what extent have consumers been helped or hindered by this effect on prices ?

To what extent do these plans discriminate ? What are the present limits, in law or in fact, on the activity of these organizations ?

## II. The problem of means of purchase.

1. What are the essential causes of the lack of foreign exchange for the purchase of raw materials?

2. To what extent is this lack of foreign exchange due to the decline in exports?

3. To what extent is the cessation of international lending in certain countries responsible for the decline in exports or for the lack of foreign exchange in certain States? What are the essential causes of the limitation of international lending?

4. To what extent is the policy adopted by certain countries of restricting the export of foreign exchange responsible for difficulties in obtaining raw materials? What are the causes of these restrictions?

5. To what extent is the policy of big public works undertakings or of armaments construction responsible for the difficulty of obtaining supplies of raw materials?

## III. Control of the production of raw materials.

1. What is the present advantage of the control of the production of raw materials : a) To what extent does the possession of colonies at present facilitate the obtaining of raw materials by certain countries? b) To what extent does the financial control of the production of raw materials abroad facilitate the obtaining of raw materials?

2. What are the character and importance of restrictions on the investment of capital in countries purchasing raw materials? What are the causes of these restrictions? To what extent are these restrictions a disadvantage to countries consuming raw materials?

## PART II. — PROPOSED SOLUTIONS

### I. Proposed solutions applicable within the framework of autarkic régimes.

1. Redistribution of colonies. — To what extent would the return of her old colonies facilitate the obtaining of raw materials by Germany?

2. Chartered companies. — To what extent could concessions — in new regions and zones of exploitation — to foreign chartered companies facilitate the obtaining of raw materials by countries which complain of the lack of them? What would be the advantages and the difficulties of the creation of such companies?

To what extent would the creation of international chartered

companies for the exploitation of raw materials facilitate the procuring of these materials?

3. Compensation agreements. — To what extent would the development of clearing or barter agreements facilitate the obtaining of raw materials by certain countries? What are the advantages and disadvantages for international trade? Is it possible to improve the present form of these agreements in the interests of nations which consume raw materials?

II. Proposals for international agreements concerning access to the purchase or production of raw materials.

1. To what extent is it possible to achieve international agreements leading to the modification or limitation of restrictions on the sale of raw materials? How would the application of these agreements be controlled?

2. Is it possible to modify — in the interest of consumers — plans for restriction of the production, sale or export of raw materials? Is it possible to effect international control over the activity of such organizations? Is it possible to ensure the active participation of consumer countries in the administration of restriction plans?

3. To what extent would agreements for the extension of a régime of non-discrimination in colonial territories facilitate the obtaining of raw materials by certain countries?

III. Proposals for general solutions for the return to a freer circulation of goods and capital.

To what extent would it be possible to achieve a régime of freer circulation of goods and capital in the world? In achieving such a result, what would be the part played by nations which have preferred a relatively free economic system and by those which have adopted an economic system tending to autarky?

At the moment, what are the favourable or unfavourable factors for the attainment of such an end?

## FIRST ROUND-TABLE MEETING ON RAW MATERIALS AND MARKETS

Chairman : Dr. VIRGIL MADGEARU

THE CHAIRMAN (*Translation*). — We have three meetings for the discussion of the question of raw materials. This question has been dealt with in a large number of reports and Professor Dennery, the rapporteur, has summed up the general ideas and the conclusions in a document which he has submitted to the Conference.<sup>1</sup>

There are three sets of questions on the agenda : those relating to restrictions directly imposed on the sale of raw materials; those concerning the means of purchase and those which relate to the control of the production of raw materials. Three different kinds of solutions suggest themselves in respect of the second group of questions : (1) those that are applicable within the framework of self-sufficing systems; (2) proposed international agreements concerning the availability, purchase or production of raw materials, and (3) general suggested solutions for a return to the freer circulation of commodities and capital.

We feel that a discussion of the questions which relate to taxes, charges and embargoes on the exportation of raw materials and which figure in the first part of the agenda would lead to no more valuable conclusions than those set forth in the report; we therefore think it preferable to open the discussion with the question concerning plans of control and then to continue with any other question on the agenda.

PROFESSOR DENNERY, Secretary-Rapporteur, (*Translation*). — I should like to give you very briefly the reasons which prompted us to choose the questions placed on the agenda of the round table on raw materials.

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<sup>1</sup> See page 78.



Practically all the authors who have contributed memoranda on the question of raw materials have respected the definitions established by the Madrid Conference and have studied the consequences of the unequal distribution of raw materials throughout the world, the difficulties that may possibly arise, particularly with regard to the supplying of raw materials to certain countries, and the solutions that have been suggested to overcome these difficulties.

The Madrid Conference had asked an international expert for a study on the general problem of markets, which also figured on its agenda. That study,<sup>1</sup> which was submitted to the Conference, constitutes a report in itself, and in the questionnaire that appears in the agenda now before you, the general problem of markets is envisaged only in so far as it enables us to include that of raw materials.

As pointed out by the Chairman of the round table, the questionnaire is divided into two parts : one relating to the problem as it stands, the other to the solutions suggested.

The Programme Committee, which met before the Conference, about a fortnight ago, decided that two kinds of questions would be excluded from the discussions : first, documentary material and relevant questions; and, secondly, questions relating to the strategic aspect of the problem of raw materials. A very important point arises in this connection, to which we can return as the discussion proceeds, but as such it has been eliminated. While recognizing the importance of these questions, the Programme Committee was of the opinion that the Conference would perhaps not arrive at sufficiently valuable results if it examined them. It should further be pointed out that almost complete agreement was reached regarding the different memoranda that were submitted on this point.

With regard to the position of the problem, the Programme Committee chose the following subjects, which it considered very important and which it would like to see discussed by the round table:

1. The problem of direct restrictions on the sale of raw materials (taxes, embargoes, plans for the control of production or exportation of raw materials, etc.).
2. The problem of the means of purchasing raw materials (difficulties of purchase, question of the scarcity of currencies, etc.).

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<sup>1</sup> See J. B. Condliffe : *Markets and the Problem of Peaceful Change*, International Institute of Intellectual Co-operation, Paris, 1938.

3. Reasons for which certain States — and this is a consequence of the two other points — attempt to control the production of raw materials; the difficulties which they encounter or may encounter in this attempt.

These are the questions that should be discussed by the round table this morning. The most important seems to be that of plans of control, since the question relating to taxes, charges and embargoes is likely to present certain difficulties from the point of view of supplies — difficulties, however, to which the countries complaining of the lack of raw materials do not attach any great importance.

If time permits, it will be possible, after discussing this question and that of the means of purchase (scarcity of currencies for the acquisition of raw materials and the actual causes of this difficulty), to study the question of the control of production and that of capital invested, and, in particular, the difficulty of controlling the exploitation of raw materials, especially in foreign countries.

The discussion might therefore begin with the question of plans of control, with their advantages and disadvantages from the standpoint of supplies in raw materials. The reports sent in show that the views held on this matter vary considerably. Certain authors have endeavoured to show the benefits resulting from the introduction of these plans, not only to producers, but also to consumers, and claim that they make it possible to regulate production or exportation more rationally. Others, on the contrary, have stressed the disadvantages of these plans from the consumers' point of view, particularly with regard to the purchase price of raw materials. A discussion on this point would, as a first step, be extremely useful.

The different points connected with these plans of control were summarized in the questionnaire <sup>1</sup>.

Dr. GLIWIC (*Translation*). — Of the three solutions that have been suggested in the study of the problems relating to raw materials : nationalist, socialist and free-trade, there is none that could give the results expected of it — even if it could be put into practice, which I think is scarcely possible.

The nationalist solution does not solve the problem. There are three main economic and political units : the British Empire, the United States of America and the U. S. S. R. To these might be added two

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<sup>1</sup> See, above, p. 274.

conceivable or theoretical units: the United States of Europe (Pan-Europa) which, unfortunately, exists only in the dreams of a few idealists, and the unified *Imperium* of the Far East, which Japan hopes to establish. None of these units fulfils the indispensable conditions, since none is self-sufficing in regard to raw materials.

Nor can the suggestion that a central international committee for the distribution of the thousands of different kinds of raw materials existing in the world should be constituted, be given serious consideration.

The differences between the economic standards of the various countries make the free-trade solution impracticable. It might, perhaps, help certain countries to provide themselves with raw materials for a while, but as regards the world production of these raw materials no definite results would be obtained.

The only solution which is theoretically fair and which would contribute to the solving of the problem as a whole is that which might be called the "universalist" solution. It could be adopted in practice only on the assumption that the world is governed by a single and firm economic policy. It is, unfortunately, doomed to remain for some time to come in the sphere of unrealizable and Utopian ideas, owing to the three factors indispensable to the building up of a world economic system and to its normal functioning, viz.: 1. the founding of a Central World Bank of Issue; 2. unified world legislation; and 3. the levelling of world civilization.

Therefore, if we set aside these dreams and turn our attention to reality and to the possible projects to be put into practice, we see one solution only, and this single solution may be called the individualist solution. It would consist in abandoning the idea of finding a comprehensive solution for the problem of raw materials, since we have seen that no solution exists. It would, on the other hand, be necessary to deal with each raw material separately, taking into account the conditions and circumstances that distinguish it from the others. The single problem of raw materials accordingly splits up into a number of separate and specific questions. Every raw material has its own particular character, and yet there is a common feature to be found in them all. A fair and proper solution to the problem of raw materials can be found only in international action.

THE CHAIRMAN then opened the discussion on the question of plans for the control of the production and sale of raw materials.

Professor OUALID (*Translation*). — I shall confine my remarks strictly to the aspect of the problem referred to by the Chairman, that is to the part played by plans of control in the distribution of raw materials.

There are, in fact, two aspects to the question of raw materials and the international problems to which it gives rise: a political and geographic aspect, and an economic and legal aspect. From the geographic and political standpoint it may be asked whether certain nations do not take undue advantage of the monopoly with which nature has endowed them on their own territory or in that of their possessions and colonies. Viewing the matter from the economic and legal standpoint, we may ask ourselves whether — along the lines of what takes place within a given country, where the producers and holders of the same commodity join forces in order to restrict and regulate the supply and to fix its price to the best of their interests — the agreements signed between producers belonging to different countries do not bring into operation similar tactics as regards the consumers of their goods, or even whether — as is also done by certain monopolizers within a country — they do not impose a differential and discriminatory system on their purchasers, thereby creating a further inequality between them and grounds for dissatisfaction subversive to that international peace which should, as always, be our chief aim.

Although these two aspects of the problem are closely bound up one with the other, I shall deal only with the second. I shall, therefore, rapidly review the following points:

1. The nature and causes of international agreements;
2. Their effects; leaving, for the sake of a well-ordered discussion, the examination of the appropriate solutions of these problems until to-morrow.

It is readily asserted that self-sufficiency — that is the jealous withdrawing of nations into themselves, which is detrimental to international relations and particularly to the purchasing of raw materials by poor and industrious countries unable to export their products and, consequently, unable to obtain the foreign currencies indispensable for the purchase and payment of raw materials — is not the only cause underlying the slackening of international economic activity.

There is a tendency to put the blame on a sort of systematic will on the part of certain States or certain producers to introduce or tolerate, either within their country or beyond its frontiers, agreements in the

form of trusts, cartels or contracts of a more or less permanent character and of more or less narrow scope, the aim and consequences of which are to ration the consumers, to subject them to the law of the prices laid down in the agreements, and, in particular, to establish between large buyers of different nationalities discriminations, which, for those subjected to this differential system, make it more difficult to compete with those who, on the contrary, enjoy a preferential treatment.

What are the conditions that govern the problem? Is there any justification for the fears that have been expressed? What are the advantages or disadvantages of these agreements? Supposing that the question gives rise even to something more than comprehensible discontent, how can the conflicts it provokes be settled peacefully? I shall answer these questions very briefly.

Speaking generally, whatever period we consider, the main feature of industrial agreements is the desire to substitute understanding for competition, discipline for the normal play of economic laws. Nevertheless, according to whether the period considered is normal or abnormal — a period of political, economic or other crisis — the reasons underlying the agreement are not the same. The reason for which an agreement is concluded is, above all, the desire to prevent competitors who produce at higher prices from being eliminated owing to the competition of those who produce at lower rates. It is, in reality, a kind of understanding reached with a view to fixing prices at a figure sufficiently remunerative for the producers working at the greatest disadvantage. In times of crisis, the question no longer arises in the same terms. An endeavour is then made to ensure a minimum of activity for all undertakings, so that, thanks to this distribution and this "clearing" of purchases, they are able to traverse the period of difficulty and crisis, and later resume their normal activity.

Behind the variety of causes and purposes of these agreements, there are, however, absolutely identical means of arriving at them: I shall not go into the details of the technique of these agreements, or the procedure whereby they are framed; whether it be a matter of cartels, trusts, gentlemen's agreements, etc., they all take the shape, more or less, of companies, having the same object, or hoping to arrive at the same result, as that which I indicated a little while ago. We have now reached the heart of the problem and it may be asked whether the replacing of economic freedom by this economic discipline, the substitution of an international discipline in the matter of supply for the

competition that formerly existed, is not going to result in particularly serious disadvantages in regard to raw materials, in the broad sense in which the expression has been used in the present discussion. Why, indeed, do agreements relating to raw materials present greater dangers than agreements relating to manufactured products? Working our way back through the final phases of economic activity, of production, towards the initial stages of the process of manufacture, we find products that are more and more individualized and products that are less and less likely to be replaced by substitutes. It is easier to substitute a manufactured product for another manufactured product than to substitute an essential raw material for another essential raw material. Further, if the production of a raw material is artificially reduced to such an extent that supplies in relation to the needs of the consuming industry become insufficient, not only will that one industry be paralysed, but there is a danger that every industry, or a great number of industries, relying on the utilization of that material, will also be affected. It is for these reasons that agreements relating to raw materials are more important than those which relate to manufactured products.

Lastly — and this is an important point — are not cartels, parties to agreements, etc., tempted to take advantage of their position and to subject their customers to a preferential or differential system? I am thus led to study the facts that experience places before us. I shall not dwell on the documentation which can be read in my memorandum.<sup>1</sup> It has, moreover, been agreed — and very rightly — that questions of documentation would not be discussed at this meeting. We must confine our attention mainly to the essential data of the problem and to the solutions they demand. On this particular point, the documentary study which I made of the practical aspects of the problem enabled me to draw the following conclusions :

*Question 1* : Has the quantitative restriction of supplies caused difficulties for the consuming industries in obtaining raw materials ?

It does not seem that, in recent years, any systematic scarcity of basic products controlled by international agreements has been noted. Plans for the control of production and distribution have almost invariably been elaborated and applied in periods of decreased demand. Consequently, these plans have not been of a spontaneous character. They

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<sup>1</sup> See William Oualid : *International Raw Materials Cartels*, International Institute of Intellectual Co-operation, Paris, 1938.

have, in a way, been the outcome of circumstances, to which they have been adapted and made to conform. We find examples of this in the copper cartel, agreements on the production of tin, wood pulp, etc. As soon as demands returned to their normal level, the tonnage programmes were gradually increased until, in some cases, they exceeded the basic quota to which the coefficient of restriction was applied. Clauses of this kind are sometimes inserted in the agreements themselves. The Alliance Aluminium Company, for example, makes provision for a supplementary percentage of production to be sold at a maximum price which must not be exceeded if demand exceeds supply. This fact may be taken as a proof of the desire to adjust, with a certain elasticity, production according to consumption, without taking undue advantage of the situation.

Furthermore, after a period of recurring depression, demands steadily increase. What would happen if no agreements were brought into operation? At a given moment, supplies would fall below the level of demands, with the result that factories would close down, while others would be faced with inevitable bankruptcy. By distributing the restrictions among all the producers, instead of forcing them upon industry by the bankruptcy and closing down of only some of them, the restrictions clause which, by agreement, limits production in times of crisis has the happy result of maintaining, during the depression, every useful means of production. When trade revives, increased demands can thus be met more easily than if entirely new works and concerns had to be established. A call is made, so to speak, on reserve forces. Simultaneously with the revival, the plant and undertakings momentarily rendered dormant are brought into action once more; supplies can, consequently, be adjusted immediately to demands without those violent fluctuations in prices due to a lack of balance between supply and demand.

*Question 2* : What has been the influence on prices of these agreements regarding raw materials ?

Two questions arise in this connection :

1. Have the cartels made it possible for certain sections of their clientèle to benefit by preferential conditions to the detriment of other importers less favourably placed? That is the most important question, and one which lies obviously at the heart of the problem and concerns countries which are consumers but not producers.

2. What are the consequences of the policy of fixing prices by agreement for the consuming industries as a whole?

a) With regard to differential treatment, in many instances export market prices are lower than those quoted on the home markets by producers who are members of a cartel. This amounts, in a way, to the application of the dumping system, the benefits of which would not be reaped by the producers or producing countries, or even by home consumers of the raw materials in question, but by the foreign consumers. This is what happens in Germany, for example. It is the importing countries that are privileged, while the consuming industries of the producer countries are placed at a disadvantage.

Moreover, though it has sometimes been noted that, on certain markets, the prices for "cartellized" raw materials are higher than on other markets, a systematic policy of the cartel must not necessarily be blamed. All producers and all manufacturers accord discriminatory treatment to their customers: for example, when large orders are placed, when the goods have to be delivered at a great distance from the works, or when it is necessary to allow credit to certain buyers because they cannot pay cash. In such cases, there are differences to which nobody thinks of taking exception. A large Paris store, which buys the whole output of a particular kind of cloth, is granted better terms than a small shopkeeper who buys only a few rolls. And what is true of individuals is true of countries. When we speak of countries, we are really thinking of the consumers belonging to those countries. In business matters, there is too great a tendency to associate individual interests with the nations, or at least to think that production or consumption as a whole is inseparable from the country. Here, therefore, we must speak about individual buyers or producers, and these individuals buy under different conditions. This is a factor which explains the differences in prices. It is an aspect of the problem that must be stressed because it is very often real.

This observation regarding solvency and the conditions of purchase are all the more important in that certain "cartellized" products considered are not strictly speaking raw materials but semi-finished products manufactured from basic products which themselves are often imported. Thus, agreements concluded in the steel, aluminium, copper or lead industries do not concern the corresponding ores but the actual metallurgical products. Consequently, it may happen that the position of inferiority in which the importing countries are placed



is not at all due to discrimination but to industrialization. If a country buys aluminium instead of buying bauxite, it is by no means because it will pay less for the aluminium, but because it is not industrially equipped for converting the bauxite into aluminium. It therefore considers it preferable to buy the manufactured or semi-manufactured product than to convert it.

b) There remain for us to examine the consequences of economic agreements regarding raw materials for the whole of the consuming industries, not only in the importing countries but also in the producing and cartellized countries.

Cartels have undoubtedly had an influence on the evolution of the prices of certain basic products. Assuming that the prices of articles for which no agreements exist are normal — and this is the theoretical aspect of the question — and comparing, with these prices, the prices of products and materials subject to control by agreement, we arrive at a twofold conclusion: On the one hand, the first copper trust, the mercury trust when it was first formed and the agreements concerning rubber and tin, indisputably attained their aim: a more or less appreciable rise in prices. On the other hand, certain cartels were satisfied with more modest results: stabilization of prices or limitation of their fall to a level above that which would have resulted from competition.

Is this policy necessarily regrettable or harmful? It can no doubt rightly be said that since economic crises are partly due to the lack of balance between various groups of prices, the fact that some of them rise or resist the fall, while others drop in a measure that is by no means proportional, contributes to the crisis. It is for this reason that, in the United States of America, an attempt has been made to combat the crisis by raising the prices of agricultural produce and by pegging industrial prices, so that purchasing capacity may be stabilized. Does not the fall in the purchasing capacity of other producers constitute an encouragement for the cartels to abuse their economic power? The examples which we have given in the body of our report, and the documentary material which we have submitted, prove that this regulating factor is not to be overlooked.

The best way to combat the economic crisis is to provoke a rise in prices. It is only natural that certain industries should be thanked for having established protected branches that have withstood the fall and which, when prices move upwards, will come into prominence.

I do not wish to be blamed for conclusions which are not my own. In all these remarks, it is obviously assumed that cartels do not take advantage of their economic power and that they do not hold consumers to ransom. These abuses can be checked in two ways: by a decline in demand or the introduction of substitutes, and by public control.

It must first of all be pointed out that, with regard to raw materials, the resistance which consumers may possibly put up against producers is due to the fact that the consumers of raw materials are, very often, themselves powerfully organized. Dr. Gliwic referred a little while ago to cotton. About thirty years ago, I had occasion to study the cotton problem. I found that, fundamentally, agreement between consumers, mill-owners and weavers could really counteract agreement among producers. The same is very often true in other fields. Thus, thanks to the fact that consumers are not necessarily isolated individuals, it would be possible to set one agreement against another, and, in the particular sphere with which we are here concerned, without resorting to State intervention, arrive at the desired result fairly and equitably.

Secondly, assuming that the regulating elements of the national economic system are powerless to confine the aspirations of cartels within reasonable bounds, the public authorities may find it necessary to intervene. The interests of the State are bound up with those of the producers. The State is sometimes itself a member of a cartel. It may be asked whether its interests as producer or member of a cartel would not urge it to add its powers to those of the cartel. I do not think so. There is no fear of seeing a State adopt a differential policy to the detriment of its own nationals.

In short, it is probable that international agreements concerning raw materials have been the cause of far fewer evils than they are blamed for. They do, of course, encounter the hostility of the public, even of States, which regard them as forces likely to check their own power. These agreements deal with products the prices of which are the object of speculation in which the shares of the operating companies play a far more prominent part than the goods to which they relate. Hence, their action extends beyond the commercial market and invades the financial market. Producers see in them vast, extremely profitable and concentrated undertakings which are readily looked upon as tyrannical. The raw materials which they monopolize are, as a rule, universally used and, in these days when war has become industrialized, indispens-

able for the purpose of national defence. The agreements are therefore regarded with distrust, suspicion and jealousy. On the whole, however, though the economic system really needs to be reformed as regards the excessive competition of which it is guilty, the cartels, and particularly those concerned with raw materials, can make their contribution to that system, provided that they are incorporated in a programme of international economic mutual aid and submit themselves to the control and discipline of the national and international public authorities. I shall return to this point in the conclusions which I shall have occasion to present to you to-morrow, when we discuss the solutions.

Dr. HENDERSON. — I approach the problems of this Conference from the point of view that restriction schemes in regard to raw materials have largely arisen from a prevailing tendency, manifested in the post-war period, towards the over-supply of primary products relatively to the supply of industrial goods. That is, I think, a phenomenon which is essentially new. You have a tendency towards the establishment, in one branch of primary production after another, of redundant productive capacity. "Redundant capacity", is a term which hitherto we have been accustomed to regard as applicable to a manufacturing industry, but during the post-war period it has made itself manifest in the sphere of agricultural products.

In my opinion, it is a phenomenon which is closely connected with the demographic questions now being discussed at the other round table; I think it is very largely the slowing down of the growth of population in Western Europe which has given rise to this problem of agricultural over-production. In association with that is another factor, namely, the very marked increase in productivity in many branches of agriculture. Technical progress is probably more rapid to-day in the sphere of primary production than it used to be.

Whatever the causes, a very marked change is to be observed. Throughout the nineteenth century the demand for most agricultural products and most raw materials was growing so rapidly that there was a constant need for an extension of the areas of production. The characteristic features of nineteenth century economic development were largely connected with this need for the opening up of new areas of production for various commodities in different parts of the world. That was what international investment chiefly meant. So long as new areas of production were constantly required by a constantly growing

demand, there was very little danger that an excess supply would cause unremunerative prices for the producers, persisting for any considerable period of time. Now, however, that the demand is no longer increasing so rapidly in relation to supply as to require new areas of production to be opened up, there is a much greater danger that redundant capacity may lead to such a prolonged depression of world prices as to threaten primary producers, unless measures are taken, with serious financial losses and perhaps actual widespread bankruptcy.

That was the condition of things which made itself evident during the world depression of a few years ago. It raises the question of the great paradox that lies at the heart of the whole problem of our Conference, the paradox that it is precisely at a time when the production of raw materials is great relatively to demand that we should hear of the difficulty of access to raw materials. It seems, however, inevitable that the existence of an excess supply of raw materials should lead to the adoption of measures designed to restrict production in order to secure a reasonable minimum price for producers. That tendency is quite as inevitable as the other tendency, to which I regard it as a counterpart, that importing countries should under these conditions pursue policies of agrarian protectionism. In both cases there is a real need which cannot be ignored to maintain a reasonable stability of prices for producing interests. It represents a problem of great difficulty because it is essentially an international problem, and we have, unfortunately, no effective system of international government.

Failing international solutions, attempts are made to settle the problem in two different ways, neither of which is satisfactory. In one case, importing countries seek to secure reasonable prices for their home producers by measures of agrarian protectionism. In the other case, governments representing producing interests seek to limit production — perhaps in agreement with one another — in order to secure reasonable prices in world markets. In the one case, scant consideration is given to the interests of the exporting countries, and in the other, it is, I suppose, inevitable that too little attention is given to the interests of consuming countries. It is almost inevitable that when new schemes of control are being attempted, they will not be conducted with perfect wisdom, nor with as much moderation as possible. Although restriction schemes are open to the charge of having been carried to excess, I think those excesses compare well enough with the excesses in agrarian protection adopted by certain importing countries.

I agree with everything said by Professor Oualid in his very interesting address. There are, I think, various natural safeguards which prevent restriction schemes from being carried to a point of serious and prolonged abuse. It is never easy to establish an effective cartel; the difficulty of holding competing producing interests together is so great that it requires the pressure of real need to overcome it; and it is almost impossible to maintain for long an international control scheme used to support prices that are grossly excessive. There are undoubtedly dangers; the policies that are being pursued have in many cases been too greedy in spirit; their promoters have under-estimated the hostility they aroused. The problem is there: the policy of *laissez faire* will not work smoothly in an atmosphere in which demand is not expanding rapidly enough to absorb supply easily. *Laissez faire* is a method very suitable for a condition of things in which a great enlargement of the areas of production is constantly required. For, in such conditions, what is chiefly needed is enterprise, which thrives in an environment of *laissez faire*. But when the case is reversed, when it is found that the problem is one of adjusting supply to demand, when supplies are too large for the market, the method of *laissez faire* is not adequate. Unless something is done, producers, particularly of primary products, may be reduced to bankruptcy and ruin and it is inevitable that any government which has the power to deal with such a situation will take whatever steps it can to save its producers from such consequences. The general tendency, therefore, seems to me inevitable. How far restriction schemes are capable of revision or modification to prevent the possibilities of abuse is a question more properly to be discussed in connection with the second heading of our agenda, dealing with solutions.

Dr. STALEY. — May I suggest that there are two problems connected with peaceful change which arise out of the schemes of one sort or another for the control of production of raw materials. First, there is the effect on the political relations between producing and consuming groups, and, of course, where the producing groups are chiefly concentrated in one country and the consuming groups in another, that gives rise to the problem of political relations between the countries. With respect to this problem all countries are; to a greater or lesser degree, "have-not" countries. Every country imports at least part of its raw material supply — in the case of my own country, the United

States, although we have a very large supply of raw materials, we are at the same time large importers of many raw materials which we do not produce at all or only produce in insufficient quantities. We are very much interested, for instance, in control schemes affecting such commodities as tin, rubber, and coffee.

The special character of this first problem seems to me to arise from the fact, that, when control schemes are initiated by a producing group of countries, measures are thereby taken which influence the life and happiness of another group of people, while the latter have no say in what takes place. The effect of such measures sometimes amounts to a kind of taxation without representation. The effect on the political relations between producing and consuming countries does, therefore, enter into the problem of control schemes.

There is, secondly, a very important aspect of the problem of control schemes which relates only indirectly to the political peace of the world but which nevertheless seems to me to be very vital. That is the question of what the effect of these control schemes may be upon the working of the world's economic system.

We have been accustomed, in economists' analyses, to assume that world economic relations are regulated, at least to a great extent, by competition. Where competition exists, economists say that there is a so-called self-regulating or automatic mechanism which takes care of the adjustments between supply and demand of various commodities. Where competition is replaced by monopolistic tendencies the self-regulating mechanism no longer functions in the way that economists have described. The building up of control schemes, therefore, may have very important repercussions on the capacity of the world's economic system to adjust itself to changed conditions, to improved technology, to the inevitable ups and downs of demand which somehow have to be met.

It seems to me that control schemes can be either good or bad. I have tried to survey those of them on which information was available in one of the reports submitted to the Conference.<sup>1</sup> That report describes something like thirty-nine in all, counting international control schemes, controls by cartels or national governments, or by international agreements between governments or private organ-

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<sup>1</sup> Eugene Staley : *Raw Materials in Peace and War*, published under the auspices of the Council on Foreign Relations, New York, 1937.

izations. There is a large number of such control schemes, and I think we cannot fail to agree with the statement just made that such schemes arise out of conditions which have to be met somehow. Whether we like it or not, I am afraid we must expect that in the future there are going to be many conscious controls of the production and distribution of raw materials. These controls can be good or bad, in the sense that they can help or hinder the functioning of the world's economic system. It would be theoretically possible for a control scheme to do a better job of adjusting supply to conditions of demand in times of changing demand or changing technique than would be done by the so-called automatic system of adjustment. But it also seems very unlikely that this could actually be the result of the kinds of control schemes adopted up to now — that is, of control schemes adopted in the interests of producers and managed from the producers' point of view. Although many existing control schemes are run by governments, it is usually in response to pressure from producers rather than from consumers.

The central problem I wish to point out here is the problem of who is going to control the control schemes. Who is going to decide what objectives they shall seek, when it is reasonable for them to be applied, what techniques are to be used, and when conditions no longer require them? That is a problem in international politics as well as in international economics. It is also a problem in domestic politics in each separate country, because, though a previous speaker has remarked that governments have to think of consumers as well as of producers, it seems to be true that producers are able to bring to bear upon governments more effective pressure than consumers.

To conclude, the crux of the whole problem seems to be the institution of some kind of international control over control schemes. How that can best be done had probably better be discussed at a later session.

THE CHAIRMAN then introduced the question of the means of purchasing raw materials.

Dr. HELPERIN (*Translation*). — The problem of raw materials in the form it assumes in international debates to-day, in so far as it lies at the basis of claims for territorial revision put forward by certain countries, touches upon the international solutions which we are to consider again to-morrow.

The capacity of the nationals of various countries to purchase raw materials is perhaps the most important aspect of the problem.

What exactly does this expression : "capacity to purchase raw materials" mean? Its first meaning has been considered in the course of the discussion that has just taken place, and more particularly in the statement made by Professor Oualid.

The capacity to purchase may naturally depend upon the supplier's desire to sell to the buyer. If the producer does not wish to sell, certain raw materials will be unobtainable. In this connection, I should like to make a suggestion which will take us back to the first part of the discussion but which is perhaps not without importance for the second part. Agreements entered into by the producers of raw materials, either national or international, can be discussed, criticized or, on the contrary, approved from two different standpoints :

a) The standpoint of concomitant circumstances in general; in this case we estimate the effects on the business cycle of conditions resulting from methods for the stabilization of prices and restriction of production practised by the cartels. Here, the question is not confined to raw materials or to international agreements; it is of a vaster and, at the same time, deeper character.

b) The standpoint of the action which the cartels exercise on the supplying of the different countries and — I call special attention to this point — the discrimination which may possibly be made, not for commercial reasons, but for political reasons, by organizations of this kind.

Let us now assume that the seller wishes to sell his goods, which, moreover, is normally the case. We can next ask why the potential buyer is unable to pay for them.

Those who profess that they are unable to purchase the goods they require often explain the situation as follows : "We cannot obtain a sufficient quantity of the raw materials we need because we have not enough foreign exchange." Since I have already had the privilege of submitting a short report<sup>1</sup> to the Conference on this question, I shall not go into details now; I should likely simply to recall one or two of the outstanding points.

Currencies are instruments of foreign payments which the nationals

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<sup>1</sup> Michael A. Heilperin : *Monetary aspect of the raw materials problem and the revival of international trade*, International Institute of Intellectual Co-operation, Paris, 1938.



of the countries in question either procure by selling, to a foreign country, the product of their own work and industry, or receive in the form of income from investments previously made abroad — a point which I shall leave aside for the sake of simplicity — or again by financial transactions, that is by the provision of international credit, consisting in placing at the disposal of the nationals of a given country the means to purchase in another country without having to furnish an equivalent sum by way of security. The total amount of currencies available to the nationals of a country for buying abroad is determined both by the foreign trade of that country and by the credit operations effected. It is frequently but erroneously assumed that countries possess a definite sum in currencies. The amount which the nationals of a country have at their disposal depends upon the scale of sales abroad and upon credit transactions.

When private individuals purchase goods abroad, they are obliged to find currencies with which to pay for them; they apply to the foreign exchange market where they meet persons who have currencies to sell. If the demand exceeds supply, the rate of exchange fluctuates. In a system that is working smoothly, these fluctuations lead to changes in commercial circles and — what is an important point — changes in the movement of capital. If the system is in operation, adjustment necessarily takes place. The question is to know whether the system is in operation. The problem of raw materials necessarily arises when there is no system of international exchanges working; that must be borne in mind, when discussing this question.

This problem arose after the war, and Dr. Gliwic has just referred to the report drawn up at that time by Dr. Corrado Gini. The question of raw materials arises again now, at a time when a disorganization of international exchanges is to be noted. If we did not wear blinkers when speaking of this question, and if we did not confine our attention to raw materials but considered all other questions of exchange also, we should realize that this problem has arisen, for the third time since the war, not for the purchasers this time, but for the sellers of raw materials, a problem due to the international disorganization that characterized the first year of the world crisis, when producing countries found it impossible to buy, from other countries, sufficient quantities of industrial products owing to the falling off in demands for their own products and the drop in raw materials. We see, therefore, that this problem is not merely a problem of raw materials, but, in general,

a problem of buying on foreign markets. No currencies are available for raw materials except in countries where the government practises a policy of currency restriction. As I shall explain later, this intervention on the part of the government determines certain methods of economic activity which tend to disorganize international exchanges and to create certain additional difficulties in the purchase of raw materials.

My conclusion is that, from the economic standpoint and from the point of view of the means and capacity of payment, there exists no problem, properly so called, regarding raw materials. There is a problem of ability to buy abroad, which assumes a different form according to whether we are considering an industrial country or a country that produces industrial or agricultural raw materials.

I would add, moreover, that even if the evolution of relative prices — industrial prices, prices of raw materials and agricultural prices — plays a certain part, in economic procedure, this part should not be exaggerated. If the recent depression had not manifested itself in the notable fall in the prices of agricultural products and industrial raw materials, while the industries of other countries were affected by the crisis, the drop in the prices of raw materials would have led to an increase in the demand and would have been checked far sooner without causing damage as serious as that which has been recorded. The drop occurred at a time when demands had diminished, owing to the general disorganization of economic activity in the various countries.

We are therefore faced once again with the following question : why are there difficulties in buying abroad? Two reasons can still be given in answer to this question : 1) there are difficulties in regard to sales; (2) international credit cannot be obtained. The almost total suspension of credit transactions on the international market is one of the main causes of the crisis in international exchanges. Since we are discussing peaceful change and since we agreed yesterday that the problem of such change is bound up with that of collective security, it is appropriate to say — and emphasize — that *collective insecurity* is a fundamental cause of the cessation of international movements of capital. It is on this point that the economic problem which we are discussing to-day is directly linked up with the problem of collective security. That is a first point. There is, however, a second point : the difficulties of selling to foreign countries. Nobody would question

the fact that present day "restrictionism", the most important forms of which are not even customs duties — since, in these days, a person is accused of having liberal views if he urges the abolition of all restrictions other than customs — but the quota system, clearing, and in fact everything implied by the term "bilateralism", is a hindrance to international trade.

If it is true that this difficulty in selling prevents various countries from buying, it is equally true that the countries which complain more and more that they are unable to buy — especially raw materials — abroad are also the most fervent advocates of modern restrictionism.

I shall not develop my idea further, but I should like to suggest that a distinction must be made between countries which practise a policy of restriction because they cannot do otherwise (I am referring to countries with extremely limited resources, small debtor countries) and those which adopt such a policy for various doctrinal and political reasons. Whatever may be the case, since restrictionism manifests itself, among other measures, in currency control, it makes it impossible for the country that practises it to compete effectively on the international market. The effect of currency control is not only to reduce the import trade of a country but also to maintain the rate of exchange of that country's currency at a figure higher than would be the case if currency exchange were unhindered. The goods produced by these countries are therefore too dear as compared with those produced by others and, in particular, too dear when they are placed on the international market. A country that controls its currency and arbitrarily fixes too high a rate handicaps itself on the international market. In short, the problem of raw materials is but one aspect of the problem of international exchanges. It is the result of commercial restrictionism, on the one hand, and of the cessation of movements of capital due to international instability, on the other. If I may, I shall suggest certain solutions to-morrow, based on this diagnosis of the question.

Dr. GRAHAM. — First of all I wish to pay my tribute to the memorandum on this subject by Professor Heilperin and to the illuminating remarks he has just made. I endorse everything he has said and my remarks will be more in the nature of a supplement to his than anything new. I wish, however, to offer what I think may be one constructive suggestion for getting round some of the difficulties.

The matter of access to raw materials, at a moment when the raw

material producing countries are only too eager to sell their products, would seem to reduce itself almost entirely to a question of finance. It is possible to conceive conditions — the negation of peaceful change — in which the supply of raw materials to certain groups hostile to the groups possessing them is restricted, but, even in the disturbed conditions which we have at present, that problem does not seem to me to be in evidence. So long as we go no farther than at present, the difficulty is not one of direct control but rather of impersonal obstruction, by way of obstacles introduced through the financial mechanism.

Before dealing with the financial aspects of the problem, however, I wish to say a word about its economic aspects. The economic factor of greatest prominence in the present situation is the matter of preferential arrangements. Where, however, there are preferential arrangements for the purchase and sale of goods, the countries extending preferences to each other tend to increase the volume of trade among them at the expense of the volume of trade between each of them and the outside world. Just as soon as that is done, the outside world is offered, on comparatively easy competitive terms, the markets which the group of preference-granting countries is more or less voluntarily abandoning. I might perhaps elucidate this by reference to the preferential arrangements existing in the British Empire. In so far as the countries within the British Empire increase the share of a given volume of world trade between themselves, to that extent they are withdrawing from the free competitive sphere, leaving markets in the outside world for other countries. That is to say, a third country — say, France, — which can compete on equal terms in non-British countries, is definitely favoured in those markets as a result of the movements of international price levels and the preferences within the British Empire. It does not seem, therefore, that, even with a system of preferences, there is any positive restriction of the possibilities of sale — and, therefore, of the acquisition of foreign exchange — on the part of countries which are excluded from any preferential agreements.

Turning to the exchange question, I think we should get a better outlook on the problem if, instead of speaking of the lack of foreign exchange felt by certain countries, we spoke of the failure of foreign demand for the exchange of those countries. The supply of foreign exchange is the same thing as the foreign demand for the domestic exchange and, if we devote a little thought to the lack of foreign demand

for the domestic currency of a country which is complaining of the shortage of foreign exchange, we shall, I think, throw some light on a question which otherwise will remain obscure.

Let us then consider the lack of demand for the domestic exchange of a country which is complaining that it cannot buy raw materials, and the reason for that lack of demand. We may note, as Professor Heilperin has pointed out, that many of the countries which are complaining of their inability to secure foreign exchange are countries which are deliberately trying to hold the exchange value of their currency so high as to make their exports, if sold at the official exchange rate, much dearer than the exports from competing countries. If we also remember that the countries which are doing this are imposing all sorts of restrictions on the use of such of their exchange as may be acquired, we can readily see that the demand for such exchange is going to be comparatively light. If we take Germany as an example, we find that any exporter of goods to Germany gets in exchange a money with which he cannot deal except on very restricted terms; he has a very limited market for it. He does not know exactly what he will be able to sell for it, and is not even sure of a market at all. The only buyers are those who are to be found in the group which can use that exchange directly, and that group is limited and scattered. There is no future market for the currency so that, if the holder cannot find an immediate market in spot exchange, he has no means of guessing what its future value may be. Neither is he sure what he will be able to do with the exchange if he decides to hold it for a market, since legislation at any time may, as experience has shown, cripple his use of that exchange.

Not only, therefore, is foreign demand for the exchange of such a country comparatively small, but those countries, in buying materials, have only one unsatisfactory alternative to offer in place of their own exchange — that is the exchange of other countries with which they have clearing agreements and from which they have acquired a supply. They can offer their own exchange or that of some other country, similarly restricted, for the acquisition of neither of which are sellers in free exchange countries particularly eager. It is perhaps not unnatural that the countries of free exchange — exchange with which the buyer can do whatever he pleases — should, under such circumstances try to divert the flow of that free exchange from the countries which offer only restricted exchange in return. That is to say, countries

which cannot offer exchange of free disposition not only find a lack of buying demand on the part of others but they also find that their ability to sell in free exchange markets is limited by the powers that control those markets on the ground that an exchange of free exchange for restricted exchange is not a fair exchange.

One further point: the matter of investment credit. I do not think that the failure of annual long-term investment to recover to anything like its former level is a matter of great import. To me, it seems that the greater difficulties arise in connection with short- rather than long-term finance, and I do not think that the failure of long-term finance to reach in the years to come, its pre-depression volume will necessarily constitute a serious problem. Long-term finance is likely to be developed on a regional, rather than on the international basis which it used to have, and the growth of intra-regional lending and borrowing may offer a fairly good substitute for the amount of long-term international finance that used to exist.

In connection with short-term financial movements, however, there are serious exchange difficulties. Short-term international financial movements have always been used as a smoothing factor in carrying on trade. Whenever the balance of payments on the trade account, or on other accounts, went against a certain country, short-term financial credits were extended to enable the carrying on of trade during the period necessary for the re-adjustment of the trade account. It is these short-term financial movements which are made extraordinarily difficult by the failure of the credit of countries which restrict exchange. There are none who are willing to hold restricted exchange for any period of time, since, as I have already pointed out, the uncertainty of doing so is so great as to be almost prohibitive. The consequence is that any temporary deficit on trade account is of serious import.

It appears, therefore, that we could make considerable progress, and do something to ease the apparent difficulty with respect to the purchase of raw materials, if it were possible to provide some kind of international underwriting of short-term credits in a certain volume. That would have to be a government affair, because, no private concern would be willing to do it. Something of this kind may perhaps have been visualized in the Tripartite Monetary Agreement, although legislation in the United States would appear to make it difficult, at the moment at any rate, for the United States Government to agree

to any such proposal. It would not be necessary for the amount underwritten to be very great, for, if we examine the results of clearing agreements, we find that the accumulations on one side or the other do not tend to be particularly large. It would certainly be possible to carry on a very large volume of international trade which would cancel out and thereby leave the amount to be underwritten at a comparatively low figure. If such a system of international underwriting of exchange could be introduced, the volume of trade could be greatly extended, even in the presence of considerable restriction, and the difficulty which arises from the immediate lack of demand for a controlled exchange would be taken care of by the international underwriters. It would be possible, that is to say, to sell controlled exchange to the government of the exporter's country, in a limited volume at least and for a fair period of time.

There remains the question whether, under such a scheme, it would not be necessary to limit panic movements of exchange — that is, flights from certain currencies. The waves of panic which have been sweeping the world have led to attempts to transfer such large volumes of funds from one currency to another as to threaten to break down any financial arrangements between countries no matter how strong financially they may be. It has been said that there is nothing more timorous than a million dollars; perhaps we might say that there is something even more timorous, namely, a million pounds or a hundred million francs. It would, however, seem that some control of these panic movements would be necessary in order to prevent the breakdown of any international trade mechanism that might be set up. I do not know how the control would be effected; perhaps a tax on the movements of funds, making transfers costly, would give a little courage to the holders. If these panic movements of funds could be controlled, it seems to me that the possibility of underwriting the sort of credits which are desirable for the carrying on of international trade would be within the realm of sober consideration, and that it would go a long way towards removing any difficulties which now affect the raw materials market, other than the sheer lack of means of purchase either in money or in goods.

Dr. MORGENSTERN. — I am in a position to confirm much of what has been said by Professor Heilperin and Dr. Graham, who have, I think, stressed the essential points of the problem we have been dis-

cussing and in regard to which we have such a valuable documentation. It has clearly emerged that it is possible to distinguish two entirely different aspects of the whole question. One concerns the whole group of problems connected with raw materials and control schemes affecting raw materials, and the other brings the question into the field of peaceful change — the so-called scarcity of and lack of access to, raw materials.

What is meant by scarcity of raw materials? Economically speaking, the word "scarcity" has no meaning except that expressed by the height of the price of any article, providing there is no discrimination between the people who wish to buy. On that point I think it would be very helpful if we could have further documentation indicating the cases in which there is discrimination, for I do not think that such discriminations have so far been very much in evidence.

It is interesting to note that these complaints of scarcity come only from a certain group of countries, and it is possible to find other countries similarly situated geographically which do not complain of any scarcity. It seems, therefore, that we should not stress the geographical aspect of the raw materials question, but should rather examine the economic policy pursued by those countries which complain of scarcity in order to find the main reasons why they experience the difficulties of which they complain. Professor Heilperin has already fully explained how this policy functions. The concept of scarcity of raw materials is closely bound up with that of scarcity of foreign exchange. We have had experience of that in Austria: for some years everyone complained about the scarcity of foreign exchange until, finally, we began to pay a decent price for our *devisen* by acknowledging a fall in the value of our currency. This done, there was no more scarcity. It seems to me rather a pity that we should spend so much time discussing the question of raw materials and their scarcity because in doing so we are only discussing a special aspect of a much larger phenomenon and it would be better if we were to talk about fundamental matters.

What are those fundamental matters? They arise from the fact that present monetary policy is largely characterized by exchange control. Bilateral trade agreements, and the whole system of thoughts connected with them, to the effect that nations will only buy from those which buy from them, are perfect nonsense but have, nevertheless, been the philosophy of many nations and are still to be found in operation, as is the system of quotas which probably goes even further in its



effect. If we consider commercial and monetary policy as constituting the roots of the whole problem, I think we shall be able to throw a certain light on the subject when we come, later, to discuss possible solutions. No solution unless of a momentary character will arise from any consideration of isolated aspects of the problem.

In my opinion, what the Conference shou'd stress is the necessity for a complete change in monetary and trade policy. An improvement of clearing agreements is sometimes suggested or even credit operations designed to ease the situation for those countries experiencing the so-called scarcity of raw materials or other scarcities, but I do not think that these can be recommended as providing real solutions of a permanent value from an economic point of view. As regards international cartels in the field of raw materials, I should say that their importance will rapidly diminish when international trade expands again. For we shall then witness in international circles the phenomenon we have witnessed many times in national circles. To take an example, it is well known that in times of depression the cotton manufacturers of Lancashire work together, but, when improved conditions return, they disperse and renew their competition. With the expansion of markets already referred to by Dr. Henderson, the importance of such control schemes will diminish, so I do not think they are of great importance at the moment.

THE CHAIRMAN remarked that, as shown in the report submitted by the Secretary-Rapporteur, the difficulty in obtaining currencies, combined with certain strategic considerations, had led certain "unsatisfied" countries to attempts to establish measures for the restriction of raw materials, even abroad. Very often, however, these attempts encountered legal and administrative difficulties.

The Chairman called upon Dr. Kirk, who had prepared a report on this subject, to address the meeting on the question of restrictions placed on the exploitation of raw materials by foreigners.

Dr. KIRK. — Restrictions practised to-day on the access by foreigners to supplies of raw materials can be more easily examined on the basis of the terms of the relevant laws than upon the basis of the actual effectiveness of the restrictions as they operate. As far as the terms of the law are concerned, there are a great many more restrictions to-day than existed a generation ago. In country after country measures

have been taken to limit or restrict the access of foreigners to supplies of raw materials — particularly minerals — which exist within the country and to reserve their exploitation for the benefit of citizens of that country. But the extent to which these restrictions actually operate in practice to prevent foreigners from securing access is a matter which is extraordinarily difficult to ascertain, and I do not pretend to be able to offer you any adequate conclusions on the subject.

So far as the legal restrictions are concerned, they are dictated to some extent by military and strategic motives, such as the rules made in a number of countries under which no foreigner may own or exploit property of any kind along the frontiers, or within a certain section which, although perhaps not at the frontier, is regarded as being strategically important. Again there are other restrictions which are obviously motivated by social reasons, such as the laws compelling foreign companies operating in a country — particularly those engaged in mineral exploitation — to employ a certain percentage of native labour. In some countries these restrictions go so far as to state that the percentage of native labour is to be employed not in a global sense, but within each category of employees. Other restrictions are designed to ensure adequate lawful responsibility, but these are not particularly discriminatory.

Far more important are the restrictions which proceed from the belief that all raw materials, particularly minerals, must be reserved for the benefit of the citizens of the country concerned. These arise from a social point of view which was virtually absent half a century ago.

Now as to the nature of these restrictions. A few of them are rather elementary, and are not to be regarded as particularly discriminatory; among such is included the requirement that all foreign companies desirous of exploiting mineral or other raw materials shall maintain adequate local representatives within the country. Usually these local representatives are required to be citizens of the country, not citizens of the country of the foreign exploiting company. Another such restriction is to the effect that a majority of the Board of Directors of the company shall be citizens of the country in which the exploitation is carried on. This is found in a number of countries with regard to certain minerals and in a number of others with regard to virtually all minerals.

Some countries attempt to go beyond this and state that the exploit-

ation of mineral raw materials can only be permitted to companies, a majority of whose stock is held by citizens of the country. As to the effectiveness of that, I am not in a position to offer you any adequate information, but it is found upon the statute books of certain countries.

It is obviously intended by such restrictions to practise complete discrimination against the foreigner. In other cases there are monopoly reservations under which certain mineral raw materials are withheld from all foreign exploitation and are permitted to be exploited only by government operation or by corporations controlled by the government. The exploitation of the mineral resources of Manchukuo by the combined Manchukuo-Japanese corporation is a case in point. Something like twenty-three minerals have been reserved by law from private exploitation, and their exploitation is to be turned over entirely to the companies, many of which are subsidiaries of the South Manchurian Railway and which thus represent the two governments concerned.

Beyond these various local restrictions, which I do not intend to pursue farther in view of the limits of time, there exists the whole problem of administrative restrictions. Most of the persons who are engaged in such things are inclined, as a matter of practical business experience, to take the view that the word of the law means comparatively little. In some countries, it is easy to evade the terms of the law, even where that law is so specific as to require a majority of the Board of Directors to be citizens of the country or a majority of the stock to be held by citizens of the country. So long as the country is not too severe in its application of these restrictions, that can easily be arranged. Far more effective, usually, are the applications of the so-called administrative restrictions, whereby the grant of all mineral exploitation rights is subjected to an entirely different process in regard to foreigners' applications than in regard to applications by citizens of the country. This applies in the case of France and all the French colonies, and it makes it quite possible, even in the absence of any discriminatory provision in the terms of the law, for *de facto* discrimination to be practised to the extent which the administrative authorities feel to be necessary or desirable. I mean that where the procedure for the granting of a concession is rather more involved in the case of a foreign country, it may become so detailed and prolonged as to discourage applicants or, where applications are made, it is possible to refuse them without giving any explanation of the motives leading to the refusal.

These administrative restrictions are quite important, but it is extraordinarily difficult to obtain information upon the actual way in which they operate, and I suggest that a further investigation would be extremely valuable.

The extent to which these restrictions operate in excluding foreign investors from obtaining access to the exploitation of raw materials can be readily seen in countries such as Russia and, for all practical purposes, Turkey, where foreigners either have been or are being rapidly excluded. The second category of countries, like Mexico, where there have been attempts to include in the law provision for the nationalization of minerals, which has not been wholly successful on account of the earlier acquisition of rights by others, provides an example of only moderate success, but there are other countries which have been quite successful. In certain countries there is little attempt to discriminate against the foreigner, but I am not in a position to offer adequate information on this subject.

THE CHAIRMAN. — I feel that this discussion has helped to clear up the essential points of the first three questions considered and I believe that, this afternoon, we shall be able to turn to the discussion of solutions.

## SECOND ROUND-TABLE MEETING ON RAW MATERIALS AND MARKETS

Chairman : Dr. VIRGIL MADGEARU

Professor BORLE (*Translation*). — Dr. Heilperin has pertinently stressed the essential part played by credit and the free movement of capital in the question of trade in raw materials. But if credit may be considered as the ordinary remedy, when a country is suffering from a temporary shortage of the means of international payment which it needs to meet its obligations, it is further necessary that at least a part of this credit be granted on a long-term basis. Otherwise, the floating capital loaned abroad may be recalled at the first alarm; and the general shortage of international credit in that case may lead to the collapse of the whole economic structure of a nation. International credit, then, if it takes the form of short-term investments only, often refuses to fulfil completely its essential function as a buttress of international commercial transactions.

It seems to me that this particular aspect of the question, this fragility of certain international loans must likewise be taken into consideration, when we take up to-morrow the examination of the solutions to be adopted for the general problem of raw materials.

THE CHAIRMAN. — If there is no objection we will begin immediately the discussion of the proposed solutions.

Professor DENNERY (*Translation*). — I should like simply to recall the considerations which led me to classify the solutions as I did in my introductory report.

The different reports presented to the Conference contain a large number of proposed solutions of widely different character. I believe, however, that they can be grouped in a few classes in the light of the general viewpoints from which they have been worked out.

There are a certain number of proposals which accept as an established fact the development of economic nationalism in the form of autarkic systems. Thus, means are proposed for enabling the countries operating under a system of autarky to procure raw materials more easily. On the other hand, some members think that any palliative applied to the problem of supplying autarkic countries with raw materials is in fact an encouragement to the existence of these régimes. They therefore hold that it is preferable not to seek solutions for the problem of raw materials within the framework of autarky, but that that system should be modified.

Finally, there is a third type of solution which occupies middle ground. I refer to the proposals for international agreements concerning access to the purchase or sale of raw materials.

In the first category of solutions — proposals applicable within the framework of systems of autarky — a rather large number of suggestions have been made. The report includes only three of these, but they include all the others. There are, in fact, many variants of all these general types of solution; but they can be reduced to three classes: those involving a transfer of sovereignty (redistribution of colonies); those having to do with the exploitation of raw materials in the colonies by foreign interests, under specific concessions (notably by chartered companies); and, finally, those involving the improvement of those types of commercial methods which are particularly characteristic in the autarkic countries (barter and clearing agreements, etc.).

As regards the first question ("To what extent might the re-distribution of colonies facilitate the obtaining of raw materials by certain countries?"), the Programme Committee had decided that it would not be discussed exhaustively by the round table on raw materials, since the re-distribution of colonies is to be studied in part by the round table on Colonies as well. The question: "From the point of view of obtaining raw materials, what would be gained by the acquisition of colonies by countries which state that they lack raw materials?", should, on the other hand, be examined by our round table. In the programme, the special case of Germany has been mentioned, because Germany is the country which is asking for colonies just now.

THE CHAIRMAN (*Translation*). — The report before you is very clear. It proposes three categories of solutions :

I. Proposed solutions applicable within the framework of régimes of autarky;

II. Proposals for international agreements concerning access to the purchase or production of raw materials;

III. Proposals for general solutions for the return to a freer circulation of goods and capital.

The first question which it would be advisable to clear up is this : Is it desirable to seek solutions within the framework of autarky ? Further, if one is convinced that all solutions within the framework of autarky have the character of palliatives, is it desirable to pursue them, since to do so is merely to strengthen the position of the autarkic régimes ? To strengthen the position of the autarkic régimes is to prevent the final solution of the problem of an equitable distribution of raw materials. I think, therefore, that we ought to begin by taking up this question : Are palliatives desirable ? If not, we should pass on to the second question : Are intermediate solutions for obtaining a freer circulation of goods possible at present ? What is the nature, of such solutions ? If we reach the conclusion that such intermediate solutions are necessary and desirable, we should discuss them, and then come finally to examine the third series of proposals — those which are calculated to change the whole present economic situation in the direction of a freer circulation of goods.

Dr. HOFFHERR (*Translation*). — We are face to face with a factual situation, and it is from that standpoint that we should examine the problem. We should stress the diversity of colonial life and dwell upon the danger which may arise from recommending the general and systematic adoption of this or that abstract formula. We are confronted by a movement which we may censure or approve — for my part, I disapprove it — consisting in the general building up of customs barriers. We must treat this as a fact, and, in view of that fact, ask ourselves what are the possible solutions. There is, first, the solution of the open market, of access to all colonies, — in other words, the system of the open door. It is a legitimate question how far this system can be adapted to types, forms and conditions of colonial life which are extremely varied.

The system of the open door cannot be applied indiscriminately. I have had a long experience of life in Africa. This system is possible in the first phase of the life of a country, in the undeveloped phase,

which is characterized by the buying abroad of goods for the construction of the road system, ports, railroads, and even of cities. At this point, the country imports enormously more than it exports. But there is a decisive fact: the importation of large masses of capital offsets the deficit in the balance of trade. Therefore a deficit in the trade balance of colonial countries constantly corresponds during this period to a flow of new capital from the mother country. This restores the balance. At this moment, the system of the open door is possible just because it favours low prices. It enables the colonial country to procure what it needs in the mother country at low prices by making use of the possibility of competition, and also by reason of another factor which should not be forgotten: the sacrifices made by the mother country on behalf of the colonies. During this period, indeed, it often happens that the mother country gives priority to goods from the colony. Take the example of North Africa. France imports each year ten million quintals of wheat from North Africa duty-free. It extends to the colony the benefits of a preferential tariff; that is to say, the same tariff protection which is provided for French wheat. The price is thus maintained at an artificially high level, at the expense, in this case, of the French consumer. Thus the mother country makes a sacrifice on behalf of its colony. It is from this twofold standpoint that the system of the open door is possible in the early stages of the development of a colony: on the one hand, because of the investment of large masses of capital, and, on the other hand, because of sacrifices made by the mother country.

In fact, the mother country buys the products of the colony at a higher price than that of the world market. The purchases made in the colonies may often involve drawbacks. It is thanks to the way it operates, as indicated above, that the system of the open door has been able to develop during a certain number of years.

When the country has evolved and the period of construction is at an end, the flow of capital declines. The system of the open door involves growing difficulties. What do we see to-day in the African countries in which the régime of the open door is in force? They are defenceless in the face of the flood of foreign products. There is here a very grave danger. In saying this, I am adopting the viewpoint of the native populations and particularly of the native artisan, who is threatened by the competition of foreign goods.

As an indication of the size of the deficit in the balance of trade of



certain colonies, I will give you two or three figures, which will show you that the system of the open door is not a practicable solution at this stage of the development of the colony. In 1935, Japan sold Morocco 11.4 million francs worth of goods, but bought from Morocco only 3 millions worth. Rumania's sales to Morocco amounted to 42 million, her purchases to only 1,700,000 francs. China sold 63 million francs worth of goods to Morocco and bought less than 1 million francs worth.

The first drawback of the system of the open door is thus the possibility of an increased deficit in the balance of trade — a deficit which may become dangerous. The second drawback is the danger that the native market may be invaded by foreign producers and obliged to compete with methods which are not its own.

For certain already highly-developed countries, this system, in the end impairs the interests of the mother country: for example from the monetary viewpoint. Thus, the Moroccan monetary system is linked with the monetary system of the mother country. The result is that when the balance of trade of Morocco shows a marked deficit, this brings into play a "current account" between the French Treasury and Morocco. If the balance of trade is unfavourable, French credits must be transferred to the account of Morocco. This is what is called the "current account". This current account which showed a deficit of 200 million francs in 1933, to-day shows a deficit of 1,300 million francs.

I do not declare definitely against the system of the open door. I am merely showing some of its drawbacks. I regard it as acceptable in the early stages of the economic life of the colony, but as less acceptable or entirely unacceptable as the country develops.

Other systems may be thought of which have greater advantages than the open door. We should beware of absolute solutions. Formulas are often made obsolete by events. We should ask ourselves what the facts are and how they are to be interpreted. In many cases the systems advocated in economic conferences have not given appreciable results. We should reach our decisions in view of the facts and should see whether there are not possible ways of international collaboration superior to the systems thus far suggested. It seems to me that a solution can be found in the chartered company, which opens the way to the realization of national and international agreements capable of meeting the aspirations of the persons here assembled, who seek the peaceful settlement of international disputes.

This solution is not new. It has been in the air for a long time. The whole colonial expansion of the great European countries was made possible by this system of chartered companies. It was already prevalent under the *ancien régime*, and in France the name of Colbert is connected with it. The chartered company was primarily a public organization linked with private enterprises. The whole colonial expansion of France in the 16th century took place under the ægis of these chartered companies. Similarly, in England, Cecil Rhodes sought an efficient instrument for his designs in the revival of the chartered company. All his work in Africa is based on these chartered companies. It was by means of chartered companies that England succeeded in increasing its colonial domain tenfold between 1888 and 1899. Germany, likewise, derived the greatest advantage from the West African Company, formed in 1895.

To-day certain kinds of companies are essentially modern forms of the chartered company. There is, for example, the *Comité du Katanga* in the Belgian Congo, based upon an interesting formula which, after playing chiefly the part of a public organism, has succeeded in imposing itself on British interests. It is a sort of holding corporation, which, by means of reciprocal participation, forms a link between the Belgian State and private enterprises. Similarly, in Morocco there exists a right of participation and a right of mineral prospecting which is extremely convenient for the Moroccan Government and for the private enterprises. It is generally agreed that, from the national standpoint, an association of public and private interests is necessary for the production of economic values. Just as human values must be protected, it may be agreed that the community has an interest in the conservation of economic values, and that this can be effected only by a close and constant connection between public and private forces. That is the idea at the basis of these chartered companies. These companies, after associating private initiative with public power, seek to associate the producer and the transformer. The prospector is asked to take a share in the company to be formed, and the transformation industries of the mother country are then asked also to take a share. This system then passes from the national to the international plane, and within a corporation thus constituted, the colonial government, for example, may own 15 or 20% of the shares, the national government of the mother country a similar block, while private foreign investors and foreign governments may likewise have interests. Thus, by the simple

operation of the system of participation, you have associated in an African company public and private, national and international interests, producers and transformers. In this form is created a veritable community of interests, in which interests of all sorts are integrated both vertically and horizontally.

This formula is still in the stage of research and experiment. It seems to me nevertheless that in the light of the precedents and of the experiments which are now going on in different parts of Africa — for these are not abstract ideas — there is here a real progress. I see, for example, within a corporation created in Morocco for the exploitation of the Djerada coal-fields, a community of interests including the Moroccan Government, the government of the mother country, local private companies and international companies, since there is a Belgian company which is also in the agreement. I cite this example to show how, in the national and international framework, there is a formula for the exploitation of colonies, notably in Africa, a formula which is perhaps superior to that of the open door, and which would make possible an increase in utilization of resources and in potential wealth. What we seek is to promote the utilization of the raw materials and of the potential resources which may exist. That seems to us possible by means of the solution which we propose.

DR. STALEY. — On the subject of chartered companies, it is not quite clear to me just what their aim is supposed to be. What rights and benefits would the German people, for instance, acquire through part interest in a chartered company exploiting raw materials, say, in the Belgian Congo, which they do not possess? It seems to me that that question ought to be answered a little more clearly than it has been in preceding statements or in the memorandum which has been submitted to the Conference. Specifically, is it the idea to give Germany, or some other country having an interest in a chartered company, a foothold for future colonial acquisition? In view of the precedents afforded by the chartered companies in Africa in previous decades, that would seem to be the outcome. Such studies as I have been able to make of chartered companies have convinced me that their chief utility in the past has been as a means of territorial acquisition. Probably that is not the purpose for which they are now being proposed, especially since the object is to promote peaceful change by their use. If that is so, and the proposed chartered companies are not

intended to give the so-called "have-not" nations the means of territorial acquisition, what then is the purpose of the organization of such chartered companies?

Perhaps it is intended they should be a means of giving access to important raw materials. If that is the reason it seems to me that the documentation submitted to this Conference establishes pretty clearly that the chartered companies would have to operate in other places rather than in the colonies, because if anything is clear from the data which has been gathered, it is that, by and large, raw materials do not come from colonies. I am, therefore, rather at a loss to understand what would be achieved by this method.

As for the precedents which have been cited in regard to chartered companies, I know there are such precedents; but I have had occasion in previous years to study chartered companies specifically as a means to finding peaceful solutions to international investment problems, and all I could find out about them led me to conclude that they aggravated rather than alleviated political difficulties connected with investments. The companies which I studied particularly were those operating in Morocco, the Cameroons and the Congo set up about the year 1908 between France and Germany. Their break-up was one of the incidents which led to the Agadir crisis of 1911. There was an attempt to bring about bi-national collaboration of a supposedly economic sort, but it was so dominated by political motives on both sides that the economic efforts fell through and brought, as a consequence, an even worse political situation.

Then, there were the attempts made in the Balkans to internationalize the Balkan railways, which again showed that economic enterprise was subordinated all along to nationalistic political motives. Again, there was the attempt to internationalize the Baghdad railway, which, when on the point of succeeding, was stopped by the outbreak of war in 1914. In 1903, and at various other times during the history of the Baghdad railway, the financiers were on the point of agreeing on an internationalization project when they were prevented from concluding such an agreement because the question of political control was thought to be so important.

Further, the history of the Chinese consortium does not give much encouragement if you are looking for peaceful solutions to international problems by methods of this sort, although perhaps it was better to try to reach some international agreement for the joint making

of loans than to fight things out directly. But, in China, as in Africa and the Balkans and the Near East, there again the political preoccupations of the governments concerned soon gained the ascendancy and the proposed international collaboration was not very successful in achieving its purposes. It seems to me that attempts to handle colonial exploitation or to invest capital in any area of the world under the guidance of national governments, with agreed portions held by this or that nation, are bound to break down and to entrain even more severe political difficulties than the difficulties they are designed to solve. This would be true so long as such attempts are based on nationalization of capital. What we have to do in my opinion is to denationalize capital investments, including interests in raw materials industry and trade, rather than to nationalize them further.

Dr. HOFFHERR (*Translation*).— I will merely reply to Dr. Staley that in seeking to dissociate the economic viewpoint from the political viewpoint, I was only adopting a view expressed in the Assembly of the League of Nations in 1935 by Sir Samuel Hoare, when he urged the dissociation of the economic viewpoint from the political viewpoint as the only possible solution of colonial disputes.

I believe that it is on the plane of production and not on that of abstract principles that solutions for present international difficulties must be sought. It may be considered that the object sought by means of the companies which I spoke of is above all to provide nations which have the means of purchase with what might be called a dividend in raw materials. I have in mind those nations which are called to-day unsatisfied nations, which do not have means of payment. If they could obtain in these companies shares which would be paid for not in cash but in kind, if, that is, a foreign organization were allowed to obtain shares by furnishing technicians or equipment, it would thus become possible for the satisfied and the unsatisfied nations to collaborate in the exploitation of certain African territories. Once again, I do not recommend here uniform and generalized solutions. I do not believe them possible. I simply say that in certain stages of colonial economic organization, these chartered companies may provide means of giving the unsatisfied nations access to raw materials.

As to the examples which have been adduced, I confess that I do not consider them entirely convincing. They do not apply to modern economic conditions. I do not know how the chartered

companies can have led to the Agadir adventure in 1911. For my part, I do not see the connection. I only know that, at present, companies of this sort exist, such as the Suez Canal Company, which made it possible to obtain the collaboration of several Powers half a century ago, just when political difficulties existed which were regarded as insuperable. It was precisely on the economic plane that that agreement was possible — an agreement which has led to the establishment of easier communication between the Mediterranean and certain overseas Powers.

I should like to cite another example : that of the *Banque d'Etat du Maroc*, which associates thirteen Powers with Moroccan banking interests. There are, then, other precedents than those which have been pointed out to us, and they are of such a nature as to facilitate the development of peaceful ideas.

Dr. HENDERSON. — I am not very much attracted by the idea of chartered companies, and I think there is one weakness in particular in the idea as it has been stated by Dr. Hoffherr. It is important to appreciate that the profits of any concern are only a small proportion of its turnover. If you have an international chartered company for the exploitation of the resources of a particular colony, the capital of which was supplied by various European States, that would not, as a matter of ordinary financial equity, entitle the European countries, in return for their capital contributions, to divide the products among themselves without payment; it would merely entitle them to a *pro rata* share in the profits of the enterprise.

The chartered company idea would, therefore, leave the main problem unsolved. The production of the raw materials must be paid for, and that production involves many costs other than capital cost, such as the cost of labour in the colonial country concerned. Any country wishing to obtain those raw materials must somehow find the means of obtaining international purchasing power with which to purchase them. I feel that we are at a certain disadvantage in this discussion in that, during the whole of to-day, we have not yet had any statement on the point of view of a "have-not" country, or at any rate of a country which feels that it has a really urgent problem of access to raw materials. We in this room are almost too much in agreement with one another to conform to the realities of the situation.

There is a sense in which I feel there is a real problem of access to raw materials. Within a prosperous country, like Great Britain

or the United States, there is a much-discussed problem which is called "poverty in plenty", and similarly, as between different countries in the world at large, a similar problem exists: there is a redundant capacity for the production of raw materials in certain countries on the one hand and on the other hand an unused capacity for producing manufactured goods in the other countries which are very short of raw materials. If it were possible to bring these two factors together, if it were possible to enable the countries which need more raw materials to obtain them by sending more of their manufactured goods to the countries that produce them, there would be mutual benefit, and the problem is how that can be brought about. It is, as I said this morning, the great paradox of the situation that the very difficulty of obtaining raw materials experienced by certain countries to-day arises in some degree from the fact that the supply of raw materials is so much in excess of the world demand, just as the corresponding problem of "poverty in plenty" within a country arises from an apparent surplus of production in relation to the demand for goods.

The situation is one which I think might be greatly eased by appropriate schemes of international credits. It is part of the ordinary economic system that the production of raw materials necessarily precedes the production of manufactured goods of which they form a part. There is an interval which could appropriately be bridged by the supply of credits by whoever was in a position to do so. Various schemes could be imagined under which it would be possible to arrange that countries supplying raw materials to other countries which find it difficult to obtain the means of purchasing them at present might supply those goods on credit for a certain period, the credits being later discharged when the countries having taken the raw materials had been able to work them up into the form of manufactured goods, capable of being sold in part to the very countries which had supplied the raw materials and had thereby themselves gained the purchasing power with which to buy the finished goods.

In various countries, such as Great Britain, schemes exist at the present time for providing export credit for longer terms than have been usual hitherto, to finance the supply of certain goods to markets in which credit difficulties are found. It is possible to imagine such schemes being extended in appropriate forms to meet this question of raw materials.

I am not sure that the problem, in so far as it is an economic pro-

blem, would be most properly met by any new ambitious scheme on a grand scale. There exist already various types of financial mechanism which could easily be extended if the general political and psychological environment were favourable to a solution of this kind. That, of course, brings us back to what is in fact the heart of the problem. The problem of access to raw materials would not be a difficult one if it could be regarded merely as a combined economic and financial problem. It would require a certain departure from traditional methods, but various solutions could be worked out capable of meeting the difficulties. The real trouble is that certain countries at present show a reluctance to contemplate any system under which they would become dependent for raw materials essential to them on sources outside their political control. It may, therefore, be idle to speculate on the economic possibilities of solving the problem until we know whether it is one which can be regarded as capable of solution along economic lines. It would assist our deliberations enormously if we could have at this stage a statement of the point of view of one of those countries which feel that there is a problem in regard to the supply of raw materials which has not been adequately recognized in our discussion up to now.

Dr. POPESCO. — I wish to draw attention to one point which has not yet been mentioned in this Conference. It relates to certain superstructures which have actually developed in modern life and which are called "trusts". Most of the raw materials are, at the present time, not really in the hands of actual nations but in those of the trusts. A study of the actual influence and organization of these superstructures might eventually show us that, so far as raw materials are concerned, we are not so much in the hands of national governments as of these international trusts. To mention only one case: we find that while many tons of coffee have been burnt or destroyed in Brazil, Dr. Schacht voices the complaints of Germany that that country finds coffee to be a too expensive commodity. It is natural that we should study these trusts, for we sometimes find that they do not facilitate the distribution of raw materials, because the ideal they are pursuing is not that of perfect distribution but that of obtaining the maximum price. The two concepts are very different.

I personally think that the economic disequilibrium which at present exists in Europe is partly due to the fact that this control is



not in the hands of governments but is in those of these international superstructures, and I sincerely hope that the time will come when we shall be able to devote some of our studies to their working. The fact that one country produces too much of a certain raw material and finds it impossible to exchange it with other countries is not so much due to national interference with trade in raw materials but rather to the defective mechanism dealing with their distribution. The economic disequilibrium between world exchanges is also largely due to the defective system of economic adaptation in each individual country.

Dr. LOUWERS (*Translation*). — I came to this meeting without any intention of speaking. I came to learn, intending to take part only in the discussions of the Colonial round table, where I shall perhaps have one or two suggestions to make. I have been induced to abandon this attitude by an invitation from our distinguished Rapporteur and also by certain ideas which I have heard expressed, notably by Dr. Hoffherr. Dr. Hoffherr broke a lance against the system of the open door.

The subject is an extremely complex and vast one, and it would require an entire session to study it in all its aspects. I wish to offer on this point not the opinions of a technician, nor of an economist, but simply a few common-sense suggestions, or rather a few remarks arising out of the colonial experience of my country.

I shall not uphold the view that the system of the open door is a solution for the problems which are troubling us and which have been placed on the programme of the Conference. It cannot be more than a fragmentary solution. The problem which preoccupies the Conference is how the countries which possess no colonial territories can take part in a certain colonial activity. In fact, this problem seems to me to come down to this — for any political or territorial solution must be excluded — how colonial activity is to be carried on in a broader, more liberal spirit.

I repeat that the system of the open door must not be considered as a panacea. It should not, however, be thrust aside, for it offers certain real advantages.

Dr. Hoffherr has advanced against it arguments which might be applied to free trade in general, to all broadly liberal régimes, whether practised in highly civilized countries or in the colonial field. This discussion of the advantages and merits of economic liberalism, of

protectionism, and of autarky might obviously carry us very far. We shall not enter upon it here. Let me merely say that Belgium, in particular, practises and has always practised in Africa a very broadly liberal régime. She has, in fact, to some extent been obliged to do so, since the Belgian Congo, like some other colonial territories, is committed by treaties to the régime of the open door. In spite of some difficulties, and in spite of a certain ill humour in some sections of Belgian industrial circles, especially during the crisis, Belgium has not done badly under this régime. The evil consequences mentioned by certain speakers as concerns other countries have not affected our territory. I will go so far as to say that during the years of the crisis, which was extremely severe for our colony, the practice of economic freedom and tariff equality was a real help to the colony. No doubt the goods of Japan supplanted in some cases the goods of the mother country; but this drawback was offset by an advantage: it provided the Belgian Congo with a very cheap supply of cotton goods, which form an essential element in the cost of living and the cost of production. This circumstance made it possible to keep the cost of living at a very low level and saved a large number of colonial enterprises.

To this example may be added that of the other colonies covered by the Congo Basin Treaties, which have practised the same régime. In the last analysis they have had no reason to complain of it either and have been able to develop very satisfactorily.

But we may go a step farther. Certain colonial countries have followed spontaneously the régime of economic equality. They have learned the merits of the régime and they have no intention of giving it up. I refer particularly to the Netherlands Indies, where a tariff system has long been in force which ensures complete equality to nationals of all countries. Holland has modified this system only in the past few years to fight the competition of Japanese goods; but opinion is not unanimous among the Dutch colonists in regard to this special measure. Many of them are urging that it be abolished as soon as possible.

We must not close our eyes to the fact that if we wish to do something for the countries which possess no colonies, and which, I am bound to say, without wishing to discuss the subject at length, can no longer obtain them — for, I repeat, the political and territorial solution cannot be considered for a single instant —, it is clearly necessary to take a right view of the problem. It is impossible to offer to

these Powers the privilege of buying colonial products on a footing of equality without granting them at the same time certain facilities for the sale of their own goods in the producing territories. The acquisition of raw materials must be accompanied by facilities for the sale of manufactured products, for a certain balance of trade must be provided for. Thus, the granting to countries which possess no colonial lands of facilities for the acquisition of materials produced in such lands must necessarily be accompanied by facilities for the sale of their own products.

The eminent speaker who preceded me recommended, as a solution of certain difficulties which have been brought to our attention, the formation of chartered companies. I should like to warn the round table, not against the idea, but against the term employed. The chartered company implies certain administrative and political attributions. This form of colonial activity is obsolete. It provided certain advantages, but it is not free from drawbacks. The chartered companies have not left very happy memories in the history of colonization. I do not think that any colonial government has any intention of reviving them. Those which still possess them, such as Portugal, notably in Mozambique, intend to get rid of them as soon as they can, judging by what one reads in the publications of the country. But the formation of stock companies in which would be associated government capital, private capital, and perhaps foreign capital, in proportions to be determined, is a form which may, in principle, deserve consideration. I say in principle, for in practice it is not a good thing to marry government capital with private capital; such marriages are not always very successful. Here, again, I cite the experience of my country's colony.

Dr. Hoffherr, in support of his suggestions, gave as examples certain institutions of the Belgian Congo, such as the *Comité spécial du Katanga*. He will allow me to say that this example does not support his contention. The *Comité spécial du Katanga* is a very exceptional institution which was created in our country only as a result of special circumstances. The *Comité du Katanga* was not created with a view to setting up a certain form of colonial administration or exploitation. It was created solely to end a sort of joint ownership which had grown up between the State and the Katanga Company as a result of concessions — perhaps somewhat excessive — which the Congo Free State had originally granted to a certain corporation. The *Comité spécial du Katanga* is constituted according to the following formula: the State

has two-thirds of the interests and rights. The Katanga Company, alone — for there is no other participation in the organism — has the other third. The *Comité spécial du Katanga*, under the supreme supervision and preponderant control of the State, carries on a certain economic activity in the administration of a property which was jointly owned and which includes all the lands and mines of the province of Katanga.

THE CHAIRMAN (*Translation*). — Before going on, may I call your attention to a point which has not been discussed and which is very important, that of the “redistribution of colonies.” If we do not wish to take up the question in the limited form given it in the questionnaire (To what extent would the return of her old colonies facilitate the obtaining of raw materials by Germany?), we ought at least to discuss the more general question: To what extent are sufficient raw materials available to meet the needs of the so-called unsatisfied, countries?

I wish also to call your attention to the fact that we have not yet heard any remarks on point 3 (compensation agreements). We have already discussed, in connection with point 2 of the second part (chartered companies), point 3 of chapter (ii) (To what extent would agreements for the extension of a régime of non-discrimination in colonial territories facilitate the obtaining of raw materials by certain countries?). If we continue our discussion and if we do not finish with point 1 of the second part, we will discuss to-morrow only points 1 and 2 of the second part and point 3 of the proposals for general solutions.

Sir Alfred ZIMMERN. — I only rise to make a few very brief observations on rather scattered points which have arisen in the debate. Dr. Louwers remarked that there was a certain confusion in regard to the nomenclature dealing with chartered companies. I think there was force in his observations, but I would reply to him that there is also a certain confusion in the use of the term “the open-door”. The British Crown Colonies have lately departed from “the open-door” under the system introduced by the Ottawa agreements; but why have they done that? It has been done in part as the beginning of a system of fiscal autonomy for the colonies, similar to the fiscal autonomy granted to India in 1917, which was a step on the road towards a more complete autonomy. Thus, the arrangements made at Ottawa between the British Crown and certain British Crown Colonies

which are not bound to the "open-door" by international treaty were really miniature commercial treaties between more or less self-governing parts of the British Empire. I would, therefore, suggest to Dr. Louwers that the more correct phrase to use would be "equality of trade", because "open door" carries with it a certain suggestion of inferiority, as though the people who are, so to speak, inside the door are not as free to open it as those who are outside. It is quite natural that the Legislative Councils and other bodies representing public opinion in these colonial territories should wish to be able to hold the handle of the door inside as well as to allow others to hold it from the outside. They are aiming at greater equality with other territories. Let me hasten to add that I think there is a great deal to be said for the policy of equality of trade in colonial territories, as between them and more completely self-governing units.

I now pass to the remarks made by the last speaker but one on the subjects of trusts. He said that there was a kind of superstructure in international politics, composed of private interests which might be characterized — he did not use the word, but I think that it was in his mind — as sinister private interests, and he added that it would be very useful if we could spend some time in a further examination of the activity of trusts. In our documentation we have a memorandum<sup>1</sup> giving a very complete list of all the trusts of an international character in which at any rate French interests participate. I think a study of this literature and of control schemes would show firstly, that these trusts do not exercise so large a measure of political influence as the speaker was inclined to attribute to them, and, secondly, that the particular scheme to which he referred — the Brazilian scheme relating to coffee — was a government scheme and not simply a scheme managed by private interests.

I now wish to turn for a moment to the general debate. It seems that our debate has suffered confusion from the fact that Dr. Hoffherr based his remark on Sir Samuel Hoare's speech on the dissociation of the political and economic aspects of the question of raw materials, which Sir Samuel Hoare took as a basis for his remarks. Now that dissociation is one which it is quite impossible to make under Section I of our agenda, within which this question of chartered companies is being discussed, because when we talk about solutions applicable

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<sup>1</sup> See Oualid : *op. cit.*

within the framework of autarkic régimes we must realize that the latter do not admit any dissociation of political from economic considerations. The autarkic régimes are politico-economic régimes and they believe they are applying their philosophy of public affairs, equally to the economic side as well as to the political side. Thus, to try to bring forward a remedy of a purely economic character does not in any way meet the case, and it, therefore, seems to me that it would have been more logical to have discussed the subject which Dr. Hoffherr has so ably brought before us under Section 2 of our agenda. It would be very interesting to discuss under this section the new form of enterprise to which he has referred and to which a good many analogies are to be found in other parts of the world. The Anglo-Iranian Oil Company and Cables and Wireless, to which numerous independent Governments in the British Commonwealth contribute, are examples of such enterprises. As Dr. Staley pointed out in his talk on the subject, these very interesting attempts at international collaboration operate satisfactorily where the political conditions are already harmonious, but where political conditions are not harmonious, I think the whole history of the ten years before the war shows that they provide no remedy at all. Behind such solutions, such palliatives, there always lies the great divergence of political interests which prevents fruitful economic collaboration.

Dr. LEITH. — What I have to say is perhaps of a rather more general nature than is included in the first paragraph of Part 2, Section 2, and relates more properly to the heading as a whole: Proposals for international agreement concerning access to the purchase and production of raw materials. I approach this subject as a specialist in raw materials, particularly minerals, not as an economist or a political scientist, and that will perhaps explain my somewhat different emphasis in regard to suggested solutions of this problem. As I understand the various documents which have been put forward, we are in substantial agreement on the desirability of doing everything possible towards the removal of barriers standing in the way of the international flow of raw materials, and of eliminating the various discriminations which are now complained of. Among the suggestions which have been put forward have been the adoption of some such procedure as reciprocity treaties, as put forward by Secretary Hull; the extension of the most favoured nation clause, which has recently been announced by Great Britain; the consideration of cartels and monopolies; char-

tered companies and so on. There appears to be sufficient in the entire list to make us hopeful that something can be done to equalize some of the differences which are causing the friction.

However, the entire field of proposals is coupled, in the various statements and reports, with the statement that everything depends on the possibility of maintaining collective security. This is a typical opinion: "As long as the desire for national power is a real issue, as long as armaments are behind political demands for raw materials, no peaceful solution is possible." Another one: "Some sort of guarantee of collective security is a necessary preliminary to any measure of peaceful change." The statement was made yesterday at the plenary session that the essential feature is the maintenance of collective force adequate to maintain peace in spite of power politics.

I wish to speak for a moment on that point. Where are we going to find a framework within which we can consider any of these proposals? I had occasion to begin consideration of this subject a good many years ago, when, during the Great War, I was connected with the problem of the supply of raw materials for the United States and to some extent for the Allies, and when I served as an adviser on raw materials at the Peace Conference in Paris. Since that time, I have taken part in various activities in my own country in the exploration of the possibilities of doing something in the interests of peace. I have worked more or less on the Utopian assumption that there must be somewhere in that field some method of approach which would eliminate or tend to minimize the danger of war. I think some progress has been made in that direction, but without going into a long and detailed discussion, I want to state quite boldly, that, from the standpoint of a raw materials specialist, I have in the last year or two become rather pessimistic about the outcome of that kind of approach. The only thing for us to do is to keep on trying, but I am beginning to think that it is time we considered a change in our methods to another phase, in other words, the possibility of using raw materials in the maintenance of collective forces adequate to maintain peace.

In short, I am sceptical about the possibility of countries giving up the advantages they have in the control of colonial raw materials, just as I am sceptical about the possibilities of colonies being given up. I believe we must begin with the assumption that that control is going to be maintained. The question is, how are we going to use that control in the interests of peace?

Perhaps it might be summarized briefly in some such statement as the following, on behalf of the nations which control the raw materials : " Yes, we have the raw materials, although how we got them is another question. It happens that the particular nations which control raw materials — particularly in the mineral field — also control the sea. And this is how we propose to use this power. First, in the effort to do everything possible to minimize inequalities, we propose to give freedom of access to these minerals and equality of commercial opportunity. But the feeling is strengthening among several of our governments that something should be done in the way of using the possession of raw materials in the form of sanctions for peace — the extension of the sanctions idea from the sphere of war into the sphere of the prevention of war."

Certain governments have already begun to explore that field, and indeed the problem is more or less simplified by the fact that the control of resources is not distributed all over the world. Three or four countries dominate the raw materials situation to such an extent that their decision for peace or war will go a long way towards deciding the final outcome. It also happens that these particular countries control the sea. Great Britain and the United States have to-day a commercial and political control of something over 75 % of the entire productive capacity of some 62 commercial minerals. The question is, how are we going to use that power? I am sure that the recent neutrality legislation passed by the United States is recognized in certain quarters as contributing to the consolidation of that power inasmuch as it gives the control of the natural resources of the United States, particularly for war purposes, into the hands of Powers which control the sea.

The question is, how shall it be done? What is the approach? Does it come within the field of peaceful change? My own feeling is that it does come within the field of peaceful change, if we include in that field everything but war. Sir Thomas Howe who advised the League of Nations when sanctions were put upon Italy, stated in an address that had those sanctions been worked out six months in advance, they would have had a very great effect. We have had several other suggestions of that sort. A bill has been introduced during the past few weeks into the United States Congress dealing with the supply of helium to Germany. I think the terms of that bill would interest you; it is an attempt, in fact, to apply a peace-time sanction to



the export of that mineral. Germany shall have all she wants for peaceful purposes, but the moment she requires supplies for war purposes, export shall stop. That is the germ of the idea, but similar proposals have been made in regard to other substances and a great deal is now being done in the way of applying power politics to them.

If there were time, it would be of interest to tell you of the struggle now going on for the control of iron. You have seen certain obvious evidences of it in reference to Spain and the recent success of the British in tying up part of the Swedish supply for the future, and the corresponding shift in the emphasis of Germany's effort towards the South East and so on. I happen to know, for it is a special field of mine, that the ramifications of that effort are extending all over the world. It is affecting the question of the opening up of the Cuban supplies, the exploitation of Brazilian and Chilian supplies and others. In short, these different problems in regard to copper, iron, oil and manganese are in the forefront. They are developing in such a way that we are beginning to feel that, having this power, we had better explore the situation carefully to see if we cannot use it in the interests of the maintenance of peace. The "have-not" countries have used raw materials to a large extent as a threat of war; if those raw materials are as important as all that, if they are sufficiently important to disturb the peace, it ought to be brought to the world's knowledge that they also form an instrument of tremendous power for efforts towards peace. That is a field which we have not explored.

It is really a new question, for, although it might be said that we have always had it, as a matter of fact we have not. With the spread of industrial activity, we have had to concentrate for our requirements of raw materials on a few large areas capable of supplying the demand. During the time of our revolutionary war, we drew our iron ore supplies from hundreds of different operations. To-day, the steel industry in the United State depends mainly on a single concentrated centre, and what applies to iron ore, applies equally well to many other minerals. In other words, there has been a progressive increase in the interdependence of nations with the spread of industrialism. It has brought a new factor into the situation, and that factor is now the source of enormous disturbances. Is it not possible to use the power that clearly exists in the interests of law and order in the world?

What I have in mind is a kind of exploration which will start with the individual commodities — iron, oil, manganese, copper and ferro-

alloys, which are the crux of the difficulties and which form, each of them, a separate problem. If some nation were to seem ready tomorrow to kick over the traces, what kind of a threat could we hold out to it? What kind of a sanction could be put on any single country? It is an enormously difficult and complicated question, which would have to be investigated from the standpoint of economic and political controls, political repercussions, changes in commerce and so on. If you were to ask one of the half-dozen men who, together, practically run the world's oil industry, how it would be possible to put on an oil sanction in the interests of peace, in half an hour he would have you all bewildered with the complexity of the question. My plea is for the future study of the question from that point of view, and I think that if you will try to look into it, you will find it has gone farther than you suspect. I am not suggesting that we should at once be able to find a solution which we could recommend with specific reference, but the very existence of the study, and the progressive agreement on its scientific points will, I think, be reflected back in certain activities now under consideration by my Government. In fact, I will go farther, and say that I believe the time is already almost too short and that we are going to be overtaken by the actual action before we are ready to offer the advice which we ought to offer as a result of our serious consideration of the problem.

I do not wish to suggest that there is any certainty about the outcome of this investigation. It might be that we should find great difficulties, or that we should find the extension of the sanctions idea could not be effected. We might be surprised at the directions that the study would take but I do want to emphasize, at least, that the effort ought to be made. Every army and navy staff in the world is at present considering the question of raw materials and knows pretty well what it is going to do when war breaks out. The curious part about it is this — and I say this because I have had private relationships with such agencies in regard to minerals — that there is more thought being given to the problem by these warlike agencies in regard to the possibility of using mineral sanctions than is being given to it by us who are approaching it from the standpoint of peaceful change.

## THIRD ROUND-TABLE MEETING ON RAW MATERIALS AND MARKETS

Chairman : Dr. VIRGIL MADGEARU

THE CHAIRMAN (*Translation*). — I wish to make a few explanatory remarks about our deliberations. We still have before us for discussion, in the second group of proposed solutions (proposals for international agreements concerning access to the purchase or production of raw materials), three series of questions. We are to try to discover to what extent it is possible to achieve international agreements leading to the modification or limitation of restrictions on the sale of raw materials. We are also to take up agreements regarding restrictions and regarding investments; and, finally, we shall try to ascertain whether it is possible to modify, in the interests of consumers, plans for restrictions of the production, etc., of raw materials.

We shall then pass to the discussion of proposals for general solutions for the return to a freer circulation of goods and capital.

Dr. GLIWIC (*Translation*). — In my opinion, as I pointed out yesterday, the only practicable solution of the problem of raw materials is to treat each raw material individually; that is, to study only the key raw materials, the list of which can now be fixed as follows, as the basis of a rational selection : 1) Wheat, 2) wood, 3) rubber, 4) sugar, 5) cotton, 6) wool, 7) petroleum, 8) iron, 9) copper, and 10) gold.

But the intrinsic value of raw materials nevertheless exists, as our eminent American and French colleagues, Professor Leith and Professor Oualid, have proved to us. And if it exists, it requires a solution. But this solution must be sought elsewhere. We must study separately each of the key raw materials, and only when this has been done will it be desirable to undertake general analytic researches and to deduce from them a certain number of observations which will perhaps be applicable to all raw materials. The feature common to

all of them, which we have already discovered, is the necessity of concerted international action.

Let us pass in review our key raw materials. Let us first consider the case of wheat. One might really think that the problem for this product is merely a question of price. If the fluctuations of the price of wheat are compared with those of gold and of all the other products of the market, it is seen that the price of wheat rises more rapidly in a rising market, but that it also falls much more rapidly in time of crisis. The absolute price of wheat, that is, the price of wheat in terms of the index number of all the products on the market, fell in 1933, during the last crisis, to the extremely low level of 72, taking the average for the years 1891 to 1900 as 100. This cereal, produced by the Canadian farmer, the Australian colonist, or the Russian peasant, has really a long road to travel before it finally appears on the table of the Welsh miner, the Belgian workman, or the Vaudois shepherd. The slightest obstacle may easily distort the normal course of its price, and this is the fundamental cause of the violent oscillations of the latter.

However, the phenomenon that we here observe is not a price phenomenon, but a quite special phenomenon arising out of the chaotic condition of agriculture throughout the world. The price of wheat, in fact, is established independently of the world market in a few countries only. The wheat-importing countries seek in every way to make themselves independent of foreign sources; the exporting countries act in the contrary direction and use all the means in their power to find outlets. All these unco-ordinated, contradictory measures, mingling their effects in the world market and annulling one another, merely make the situation worse. It is further greatly complicated by the fact that the price of bread does not at all correspond to that of wheat. In Australia, where the price of wheat is lowest, bread is dearer than in France, where the price of wheat is highest. In Germany and the Netherlands, bread is nearly four times dearer than wheat; in Finland and Sweden, four and a half times; in Norway, five times; in Canada and Australia, seven times; in Denmark, nearly seven and a half times, and in the United States, eight times dearer than wheat. These differences can be explained only by defective organization and total absence of co-ordination. They leave completely in the shade the problem of the cost price and of the selling price of wheat. It is therefore not surprising that, while the farmers of the entire world received for their wheat in 1931 only 16,000 million gold francs instead

of 48,000 million, the consumers spent for their bread 66,000 million gold francs, as much as during the height of prosperity.

An international agreement which maintained harmony in the world market might enable many countries to avoid misery and others to spare their efforts to economize. The International Wheat Committee, which meets from time to time in London, constitutes the embryo of such an organization.

In regard to wood, which is being cut down throughout the world at an annual rate of one and a half times the annual growth, it has already been realized that it is absolutely necessary to rationalize forest economy on an international scale. Without a concerted effort, it will not be possible to make an inventory of the world reserves of forests, the larger part of which are situated in territories which are not easily accessible to exploitation. Attempts at international agreement have already been made in this field, and are well on their way to success.

The problem of rubber likewise can be solved only on an international basis. It calls, first of all, for an agreement between the principal producer, the British Empire, and the principal consumer, the United States. These countries are beginning to exhibit tendencies to come to an agreement. Moreover, this problem will perhaps soon become less acute, and rubber may be crossed off our list. It is well known that the scientists are working on the production of synthetic rubber at a reasonable price, and that these efforts are on the point of succeeding.

The heart of the problem of sugar lies in the antagonism of two basic materials, completely distinct in origin: sugar cane and beet. All the arguments looking to the solutions of the dilemma created by this problem have been considered by the International Sugar Commission which recently brought its labours in London to a successful conclusion and set up a new world agreement, this time under the auspices of the governments.

Anyone rash enough to take it upon himself to organize the centralization of the production of cotton would encounter obstacles very hard to overcome. For an almost unique centre of production, the Southern States of the United States, there is a considerable number of centres of consumption. At present the world is utterly dependent on the goodwill of the American farmer. How can he be induced — otherwise than by moral pressure — to abandon cotton-growing,

which is not always profitable to him? Moral pressure, unfortunately, plays no part in economic relations. Other methods must be employed. It is not surprising that we are offered, in this field, a quantity of contradictory plans, which involve the waste of great efforts and of immense amounts of capital. At the very moment when the Government of the United States is spending millions to reduce the production of cotton, England spends other millions on the search for new lands for cotton-growing, and even Japan, which has many financial worries, does not hesitate to distribute enormous sums for the same purpose. Under these conditions, co-operation between the different States, though very hard to obtain, is not only desirable but quite indispensable.

The characteristic feature of the wool industry is the enormous distance between the places of origin of the raw materials and the centres of textile manufacture. Natural economic evolution always pushes production toward the places where the necessary raw materials abound. But the textile industry always requires the presence of a dense population, and a dense population is the greatest enemy to the development of sheep-raising. It is a veritable vicious circle. On the other hand, it is necessary to maintain a balance between the production of wool, the fluctuating cotton harvest, and the steadily growing manufacture of artificial silk. Here is a task which may well tempt the student of world economy.

I shall not take time to discuss the four remaining key raw materials, those of mineral origin. Their case is clear, and we heard yesterday on this subject a masterly statement by one of the greatest specialists in this field, Professor Leith.

To sum up, I think I may take the liberty of stating that the only remedy, at least in the case of the key raw materials, lies in one way or another in the proper establishment of international agreements concerning each of these products individually.

Dr. IVERSEN. — It has happened two or three times during the last year that people from other groups have visited the Institute of Economics and History in Copenhagen and have asked us what we think about the raw materials problem. Each time I have answered that in Denmark we do not feel that problem; we do not feel the discrimination of cartels very heavily and we do not feel at any time that we cannot buy all the raw materials we want provided we have the means of paying for them. Yet Denmark is certainly one of the "have-

nots" in regard to raw materials — it was once said that the only raw material Denmark possesses is the iron in the Copenhagen drinking-water — and the country is, furthermore, a debtor country suffering heavily from the paralysis of international credit.

I am not ready to offer the explanation asked for yesterday by Dr. Henderson of this mysterious lack of raw materials, and as others have not suggested any explanation either, I suppose we may say that it is because this explanation does not exist and that our Secretary-Rapporteur is right in suggesting that the problem of raw materials is a problem connected either with the threat of war or with the difficulty of obtaining the means of purchase.

Personally, I am inclined to agree with Dr. Staley when he maintains that the international problem of raw materials is almost always a problem of strategy, and in view of the stress which he and the authors of our memoranda have laid on this aspect of the problem, it somewhat surprised me that the question of the strategic position of raw materials was ruled out of our discussion entirely at the beginning. I do not propose to take up the question now, although I cannot believe that it falls outside the scope of the study of peaceful change to face the realities of an unpleasant world in this respect.

I do wish to point out, however, the connection between this war aspect of raw materials and that which we were discussing yesterday, the difficulty of obtaining the means of payment. For, when armaments increase the demand for raw materials and raise their prices, this will automatically augment the difficulties of obtaining the means of payment. This has been very seriously felt by Denmark during the last year or two.

It is true, of course, as was pointed out yesterday by Dr. Henderson and Dr. Morgenstern, that in dealing with the difficulty of finding means of payment we are no longer dealing with a special problem of raw materials, but rather with a general problem concerning imports as a whole. Again, I think the phrase used by Professor Graham was a happy one when he asked us to consider not the scarcity in the supply of foreign exchange, but rather the deficient demand for the domestic currency. For that immediately throws us back to the heart of the problem — the commercial and monetary policy of the countries in question. These, I think, are considerations which it is very important to bear in mind in our discussion to-day of possible solutions to these problems.

In a general way it is true, as Professor Denney says in the closing words of his report, that the solution of the raw materials problem is not only an economic one, but also a political one. It is political as far as concerns the threat of war, but as soon as we turn to its other aspect, the difficulty of procuring means of payment and the whole international aspect of a general problem concerning business cycles, we are at once thrown back on economic solutions. Unlike medical science, for instance, economics and the other social sciences are still in the position in which it is the patient himself who prescribes the cure, and that has a double consequence. The first is that a great many proposed cures could only make things worse and the second is that even if the proper treatment is known to the expert, that is not enough; he must convince the man in the street of the correctness of that treatment.

I think that both those difficulties have left their marks on some of the documentation presented to this Conference, in spite of the fact that the theoretical economic considerations involved are so extremely simple and the consequences of many existing commercial and monetary policies so obvious that, for a time, the usual disagreement among economists has apparently disappeared. I would just like to add one word more in regard to this disagreement. Naturally, economists hold different opinions in their theoretical works. In all sciences the scientists disagree; it is a sign of growth. Old theories are discarded and newer and better ones adopted, more able to fit the facts. But when economists disagree they do not do so as economists, but as simple ordinary citizens with their ideals, preconceptions and prejudices, and rightly so. These conflicts of opinion between more radical and more conservative economists are quite properly reflected in our documentation. It would be very dangerous if we had a complete agreement; it would show that there was something wrong with the scientific conscience. As I see it, the only thing that economists can do in this field is to analyse and demonstrate the facts and implications of the various proposals set forth in the hope of thus influencing public opinion.

For my part, I am in complete agreement with Dr. Henderson in what he said yesterday to the effect that a good deal could be accomplished by rather modest measures in the way of increasing supplies provided that we only let the economic system work properly, instead of ignoring economic forces or even trying to work against



them. Take, for instance, the ingenious proposals that have been made for triangular clearing agreements. To put forward a solution like that is to admit the absurdity of the idea on which this balancing of trade between any two countries is based. In order that these agreements may attain their end, these triangular or even more roundabout adjustments are necessary. This, however, is just what the economic system itself accomplishes if we only allow it to work, if we only strive towards a system allowing the freer movement of goods and capital. This is not wholehearted *laissez faire*. Far from it. But I do think that unless we work in this direction it will be impossible to achieve a real solution of the problem of raw materials.

It is to some extent true, as is suggested in the report, that it is just because international commerce is so effective an instrument for peaceful change that it is feared to-day that the changes it might bring about might be too great to be tolerantly borne. It is all very well to make these changes as smoothly and gradually as possible, but we must not lose sight of the fact that international commerce is probably the most powerful and efficient means of peaceful change that we possess.

Professor WHITTON. — Any solution of the problem of raw materials must be partly political; such a solution, if there is one, must be a synthesis of economic politics and law. The very origin of this movement was political; you will remember that the statement made by Sir Samuel Hoare was mainly an attempt to meet the claims of Italy for colonies. The movement was continued in the hope of meeting the German demand for colonies.

It seems to me that the results of the investigation here and elsewhere have brought out certain matters which are of such great consequence in connection with the solution that I should like to bring them to your notice. The first thing which has emerged from this discussion is that the colonial claim is extraordinarily weak. It has been shown that the colonies — at least those which are available — are of relatively small importance in this field. The second conclusion which is brought out is that the raw materials problem is largely a question of purchasing power; in other words, largely a question of markets. In that respect, it is a child of the depression, following which there arises an abnormal demand for raw materials from countries which as yet are unable to pay for them.

The third conclusion which has come out of this documentation relates to certain illogical positions which have been taken up. It seems most illogical for a country to ask for raw materials, when they are evidently intended to be used mainly for rearmament, and it is also rather illogical for a country to complain of inability to buy raw materials when this inability is largely the fault of its own economic system.

It seems to me, however, that there is real ground for hope in the fact that both sides have something to offer. If you will examine the political and economic settlements of history, such as the Washington Conference or the Anglo-French Treaty of 1902, you will observe that they were possible because both sides had something to offer. The same is true to-day. The "haves" can go to the "have-nots" and say that they would be willing to give the latter the purchasing power which they lack, and would be disposed to reduce tariffs, abolish discriminatory duties and apply the open door, if the latter on their part would return to the family of nations, open their closed economic systems and, from the political standpoint, accept an agreement for disarmament. If both sides are willing to accept these sacrifices, then a solution is possible. We admit that this would be very costly. It would be costly for the United States, for example, to reduce her tariffs, but if the result were to be a general settlement it would certainly interest a country which is spending a billion dollars a year on armaments. It would be costly for France, but a country which is paying something like two-thirds of its national income for past, present and future wars, ought to be interested in a general settlement.

It seems to me that there is a basis for a solution. What ought it to be? Perhaps it might be possible to envisage the acceptance of what might be called a "code of fair practice", such as has been suggested by several outstanding economists. Such a code, for example, might comprise the general application of the open door; the acceptance of equality of access to raw materials; the sale of raw materials to all countries on the same conditions and without discrimination; and the control of cartels in accordance with a code drawn up for that purpose. In the control of these cartels, the consuming countries, as well as the producing countries, should certainly bear a part. There should be general agreement concerning export taxes, strict rules being drawn up in this matter, and above all there should be no discrimination.

This, however, would not solve the whole problem. The so-called "have-nots" might still maintain that they could not buy. Consequently, there would be a place in the code for the international stabilization of currencies and the extension of the Tripartite Agreement. It would be perfectly possible to provide loans for countries like Germany, which could be paid back when the raw materials had been worked up into finished goods and sold abroad. It would be part of a system in which a raw materials-producing country would buy the manufactured goods of other nations in order to enable the latter in turn to buy raw materials. There is a basis here for that mutuality which is the only ground for any lasting agreement, but in return for these concessions, the "have-nots" would have to abandon their exchange controls and quotas and come back into the family of nations, both economically and politically.

It might be asked whether there would be general confidence in the success of an agreement of this kind. I do not think there would, unless some means were taken to enforce it. The Berlin open-door agreement for the Congo was the most nearly perfect of all such agreements in history, but it failed because the parties were permitted to adopt *ex parte* interpretations. Nevertheless, it would appear possible to set up a commission like the Mandates Commission, which could use the weapon of publicity in case of violation, with the right of appeal to some superior body, like a Court of International Arbitration, for the interpretation of the agreement.

It might be objected that this plan does not take up the question of security, but in the last Study Conference it was said that we could do nothing until we had had peaceful change, while to-day, it is being said that we can do nothing until we have collective security, which seems to recall the old story of the chicken and the egg.

The only solution appears to me to lie in attacking both problems at the same time. In connection with the agreement which is proposed here, it would be necessary to have a disarmament agreement and at the same time to tighten up the system of international security. I thoroughly agree with Sir Arthur Salter that in this proposed code of fair practice it should be stipulated that each nation would sell raw materials on the same terms to all other nations except the nation declared to be an aggressor. On that point, we could very well adopt the excellent suggestions made by Professor Leith yesterday concerning

the rôle of raw materials, minerals especially, in applying collective sanctions.

Here is, I think, a synthetic solution cutting across the frontiers of politics, economics and law, which at least may serve as a basis of discussion. It may be described as visionary, but, as the French say, "*Aux grands maux, de grands remèdes.*" While we too often use the other system of offering nothing but words — which one might again render into French as "*Aux grands maux, de grands mots*". Our task, in short, is to complete the formula: arbitration, security and disarmament, by adding one more term, that of justice.

Professor OUALID (*Translation*). — Yesterday, in studying the part played by international cartels in regard to raw materials, I had occasion also to show that the dangers which are seen in them were perhaps less grave than was supposed. I took care, however, to point out that it was indispensable for the national or international public authorities to be the arbiters and judges in this matter — judges determining whether the danger is real, arbiters empowered, if the danger exists, to terminate it, or better still to forestall it.

I leave aside all those aspects of the problem which concern what might be called the atmosphere in which the question arises. I agree with all the speakers who have preceded me here that the problem which we are studying is basically a political problem. We cannot close our eyes to the fact that to-day nine-tenths of the supposedly technical, economic, financial, and monetary difficulties in the midst of which we find ourselves, are in reality the expression of that monstrous feeling of apprehension which weighs upon the world and which leads each nation to try to keep for itself its raw materials, its men, its capital, fearing, perhaps even expecting, that some grave event may cause it to mobilize them. It follows that the solution which I am going to suggest is not one which, in the disturbed state of the world, is immediately applicable. It is a legal solution. It implies a state of peace such that the rule of law may recover its means of action. This rule of law seems to me very simple. We are here, on the international plane, in a realm not far different from that in which we find ourselves on the national plane when we seek to preserve at the same time the incontestable advantages of cartels between producers and the requirements of liberty, the defence of the consumer and the defence of the public interest. In the present case, the defence of the consumer is represented by the

interests of the consuming nations. The public interest is represented, so to speak, by the general interest of mankind. But who is to be charged with the task of expressing this general need of mankind? Who is to be made responsible for supervising these cartels so as to keep them within their normal limits and to make them serve the interests of all without loss of their economic force?

There are, in my opinion, no organisms capable of fulfilling this function apart from the League of Nations and the organs which are, as it were, the auxiliaries of the League. It is this belief which has led me to make a proposal which consists simply in transposing to the international level solutions which have already been applied on the national level. It is, in fact, much easier to employ a mechanism which has already been tested in practice than to invent or to create an entirely new mechanism to be placed in operation by each of the nations participating in the common task, and which might involve a veritable revolution in their ideas and institutions. It is, therefore, in a practical spirit and in line with what has been done in the countries where trusts, cartels, and *ententes* have provoked the sharpest reactions and the severest measures of control on the part of the public authorities — it is, in other words, in an attempt to transpose to the international field a sort of industrial code of fair competition between nations — that, nearly ten years ago, I drew up a plan which I had the honour to submit to the 1927 Economic Conference at Geneva. The main features of this plan, I am informed, were adopted by the Conference on Raw Materials which met, likewise in Geneva, a few days ago.

This plan is as follows: A draft convention would be submitted to the Member States of the League of Nations. This draft would contain the following main provisions:

A statement of principles would indicate the spirit in which the League of Nations has felt obliged to take up the question, to avoid the inequality of treatment arising from discriminatory national legislation, and the rivalries or economic conflicts which might result.

This preamble would stress the necessity of respecting the order and harmony which it is the object of industrial cartels to maintain in the international market. It is, indeed, unquestionable that competition and the size of enterprises makes it indispensable — as experience shows — that we should move in the direction of an organized, disciplined economy, whether we like it or not, whether we deplore it or congratulate ourselves upon it.

It is a fact that organization, generalized management, is tending to take the place of the old individualist economy. It is not possible to perpetuate the old system in our century, once enterprises have reached such a size that they threaten to interfere with the normal operation of political institutions and to affect peace; this fact makes necessary an organization, a planned economy, whatever name be given it (policed, disciplined, controlled, synthetic, or co-ordinated economy). This is a necessity before which we must bow, but from which we must draw all the possible benefit, while preventing abuses.

The preamble would point out that purely restrictive measures have thus far proved an ineffectual obstacle to powerful cartels; their sole result has been to prevent these cartels from becoming general and, especially, to prevent them from functioning in the open. The great thing in this matter is to make these cartels public. Once their activity is subjected to the light of publicity, the harm that they can do will be greatly reduced, while the good that they can accomplish will be preserved.

The statement of principles would, then, conclude that it is in the direction of liberty that must be sought the international solution of the problem of industrial cartels. However, as these cartels are of such a nature as to endanger the public interest of the Member States of the League of Nations, to the detriment of that social and international peace which it is the object of the League of Nations to safeguard, and which consists in a certain equilibrium between States and individuals, the League of Nations, following precedents already created or under investigation in the greatest industrial countries, and generalizing or transposing the legislative measures or the data of these experiments, proposes for the approval of its members the following principal provisions :

I. Every international industrial cartel wishing to profit by the official recognition of the League of Nations and of the States belonging to it, and by the presumption of legality of its formation and of its operations, would be required to make a written declaration to the Economic Section of the Secretariat of the League of Nations, or to another equivalent organ, either at the moment of its formation, or, in the case of cartels already in existence, within a certain time after the coming into effect of the convention. This declaration might be made by the group itself, or by one or all of the States to which the associated establishments, enterprises or syndicates belong. The

associations or groups or cartels thus declared would benefit by a presumption of regularity, in the sense that any State complaining of harmful activities of these cartels in its territory would be obliged to assume the burden of proof.

II. Any association not submitting to this formality, and the existence of which was in any way brought to the knowledge of the League of Nations, would be presumed to be pursuing an illicit aim or to be seeking to make a wrong use of its economic power. The League of Nations would be authorized in this case to take the following measures: 1) to ask the Member States of the League of Nations of which the enterprises in the group were nationals whether they knew of the existence of these groups and whether they were constituted and operated in accordance with the local law concerning such groups; 2) if the reply was negative, to invite the States of which the members of the group were nationals to require, each in its own territory, their nationals belonging to the group to conform to the prescribed declaration; 3) in case of refusal by these members, to invite the States to use the rights conferred on them by their internal legislation: dissolution, prosecution, fines, etc.

III. In order to ensure uniformity in the concept of a cartel pursuing an aim contrary to the public interest of the consumers at various levels and, in certain circumstances, to that of the workers, there would be created in all the States organs similar to those already functioning in Germany, America and elsewhere, i. e., commissions or bureaux of control, cartel tribunals or other organs, the principal attributions of which would consist in controlling locally the functions of the industrial cartels, in centralizing the complaints directed against them and seeing whether they were justified in transmitting the results of their enquiries to their governments, etc.

IV. To give these organs the character of organs representing public interests in the broad sense, their composition would be three-fold. They would include: 1) administrative and legal specialists; 2) representatives of employers and workmen, in equal numbers and divided into sections corresponding to the great industrial branches producing goods or consuming raw materials or semi-finished products which have been made the object of industrial cartels; 3) representatives of the consumers of finished products, that is, in practice, of the consumers' co-operatives.

V. As regards international cartels, the special task of these commissions, bureaux or offices would be to inquire whether the cartel leads to a systematic restriction of production or supply, whether it puts one country at a disadvantage in comparison with others, or whether it leads to systematic exploitation of workers by a constant reduction of wages, by prolonged or periodic unemployment, or by a reduction of the personnel without indemnity. With this object, and in agreement with the national administrative and judicial authorities, they would carry out all necessary enquiries, notably by the comparison of statistics of importation, supply, or price, before and after the coming into force of the cartel. They might further draw up, for each year or season, an approximate programme of needs, and require from the producers belonging to the *entente* a periodical and verified statement of the quantity produced, in order to determine, by the comparison of the figures, whether or not the balance between production and consumption is maintained.

This is, in fact, as you see, the system adopted by the Sugar Conference which met in London recently.

Of course, all this might involve the application of sanctions by the League of Nations. But that is purely and simply a matter of procedure.

To sum up, assimilation of national legislations concerning industrial and commercial cartels, with the help of a convention dictated by the desire to unify the conditions of commercial competition between nations and to avoid anything like unfair competition or abuse of economic power; publicity regarding cartels, by means of a declaration made to the League of Nations and presumption of illegality of those not making such declaration; setting up of national organs on a basis of equal representation, with the functions of research, investigation, jurisdiction and repression of clandestine or illicit cartels; attachment of these organs to an international organ; national and international procedure and sanctions; — such I believe to be, in the present state of the facts, of legislation, and of the presumed attitudes of the nations, the programme capable of harmoniously conciliating the unquestionable technical, economic and political advantages of industrial cartels, national and international, and the legitimate interests of the workers employed by them and of consumers at all levels, threatened as they are by the monopolistic tendencies and by the growing economic power of cartels.



Dr. DUMITRESCO (*Translation*). — The statement has been made that the problem of raw materials, as related to peaceful change, is a question of instruments of exchange — of means of payment in currency or through credit. One of our colleagues has even spoken of the necessity of long-term credits being granted by the capitalist countries to the countries which lack capital.

This means that the solution of the problem of raw materials as related to peaceful change lies in the solution of the problem of the means of payment and of credit between producing States and consuming States.

Again, the programme of the meeting of the round table (Part II) distinguishes :

I. Proposed solutions applicable within the framework of régimes of autarky.

II. Proposals for international agreements concerning access to the purchase or production of raw materials.

III. Proposals for general solutions for the return to a freer circulation of goods and capital.

Thus, according to the Programme Committee, our task is to seek means of establishing a régime of freer circulation of goods and capital in the world. What action ought to be taken to reach such a result ?

If we look at the problem of raw materials as a whole and if we seek to solve it within the framework of peaceful change, logic leads us to ask what solution would be capable of effecting a peaceful change in the production and distribution of raw materials and an agreement between the producing countries and the consuming countries.

We at once observe that the problem is much more complex than had thus far been supposed. An unduly simplified and partial solution cannot attain the goal aimed at by the Conference. For these reasons, I believe that the solution ought to embody the following principles :

I. The producing countries must rationalize their methods of exploitation and exportation, and the consuming countries must in like manner rationalize their consumption, in order to avoid exhausting certain sources of supply.

The surplus production of raw materials should no longer be subjected to free and haphazard negotiations in the world markets, negotiations which can be undertaken only by those who are able to pay. The division should be made with due regard to needs and to

the degree of urgency of needs, and with regard also to the supplies available. This principle may be summed up by the application of a brief formula: the spiritualization of frontiers, which is becoming a necessity in the economic realm, especially in Europe.

II. A method of settlement for imports and for exports must be adopted, based on the principle that goods pay for goods.

The monetary internationalism, which is rendered necessary by the facts, and towards which, I am convinced, we are moving, will put an end to speculation and to the charging of premiums on exchange operations, thus barring the road to economic exchanges and leading to the resurrection of credit and to a larger circulation of capital; for the latter will no longer be exposed to the risks of devaluation, to-day one of the instruments of policy of most States.

Pending the realization of this monetary internationalism, which some refuse to consider possible and which others expect in a very distant future, but which I believe attainable very soon, may I call the attention of the members of the round table to a palliative which might, for the time being, prove serviceable? I refer to the proposal of Professor Milhaud of Geneva, regarding the adoption of the clearing cheque. This device might make it possible to prepare the ground for the monetary evolution which should follow the social and economic evolution which has taken place in the past twenty years.

Like Dr. Iversen and Professor Oualid, I agree with Professor Dennery when he says, in his introductory report: "Whatever solution is considered, the purely economic solutions of the problem of raw materials are inadequate; political solutions must also play a part."

Dr. HEILPERIN (*Translation*). — We have now to discuss the proposals for general solutions for the return to a freer circulation of goods and capital.

My proposals were already implicitly contained in the sketch of the problem which I had the honour to present yesterday to this round table. If the problem of raw materials is only one particular aspect, or even one particular consequence of the international disorganization of trade and of capital movements, it is clear that its solution must be sought in the cure of the deeper, more general ill of which it is only a symptom. In this connection, I wish to endorse the judicious observations which were made a moment ago by my friend, Professor Whitton. The problem which we must examine is, then, that of inter-

national trade. It is obvious that certain countries may have reasons for preferring a restrictive system and autarky to an international system. Such a preference, whatever the reasons, involves economic sacrifices on the part of the population. That is not, however, a question which we can discuss here. If a country desires autarky, it must, evidently, pay the price. This payment consists precisely in the fact that the country which practises this policy of economic nationalism withdraws and isolates itself as it were from the international community. Now the solution of the economic problem of raw materials must be found peacefully in the re-establishment of a good family life in the international community. I do not wish to dwell any longer on this general question.

I should like, on the contrary, to pass at once to a few concrete proposals of solutions, repeating, in their main features, the suggestions which I have already formulated in the memorandum which I submitted to the Conference.

I do not wish to stop at a negative conclusion and merely to affirm that there is no problem of raw materials. The problem exists, but I consider that it will disappear — I say disappear rather than be solved, since it will no longer be raised — when commercial and financial exchanges have been re-established in the world. I think, with Dr. Morgenstern and Dr. Henderson, that this problem will be of little importance when the political questions have been solved, and when only economic questions remain to be settled.

Fortunately, there are in the world certain nuclei, certain elements which we may take as starting points in moving toward the re-establishment of freer commercial exchanges. I particularly desire to stress this fact and to say at once that I do not regard the suggestions which follow as being, to employ an expression used yesterday, purely abstract creations of the mind. They are, on the contrary, connected with elements which exist, but which, for various reasons, are not operative. I enumerate them rapidly. I find these elements : 1) in what is customarily called the sterling bloc; 2) in the tripartite agreement, the signatories of which took pains to state in the communications which they published, that it is not so much an *entente* as a group of simultaneous declarations of willingness to establish collaboration among the three countries. It is pointed out in this agreement that commercial relations should likewise move in the directions of greater collaboration, if the purely monetary collaboration contemplated is to be maintained.

Thus far, to be sure, this has been an almost purely platonic wish. In the third place must be mentioned the Oslo group.

You will observe that various countries belong to several of these groups and can consequently establish a link among the groups and with the States which do not belong to any of the three groups. These three groups can thus serve as a point of departure; and the mission recently entrusted to M. van Zeeland, his voyage to America and other countries, are also events which enable us to speak in the language of realism of possibilities of broader commercial and financial accords. The question is between whom these accords can be concluded. If there are in the world countries which practise commercial bilateralism and economic nationalism in different forms, and if these countries cling for the moment to this policy, a solution requiring as its condition complete universality would obviously be impracticable.

I believe that it would be possible to advance toward a solution, if the countries which possess the means of beginning collaboration and which, at the same time, wish to do so, would try to reach an agreement by establishing among themselves, first of all, a system of preference and of progressive lowering of restrictions on international trade, and by applying in their mutual relations — and in those relations only — the most-favoured-nation clause. This system would differ from those thus far known in theory or in practice, in that it would constitute a sort of club, whose members would grant one another equal treatment which would be preferential as against non-members, while they would at the same time establish a *de facto* discrimination against non-members. I hasten to add that the club in question would be open to all States, on condition that they were willing to accept the rules of the game as established in the agreements concluded by the original groups. A State which was unwilling to accept these rules would condemn itself to remain outside the club. A way must be found, I think, of placing a premium on international collaboration. If the advantages of collaboration are bestowed upon those who are unwilling to accept its responsibilities, there is evidently no reason why they should change their policies and return to the international community.

The agreement to which I allude would not only be a commercial agreement, but should also extend to the financial field. As a financial agreement, it should have as its basis freedom of foreign exchange markets. Thus the countries wishing to participate in the plan should

abandon the exchange restrictions which they still possess. It would obviously be necessary to grant some help to countries which took this measure in good faith. It is very difficult for a debtor country, or for a country passing through a period of crisis, to abolish restrictions on exchange by its own means. It is necessary to make its task easier by making possible an appropriate expansion of credit. It would obviously also be necessary to reach a settlement — which, I think, would not be impossible to-day, with a little goodwill — of the question of the war debts, thus wiping old controversies off the slate in order to open a new era of collaboration.

I believe that the proposal which consists in abolishing restrictions and receiving in exchange the advantages arising from the preferential system applied in the above-mentioned club and from international credits would be tempting for most if not all of the "restrictionist" countries.

Naturally, there might also be certain countries which would consider that restrictionism is still worth practising and which might consider that the price which it costs is not too high for them. The question would be, in the last analysis, which system the world as a whole preferred.

In conclusion, I believe that there is here a possibility — perhaps the only possibility — of advancing toward a progressive liberalization of international commercial and financial relations. I wish to add that this solution is in no way opposed to the solution suggested by Professor Oualid for the question of international cartels. The two solutions can be combined.

Various writers and speakers have said that, since restrictions and autarkic tendencies exist, they must be taken into account and the question examined whether a solution could not be found in the framework of these realities. I should like to say very emphatically that these considerations seem to me not only fruitless but extremely dangerous. To perpetuate a disease by making its symptoms less painful is to take away from many patients all desire to be cured. If a man suffering from lung trouble receives a remedy which relieves his coughing, it may be agreeable for the moment, but it does not cure him. If the ills resulting from economic nationalism and from absence of the international spirit are made less painful, that will remove in some countries all desire to change the present situation, while the solution which these expedients might provide could not, I believe, be durable.

Dr. MAROGER (*Translation*). — I wish to endorse Professor Heilperin's definition of the problem of raw materials and his suggestions as to the direction in which the solution is to be sought.

One point may be considered as established, after yesterday's discussions : that the present difficulties in regard to the obtaining of raw materials depend far less, if we consider the problem set at a given date for given countries, on conditions of supply than on conditions of demand, that is to say, less on the attitude of the producers than on the situation of the consumers themselves. Rather than talk of a world problem of raw materials, it would be more to the point to speak of a *series of national problems* of supply and of *means of payment*. The difficulties in obtaining supplies of raw materials are only a symptom. But the essential problem is that of the function of capital in international economic relations; and this is a problem, as Professor Heilperin and Professor Whitton have pointed out, which is closely bound up with the problem of order itself.

When the problem is stated here as being a problem of means of payment, that is, as being linked to the question of markets on the one hand and to the question of credits on the other, it seems necessary to specify what markets and what credits are meant. We must not forget to connect these problems of markets and of credits with a problem which has been much stressed recently in Germany, that of re-industrialization, a problem which is raised by the development and the persistence of equipment industry, of the industry of production of capital goods. The development must be considered as a durable fact, since considerations of general policy and social considerations are coming to support the purely military considerations, which were for a long time the sole causes of that development.

A few days ago, the former Chairman of the Economic Commission of the League of Nations, Dr. Serruys, recalled in a speech the difficulties of the post-war period, when the delegates gathered in Geneva sought to reduce tariffs and customs barriers, while the policy of private investments was making possible the exportation of capital goods to non-equipped countries, thus leading to the new development of industries which could not survive without tariff protection. Perhaps future conferences, instead of examining simply the problem of tariffs and of raw materials, will make a place for these problems of private investment, of the orientation of the policy of loans and credits, and

for the questions of to-day which arise out of the development of equipment industry.

As we study here the problem of raw materials, we should not fail to realize the connection between the intense activity of these equipment industries and the new structure of certain States which are demanding access to new resources. In certain countries, the appearance of this new interior structure is, for the solution of the problem of raw materials, not only a circumstance of the discussion, an atmosphere, but one of the actual data of the problem to be solved. The importance of this connection between the problem of raw materials and the problem of the development of equipment industry will appear, if it be borne in mind that this problem of raw materials which is being discussed to-day is a direct legacy, an immediate heritage, of periods in which that connection did not yet exist.

In the first period after the war, characterized by the creation of a huge structure of credit in the interests of Germany and Central Europe, the anarchic development of certain investments made possible — the fact has often been pointed out — the over-equipment of certain industries. Germany played a part in the development of this rationalization. But, curiously enough, the coming of the new phase, when the credit structure collapsed, likewise led to the development of the new form of re-equipment. The depression which followed likewise provoked the creation of re-equipment projects of public works, and of armaments, and, at the same time, the exportation of machines, owing to the system of clearings. The problem of raw materials is raised to-day at the moment when the system of clearings, in turn, is collapsing, that is to say, at the moment when new equipment has increased while at the same time the possibilities of exploitation of the equipment industries have declined.

I believe, therefore, that if the question of markets and credits is approached primarily with the problem of Germany in view, it must be realized that what interests that country at present is not only the export of various products or the obtaining of increases in certain quotas, but the finding of possible outlets for its industries of re-equipment, i. e., the possibility of equipping railroads and ports in different countries, and of facilitating the expansion of credits necessary to this policy.

I therefore believe that all the methods which have been defended in regard to investments or that have been studied with regard to access

to raw materials — chartered companies in the colonies, etc. — form only one aspect of the more general problem of the exploitation or demobilization of the industries of re-equipment.

I do not wish here to develop nor even to recall these proposals. I agree with Professor Heilperin and Professor Whitton in desiring, above all, general solutions which, since *laissez faire* is at present impotent, will favour controlled expansion; for perhaps one of the most painful aspects of international political difficulties is our forgetfulness of the fact that the problems of the distribution of wealth are at all times problems of the increase of wealth.

Dr. KEIRSTEAD. — It has, I think, been sufficiently stressed that the problem of raw materials is a problem on the one hand of scarcity and inadequate access on the part of certain States and, on the other hand, a problem of redundant capacity. Dr. Henderson has shown us that during the last century long-term investment in fact meant the export of capital from the investing country to provide the newer countries with the capital necessary for the creation of consumption commodities for which there was a demand in the investing country, and in that way providing means of payment. But during the War and since the War, long-term investment has taken the form, for various obvious reasons, of creating in the capital-importing countries industries which compete with those of the capital-exporting countries. Capital has not gone into industries producing raw materials and foodstuffs to be bought by the capital-exporting country. In this way, twentieth century long-term investment is to a certain extent strangling international trade.

This has been very much complicated, as Professor Iversen said, by the fact that such available exchange as results from trade is being used by a large number of Powers to purchase war materials, and that, of course, leaves less exchange available for the purchase of other goods. This international problem seems to me to be only a particularly complicated aspect of the general paradox of industrial capitalism. The propensity to consume fails, in a modern capitalist State, to increase *pari passu* with the net output and net income. That means that capital investment cannot continue to receive the rate of return which it has been receiving; it means, as Mr. Keynes has very clearly shown, that the present-day trend is towards lower and lower rates of interest, eventually approaching zero.



In the international field the general situation in regard to the question of raw materials is complicated by two things. In the first place, it is complicated by the fact that the raw materials particularly needed are produced by industries with large fixed capital costs, and those costs have still to be met even if supply has to be limited. In the second place, it is complicated by the fact that the consumer of raw materials is often a government, which is a very much more vocal consumer than the average and, when any restriction is felt, much more dangerous. That is why there is a political problem at the root of our problem of modern capitalism.

With these rather general observations in mind, I wish to return now to the point of this meeting, the question of solutions. I am afraid I have nothing to say that is not obstructive, for with these two or three points of economic theory in mind I cannot help but realize one or two difficulties. To talk of the possibility of returning to a system of *laisser faire* seems to me to be avoiding realities. Imperfect competition in the international sphere exists whether we like it or not, and so long as it exists in the shape of cartels and monopolies on an international scale, to talk of returning to a system of *laisser faire* is unreal. It is possible to talk of reducing tariffs, but a condition of *laisser faire* capitalism is free competition. If the cartel exists naturally — and I think all economists are agreed that it does exist to-day as a natural phenomenon — it is not possible to have the automatic *laisser faire* system of the 19th century. For, if attempts are made to deal with the cartel, that will mean government regulation, and government regulation is not *laisser faire*. I am not sure how far reduction of tariffs is a practical political solution, but I do not think that complete *laisser faire* is possible at all.

Of course the question of regulating restrictions is more within the realm of realism, but it only touches the question of redundant capacity and protects the rates of profit on the invested capital. It meets one half of the problem; it deals with the difficulties of those countries like my own — Canada — which have a large supply of raw materials they want to sell, but it does not deal with the difficulties of the other countries like Germany and Italy which want access. Restrictions mean an increase of prices, which in turn means that the available foreign exchange possessed by those countries will not go so far.

There is thus a dilemma in the modern capitalist system which in my opinion we have to consider as fundamental, and the various

suggestions for solutions that have been made here do not seem to me to be fundamental. The question of the access to raw materials is a question of the need of foreign exchange, which is in turn a problem of distribution, and I would suggest that there must be some exploration of the possibility of maintaining domestic purchasing power in connection with the international agreements. I only wish to add in connection with Professor Henderson's suggestion on the subject of credits that any scheme designed to give security from the movements of the business cycle would necessarily have to contain the means of maintaining domestic purchasing power at a fairly stable level, or it would be doomed to failure.

Dr. SMOLENSKI (*Translation*). — The question of raw materials becomes particularly important from the standpoint of peaceful change, if it is linked with demographic questions. It is the overpopulated countries whose population is growing very rapidly and which are forced to develop their industry which have need, more than the others, of raw materials. But it is precisely the difficulties of these countries which may create a danger for the other States. We know very well that commercial accessibility to raw materials exists, but the problem is to find means of paying for these raw materials in cash without disturbing the economic balance of the country. For the States in question, the problem of raw materials is a purely financial problem. Since the causes of the difficulties are international, the solutions must be found on the international level.

International credit has been discussed here, and the financing of purchases or some sort of international transfer. There is, theoretically, still another solution, — access to territories where the exploitation of raw materials is not yet developed and where there is a shortage of labour. I think that this question, which is to be treated by another round table, ought nevertheless to be mentioned here.

Professor YAMADA. — The importance of the problem to Japan may be gathered from the contents of a little pamphlet written by Professor Inui<sup>1</sup> which may have been read by some of you.

With regard to the solution of this complicated problem I venture to state my personal opinion very briefly. The international instability

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<sup>1</sup> Kiyosue Inui: *Japan's fundamental trade problem*, (Japanese Memorandum No 2).

prevailing at present is largely due to the fact that countries with insufficient territory and poor natural resources entertain the uneasy feeling that there is no settled assurance for their continued national existence. In plain terms, the raw materials question can never be settled satisfactorily without an equitable redistribution of the undeveloped regions of the world. If we wish to ensure the real peace of the world, we must seek first of all a way of achieving a fair redistribution of colonies, although there are, of course, certain great practical difficulties in the way of doing so.

I consider it also an urgent need to establish freer access to resources of raw materials and markets as well as free movement of labour and better technique for the development of resources. Indeed, to a country like Japan, which depends exclusively upon foreign countries for supplies of staple industrial materials and which, after turning them into manufactured articles, has to find for such goods unrestricted markets overseas, it is of utmost importance that at least an international guarantee should be secured not only for the elimination of difficulties besetting the importation of raw materials, owing to export restrictions and prohibitions on the part of the producing countries as well as to international cartels, but also for ensuring freedom of access to those materials.

It is also necessary to take a further step in the direction of achieving the opening up of the world's resources by allowing freer international movement of labour and enterprise to those regions which are neither developed by the natives nor permitted to be developed by foreigners.

Another necessity is the establishment of a guarantee of equality of treatment for nationals and foreigners in the development and acquisition of resources in those undeveloped regions. This is a problem of opening the door of colonies. The opening must, of course, be legal and must also be practical. There are many cases in which vested rights have been infringed in practice by delay in the administrative procedure or by the promulgation of various restrictions notwithstanding the fact that the said rights had already been legally approved.

The guiding principle that has led the world since the Great War has been the desire for the maintenance of the *status quo*. The many evils now present have occurred as a result of having adhered too closely to this principle. Changing our target, therefore, we must now aim at the promotion of human welfare through the creation of

a new prosperity. This aim, I believe, can be attained only by the exploitation of undeveloped regions.

The achievement of the principles I have outlined will not in itself be sufficient to solve the problem of raw materials for Japan. As things stand at present, foreign countries are taking various measures to check the entry of Japanese goods, thereby restricting the world's markets for them. This fact makes it almost impossible for Japan to obtain the means of paying for raw materials. If such a state of affairs is allowed to continue, any assurance of equal freedom of access to materials and resources will be of no avail. It will be freedom only in name, not in fact. If, therefore, the question of free and equal access to materials and resources is really to be solved it is necessary that satisfied countries should refrain from taking various preferential measures in respect of the trade between them and their colonies and that they should ensure to unsatisfied countries free and unrestricted access to the markets for manufactured goods. I heartily hope that such a solution as I have suggested will be achieved through peaceful change.

Dr. MACKAY. — There has been general agreement in this discussion that the question of raw materials is, in the last analysis, a political rather than an economic one. Admittedly, there are economic difficulties, but I think even economists could agree on some measures of economic policy which would substantially assure the so-called "have-not" countries access to raw materials. That, however, presupposes that there is political and general agreement between the so-called "haves" and the "have-nots."

I do not think that the position of the producers or exporters of raw materials has been sufficiently stressed in these discussions. For instance, for Canada, it is quite as important to be assured of markets for her raw materials as it is for the "have-not" countries to be assured of access to raw materials.

Let us take one example. During the War and during the post-war years a very large expansion took place in the productive capacity of wheat and there was also very large investment in mechanical equipment for that production. But towards the end of the 1920's, markets began closing, partly because other countries — hitherto wheat importing countries — were encouraging the production of wheat at home by tariffs or quotas, etc., and partly because of the fall in world prices.

The result was disaster for Canadian wheat growers. Thousands of Canadian farmers went bankrupt and the provinces of Canada which had until then been wealthy in the sense that they had a large income from the export of wheat became overpopulated. I mention wheat as one raw material, merely to illustrate the point.

In these circumstances, I do not think that it is at all practical to expect the producers of raw materials in large quantities to agree to any concessions in the matter of assuring access to raw materials without an adequate *quid pro quo*. What *quid pro quo* should be expected? It seems to me that it must take two forms, or at least that it must incorporate two principles.

In the first place, there must be certain economic guarantees, certain concessions in the matter of economic policy on the part of the importing countries. First, assurance of the stability of markets must be given to the exporting countries. Secondly, assurance must be given that the importing countries' exchange may be freely available to the exporters. Thirdly, guarantees ought to be given that importing countries will not use the raw materials for dumping in world markets. It must not be forgotten that many exporters of raw materials are also exporters of secondary commodities; that is the case with Canada, for example. It can scarcely be expected, therefore, that exporting countries will freely export their raw materials, or guarantee access to their raw materials to any country which is going to use them for dumping on world markets, thus competing unfairly with the exporters.

The other side of the *quid pro quo* is this : raw materials should not be used unfairly in the matter of armaments. I do not think that the importing countries, the so-called "have-nots", can be required not to use raw materials for the development of armaments so long as the "haves" use them for that purpose. But I think it may be reasonably expected that the importing countries shall not use their raw materials unfairly to upset the political *status quo* or to undermine political security. This leads me to think that the matter of raw materials is after all inseparable from the whole question of disarmament, or the limitation of armaments, and security; and I do not think it can be solved without reference to that question.

Dr. DE MONTARROYOS (*Translation*). — You have considered the solutions which these problems require. You have found that each

of these solutions, in order to be applicable, presupposed an indispensable condition : the goodwill spoken of the other day by Dr. Hoffherr. The problem is an international one, as you have several times pointed out. The solution of this problem consequently demands the exact application of the condition which I have just mentioned, which Professor Oualid called a political condition and which I shall go so far as to call a moral condition. From whatever angle you consider the problem, you come to the same result. In the Brazilian report, it is stated, for example, that Brazil is capable of developing the production of raw materials, but that she needs co-ordination of national work, which presupposes international co-ordination of exchange. I wish simply to endorse this idea.

Who is it that has complained of the difficulty of obtaining raw materials? It is, as it seems to me, precisely the nations which have the most resources or the best means of obtaining raw materials. Allow me to say very naïvely that I do not believe in the difficulties which have been called to our attention. I am sceptical when I see certain peoples come to us saying that they lack raw materials and cannot get them, when their capacity for work, their commercial standing, are well known, when their energy is obvious, and when, allow me to say this, since at this round table one should speak with entire frankness, it is clearly because of them that we fear international difficulties. If they had not the necessary force, if they had not the means of exerting an enormous influence on international life, these peoples would not inspire that fear. I cannot, therefore, believe in the weakness of their means of obtaining raw materials.

That is why, taking the problem as it now stands, I believe that it will never be possible to solve it without considering this eternal, moral, practical condition of goodwill. I believe that you ought to employ your authority, your competence, to draw the attention of all the peoples to this necessity of collaborating amicably and of aiming at universal solidarity.

·Dr. STALEY. — I wish to refer briefly to three points picked out from the discussion we have had to-day. First of all, control schemes. It seems to me that in that connection Professor Oualid has suggested a very useful line of approach and I am glad to support his ideas. But I would simply add that it ought to be clear that the alternatives are not *laisser faire* on the one hand and control on the other. The question

is rather what controls we are going to have in the future and who is going to manage them. Professor Oualid's suggestions for publicity, and for giving representation under the supervision of the League of Nations to other interests than those of producers, seem to me very useful ones.

Secondly, on the question of discrimination against foreigners in the exploitation of raw materials, it seems to me that those discriminations and the difficulties foreigners find in investing in other countries are often due in part at least to the fear that capital investments will be used as tools for political penetration. Any device which can be worked out to diminish that fear will automatically help to do away with those discriminations and difficulties. In that connection it appears to me that something useful might be done along the lines which bear some superficial resemblance to the proposal for chartered companies that we were talking about yesterday. It might be made possible to incorporate internationally, not chartered companies, representing national interests, but economic enterprises made up of private citizens and perhaps also sometimes of public bodies from different countries, the whole under the supervision of an international body, which I suppose would have to be the League of Nations. In other words, there would be completely denationalized business enterprises under an international corporation law. The essential point would be that these international corporations, while making investments in public works or exploiting resources in various parts of the world — not only in colonies, by the way — would not be entitled to the protection of any particular national State but only to the protection of the League of Nations or some other international body.

Thirdly, in connection with the general nature of the solution of the problem of access to raw materials for which we have to look, I wish to emphasize that any measures suggested must relate not only to raw materials themselves but also to other things. As we see from the discussion, those other things would lie in two fields. First of all, in the economic field, we have to work towards the freeing of international exchange — which itself will automatically solve most of the so-called problems of access to raw materials. Here I should like to refer to the very excellent report recently prepared by the International Chamber of Commerce and the Carnegie Endowment with the assistance of a very competent group of economists, which grapples with

the problem of how international exchange can be free.<sup>1</sup> This is a subject which relates very closely to the problem of raw materials.

The second aspect of the general problem of raw materials is the political one: the problem of collective security. If nations can be freed from the fear that they are going to have to fight in self-defence then they will be willing to drop many of their complaints and many of their restrictions on raw materials, but not before. That brings us to the line of thought suggested by Professor Leith yesterday, to the effect that it might be possible to use raw materials themselves to strengthen collective security. If, in this or in some other way, we can provide at least some feeling of collective security, I think we shall find that these other problems of access to raw materials, control schemes, cartels and so on, will prove to be problems of only the second order of magnitude.

DR. GRAHAM. — I am afraid that what I have to say will perhaps show a certain minor difference of opinion in the American delegation, but perhaps it is worth while to introduce it into the discussion because I think that that difference of opinion affects the Conference at large. It would be magnificent if we could initiate a system of collective security by universal persuasion, but the system of collective security, which has been envisaged up to now, is one which involves a certain measure of force by a dominating group. I think the difference between these two points of view is one of the problems with which the Conference is faced and which it ought at least to seek to solve. I think we must make the choice between attempting to hitch our wagon to a star, failing to make the coupling, and thereby descending to futility or disaster, or trying to hitch it to some less celestial object with the prospect of making some real progress.

It seems to me that, as is indicated in Dr. Staley's report, we have to keep in mind that the possibility of violence in international affairs is likely to be with us for some time. We cannot afford to neglect that possibility. The real problem then is to discover how far we can reconcile that assumption of violence with the opposite assumption of peace and adjustment by negotiations. In considering this question

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<sup>1</sup> See: *International economic reconstruction: an economist's and businessman's survey of the main problems of to-day*, and a volume of memoranda, entitled: *The improvement of commercial relations between nations and the problem of monetary stabilization*, both published by a Joint Committee of the Carnegie Endowment for International Peace and the International Chamber of Commerce, Paris, 1936.



of reconciliation, we should, in connection with the problem of raw materials, attempt to find out to what extent we can establish conditions which will give little or no cause for complaint to any national group, for if we eliminate causes for such complaint we may reasonably hope that the period of peace will be more or less indefinitely prolonged.

As far as I can see from our discussion of this problem of raw materials, there are no important international difficulties except so far as the financial arrangements are concerned. When we discussed discriminations, the tenor of the discussion tended to show differences of interest between producers and consumers. That is to say, so far as cartels, trusts, etc., are concerned, so far as the pursuit of the policy of selling to everybody on equal, if harsh, terms — which is the usual policy — may be cause for complaint on the part of consumers in general, but no cause for international friction.

Professor Mackay brought out the fact that the producers of raw materials are interested in markets, and we observe the peculiar phenomenon of complaints by countries which say they cannot get raw materials because they cannot find markets for their manufactured goods, paralleling complaints by the producers of raw materials that they cannot find markets for those materials which the other countries say they need. It seems obvious that if there is this lack of markets for raw materials, together with lack of markets for their (manufactured) goods on the part of the potential consumers of these raw materials, there is some defect in our machinery of exchange that is preventing these two groups from getting together.

I draw the conclusion that the difficulty is almost exclusively monetary and financial in nature. If that is so, it seems to me that what we ought to do is to concentrate our attention on an effort to make a real contribution to the solution of the problem on the monetary and financial plane.

In a previous discussion, I have pointed out that, in my judgment, the principal difficulty arises from the fact that the countries which are complaining of the lack of markets, and the consequent lack of ability to purchase raw materials, are offering exchange which is not readily acceptable to the sellers of the raw materials. I wish to repeat that it seems to me necessary to provide some kind of international guarantee, supported by the governments of financially strong countries, which will make it feasible for sellers of raw materials to accept the exchange of the countries whose currency is not now acceptable

to them. The guarantee of a comparatively small sum would make it possible to carry on trade with much more freedom than at present, and while there is the possibility of the loss of the investment as a result of the outbreak of war, it would nevertheless be an investment far more valuable to the investing countries of the world than any other investment of which I know at present. That is to say, even if we are modest and say that it might merely postpone the outbreak of war, I know of no other conceivable investment which would offer social dividends of comparable size.

There is just one other point. If this investment is made, the possibility of repayment must be considered, and that seems to me to involve a series of exchange relationships — relationships between the exchange values of the various currencies which will permit exports and imports between the several countries to be maintained in a state of equilibrium. Any international agreement which is made should provide for the movement of the relative exchange values of currencies from time to time by mutual consent so that there would be no talk of currency wars. When any one country shows clear disequilibrium in the economic field, the easiest method of adjustment seems to me to lie in shifting the exchange value of its currency and it ought not to be impossible to achieve that by mutual international consent.

Dr. HENDERSON. — Participants from Japan and Canada have both contributed new points of view to our discussion this morning, and I wish we had time to discuss them at length. But we are approaching the end of our labours and the only reason I rise to speak is to express my hearty agreement with the suggestion made by Professor Oualid in regard to the international control of raw materials. I thought his suggestion was a particularly valuable one, worked out in detail in a very interesting way and, it seems to me, entirely right in the principle that it embodies. The essential problem in the international economic sphere is that of spreading the benefits of international trade, not merely bilaterally, but over the widest range of countries. It is a problem that ought to be solved on an international basis. It has many aspects, and Professor Oualid dealt with only one of them. We can but grope our way towards solutions, but I feel that Professor Oualid's suggestion was of great value and I hope it will not be ignored.

# THE ROUND-TABLE MEETINGS ON DEMOGRAPHIC QUESTIONS

## AGENDA

A Programme Committee, which was convened at the International Institute of Intellectual Co-operation on June 12th, 1937, to consider the agenda of the Tenth Session of the International Studies Conference, proposed the following general plan of discussion for the round-table meetings on demographic questions :

### FIRST MEETING

- A. Overpopulation, optimum population, underpopulation.
  1. When may it be said that a State is overpopulated? What are the principal criteria of overpopulation?
  2. What are the principal factors determining optimum population which must be taken into account in the formulation of demographic policy?
  3. When may it be said that a State is underpopulated? What are the principal criteria of underpopulation? (Specific examples, including opportunities for colonial expansion).
  4. Specific cases of overpopulation (e. g. Italy, Poland).
- B. Obstacles to migration.
  1. What is the relative importance of the various legal obstacles to migration (arising out of present national policies)?
    - a) Legal restrictions on migration (immigration quotas, forced repatriations, restrictions on emigration, etc.)
    - b) Legal disabilities imposed on the migrant.
    - c) Confused juridical status of the migrant (resulting from the conflict of nationality and naturalization laws, etc.).

2. What is the relative importance of the various natural obstacles to migration?
  - a) Difficulties of assimilation.
  - b) Financial difficulties.
  - c) Difficulties of exploitation by settlers in primitive lands, etc.

#### SECOND MEETING

B. (Discussion continued).

C. Solutions : practical measures (national and international) to promote or regulate migrations.

1. What would be the form, activities and value of an international organization to promote and regulate migration?
2. What are the possibilities of an extension of the system of bi- and multi-lateral agreements concerning migration?
3. What measures might be envisaged to regulate the juridical status of the migrant?
4. What measures might be envisaged for the more satisfactory financing of migrations?
5. The utility of labour contracts.
6. The relative value of individual and collective migration.
7. The relative value of individual and family migration.

## FIRST ROUND-TABLE MEETING ON DEMOGRAPHIC QUESTIONS

Chairman : Dr. E. C. TARR

THE CHAIRMAN. — As Dr. Landry is obliged to leave in a few moments, I will ask him to be good enough to make a statement to the round table before I myself comment on the agenda.

Dr. LANDRY (*Translation*). — The Programme Committee has asked us not to dwell too long on questions that are purely theoretical, and we shall certainly do our best to comply with its wishes. I would venture to point out that, in the agenda drawn up by the Programme Committee, these theoretical questions still occupy, in my opinion, a position of too great importance. In this agenda, reference is made to a population policy that is to be determined in relation to the conception of the optimum population. I am inclined to think that we, the Conference on peaceful change have not to concern ourselves with this question of optimum population. I will give you an example. In an interesting thesis recently written by a young French geographer, I read that, in the Tonkin Delta, the average density of population is 430 inhabitants to the square kilometre, and, in this same region there are areas where the density of population exceeds 1,500 to the square kilometre. One would generally be tempted to conclude that the optimum population is exceeded; but if, as a result of this situation, the peace of the world is not imperilled, then the question does not concern this Conference.

The purpose of these remarks is to claim that there are two notions of optimum population. Overpopulation considered as an excess over the optimum is not a condition that we should examine. What we have to consider is overpopulation understood in another sense, namely, the overpopulation of a country as compared with another country. If, as a result of its demographic situation, by reason of

its density of population, the general conditions of life for the inhabitants of a country are too low as compared with those ruling in other countries, then that country will be tempted to protest, to complain and put forward certain demands that are likely to lead to international conflicts which we are anxious to avoid. That is my first observation.

I now come to my second observation. The agenda which we have before us asks us, once the purely theoretical questions have been disposed of, to devote our attention to problems of migration. These problems are undoubtedly very important, but I do not think that their importance should be taken into consideration in relation to what should here be our constant, I would even say, our sole concern, the examination of the causes of international conflicts that may exist throughout the world and which we must endeavour to eliminate as much as possible.

Let us speak in more concrete terms. There are three countries in the world where particular mention is made of overpopulation and where, on the plea of overpopulation, claims are formulated which are deserving of consideration and which, if they are not satisfied, are likely to lead to conflicts, perhaps very serious conflicts. Those three countries are Japan, Germany and Italy.

Well, the Japanese emigrate very little. There are scarcely more than a million Japanese outside Japan, whereas there are considerably more than a million Frenchmen beyond the frontiers of France, and the French, you will agree, are not regarded as a very migrant nation.

Furthermore, it may be said that German emigration ceased in 1894 or 1895, that is more than forty years ago. Emigration from Germany was not resumed in any appreciable degree until 1933 — a year which, for that country, was one of distress and despair — and was continued during the few years immediately following.

With regard to Italy, I would say that the Italian population would willingly emigrate, but the Italian Government will not allow it to do so.

In short, Japan, Germany and Italy are not claiming greater facilities for the emigration of their nationals. Japan is seeking markets for her industrial production; Germany and Italy are asking for a more abundant and easier supply of raw materials.

Thus, I think that, with the aid of these examples, I have substantiated my argument that the problem of migration, the problem of granting greater facilities for the movements of men from one country to another, is only remotely connected with our objective :

peaceful change. The main interest of this question of greater facilities to be granted for migration lies elsewhere. If greater facilities are created for emigration, relief will be given to certain countries whose density of population is excessive. The indisputably regrettable inequalities which exist in too marked a degree between the conditions of life in the different countries of the world will be mitigated. Furthermore, the natural resources which, in all parts of the world, are at the disposal of mankind, will be more effectively exploited. We are invited to study the problem of migrations from a special angle; we shall study it and, no doubt the discussion at this Conference, though it may not be of great importance in its relation to peaceful change, will certainly be of interest and value from another point of view.

THE CHAIRMAN. — As this round table is part of the series on peaceful change, we must not allow the most important section of the agenda to be crowded out of consideration. I would, therefore, suggest, with your approval, that whatever ground we may be able to cover this morning, we should leave the entire afternoon session for the consideration of Section C — “Solutions.” Thus you will only have this morning available for the discussion of Sections A and B.

We all realize, I think, that in its make-up the agenda merges on population movements, which do not, of course, represent the whole of the demographic problem. Dr. Ferenczi, who prepared a paper which was distributed at a rather late date and, consequently, has not been read by all of us, is anxious that our discussions should be carried on within the broader aspects of the problem, particularly, perhaps, because there are some who feel that at a future conference the emphasis of the discussion of demographic problems may well be placed on some other point. There is no disagreement, as I understand it, that the emphasis in this round table will be as outlined in Sections B and C of the agenda. I will, therefore, ask Dr. Ferenczi to make a short statement which will form part of the background of our general discussion.

DR. FERENCZI (*Translation*). — I feel somewhat like the traveller who has missed his train because he had too much luggage. The timely distribution of my printed study<sup>1</sup>, an outline sketch of an international

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<sup>1</sup> Imre Ferenczi : *The synthetic optimum of population*, International Institute of Intellectual Co-operation, Paris, 1938.

policy in the matter of population, would have been desirable for the discussion of the subject referred to us. The study which I was asked to undertake on optimum population, from the standpoint of peaceful change, automatically led me to examine the possibility of outlining an international policy in regard to population. To my mind, it is the absence of such a policy, and I might even say the absence of the primary principles that should constitute its indispensable basis, and of common definitions of a most general character, that have contributed to the inability of the League of Nations to fulfil its principal mission, namely, to prevent certain conflicts which are primarily of a demographic character. This state of affairs must not be allowed to continue indefinitely. We must attack this problem which has its demographic, politico-economic and social aspects. No organization is better qualified to undertake this delicate task than our Study Conference, which includes scholars who are eminently well equipped for determining the main principles of such a policy, for formulating definitions and for drawing up a programme of study and action. I am convinced that after agreement among experts, among men of goodwill, it will be possible gradually, and perhaps first of all on points of detail, to express these technical and scientific conventions in the form of diplomatic instruments. Already you will find in my memorandum a whole series of draft agreements and conventions relating to demographic questions, which could and should be examined once the general programme has been established — and even in the absence of this general programme — by the official peace organizations.

In fact, any policy demands that there should be a clear objective and methods of application. By a synthetic study of all the quantitative and qualitative "optima", estimated by the authors who have concerned themselves with this question, I arrived at the idea of a realist proportionate optimum which is not an absolute figure, a figure that can be calculated for each country, but one that approximates to the figures desired by the country itself and, taking into account the necessary demographic adjustments, a figure which next makes it possible to determine a relativist optimum — the best condition — as compared with the other countries.

I hope that, after studying my memorandum, a certain number of persons will be convinced that this is a method whereby it is possible to arrive at a situation better than the one which exists at present, in which each nation's views regarding a rational population are too



narrow. This, in my opinion, is one of the causes of the confusion that prevails in the world. It is for this reason that we have recently witnessed the revival of a conception that had already been definitely rejected: I refer to the theory based on the arithmetic density of population. This conception was the starting point of the recent movement for a redistribution of colonies. It is thought that, by this facile method, the idea of a realist optimum can be refuted — that is to say, the notion of an extremely complex state of the population and of its statistical indices which, moreover, are at the peak of their development. The arithmetic density of the population tells us nothing of the social situation of a country or of the real causes of its demographic difficulties; a high density does not even indicate whether a country is overpopulated; there may be a tendency towards pronounced underpopulation. It is at present a highly debatable question whether the most overpopulated countries are Japan, Germany and Italy, or China, India and, in Europe, Poland and certain other Central European States, even from the point of view of the danger they represent for the maintenance of a lasting peace. Nowadays, when a country puts forward demographic claims, it bases its arguments on very divergent principles and definitions.

The synthetic optimum of population is closely bound up with certain main objectives of each modern State; its security and prestige, and the social well-being of its population. These two objectives are, moreover, interdependent. From this standpoint, the attitude hitherto adopted by economists in concerning themselves exclusively with the factors and economic structure of the world, on which the optimum population — the yield *per capita* — partly depends, was not inspired by any concern for realities; the demands for social well-being and national security must also be taken into consideration. From this standpoint, an endeavour must be made to determine the rational proportions of the demographic factors and to take into account the requirements of national health. A better situation can be created for each country if, in making use of the statistical data already available, account is taken of all these elements in a proportion to be established by common agreement. Politically, it is not sufficient, as some suggest, to attach importance solely to the optimum social situation, to the standard of a country as compared with that of other countries, because each country has a strong tendency to realize its idea of the optimum by taking into account these different factors in a measure which it considers desirable.

This Study Conference will certainly not wish to confine its research to acute international conflicts. The interests of peace demand that international agreement be reached as to the objective methods by which the demographic situation of a country is to be studied and judged, and the extent and manner in which its optimum is exceeded. Peace has often been compromised because certain nations have felt themselves obliged suddenly to present territorial claims, invoking as an argument that their standard of living was far below that of certain other countries owing to overpopulation. In such cases, justice between nations can be established only by a careful examination of the national optimum according to its objective factors. Every nation is inclined to exaggerate the importance of its well-being, its security, numerical development and racial unity; and, ultimately, its destiny is decided by such imponderable factors as prestige, ideology, etc. The interdependence of nations has, however, become so close that even the strongest are more and more ready to accept compromises. A nation can make such sacrifices for the sake of its security that the standard of life is lowered to such an extent that the very existence of a part of its population is threatened. On the other hand, a nation that neglects its security can fall a victim to aggression, in spite of its high standard of living.

The interdependence of nations has become so close that even the strongest find themselves more and more disposed to accept compromises. It should, in particular, be possible to determine the exceptional situations of real overpopulation and underpopulation, regarding which international — and, if possible, preventive — intervention is necessary for the maintenance of peace.

I believe that, for mankind of the present day, the principal index of the demographic situation is that which represents the character of individual or home life; in other words, the income and consumption of each profession and occupation in each country. In this connection, it would be desirable to prepare social statistics under a variety of heads, based particularly on family budgets. These statistics and their corollaries (technical standards, etc.) would serve to show whether a country is really improving its position, or whether, on the contrary, it is on the decline. At present, the world optimum cannot be anything but a total of the national relative optima, that is to say, an *optimum optimorum*.

Historical evolution does not enable us to fix a uniform standard

of the life of nations in the near future, not even for the nations belonging to the same civilization; nevertheless, an intimate and comparable knowledge of the respective situations of nations can further their social progress and the cause of peace and, at least, prevent false prophets from hampering a peaceful development.

In point of fact, there are no independent economic, social and demographic questions; there is only one question, that of the organization of an international order of mankind capable of ensuring its material and moral welfare and the maintenance of peace. There is only one objective, but it can be envisaged from several aspects. World economic and social policy, more or less controlled to meet the requirements as regards the welfare of the great popular masses, should, therefore, in the future, give more consideration to the factors of disequilibrium which have their origin in the demographic field. The lack of adjustment in this respect was, up to the period immediately following the war, characterized chiefly by the overpopulation of certain countries, whereas the situation to-day is mainly characterized by the dangers of underpopulation, due to the falling birth rate in the majority of the countries of European civilization.

Among the measures calculated to improve the national and international optimum of population, that is the relative synthetic optima of the various countries, the more or less intensive current of migrations must not, therefore, be sought as an ideal in itself. The volume, direction and qualitative character of migrations must be determined only in relation to the other measures of international mutual aid. In this connection, may I be allowed to mention that in 1912 the first joint session of the three international organizations concerned with social questions was held in Zurich. I submitted to that meeting a memorandum in which I explained that migrations were an important factor in the levelling of the standard of living of the different countries and for the internationalization of social policy. Eminent statesmen and distinguished scholars declared that this point of view was unacceptable, that migrations were merely a matter of statistics and geography and that they would never form the subject of international conventions, owing to the sovereignty of States. Now, after an interval of twenty-five years, I am often obliged to formulate reservations, so great is the enthusiasm for an international policy of this kind. In fact, the relative importance of these movements is now very different from what it was, owing to the changes that

have taken place not only in external conditions but also in the state of men's minds. In present circumstances, the circulation of capital and goods, the internal economic development of States, birth-control, racial selection, are all factors which tend to diminish the volume of migrations; migration can, in some cases, be non-economic and even dangerous from the point of view of peaceful change (colonization without capital).

As we have just heard, doubts have been expressed as to the practical character of research concerning the principles, definitions, indices and methods of a comparative international demographic policy in relation to synthetic optima. Personally, however, I am convinced that by pursuing our studies along these lines we shall arrive at practical results, as we have succeeded in doing in the matter of migrations. For that reason, I venture to suggest that the reports dealing with the optimum of population, and particularly my conclusions and concrete proposals set forth in my memorandum<sup>1</sup>, should be submitted for observations to the national co-ordinating committees and that this question should be placed on the agenda of one of the coming sessions of this Conference.

THE CHAIRMAN. — I hope the members of the round table will co-operate in saving time as far as possible by making brief comments and not dealing comprehensively with any particular phase of the subject under discussion.

As regards the agenda itself, I think there is general agreement that we have overpopulation and underpopulation and that this is a source of international friction. It seems to me, therefore, that we should immediately leave this phase of the question upon which there is disagreement as to what constitutes overpopulation and underpopulation and proceed to Section B. Before doing so, however, I will call upon Dr. Smolenski and Count Teleki, who wish to speak on Section A.

Dr. SMOLENSKI (*Translation*). — A territory is said to be overpopulated when the density of its population exceeds an optimum, contingent upon the character and standard of its economic life. It is, however, difficult, if not impossible, to define that optimum. It is easier, in concrete cases, to confirm the existence of overpopulation

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<sup>1</sup> Ferenczi: *op. cit.*

in an advanced degree by examining the phenomena which usually accompany it. These phenomena are : gradual impoverishment of the population, a fall in its standard of living and demographic pressure which creates a tendency towards emigration or territorial expansion. It is precisely this pressure which, since it is a consequence of overpopulation, can be the cause of disputes and become a menace to peace if it happens within the territory of a Power and is reflected in its foreign policy. But there is also the tendency towards expansion, and claims which, formulated on the plea of overpopulation, have really nothing in common with demographic pressure. How can they be distinguished? We need an objective criterium and a comparative measure of this pressure in order to be able to ascertain its existence and degree, to point out the countries where it is the most serious and which, therefore, should be given priority in our discussion of peaceful change.

Let us first consider the factors which give rise to overpopulation. Assuming that the density of population remains constant, overpopulation may occur as the result of a deterioration of economic conditions due to natural causes (disasters) or other circumstances (loss of foreign markets, for example). In such cases, overpopulation is the outcome of a change in the optimum density, of a drop below the existing density. More often, overpopulation is the consequence of an increase in the density of population to a point above its optimum. If this density subsequently remained constant, the removal of a state of overpopulation by economic means would be an easier problem to solve. Normally, however, the density of population increases continuously with the natural upward trend, and if the economic development of the country is unable to keep pace with it, overpopulation becomes permanent. In these cases, it is the rapidity with which the density of population increases that invariably makes it impossible to reach economic stability. Since this rate of increase depends on the natural increase of population, the latter must be regarded as the essential cause of overpopulation in these cases, the result being demographic pressure.

Obviously, in order to estimate the influence of this rate of increase on demographic pressure, it is not its relative value per 1,000 inhabitants that must be taken into consideration, but the absolute figure representing the annual surplus of births per unit of area, that per square kilometre. This demographic coefficient is proportional to the average density of population and to the rate of its natural increase

per 1,000 inhabitants. A geographical distribution of the territories characterized by different values of the demographic coefficient makes it possible to indicate those where the absolute surplus of births is greatest and which, therefore, constitute the centres of maximum "production" of human beings. Adjoining territories often show an insignificant surplus of births per square kilometre, or even, in some cases, a deficit in population. If such contrasts are found within the same country, demographic pressure can be adjusted by internal migrations; but if a high demographic coefficient is in evidence throughout the country, the resulting demographic pressure is exerted towards its frontiers and may become a menace to peace. Naturally, the relative values of the demographic coefficient will be comparable one with the other if they are calculated for political territorial units incorporating, in the case of colonial Powers, not only the home-country but also the colonies and other possessions dependent on the home-country. The demographic coefficient of a home-country does not affect its demographic pressure, since its colonies can neutralize this pressure by serving as a direct outlet for its surplus population, or by the influence which they exert on the economic life of the home-country, by permitting a greater density of population to establish itself — a development that would be impossible without the colonies. This is the position with regard to Great Britain and the Netherlands. In Europe, all the colonial Powers, with the exception of France, show a considerable surplus of births, exceeding 0.5 per square kilometre. Nevertheless, they do not seem to be overpopulated, except Italy, whose colonies have, up to the present, played but a very minor part in her economic life. On the other hand, among the European countries which have no colonies, those which record the greatest increase in population per square kilometre are notoriously overpopulated and show — Italy included — the highest demographic pressure. This is true of Poland and Germany.

In 1935, I made a calculation the excess of births — exact or approximate — per square kilometre for every country of the world, and it was found that there were four countries whose demographic coefficient exceeds one and whose overpopulation was not sufficiently neutralized by the influence of territories dependent upon them. The countries are: China, Japan, Italy and Poland. Next in order came Germany, with a demographic coefficient of 0.99. These countries are known to be overpopulated. It seems certain, therefore, that

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demographic pressure does not exist when there is no great natural increase of population per unit of area. This consideration makes it possible to ascertain, in concrete cases, whether the claims formulated on the plea of overpopulation are, in reality, a consequence of demographic pressure or whether they are put forward for other reasons.

COUNT TELEKI. — I should like to put forward certain considerations which have occurred to me as a geographer. Dr. Landry mentioned Manchuria, but the problem of Manchuria, as you probably all know, is one of climate, a matter to which I should like to call attention.

I have studied European migrations to the United States in what we call the second period — between 1870 and 1900 — when the emigrants were mostly from Northern European countries, and I found that Swedes, Germans, Finns, Norwegians and even Italians tended to settle almost to a tenth of a degree between the same summer and winter isotherms as those of their European homes. That tendency changed later on, in what we call the third period of emigration, when the emigrants were mostly from Eastern European countries and when there were, in the American sense, no frontiers and the emigrants settled where they could find land. The problem how far settlement under different climatic conditions affects emigrants is one more for the physiologist than for the economist or geographer. In Dr. Cromie's report,<sup>1</sup> Professor Taylor is quoted as stating that an average temperature of 50° Fahr. is suitable for the settlement of white people, but I would point out that the term "white people" is not all-inclusive. Continuing the studies on migrations to America, a pupil of mine found, as regards Germans settling in that country, that a very high percentage of emigrants from Mecklenburg, one of the coldest districts in Germany, settled in Michigan, Wisconsin and Minnesota, whereas emigrants from Wurtemberg — one of the warmest districts of Germany — and a large percentage of other Germans, settled in Ohio, Illinois and Indiana.

This shows that European white people differentiated in their choice of district and tended to seek climatic conditions similar to those in their original homes. In that connection, it would, I think, be interesting to study how far climatic conditions have influenced

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<sup>1</sup> See, above, p. 140.

and continue to influence people. Adaptation does, of course, take place, but we see even in the Japanese example, quoted by Dr. Landry, as regards Manchuria, that acclimatization is not easy.

That is one problem to which, as a geographer, I wish to call your attention; the other refers to overpopulation. This is generally considered as an economic problem, but we must remember that political considerations are a factor in it, such, for instance, as the problem of security and the policies of States tending towards an enlargement of the population and an increase in the birth rate.

As a geographer, I would ask whether the state of feeling well or happy is entirely an economic one. It is a fact, I think, that in certain countries to-day — especially those ruled by dictatorships — the inspiration of a purpose or an ideal has enabled the people to surmount difficult economic conditions. I refer to these considerations merely to show that we should not consider the problem of overpopulation merely as an economic or statistical one.

As regards migrations, mention may also be made of such questions as internal migrations and agricultural reform, but there is no time at this stage to do so. I would point out, however, that statistics do not give a true picture of a given situation and will not enable us to draw correct conclusions. Life and the factors of life are dynamic; possibilities in agriculture, industry and mining are constantly changing, so that such conclusions as we may reach here cannot in any way be definitive. All we can do is to help from year to year and from decade to decade to smooth away the difficulties, and in saying this I have not in mind the problem of migrations in its limited sense but the psychological and physiological factors that influence it.

Dr. YOSHISAKA (*Translation*). — During the period of isolation which lasted two hundred years, the population of Japan remained at the figure of 27,000,000. After Japan's entry into international life, seventy years ago, the population rose and, in 1935, had reached 67,790,000, as compared with 34,800,000 in 1872. We see, therefore, that the population has almost doubled in the space of sixty-three years. According to an estimate made by Professor Ueda, the population of Japan will have reached 87,700,000 by 1970.

The density of population in Japan is 1,157 inhabitants per square kilometre of arable land, whereas, for the same unit of area, it is only 663 in Belgium, 846 in the Netherlands and 848 in England. Not-

withstanding her intensive industry, Japan remains an agricultural country: 48 % of the population are agricultural workers; but the area of arable land represents only 16 % of the total area of the country, as against 40 % in Belgium, 27 % in the Netherlands and 23 % in England. Land is divided into so many holdings that, in spite of intensive cultivation, farmers have seen their already small incomes still further reduced as a result of the crisis prevailing in the silk industry, a fact which increases the difficulties of life very considerably. Agriculture has been the object of a number of technical reforms, but, from the standpoint of population, it has reached its limit of absorption. The agricultural population fell, in consequence, by about 150,000 between 1920 and 1930 (14,286,592 and 14,131,025 respectively). Japan was, therefore, obliged to adopt a policy of intensive industrialization — a peaceful solution of the distressing problem of overpopulation. Between 1920 and 1930, however, the industrial population increased by only 14.3 %, that is, by 740,000 persons (5,138,758 and 5,875,991 respectively). In fact, while Japan is obliged to import all her raw materials except silk, she must export her goods in order to pay for these raw materials; on the other hand, however, owing to the customs barriers that have been erected on all sides, she is unable to develop her industry to the extent necessary for her to be able to absorb the surplus population.

The greatest number of persons were, therefore, absorbed by commerce; between 1920 and 1930, the number of persons in commercial occupations rose by 34 %, or 1,245,000 (from 3,661,649 to 4,906,655). The number of shopkeepers rose from 2,420,000 to 3,290,000, including 316,000 itinerant vendors. The number of café and restaurant proprietors, including their employees, rose from 890,000 to 1,140,000 during the same period. The result was keen competition, which compels the shopkeepers to be content with very small business profits.

The birth rate reached 36.51 in 1920; from that date onwards, it gradually fell, until in 1935 it was only 32.32. Since 1920, the number of births has remained practically constant, between 2,000,000 and 2,200,000. This declining birth rate may be attributed to the fact that fewer marriages take place, on the one hand, and to the raising of the marriageable age on the other. The number of marriages fell to 63 % in 1930, as compared with 82 % in 1920. Although contraceptive practices cannot spread in Japan to the same extent as

in Western countries, owing to the ideas held on family life and also on account of the manner in which dwelling-houses are constructed, the falling birth rate must nevertheless be largely attributed to these practices, which are steadily gaining ground. There has also been a rapid fall in the death rate — 21.2 in 1924; 18.1 in 1934 — with the result that the natural increase of population remains at between 12 and 16 per thousand. This increase is regarded as extraordinary by European countries; but it may be pointed out that England was in the same position during the first half of the 19th century, while the situation in Germany was similar at the end of the 19th and beginning of the 20th century. It is an inevitable consequence of industrialization. The sole difference between Japan and Western Europe is that, in the case of Europe, the population increased at a time when emigration and foreign commerce were free, likewise colonization, whereas Japan no longer benefits by such conditions.

Japan's demographic policy will, in future, aim at quality rather than quantity, for the country has witnessed an improvement in the physical and intellectual standard of the nation, besides a fall in the death rate and less disease.

With regard to the question of quantity, the most important problem that arises is to find occupations for the productive population which will continue to increase for many years to come. There are difficulties in the matter of industrialization, which will have to be overcome; these are due not only to the customs barriers encountered by Japanese trade, but also to mechanization, which reduces the possibilities of absorption. Japan is not a very suitable country for internal colonization. Fortunately, Manchukuo offers an outlet for emigration. According to present Government plans, 5 million persons will be transferred to Manchukuo in the course of twenty years, and 100,000 families will settle there during the first ten years. It is estimated that, in twenty years' time, the population of Manchukuo will have increased from 30 million to 50 million. Japan will thus be able to transplant 10% of her population to that territory.

Count Teleki has rightly remarked that the climate of Manchuria is a very hard one. For the emigrants, it would have been desirable to have a climate similar to that of the mother-country, and also a higher standard of living. Japan is, nevertheless, determined to overcome the difficulties.

Dr. Landry has mentioned that, in 1935, there were only 905,495

Japanese abroad. I should like to point out that Japan first began to take part in international life only seventy years ago and that the country which opened our doors and whose climate is the one most favourable to the Japanese, very soon closed its own doors to Japanese emigrants.

Dr. Landry referred to Tonkin, a peaceful region in spite of its extraordinary density of population. I should like to remind him of the well-known fact that the development of education opens up vast possibilities and stimulates the desire to raise the standard of living. Overpopulation makes itself felt far more forcibly among civilized nations than among uncivilized natives. During the period of isolation, the early Japanese was very easily satisfied and made no attempt to change anything in his life, but to-day the ambition of the younger generation is constantly to progress.

In his report, Dr. Landry also states that countries are more particularly apprehensive of the competition waged by the overpopulated countries, such as Japan, where the standard of living and wages are extremely low. It should be noted, however, that the difference between modes of life should not be taken as a basis for judging whether the mode of life in one country is inferior to that of another. The Japanese workman, for example, eats rice instead of bread, but he also has his daily dish of salmon, which is not looked upon as a luxury.

When comparing wages, account must be taken of sex and age, otherwise there is a possibility that the conclusions reached will be wrong. Generally speaking, wages are on a higher scale in Japan than in China and India, and if the currency were not depreciated, it might be said that wages are on the same level as those paid in Italy or Poland. Furthermore, the purchase capacity of the currency, which is fairly high in Japan, must also be taken into consideration.

It has been said that the importation of Japanese goods was causing anxiety to certain countries. It should be noted, however, that the working classes, whose means have been considerably reduced as a result of the economic depression, could no longer afford to buy certain articles. They, therefore, turned their attention to the cheaper Japanese goods. The importation of these goods, however, has perhaps prevented civil disorder, which would have broken out if the working man had been reduced to such a position that he was no longer able to buy anything at all.

THE CHAIRMAN. — I think you will agree that Dr. Yoshizaka's observations lead us logically to the obstacles to migration.

Dr. CARR-SAUNDERS. — In addressing myself to the questions under B, "Obstacles to Migration: What is the relative importance of the various natural obstacles to migration?", I would submit that (a) "economic and financial difficulties" are of over-riding importance. Migration is only one aspect of international commerce; the other aspects are lending and trade, for either they all go together in some measure or they all cease together. There cannot be movements of people without lendings of capital and there cannot be lendings of capital without movements of people to the countries to which the capital is lent. That is my first point.

We then come to the other suggested difficulties, and I submit that the main difficulty is the fear of under-cutting of wages and the lowering of the standard of living by the immigrants. In former times, when immigrants came to develop land, the newcomer was considered as someone who was collaborating in the process of clearing and developing it; now he comes as a wage-earner and is looked upon as a competitor.

I have raised the question of under-cutting to the foremost position among the difficulties; it is, of course, enhanced by the formation of trade unions amongst the wage-earners in the newer countries.

I would place assimilation second as a difficulty not of the same order but one which is increasing in importance. When people were poorer than they are now, they were willing to be shifted about the world rather like cattle and to accommodate themselves to whatever they found. With a rising standard of living and education, they find it more difficult to do this without encouragement, and, unfortunately, owing to the increase of what many people think of as pseudo-scientific racial theories, that encouragement is less forthcoming than formerly. I would, therefore, place assimilation among the suggested difficulties. It seems to me, moreover, that the suggested political difficulties referred to in the agenda are really to be found among the difficulties of assimilation, because I include among political difficulties those policies followed by certain countries who attempt to retain the allegiance of their nationals after they have emigrated and settled in a new country.

Dr. OZORIO DE ALMEIDA (*Translation*). — I have followed the discussion with considerable interest and I should like to say that it is very often difficult to generalize. I shall briefly refer to the special case of Brazil, which is incontestably an underpopulated country. Confirmation of this is easy to obtain; when travelling about the country, one immediately realizes the difficulties which, owing to the scattered population, are encountered when roads have to be laid, or when schools and cultural centres have to be built outside the big cities. Nevertheless, Brazil was recently obliged to restrict immigration, not because of economic or financial difficulties but for psychological and, in certain respects, social reasons. These measures are, in a way, the result of instinctive self-defence and of observation of what has happened in the past.

Brazil has received a large number of immigrants: Italians, Poles, Germans, Portuguese and, quite recently, a few Japanese. We had to ask ourselves whether, apart from the material contribution to labour they represented, these immigrants would be of value from the cultural and economic standpoint. They had emigrated owing to the high demographic pressure and low standard of living in their own country. These immigrants, however, compete with the native population, which has certain obligations to fulfil — military service, political responsibilities, etc. — with the result that since they have no such obligations, they reduce the standard of living still further.

Again, Brazil has always shown the utmost hospitality towards foreigners, but she does not wish these immigrants to form "cysts" in the country, which might become centres of economic or social difficulties. When a fairly large area of territory is occupied by immigrants of the same nationality, whose numbers increase as children are born and as more immigrants from the same country arrive, a sort of acquired right is established, which soon becomes a source of difficulty for the Brazilian Government. To all intents and purposes, this area is a small part of the foreign country transplanted to Brazilian territory, but without any real fusion with the mass of the national population. This question would furnish material for a whole lecture, but this is not the place to speak at such length. I am not addressing you on behalf of the Brazilian Government but I take this opportunity of stating these reasons which have led that Government to apply a quota, based on the immigration statistics for past years, in spite of the fact that the country is underpopulated. We have there a source

of difficulty which could form the subject of fruitful studies by experts belonging to overpopulated as well as underpopulated countries.

Dr. GORMSEN. — I wish to say a few words arising out of the remarks of Dr. Smolenski. I would mention that I have made a study of the economic developments of the three Scandinavian countries and the Netherlands, during which I had occasion to consider the migratory movements of those four countries, with the result that from 1900 to 1930 the net emigration from the Scandinavian countries without colonies was found to be much greater than from the Netherlands. From the Netherlands, the approximate total was 27,000, from Denmark 115,000, from Norway 258,000 and from Sweden 361,000, showing, as I have said, that the net emigration from the Scandinavian countries possessing no colonies, was much greater than from the Netherlands, which possesses extensive colonies in the East and also colonies in the West. It is a mistake, therefore, I think, to believe as many people do, that colonies in general provide an important outlet for surplus populations. At any rate, so far as the study I have mentioned is concerned, the results do not point in that direction. I realize, of course, that this statement cannot be generalized and applied to all parts of the world, and that in the particular case in question, we have to do with a small mother-country with large colonies.

May I refer to one further point? There are several important aspects to be considered as to this problem of migration between a mother-country and her colonies. The most important fact in the Dutch migration from 1900 to 1930 was that, in addition to emigration from the Netherlands to the United States and Canada as well as to the colonies in the East, there has been a large amount of immigration — a returning of migrants home to the mother-country from the colonies — an important question upon which very few people have touched. In the course of the study mentioned above, it was, in fact, by far the most important point which came to light in the whole of the Netherlands migratory movements from 1900 to the present day. I hope to have the opportunity of referring to it again during the discussions in the Colonial round table.

Professor SHOTWELL. — I should like, as a historian, to call the attention of this round table to the fact — one of history as well as of statistics, and one which I think it would be well for us to bear in



mind — that only over a limited area of human history have there been migrations of the kind we are talking about, i. e., a spreading of the European peoples over the face of the earth. The period — from the era of discoveries to the present day — is relatively very short and one of peculiar quality. Two divisions or sections can, I think, be made: one in which Europeans frankly exploited the resources of older civilizations — as in parts of Asia — and another in which they filled the open spaces of the world.

Now, looking upon this as a fact of history, I am of opinion that both these divisions of the movement of populations will be liquidated in the coming period ahead of us, that they will not continue as in the past, and that to address ourselves to the problem as though there would be a restoration of the old freedom of movement is about as practical as to address ourselves in economics to the bringing back of complete free trade.

Personally, I have no objection to either, but I trust that in dealing with this problem we are speaking of realities. The older nations now refuse to be exploited; the open spaces, in the opinion of those who hold them, have been relatively filled, though that does not, of course, mean that the latter is actually true. It seems to me, however, that the problem passes at a certain point from the realm of statistics to that of political judgments and to the expedients by which those political judgments might conceivably be changed. That point will come up this afternoon, but so far as the historical contribution to-day in the field of statistics is concerned, I would ask how many of the movements of population have really lessened the population at home? I recall some studies I once made of the movement in the population within England at the beginning of the Industrial Revolution, and contrary to popular belief the population in the sheep-growing areas of Southern and Western England did not lessen according to the parochial registers, but continued to increase, while Lancaster filled up. The same has, of course, been true in a larger way of many such movements, and these facts lead me to wonder if we should not keep in mind the point that Count Teleki laid before us of the attitude of mind, not simply with reference to the specific problem which concerns a worker in statistics at a given time, but with reference to the drift and current of public opinion in the different countries.

Professor RICHARDSON. — We are asked in this section of our discussion to indicate so far as we can the relative importance of the

various obstacles to migration, and I agree with Professor Carr-Saunders in the importance which he attached to the economic and financial difficulties. I think, however, it is necessary to add to that general ranking of difficulties the difficulties experienced at different times in history, as well as the difficulties connected with different populations or different countries. For instance, the economic difficulties opposing migration in pre-war years were comparatively small; there was almost unlimited opportunity for movement, the only difficulty of outstanding importance being the actual cost of migration. Difficulties due to objections by labour in the countries of immigration that their standards of living would be lowered did not at that time constitute a serious barrier to emigration. But with regard to the post-war periods, we find that argument arouses great attention and coincides with the obstacles connected with the whole policy of economic nationalism. These economic difficulties during the last decade have, in fact, been overwhelming. During the time of depression scarcely any overseas country was prepared to receive immigrants, due almost entirely to the economic difficulties through which they were passing, and with that statement should be combined the fact that those countries have been less attractive to emigrants. In one or two years of the worst period of inflation, there was, in fact, a net immigration to Europe, for several years, Great Britain having a net immigration.

Not only does one need to distinguish the relative importance of these various factors over periods of time, but their relative importance according to particular countries. When we come to view the difficulties of emigration from Asiatic countries, we find that the relative order of importance may be very different from what it is when applied to European countries, particularly the North-Western European countries, where we have a combination of economic and social difficulties of which perhaps the social are of greater importance.

One of the unfortunate features of the obstacles to migration is the fact that it does lead to a discriminatory policy which causes international difficulties, and I should be inclined to think that in the next hundred years the political difficulties in the way of migration will play a greater part than in the past. Professor Shotwell rendered a great service by showing the necessity of viewing this problem from the historical angle, and I agree with him that historians will probably look back on the last hundred years as a unique period in the world's history from this point of view, and that we are not likely to have again the migrations experienced during the last hundred years.

In the second part of Section B, reference is made to legal restrictions, and I am of the general opinion that immigration quotas rank first and that the other difficulties are comparatively unimportant. I would add, however, that if the present population trend, especially in European countries, continues, it seems likely that within ten or twenty years the immigration countries would be very much inclined to relax their restrictions and be more liberal with their quotas, and that the difficulties then will be more on the side of a growing restriction upon emigration by the European countries. I think we shall probably see in the course of the next generation a considerable change from the restrictive effects of the immigration policy in the immigration countries and much greater weight given to restrictions upon emigration by the countries of Europe which will no longer have the pressure of population from which they suffered in the latter part of the 19th century.

Dr. SMOLENSKI (*Translation*). — I should like to give you a concrete example of the effects of emigration restrictions on an overpopulated country.

During the last decade, as a consequence of these restrictions, the real increase in the population of Poland has been greater than that recorded in any other European country. During this period, the population of the Polish Republic increased by 4,600,000, whereas that of Italy increased by only 3,850,000 and that of Germany — whose population is double that of Poland — increased by only 3,500,000. Thus, since the reconstitution of Poland, the number of its inhabitants has risen by 7,000,000 — a figure equal to the total population of Portugal, for example. This figure is all the more significant since the overpopulation of Poland is not of recent date. Before the war, the regrettable consequences of overpopulation could be attenuated by emigration. In pre-war days, nearly half a million Polish seasonal emigrants left the country regularly every year to earn their living abroad. Besides these emigrants, from 250,000 to 300,000, persons left for overseas countries, particularly the United States of America. The effects of overpopulation did not, therefore, make themselves felt, because there were outlets which absorbed the surplus population; because wages within the country rose as a result of emigration and because the emigrants returned with or remitted to their homes the money they had saved abroad. In this way, Poland derived from 400

to 500 million gold francs a year from emigration. The importance of this flow of money into a poor and overpopulated country is obvious.

At present, the number of emigrants is equal to the number of persons returning to the country. For Poland, the cessation of emigration means not only the loss of a means of attenuating her overpopulation, but also a prejudice to her balance of payments. The situation to-day is as follows : from 400,000 to 450,000 persons, who represent the annual surplus of births over deaths in Poland and who cannot leave the country, are added annually to the population and increase the average rate at which savings can be converted into the capital required to ensure work for all; it creates all the pernicious phenomena that characterize overpopulation : gradual impoverishment of the population, fall in the standard of living and unemployment.

I would add that Poland pursues no demographic policy calculated to increase the birth rate. To prove this, I cannot do better than to mention that the allowances formerly granted to government officials and public servants with large families were entirely abolished in Poland a few years ago.

Dr. GASCON Y MARIN (*Translation*). — Question B on the agenda raises the question of the relative importance of the various national obstacles to migration and sub-divides them into economic, financial, social and political difficulties. I do not think it possible to generalize and I would point out, in this connection, that Question C of the agenda makes a distinction between the different categories of migrants.

The economic point of view is said to predominate. I agree, but is it a question of migrations of labour or of migrations with a view to settlement? The question of assimilation is bound up with the economic and financial factor, for immigrants cannot settle without capital. This question does not arise in the case of labour migrations.

The status of a migrant differs according to whether he emigrates with a view to work, settlement or colonization, and the political aspect varies accordingly.

I repeat, by way of conclusion, that we cannot generalize. In some cases, it is the economic and financial difficulties that predominate, while in others the difficulties are financial. Certain countries show a lack of comprehension with regard to international problems and the idea of interdependence between States is non-existent.

I would call the Committee's attention to the political difficulties, for, if we do not take them into consideration, we shall reach no solution,

even if we succeed in eliminating theoretically the economic and financial difficulties.

Lastly, I should like to say a word about social difficulties. Some take the view that these difficulties are of economic origin; others claim that they are political, while others again attribute them to legal factors (for example, equality of treatment for nationals and foreigners). Sometimes these difficulties overlap.

I would urge upon the round table the need for conducting a campaign to develop international understanding and to stress the interdependence of problems and the interdependence of the different countries. Failing such action, we shall never solve these problems, of such vital importance to the life of mankind.

Dr. BOHAC (*Translation*). — The essential problem is to know whether the countries of immigration can and wish to improve the position of the countries of emigration. The essential problem is not that of underpopulation; it lies in the difficulties that nations have to cope with in adapting themselves to the new economic situation of the world. Before the war, economy was founded on liberalism; we abandoned it, but went too far. Having abandoned liberalism, it is impossible to adapt the demographic structure to the new situation. An attempt to bring about this adjustment is made by reducing the birth rate, but it is being done too rapidly and this lower birth rate leads to serious problems. In Czechoslovakia, for example, in twenty years time emigration will have ceased; we shall, on the contrary, be faced with a scarcity of labour. And yet, to-day, because the liberalism of world economy has been destroyed, we are experiencing acute unemployment. The question, therefore, is whether and to what extent the countries of immigration can, for a period of ten or twenty years, bring relief to the overpopulated countries.

Dr. PICKERSGILL. — Coming as I do from a country of immigration, I should like to reply to the last speaker. It is a fact that Canada has a population per square kilometre probably inferior to that of any other country, but that does not mean that there is a possibility of absorption of immigration.

Most of you have probably read Professor Kerr's study, and I think it is important that the movements within the country itself should be studied, in order to understand whether it is possible for Canada, for instance, to assimilate more agricultural immigration.

Professor Kerr has shown that in spite of the efforts of successive governments to get people to settle on the land, there has been a greater settlement in the towns, and that within the country itself there has been a drift in that direction, with a considerable depopulation of rural districts, which immigration has not been sufficient to remedy. I would point out that the agricultural population is decreasing, for the very good reason that it is impossible for many more people to make a living from agriculture in present economic conditions.

Dr. FORSYTH. — It had seemed to me, prior to the last speech but one, that the difficulties of the countries of immigration had been well understood in our discussions. Dr. Bohac, however, has asked what the countries of immigration are willing to do and, speaking for myself, but as an Australian, I would say that Australians would be prepared to give sympathetic consideration in this matter to countries with demographic problems. Although a country of immigration, Australia has had her own difficulties during the last few years, difficulties regarding the absorption of population and unemployment, as well as the problem of emigration from Australia during the depression, problems which may have been due to the great migrations to Australia between 1921 and 1929.

I am in entire agreement with what Professor Angus says in his memorandum<sup>1</sup>: that, from the point of view of population absorption, the conditions of world trade are all-important for raw materials-producing countries — a matter also referred to by our Rapporteur in his report.

There are four points that must be stressed in regard to Australia:

1. The rate of absorption of population cannot be high (and here I would refer you to the memorandum by F. W. Eggleston and G. Packer)<sup>2</sup>;

2. The vast open spaces in Australia are in practice useless from the point of view of population absorption, (as useless as the spaces of North-West Canada or of Tibet); nor can there be any question of handing over territory, because such territory as can be used is already occupied by Australian citizens;

<sup>1</sup> H. F. Angus (Ed.): *Canada and the doctrine of peaceful change*, (Canadian Memorandum No. 1).

<sup>2</sup> F. W. Eggleston and G. Packer: *The growth of Australian population*, (Australian Memorandum No. 1).

3. The absorption of population depends upon: *a*) agricultural development — and the present situation and tendencies of world markets for agricultural products are not encouraging; *b*) the development of mineral resources, which is affected by the formation of companies and the investment of capital — questions referred to by Professor Carr-Saunders in an earlier speech; *c*) industrial development, a matter that is under close consideration in Australia at the present time. It is a significant fact that there has been in Australia a tendency similar to that referred to by Dr. Pickersgill in Canada, a drift of population towards the towns, largely due to industrial development; as a matter of fact, during the post-war decade there was a much greater increase of population in the towns and industrial areas than in the agricultural districts.

4. Development depends upon capital, and the Australian Government is scarcely in a position to launch further loans as it did from 1920 to 1930, which, in the opinion of Australian economists, contributed very largely to the difficulties which Australia experienced during the depression. In this connection, I would refer you to certain pamphlets published by the Bank of New South Wales, which have not been included in the documentation of the Conference. I might add that private investment is recognized as being very desirable.

In conclusion, I would say that Australia is very anxious for peaceful change, as witness the definitive statement of policy by Mr. Lyons at the Imperial Conference regarding a pact of non-aggression in the Pacific. Australia recognizes clearly that her well-being depends upon peace, upon international appeasement, international co-operation and international trade. She is, therefore, anxious to act in such a way as to promote peace, but her contribution to the solution of demographic difficulties standing in the way of peace cannot be large, but must be strictly limited by reason of her capacities and the hard facts of her geographic, economic and financial position. Her contribution will be willing but it cannot be large.

## SECOND ROUND-TABLE MEETING ON DEMOGRAPHIC QUESTIONS

Chairman : Dr. E. C. TARR

THE CHAIRMAN. — At the beginning of our second meeting, I will ask Dr. Legouis, expert on migration questions of the International Labour Office, to give a brief summary of this morning's discussion. We will then immediately pass to the consideration of Section C of the Agenda.

Dr. LEGOUIS (*Translation*). — At the end of the discussion, there is perhaps room for a purely personal and by no means official expression of opinion, which is not made from the point of view of any particular country or of any group of countries of emigration or immigration.

In this respect, it seems that certain additions might be made to this discussion. After hearing the expositions which have been made of various national situations, one is left with a rather pessimistic impression. The difficulties are obvious, and it is clearly necessary to discuss them, in order to reach solutions, but on condition that we do not forget that there have always been problems of emigration, with their difficulties and dangers.

It is possible to define the degree of importance of the difficulties, by saying that, if legal restrictions are the thorns, natural difficulties, that is primarily economic difficulties, are the roots.

Without going into details of the political difficulties (difficulties of race seem to play a part of ever-increasing importance, for racial policy is infectious and there is now racial feeling in countries of emigration, as well as in those of immigration), I should like to mention certain technical problems, in order that they may be borne in mind as a necessary part of the discussion.

From the financial point of view, we must remember the very important and very topical question of restrictions on the circulation of



capital and currency, which are a great hindrance to emigration. The departure of emigrants and settlers may very well be prevented, not only because the agricultural crisis makes the price of properties fall and thereby allows emigrants to obtain only insignificant amounts by the sale of their goods, but also because countries of emigration no longer dispose in present circumstances of the possibilities of transferring capital in the national currency, which are necessary to enable them to allow large numbers of emigrants.

At the same time, the countries of immigration are sometimes compelled to place restrictions on the repatriation of the savings of immigrants.

Is it not necessary also to speak of transport dues as a problem of a similar kind? This may appear of small importance, but in reality, transport dues have in many cases suffered exorbitant increases, especially since the war — everyone knows, for instance, that seasonal emigrants (“*golondrinas*”, as they are called in the Republic of Argentina) need to be able to make long journeys at extraordinarily low return fares. This kind of travel would be absolutely impossible with the fares of to-day. And what can be said of financing, properly so-called, which is at the very heart of the problem of migration? For, if colonization involves the direct investment of large amounts of capital for public works of improvement and rural development, the migration of salaried workers pre-supposes a more or less extended capitalization for the industrialization of the country of destination. But at a time when hoarding is the rule everywhere, when various countries are taking measures to get rid of wandering capital, may it not be said that the remedy lies side by side with the evil, and the solution is very close to the problem?

There is also the question of outlets for goods, a question which is not a new one, but which, as a result of the world crisis, is more topical than ever. “Men, money and markets” is an excellent phrase. Immigrants are invited or admitted as agricultural or industrial producers, so that the utilization of their products, by sale or exchange, either on the national or on the international market, must naturally be provided for.

On this last point, as on that of capital, the question of migration appears not as a simple and single problem, but as an insoluble complex bound up with those problems of the international circulation of capital.

of raw materials and of commercial relations, which are being examined by other round tables at the Conference.

I should like to emphasize that legal restrictions have effect not only on migration itself, but also — and that directly — on world peace. In this respect, we may note first of all racial questions, either of emigration — we are all familiar with the phenomenon of the expulsion of refugees, aimed sometimes at certain categories and sometimes at certain definite races — or of immigration. Such are restrictions on the entry of immigrants of certain races.

In some cases — but certainly not in all — since migrations follow regular currents, and such migrations conform to traditional preferences, these measures cannot be immediately suppressed. We may, therefore, consider whether for these very definite cases, it might not be found preferable, in the interests of peaceful change, to seek internationally, by mutual agreement, for alternatives and compensations, in other spheres, rather than to persist in urging particular countries of immigration to admit immediately numbers of immigrants of a particular type. But, on the other hand, what can be said of a situation in which a country, or a race, finds itself refused the collaboration of others, not only for possibilities of emigration, but also, and at the same time, for all other financial and economic intercourse? In such a case, peace would be really threatened and a large degree of peaceful change would be both necessary and urgent.

Another serious danger for peace lies in the question of repatriation — not all forms of repatriation, for there are some which are harmless, legitimate and even useful, sometimes encouraged by the countries, of emigration — but large-scale, compulsory repatriation in time of crisis. Such repatriations are accompanied by a whole series of individual sufferings and by unimaginable individual bitterness, as well as placing an insupportable burden on the countries of emigration, since the phenomenon occurs unexpectedly, at a moment when one might fairly expect that the emigrants would not come back, and at a time when the country of emigration is itself afflicted by the same crisis. If there was not this synchronization, the repatriation would undoubtedly not be so serious.

It is very difficult not to seek solutions for all these problems, and it does not appear likely that they can be found outside of international collaboration where it exists and can be made effective.

Among the points which have been submitted to the round table on population questions is that of the legal status of migrants. I think this status should not be thought of as a purely individual status : the question of the migrant's family often arises. A serious source of bitterness is created when a certain country, either directly by restrictions, or indirectly by their application, causes separations within the families of emigrants. There are well-known examples. Some countries of emigration go so far as to retain the relations of emigrants as hostages for the return of the latter. Some countries of immigration have made restrictions, by a system of quotas, whereby one member of a family may be admitted while other members must inevitably be sent back, even if they arrive on the same boat, and even if they are not producers, or competitors in the labour market. These situations provoke bitterness and are a cause of misunderstandings and conflicts, and of at least some of the international difficulties of which everyone complains at the present time. Under these conditions, it seems to me that every legal statute of the migrant or foreigner should contain family as well as individual clauses, under pain of incurring the punishments which falls inevitably on those who try to go against the law and separate what has been united.

Finally, I would like to record my personal and entire agreement with what Dr. Richardson and Dr. Gascon y Marin have said about the variability of migrations according to time and space. One is sometimes led to very pessimistic conclusions because one does not see the whole of the problem. For example, a certain country of immigration may not be able to receive agricultural workers, whereas if the question were put to it in the industrial or intellectual sphere, it would perhaps be ready all the same to receive a certain amount of immigration. Certain countries have, in fact, need of high-class elements, specialists and technicians, who complete their population and raise their standard of life. On the contrary, another country may have no use for industrial immigrants to its great centres, but would be ready to facilitate the colonization of certain parts of its territory.

Finally, migration also constitutes a dynamic problem, involving, as has been truly remarked, variations in time. We cannot here look too far ahead and this brings us to the question of solutions. In my opinion, we can deduce from this fact, the inadequacy of a solution which is purely juridical and settled on paper once for all, but should think rather of continuous methods of collaboration, which would

allow of revision and continuous adaptation, as is natural for a problem of this kind.

THE CHAIRMAN. — As far as the agenda is concerned, it may be useful to point out that each of the points need not be discussed separately but the desire is expressed that we should in our discussion maintain a distinction between "employment migrations" and "settlement migrations."

We will now consider Section C, which may be divided into "objectives" and "procedures."

Dr. LANGE (*Translation*). — I think it is my duty, before the discussion of the various questions is opened and in my capacity as President of the Norwegian Co-ordinating Committee for International Affairs, to call your attention to a contribution to the documentation of the Conference, which we have asked one of our experts to prepare and which has perhaps a special character.<sup>1</sup>

This morning, Professor Shotwell emphasized the importance of the migratory movement of the last century and our Danish colleague, Dr. Gormsen, has given figures which show that Norway, for example, played a great part, in proportion to its population, in the movement. It is possible to say, indeed, that the general economy of Norway during the half century from about 1870 to 1920, could, more or less, count on the fact that part of its excess population would be placed overseas. It was perhaps a mistake to concentrate this emigration on one outlet only, the United States. But we all know that the United States, strong in their sovereign power, have almost closed the door to immigration, and this unilateral action of one State has raised a serious problem for the countries of emigration, among which Norway is included. The question which my compatriot, Dr. Arne Skaug, has studied is precisely that of how Norway has been able to solve, where she has been able to solve it, the problem which was thus raised. It has not been possible to distribute this work, which is fairly extensive, to the Members of the Conference before it opened, and that is why I have taken the liberty of calling your attention to it. I do not propose to give a detailed analysis of it; that would take far more time than is

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<sup>1</sup> Arne Skaug: *Norwegian emigration, its fluctuations compared with fluctuations in migration from other countries since 1900, and causes of these fluctuations (development of industries, social conditions, etc.) with special reference to the economic and social difficulties caused for Norway by the American restrictions on immigration.* (Norwegian Memorandum No. 1).

at my disposal; but I may say that the problem was a serious one and the difficulties encountered have been great. Fortunately, it seems that they could be surmounted by means of a conscious population policy on the part of the Norwegian authorities.

This fact shows how serious the repercussions of the unilateral action of a single government can be for other countries, and, since we are now about to open the discussion on the solutions to be envisaged, I should like to support the suggestion which Dr. Legouis has just made, and which seems to me a very proper one, namely : that we must foresee not only, and not even mainly, unilateral and bilateral solutions, but really international solutions.

I raise the question — I raise it because you are experts — of whether it is not necessary to discuss the problem of the necessity of a sort of international machinery whose task it would be to watch questions of population. We are beginning to see the possibility of a conscious population policy. Since a generation ago there is the new fact of birth control. There is also the far greater and surer knowledge with which we are provided by distinguished statisticians whose names you certainly know. I will only mention Dr. Kuczinsky, and his work on the number of women of child-bearing age. It is possible that here we have methods enabling us to follow a continuous policy, but such a policy must be on an international scale. We must consider not only the interests of the two parties, countries of immigration and countries of emigration, but also the interests of the community of States.

Dr. MACPHERSON. — In the matter of objectives raised in the course of to-day's proceedings, I should like to refer back to the observations previously made on the subject of realism, because I do not believe that we have actually achieved any great measure of realism in dealing with objectives in connection with the problem of migration at the present stage. It should be recalled, for instance, that the reason for many of the migrations that are taking place to-day is racial and not economic, and that, in fact, a great many people are moving from country to country, not because they wish to better their standards of living, but because they happen to belong to a race which is not wanted in the country from which they move away. In that connection, I would remind you of what is in my opinion one of the most interesting examples of the problem of racial redistribution, but one which

has not so far been referred to : the problem of the movement of the Jews to Palestine. If we are going to attempt to be realistic, it seems to me that we should at least remember that such migration is going on, and not refer to the colonial and economic aspects of the problem alone to the exclusion of those which are purely national and essentially racial.

I should also like to refer — and this is the main object of my remarks — to a fact which so far seems to have been overlooked, i. e., that there is one European country which has not been mentioned — certainly not with any seriousness in the preliminary memoranda or in our discussions so far — which actually welcomes immigration, in contrast to countries like Canada and the United States, which, while held by some people to be underpopulated, do not welcome immigration. I refer to Russia.

To sum up, therefore, I should like to put to the meeting the fact that while, on the one hand, there is a very important migratory movement going on towards Palestine, a movement which has almost from the beginning exceeded the legal limitations imposed upon it and which gives rise to certain difficulties, there is, on the other hand, in Europe itself a country which welcomes as immigrants, not merely the majority of races, but also that race which is finding so much difficulty in settling itself in Palestine. That is a combination of circumstances, I suggest, which constitutes one of the chief migratory questions of the present day and which should, if we wish to maintain a realistic point of view, be a little more present in the minds of those taking part in the discussion than has so far been the case.

Dr. YOSHISAKA (*Translation*). — I have listened with great interest to the speeches of members of countries of immigration, particularly, those of Canadians and Australians. I understand well the economic and financial difficulties of these countries, but I wonder whether they do not ultimately result from lack of consuming power, that is to say underpopulation. Canada has not, in fact, the population of two Japanese towns, Tokio and Osaka, and the population of Australia is almost equal to that of the town of Tokio. These two countries try to increase the purchasing power of their population, in order to restore prosperity. But we know that an artificial raising of the purchasing power of the masses is necessarily limited, so long as the population does not itself increase, either by immigration or by a raising of the birth rate. The

increase in the density of the population is not, from certain points of view, desirable; it does, however, create supplementary needs, and, thereby, leads to a development of industry. The solution for these countries would, therefore, seem to be a return to freedom of migration. I do not mean by that that we must return to the régime of anarchy in migration, which existed before the war.

Like the speakers who have preceded me, I think that the problem cannot be solved unilaterally. The question must be dealt with by multilateral, or at least bilateral, agreements. With this end in view, I would propose the creation of mixed commissions, which would have to agree on the quality and quantity of emigrants to be admitted. For this purpose, representatives of countries of immigration should be allowed to reside in the countries of emigration, in order to facilitate the selection to be made.

We must not forget that the situation has greatly changed since the war. Certain countries, whose population has diminished, do not need such a high coefficient of emigration as others whose population has considerably increased.

We must also take into consideration the capacity of assimilation. In this respect, the emigration of relatively young people whose adaptation would be easier, should perhaps be encouraged. That is another question with which the mixed commissions could deal.

To turn to the social difficulties, which were discussed in an earlier session: arrangements made beforehand between the interested countries, who would have implemented international labour agreements, would avoid unwelcome competition between immigrants and the native population.

Dr. ALSBERG. — Under the heading "objectives", I miss a consideration of the objectives aimed at by countries of emigration in sending forth their emigrants. Why do they wish to send emigrants and is it possible in such countries to change the rate of population increase by emigration? I submit that the evidence that the emigration which has taken place hitherto under normal conditions — and here I exclude the kind of forced emigration from Ireland in the years that followed the Famine — has relieved any so-called or imagined population pressure in the country of emigration is extremely dubious. If that is true, what is the objective of emigration and, from the point of view that we are discussing here, what will be attained by allowing a few

more people from this or that country to go to this or that other country? I submit that this is a long-range problem, and that to encourage emigration at the moment in order that the places of the emigrants may soon be filled in the countries of origin accomplishes very little for the ultimate good of these countries. It raises the question whether countries have the right to compete in birth rates any more than they have the right to compete in industry by "dumping."

There are two ways in which one may gain from the dividends derived from the application of science, research and improvements in technology in increasing the productiveness of the individual and, thereby, increasing the proportion of the national income available to the individual. You can capitalize that dividend in two ways: you can either breed up to the point at which the national income will be more, but the *per capita* income probably less, (and British India has to some extent done that), or you can reduce or keep on a modest basis the rate of population increase in order that the national dividend *per capita* may be greater.

I submit, further, that the concept of over- and under-population needs defining; they are purely relative terms. Overpopulation at what level of living? Underpopulation at what level of living? North America before the discovery of Columbus (I mean the present United States and Canada) probably had less than a million and a half people, but it was not underpopulated because that was all the population the country could support in the days of primitive hunters and unskilled agriculturalists, who lived in the Stone Age and had no metal tools.

Overpopulation or underpopulation are concepts relative to the development of the arts. You cannot say that a country which has a high standard of living is under-consuming if it does not happen to be densely populated. One must distinguish between the volume of consumption for the country as a whole and the volume *per capita*. They are entirely different concepts. I therefore submit that our discussion in the long run will get us nowhere, because under the situations that have been outlined we shall, assuming complete freedom of migration, simply continue until the whole world is a group of teeming Chinas at a standard of living so low and with life so cheap that it will hardly be worth living. It is the long view that I would urge this group to hold, and it seems to me that the point to consider is: what is the objective of the people of the country of emigration; why do



people emigrate and what is such emigration to accomplish? That is what I should like to see discussed.

DR. ZALESKI (*Translation*). — I will make just one general observation on what has been said during this and the preceding session. In my opinion, there are some erroneous doctrines on the consequences of immigration for countries of immigration and its influence on the wages and the standard of living of workers in countries of immigration. There has been established, notably in the United States, a sort of "protectionism" of labour. The workers' unions constitute a kind of monopoly against foreign competition, in the same way as protection against the competition of foreign goods by means of customs tariffs is often demanded. This demand for the protection of labour is founded upon a partially false argument that labour always competes with labour, and that there results a lowering of wages and of the standard of life in the countries of immigration. I do not think this is always the case. There are, in fact, various categories of labour, which are complementary to each other, which need each other, and which co-operate in the work of production. In this respect, I would remind you of the theory of complementary factors : land, labour and capital, which complete each other. The theory applies also to the different categories of labour. Thus certain low-paid work is often done by immigrants. This was the case, for example, of Polish workers, who immigrated into Germany and the United States. The law of Jean-Baptiste Say, concerning outlets for the exchange of goods, is the basis of liberalism, and an analogous law, concerning the movement of human labour, would be the basis of real liberalism in questions of migration. To conclude, I think there should be greater liberty of exchange of people, capital and goods. That, in my opinion, is a practical solution.

PROFESSOR OUALID (*Translation*). — May I, as one who has been associated with the practical side of emigration and with bilateral emigration agreements — and also as one who studies these questions from the intellectual and academic point of view, be allowed to give you the results of my experience and the conclusions I have reached.

First of all, my experience of these matters. I believe — with all due deference to the authors of the programme — that it is perhaps a mistake to confront us with an absolute dilemma. We are called

upon to choose between emigration and no emigration. Why not say rather : more or less controlled emigration, more or less selective emigration or no emigration at all ? For, after all, however desirous we may be to see absolute liberty prevailing in the world as regards migration and commerce, I do not think we can hope to see this ideal realized just yet. Consequently, in a world that is surrounding itself with more and more impenetrable barriers, defending itself with more and more restrictions, tremendous progress would be made if the bonds with which it is tied down could be loosened a little. How can this be achieved ? In seeking to attain this end, a certain restraint is necessary both as regards the objectives and the methods adopted.

I regret that I was unable to take part in the discussions of this round table this morning. It was no doubt explained that, to-day, the free play of migratory movements encounters obstacles of a social, political and moral order; therefore, special emphasis was no doubt laid on all the difficulties that lie in the way of migrations. Such being the case, we must take men and nations as they are and endeavour, not to break down the doors by force, but to get them opened a little wherever this can be done. In this connection, I believe that selective emigration would enable the world to recover some of that liberty in the circulation of men, which with the free movement of goods and capital, would constitute a step towards that economic peace which we are so anxious to see established. How can this end be attained ?

Here, I rely on the experience which we Frenchmen have acquired. We have posed these problems and I think that we have suggested the appropriate solutions; we have not suggested a great international convention, which would place all men on the same footing and lay down the principle that all men have an ineluctable right to circulate freely and to settle in any country. That is a solution which might perhaps be adopted 100, 200 or 300 years hence, but it is not a solution for to-day, a human and modern solution; for whether we wish it or not, there are differences between peoples, between nations and between men. It is all very well theoretically to regard a man as being equal to any other; but, as realists, as men of science, we must understand that standards of living, aspirations, languages, everything, in fact, is different and, in consequence, we must endeavour to facilitate the migration of men who have reached such a degree of civilization that their circulation from one country to another does not give rise to problems of too serious a character.

If you do not adopt that principle as a preface to your deliberations, you may perhaps establish an ideal rule but you will not be working as realists.

This brings me to a question, which, no doubt, was also discussed this morning — the question not only of the assimilation but also of the assimilability of migrants, that is the possibility, for the immigrants, to incorporate themselves in their new milieu. This obviously implies certain restrictions, so that, since barriers exist, certain derogations may be introduced.

How should these derogations be determined? Will they be unilateral and introduced by sovereign authority? That is a solution which we do not have to consider here, since we are concerned only with international solutions. The question that arises is whether an international solution can be found; personally, I say it can be found. Can it be arrived at by means of a world convention? I think not. And here I shall encroach a little on the question which we shall have to examine presently, but the elements are all bound up one with the other. I believe that the solution lies in the conclusion of bilateral conventions, similar to those which France has concluded with all the countries which supply her with labour. France has signed more treaties of this kind than any other country. She has entered into immigration agreements with Poland, Italy, Austria, Spain, Rumania, Czechoslovakia, Yugoslavia and Greece — in fact, with every country from which she receives emigrants. No doubt, it was to her own interest to conclude such agreements, but it was also to the interest of the other contracting countries; and, here, taking up the interesting idea put forward by Dr. Yoshisaka, I shall say that we actually introduced into our treaties those rules which he would like to see adopted, namely: that all questions relating to migration are not examined in France unilaterally but by joint commissions, such as he wishes to see instituted. These commissions include workers, employers and government representatives. They, together, form what might be called an International Labour Office on a small scale to deal with migration problems. They are responsible for the drawing up of the migration programme. When, for economic reasons, no immigrants can be received into the country, the programme is reduced. By these means, which could perhaps be extended, we have advanced a step in this matter, possibly much farther than those countries which envisage solutions of a more idealist character, which, unfortunately, on account of that idealism are not likely to succeed for some time to come.

Dr. FERENCZI (*Translation*). — The discussion which we have just heard proves that it is impossible to determine what constitutes desirable and what constitutes undesirable migration, unless, as I explained this morning, we previously arrive at a general consensus as to what an international population policy — not merely an international policy of migration — should be.

The solution which I suggest consists in establishing this policy in relation to the elements of a proportional realistic optimum for the population of the different countries of the world and gradually to bring it into effect. When the representatives of the countries of immigration submitted their observations in turn and declared that, in their own country, there could be no question of mass immigration of agricultural workers but only the entry of well-to-do settlers or skilled industrial hands, they examined the problem from the standpoint of the standard of living which obtains in their country and which they at least wish to maintain. From the point of view of peaceful change, however, it cannot be admitted that the maintenance of the standard of living in these countries is the supreme factor that should govern any international population policy. It is one of the principles of international justice that the situation of the country of emigration must also be taken into consideration and that an endeavour should be made to arrive at a compromise, that an attempt should be made to bring the standard of living of backward emigration countries into line with that of the developed immigration countries. We thus remain within the limits of reason and avoid examining imponderable questions.

The world crisis has, in fact, proved that any effort such as has been made in the United States to maintain an exceptionally high standard of living, and even to raise it still further by restricting immigration, without taking the requirements of other countries into consideration, is bound to fail. This policy was initiated and developed when conditions were at their worst; it was also intended to give greater homogeneity to the population. The example of the United States has been followed by other immigration countries. This policy has aggravated the distress prevailing in Europe. During the period 1929-1936, less than three million immigrants (2,957,000) were admitted to the United States instead of at least fifteen million who would have entered the country if the United States had maintained the 1914 figure of one million a year.

The distress in Europe was one of the causes of the agrarian crisis

in the United States, and of the industrial recession that followed, besides the fall in the standard of living to one-third of what it was in 1929. In spite of the New Deal, the great strikes, etc., it has so far been impossible to return to the 1929 level.

It is, therefore, absolutely necessary to have an international population policy, which, first of all, takes the standard of living of the corresponding countries into account. Although, by the organization of international mutual aid, any rational exchange of population must be encouraged, these exchanges will, for some time to come, continue to be made chiefly on the basis of bilateral agreements, in which the interests of the two nations concerned receive primary consideration.

My conception of an optimum population, however, takes into account not only the standard of living, but also the question of national security. It is possible, for example, to imagine a country like Australia granting concessions with regard to the standard of living in order to increase its white population, which would defend the territory more easily in the event of invasion by another great nation. Furthermore, selection according to the national origin of the white immigrants is important from the point of view of their assimilation. In fact, some believe that certain European populations, dissatisfied with their lot — particularly a few minority populations — would find it of no advantage whatsoever to return to their mother-country, or to remain in close political contact with it; a number of Germans and Italians, for example, are at present in that position. Immigrants may, therefore, constitute an element that increases the security of Australia.

We thus see that there are a number of very complex factors to be examined, both from the standpoint of the two countries directly concerned and from the general standpoint of peace. These considerations relating to a general demographic policy concern not only inter-continental movements of population, but also the movements of population with one and the same continent, and, in this respect, France has advanced the question very considerably by the bilateral organization of these movements in Europe.

In view of the fact that it would be to the interest of certain complementary countries, some of the Asiatic countries, for example, to raise their standard of living, it may be concluded that, in the future, continental migration will develop on a far bigger scale than overseas migration. It will not develop, however, unless migratory movements are considered not only from the limited standpoint of the standard

of living, but also from the points of view of security, natural increase in population and racial questions.

No doubt, the standard of life will remain the first and foremost concern; but France gives us an example of an undesirable contradiction between her economic and social policy in the matter of migrations and her national defence policy. During the world crisis (1930-1935), about 500,000 foreign workers, most of whom had been in the country for some years, were repatriated so that unemployed nationals might be protected; but no consideration was given to the grave repercussions of this drastic mass repatriation on the security of France and on the standard of living of the countries of emigration. I will not go into the details of the consequences that ensued for Europe; I will merely refer you to a study, entitled *Contre-migration et politique d'émigration*, published in the *Revue économique internationale* (December 1936), in which I dealt with this question of the serious effects on the international optimum.

In conclusion, I believe that an emigration policy should have, as a complement, an international policy regarding mass repatriation and the general status of foreigners. After a certain period of residence in the country, immigrants should have the right to work, and after a certain number of years, they should be granted naturalization rights. Equality of treatment must also be established for nationals and foreigners, in the matter of social rights, regardless of reciprocity on the part of the countries of emigration, which receive no, or few, nationals of the country of immigration. That, in my opinion, would be a good international policy in connection with the synthetic optimum of population.

Professor SHOTWELL. — I have been under the impression for a number of years that whenever the question of migration comes up, somehow or other the United States comes into the picture, and, therefore, I think the part we have played in the matter needs no explanation, even though it is always the case that when an American begins to give explanations in this particular field he is conscious that he is regarded as defending a case which is open to criticism.

I think, however, that I can bring the matter before us down to at least one practical question if I interpret Dr. Alsberg's point of view and my own by suggesting that this body should be more precise, both in definition and thinking, in dealing with statistics and the movements

of history. There seems to be a tendency to over-simplify an extremely complicated problem. For instance, we are dealing here with a section of one subject under demography, but I find in it a mixture of demography and politics, because, if we eliminate politics, the question would be debated in different terms. It would be a question of people settling within the boundaries of a nation; we should then think of them as settling where they can earn a living. It would be a question whether a printer can print, a farmer farm or a labourer pursue his avocation in a given sphere.

Let us consider the question of the solution of peaceful change by sending more farmers to the United States. Now, anyone who has the slightest knowledge of the economic distress of the American farmer will know that there would be no alleviation of international tension by allowing a greater degree of intensification of the agricultural distress through such a measure.

It has been suggested that the American exclusion policy was one of the causes of the depression. I do not know. It may have had in it some elements of disturbance, but I am under the impression that the World War had something to do with the depression, and that the United States exclusion policy was a consequence of other factors. But even there, let us be a little more precise in our thinking. America's exclusion policy was due not only to economic pressure; it was also a cultural exclusion. There was a growing feeling that the United States had not been able to absorb and make wholly American the vast multitude of the million immigrants a year coming in just before the war. We have areas in the United States that are definitely foreign, and, while that may increase the interest of our social problems, it also increased the difficulty of the economic, social and moral life of the nation.

I merely bring that to your attention as proof of the necessity, if we are going to have a solution of our problem, of more intensive analysis and the carrying of our analysis farther than within the boundaries of a nation — a point which Dr. Ouâlid brought out most authoritatively a moment ago.

There are many other points with which I have no time to deal, but I would suggest that we keep to the fore as a matter for solution a point which has been referred to several times in discussion, namely: the need for education as to the nature of movements of population and their effects on the countries of origin. It is well known that

emigration does not lessen the difficulties of the countries of origin so long as the stimulus to population is on the same lines as before. I wonder, therefore, whether it would not be an advantage from the point of view of procedure, to have a continuing analysis of this kind of problem by a body such as this, because there are demagogues in all countries using the false teachings of population pressure, with the result that we have an intensification of animosities in the world. I think that among "procedures" education in this field is fundamental. It, of course, brings us to the final question of birth control, which cannot be side-stepped in a body of this kind.

Dr. SCHRIEKE. — I am in full agreement with Professor Shotwell and the reason why I have asked to say a few words is in order to refer to the experience of Holland and of certain Netherland colonies.

As you are probably aware, the population of Java has increased eight-fold within the last century, a fact that is often quoted as an example of Holland's enlightened policy. While I do not doubt that, I would point out that it has also created further problems. I would also add that the increase of the population of Java is largely due to the fact that there has been no war for more than a hundred years, to improved health conditions and increased possibilities of living. These possibilities, however, have suffered during the depression. The crisis had affected the very basis of the economic structure. In these days a population of forty millions constitutes quite a problem, and we have been trying to solve it in Java by emigration to Sumatra, to which island a few hundred thousand people have gone. The results of that emigration movement were, however, greatly diminished by the fertility of the Javanese people and it did not solve the problem, which is now more acute because of the economic crisis which has reduced the sugar industry to a third of its capacity.

The population problem is therefore still a difficult one in Java, but we are not trying to solve it by dumping our unemployed on the shores of other people's countries; we are trying to solve it through economic and other means, internally.

The same kind of problem also exists in Holland, whose economic structure was based on its geographical situation, lying as it does between England and Germany — both industrial countries — which it supplied with agricultural and dairy products. Now, under the stress of economic self-sufficiency, Holland is experiencing very great diffi-



culties and has a large number of unemployed. We might, of course, send some of our people to those countries who might be willing to accept them, but we realize that the difficulty has arisen because of Holland's economic structure, which is no longer in accordance with present circumstances. We realize that we must adapt ourselves to the new circumstances.

The point I wish to stress is that we must keep in mind that freedom of migration is no longer possible and cannot settle the internal problems of countries, particularly in the present period of economic nationalism. Migration is, moreover, only possible to the extent that arrangements can be made with the immigration countries.

Dr. LEGOUIS (*Translation*). — I do not propose to return to the substance of the problem, as I have already expressed my personal views in two reports submitted to the Conference. I shall merely make a few remarks, suggested to me by the agenda that has been circulated, and confine myself to the last part which deals with the procedures to be envisaged; this question has, moreover, formed the subject of an extremely interesting statement by Professor Oualid.

With regard to this question of procedures, the agenda submitted by the Programme Committee suggests two kinds of solutions. First of all, unilateral measures, and, secondly, international measures sub-divided into bilaterally-organized measures and measures organized on a multilateral or general basis. The Conference has terminated its examination of the difficulties to be overcome and the purpose to be achieved, and is now taking up the question of "procedures"; the first point to be discussed is, therefore, unilateral measures. These are not necessarily laws, since the State is not the only party concerned; we have seen certain forms of organization introduced by economic groups or resulting from spontaneous movements. The expression "economic group" should include the small society formed by a family; for example, in the sphere with which we are here concerned, there are many cases where the emigrants leave a country to join those who have preceded them. There is, therefore, more than one party directly interested in the movement. The State can intervene by introducing legislative measures, but various organizations, such as employers' associations, agricultural organizations, etc., can also play their part. For the purposes of classification, however, all the measures taken within a given country can be grouped under the head of unilateral measures.

Now, recent experience has shown that, far from allowing individuals every latitude for promoting and organizing the departure, arrival and settlement of immigrants just as they wish, the State considers itself more and more under the obligation to intervene, with a view either to restricting migration, or to organizing it according to its own ideas and in the best general interest. Unilateral measures are not solely the outcome of this political development; they are intended to meet a factual necessity, for, as has already been pointed out, there are some problems which must be solved on the spot.

This statement in no way contradicts the no less evident fact that migration problems extend far beyond national frontiers. In matters of this kind, care must be taken not to put the cart before the horse; the conditions of emigration or immigration must first be organized as well as possible within the country. It will, in the first place, be found that emigration can be prevented to a certain extent by the organization of public works, for example, by internal colonization, etc. In the absence of an adequate national system for the placing of workers, it has often been easier for a large number of individuals to find employment overseas than in a region within easy reach of their home. I think that this question of co-ordination can be included among the unilateral measures envisaged in paragraph a). We therefore arrive at the conclusion that the national organization of emigration is absolutely indispensable.

The next point to be considered is the organization of emigration by international collaboration along the lines which Dr. Oualid suggested with such remarkable clarity. In this connection, the agenda refers, first of all, to type contracts and bilateral agreements, the former being agreements of a less formal, less diplomatic character than bilateral agreements. We are asked to consider their "advantages, inadequacy and disadvantages." Here, experience differs and opinions vary very appreciably as regards the merits of the different bilateral procedures that can be followed; and, unfortunately, there is no sovereign solution that would dispense with any other method. It is possible that treaties which prove to be excellent in certain cases may be found to be inadequate in others, or may even yield bad results. It has been pointed out, in this connection, that in bilateral negotiations there are two parties which are not always on an equal footing; one party may be in a position of inferiority and be obliged to accept a compromise in order to retain advantages in matters connected with

migration. Thus, though the major principle of progress to be found in bilateral agreements cannot be called in question, the results so obtained might not always be ideal solutions from the point of view of justice or even from the standpoint of the rational organization of migration.

We now come to another aspect of the question: multilateral or general collaboration, which includes, among other things, the signing of conventions which, more satisfactorily than national laws or bilateral treaties, can define certain general norms for fixing the rules governing the relations between nations, particularly with regard to the circulation of persons or the movement of workers. There are, moreover, many examples of such conventions, such as the numerous agreements already signed in the matter of international labour legislation.

But besides the question of regulation properly so called, there is another aspect of the problem to be considered, perhaps the most important aspect of all, namely: positive action. Indeed, as a rule, unilateral or even international texts are not in themselves sufficient to set up migratory movements or even to maintain them if they are not supported by financial and economic collaboration. It is possible to imagine this collaboration within the bilateral framework, but it is considerably more extensive and far more fruitful when it operates on a broader basis. We here touch upon the distinction that economists make between bilateral relations and triangular exchanges.

To my mind, questions of migration and colonization give rise to the same situation. Economists are familiar with those cases of triangular, or what might be called "polygonal" collaboration that have occurred in the past, in a form that was perhaps not very clear or deliberate; men left the country of emigration, and the country of immigration received them and provided the means to work; capital also played its part. Other countries, to or from which nobody emigrated, took advantage of this situation, either to invest capital in or to supply raw materials to those countries where migrants were being installed, with the result that circuits of highly profitable economic exchanges were established. Thanks to these economic exchanges, whole areas in Europe and in countries overseas, with industries and factories that could be named, were developed. This was not the result of bilateral agreements but of the more or less international or organized combination of the live forces of several countries, and it

would seem that this invaluable collaboration is more likely to be facilitated by the functioning of international organizations of study and practical co-operation, adjusted to the needs and possibilities of the moment, than by legal, legislative or contractual regulations. Such, moreover, is the purport of the last point of the agenda that has been circulated. In the present circumstances, it would thus be possible to formulate suggestions for constructive action if it were wished to facilitate the maintenance or a certain resumption of migrations in their various forms: migration of industrial workers, of wage-earners or of agricultural labourers — in other words, the development of new countries and colonization, with a view either to the exportation of foodstuffs, or to providing for local consumption, or even the subsistence of the migrants.

DR. CARR-SAUNDERS. — May I be allowed briefly to support what has been said by Dr. Legouis and to make one or two remarks about the very interesting speeches by Dr. Alsberg and Professor Shotwell, which are very relevant to what I have to say?

The latters seem to question the value of emigration to the countries of emigration. But might we not learn something from the difficulties of internal peaceful organization? Have we not learnt that, if we attempt to prevent what might be called social migration within a country, if we attempt to prevent people from pursuing occupations other than those of their fathers and from moving into other social circles, we build up masses of resentment which finally overcome the restrictions and lead to internal disorder, to something, in fact, approaching civil or class war? Is it not also probably true to say that, if we try to compel people to live and make their living where they are born, we shall ultimately build up masses of resentment which they will attempt to relieve by force? That is a point I would put to Dr. Alsberg.

My second point is this: in the post-war world, capital and trade have come to be regulated by governments in a manner formerly unknown and this regulation is likely to continue. It would seem to follow, therefore, that migratory movements must come under governmental regulation also, which means under more than quota restrictions. I do not intend to discuss what the procedures might be; I only wish to say a few words about the objects to be achieved by such regulation.

There is first, the ascertainment of the needs of countries which

have, or think they have, a surplus population, and of countries like Brazil and Australia, which, as will be seen from the memoranda before us, are conscious of the need of immigrants. Secondly, the taking of governmental measures to fulfil those needs, which would seem to involve not only the ascertainment of the quantities of people who might profitably change their countries of residence, but more particularly what I would call their quality, age, sex and industrial experience. In other words, there should be an attempt to study and meet the needs of immigration countries by assuring that they receive immigrants of the right kind.

May I briefly mention three other points as subjects for regulation : (1) labour contracts, which might ensure that the migrant does not under-cut the worker in the country to which he is going; (2) the assurance to the migrant of adequate participation in the social services of the country to which he goes; and (3) the assurance that a person who moves with the intention of permanent settlement is not subject to enforced repatriation merely for the reason that, owing to temporary economic conditions, work fails him.

I would like to emphasize the extreme importance of the last point, if there is not to be discouragement to migrants. A man who is admitted as a prospective settler is a prospective citizen, and, while a man who only goes temporarily to a country might well be expected to remove himself under economic depression, a man who goes as a permanent settler is, as I say, a prospective citizen and as such is entitled to expect, if through no fault of his own, he loses work, to be maintained by the country of adoption.

Dr. ALSBERG. — If I have asked to speak again, it is because I find that some of the speakers have drawn certain inferences from my remarks that I am at a loss to understand, unless it be that I happen to be an American and it was assumed that I was speaking as an American with my mind on American conditions. I was speaking, however, not as an American, but as representing the Institute of Pacific Relations. I may say that I have no intention of putting myself in the position of opposing international arrangements or agreements for co-operation, or as defending the immigration policy of the United States, of which I as an individual by no means wholly approve. My point was simply this : we have all been speaking about what should be done to facilitate immigration, to make it fairer, and, before I raised the question, I

believe we had not considered what the country from which the emigrant comes gets out of it. Unless we do consider these countries, we shall go on having these difficulties for a very long time, if not for ever. What I was leading up to was that a country sending out large numbers of emigrants must, in fairness, if it wishes reasonable treatment for these emigrants, put its own house in order. If it has a policy of sending its citizens to other countries, it must at home do everything it can to improve the social and economic conditions of its own people. If it does that, emigration will be much less, the standard of living will go up, the adjusted birth rate will come down and in time we shall have an equilibrium which will be satisfactory to everyone. I would emphasize the fact that these domestic questions are of equal importance to the question of moving people from one country to another. If in a country the distribution of the national income is such that large numbers of the population receive less than enough to live decently, that country is in no position to demand room for its nationals, room which exists at home, but which it makes its nationals incapable of using or enjoying. A country so governed that its people are unhappy and discontented must put its house in order if it wishes to receive fair treatment from the rest of the world. The only purpose of my remarks is to point out that the question of migration is not entirely an external question of the country to which the migrant goes, but is equally a domestic question. We cannot expect a country which is complaining of overpopulation — without ever having defined what it means by that term — necessarily to have the right to send its people abroad, if at the same time it is straining every effort to raise the birth rate and increase its rate of population growth; demanding outlets for its surplus population while at the same time straining every effort (usually unsuccessfully, it is true) to increase its population.

Such countries must, as I say, put their own house in order if they want to take part successfully and reasonably in any control of migration, which personally — and again I am speaking for myself — I favour and do not oppose.

Dr. YOSHISAKA (*Translation*). — I should like to mention that the birth rate in Japan reached the figure of 36.51 in 1920; since 1921, however, it has fallen steadily and, in 1935, stood at only 32.32. Dr. Alsborg asked why overpopulated countries did not restrict the number of births. My reply to that question is that it is no easy matter to change

the customs of a country from one day to the next. In Japan, the conception of home life and the manner in which dwelling houses are built are not conducive to contraceptive practices. It is, nevertheless, evident that these practices are gradually spreading owing to the development of education and the changes that are being made in domestic architecture.

I would add that the standard of living in Japan is constantly rising in spite of the difficulties to be overcome, and this improvement is manifesting itself in respect to housing, clothing, food, education, etc.

Professor OUALID (*Translation*). — I feel that whatever may be the ideals we are seeking to attain, we must not disregard realities. What are these realities at the present moment? Whether we wish it or not, in the field of migration, as in that of the circulation of goods and capital, there is a tendency to substitute regulation, order, discipline and organization for the liberty that ruled in the past. We must, therefore, take this situation as a starting point and endeavour to reconcile what is reasonable in this organization with what is indispensable to the dignity of men.

How can this formula be applied in practice? First of all, by ascertaining what has already been done and by expressing the wish that these experiments should be extended to the international field by means of multilateral international agreements. A general statute for emigrants was outlined at the International Labour Conference of 1921, at which I had the honour to represent France. Further, by entering into the bilateral agreements to which I referred a little while ago, France has endeavoured to reconcile the interests of countries of emigration with those of the countries of immigration, due account being taken of all the economic, political, social, psychological and human problems that arise.

Lastly, as a means of protecting migrants, there remains the part to be played by the nations themselves, from the unilateral standpoint, through their internal legislation; the part that can be played by private organizations in collaboration with the public authorities; and, finally, the part that individuals can play in regard to labour contracts.

Let us take the rôle of the nations themselves: on a certain number of points, the interests of the emigrant and those of the country to which he emigrates are perfectly reconciled. In France, the opinion is that the protection of immigrants is not only a matter of philanthropic and

humanitarian duty, but also the expression of a well-conceived interest. It is considered that the best way to protect the nationals against immigration is to reduce immigration to an indispensable minimum and to make it a rule that, in no case, shall the economic or social status of an immigrant be lower than that of a national. This principle was established in France for humanitarian reasons but also with a view to safeguarding the standard of life of our working classes.

Next, with regard to the part that can be played by private organizations in concert with the public authorities: it is obvious that private organizations can introduce a certain amount of humanitarianism into what must inevitably be the rigid and impersonal methods of government departments. I have myself been a government official. To-day, I am concerned with the protection of emigrants in my capacity of chairman of several organizations, among which I would mention the *Commission nationale des Migrants*. As members of that commission, our rôle as regards national legislation, is somewhat like the rôle which this Conference has assumed with regard to international legislation — the rôle of pioneers and theorists actuating the public authorities.

Lastly, the question of labour contracts: What are labour contracts other than the application on a small scale, and for the benefit of the migrants themselves, of the clauses to be found in treaties? By this system, a migrant has in his pocket a contract which entitles him to present himself before the authorities in his own country, or in the country in which he is working. He knows that this contract will be recognized and respected by the courts of the country in which he is living, or by the consular or diplomatic agents of his native country.

That, in outline, is the status which we would like to see established for migrants, and we might conclude by expressing the hope that provisions of this kind will be generalized and extended. We have formulated a certain number of ideas; some of them have already been adopted in practice. It was well that these things should have been said. Very often, we express the wish to see the adoption of measures that are already in force and which, by invoking precedents, need merely to be extended and generalized.

THE CHAIRMAN. — Count Teleki has kindly consented to give a short summary and criticism of to-day's discussions.

COUNT TELEKI. — I am afraid it will be somewhat difficult to sum up to-day's discussions in the short time available without omitting



a whole series of very valuable suggestions; and may I say at once that while I agreed to give a summary, it was the Chairman who asked me to give a criticism, about which I feel some diffidence, as I do not really feel qualified to do so?

This morning very different views were expressed by Dr. Smolenski and Dr. Yoshisaka regarding the difficulties of overpopulated countries and the measures to be taken to remedy them, and this afternoon a very interesting statement was made about Java, where, following upon events in Europe during the last century, the problem may be considered as one of centralization.

We have seen how in certain countries there is little resistance to overpopulation not only for economic but for psychological reasons, such, for instance, as the strength of family ties in the case of Japan.

Professor Carr-Saunders referred to the distinction between the former agrarian immigrant and the wage-earner and the difficulties of assimilation — a problem which also raises questions of the different types of immigrants and whether they settle for a long or short time.

Then, there is the problem of minorities. Our Brazilian colleague pointed out that among people emigrating to the same place, there are often "forward" groups of the same nationality, which may, after a while, constitute a minority, a factor which gives rise to new problems. Some speakers went farther in regard to the psychological difficulties and alluded to the change in the cultural status of immigrants and its influence on the culture of the country in which they settle.

Political difficulties were referred to by Dr. Gascon y Marin, who mentioned the lack of comprehension by certain States of international collaboration though that is by no means the only political difficulty; difficulties of assimilation, for instance, also have political aspects.

Professor Bohac pointed to the need for immigration countries assisting immigration by greater liberalism, whereupon the Canadian and Australian representatives referred to the difficulties experienced in their countries in this respect.

We, therefore, have a picture more of difficulties than of solutions, but, of course, the very nature of our discussions was not such as would lead to the formulation of definitive solutions, for you will remember that it was decided at an informal meeting yesterday that we should discuss the general problem of migration which, while being our main topic, is only one of the problems involved in the broader questions of over- and under-population; that perhaps is one reason why we have

not arrived at solutions. It may, indeed, be that in the troubled times in which we are now living, it is impossible to find solutions, and, in any event, very long discussions would be needed to bring them to light. Nevertheless, some of the speakers raised the broader aspects of the problems, particularly Professor Shotwell, who, stating the historical point of view, referred to the change of the problem from period to period, and reminded us that both the times and problems with which we are dealing are unique, and that any solution we might reach could only be provisional and temporary and carry us over a short period, at the end of which new problems would arise.

Professor Richardson referred to the difficulties which varied according to periods of time and different peoples. Other speakers alluded to the difficulties in different parts of the world among populations with different standards of life, and here may I add, as a geographer, that populations living in areas like the Steppe Belt, the Mediterranean or the Monsoon countries may at certain times in history play different rôles. Never at any period of history can all peoples be levelled to a common standard, and I fear that in dealing with this problem of migration, we tend to generalize too greatly. Professor Shotwell, in fact, observed that we had perhaps over-simplified it by generalizing and not paying adequate attention to the interests of the countries of emigration and immigration.

This afternoon, we came nearer to proposals — those made, for instance, by Professor Zaleski and Professor Oualid — for more liberalism in the matter of immigration and greater *liberty* of circulation. In that connection, I would point out that liberalism is a characteristic of wealthy nations and prosperous periods. Other speakers, among them Professor Carr-Saunders and Professor Oualid, referred to *regulation*, and Dr. Alsberg spoke of a certain *control* of domestic affairs, saying — quite rightly in my view — that the problem is not merely international but internal, and that we should expect overpopulated countries to prove that they really are overpopulated in the general sense of the term and that they have done everything possible internally to cope with the situation before asking other countries to receive their nationals. In that connection, may I refer for a moment to the countries of Eastern Europe, which have carried out agrarian reforms, and the influence that these have had on emigration. If we consider such factors as these, we come, I think, inevitably to regulation — or at least a scientific if not political, control — of the internal affairs

of States, which is a step towards the development of international co-operation, to which perhaps we are slowly and reluctantly coming.

Different points of view were expressed as to general international regulation, bilateral treaties and even triangular co-operation, all these methods being advocated. I do not think any criticism can be made on that score, because it will always be a problem of the special case, for, as was pointed out, while it is easy for countries with the same mode of life to conclude bilateral agreements, countries of different types with different modes of living would require a more international solution.

A number of interesting proposals were made, so that even in the short time at our disposal we came to some very valuable conclusions. May I digress for a moment and say that in 1912 I remember travelling through the United States for ten weeks in a special train as a member of the Transcontinental Commission of the American Geographical Society, and during the last week a French colleague of mine, who is a Professor of this University, and who had the reputation of being the best observer among us, was looking out of the window and I asked him what he was looking at. He replied: "Well, sometimes all looks yellow to me, sometimes green. What it is, I do not know. Impressions are so many and so different." And so with us. When we go home and read the memoranda we have not so far been able to read, and reflect upon the work of the Conference, we shall find that it has provided us with very valuable material to be thought over and passed on to those who are looking for guidance from us.

# THE ROUND-TABLE MEETINGS ON COLONIAL QUESTIONS

## AGENDA

A Programme Committee, which was convened at the International Institute of Intellectual Co-operation on June 12th, 1937, to consider the agenda of the Tenth Session of the International Studies Conference, proposed the following general plan for the discussions at the round-table meetings on colonial questions :

- A. General aspect of the problem to be taken into consideration when discussing the specific solutions suggested.
  - I. Value of colonies : economic, political, prestige.
  - II. Rights of native populations.
- B. Solutions not involving a change of sovereignty.
  - I. Equality of treatment :
    - a)* Removal of restrictions on colonial immigration;
    - b)* Equality of opportunity for resident aliens in the colonies;
    - c)* Free access to colonial resources;
    - d)* Removal of obstacles to investment of capital by foreigners in the colonies (stabilization of currencies, discrimination in the granting of concessions).
    - e)* Free access to colonial markets (removal or lowering of preferential colonial import duties, extension of existing open-door systems : Conventional Basin of the Congo, Mandates System).
    - f)* Participation of nationals of non-colonial Powers in the colonial administration.
  - II. International co-operation in the exploitation of colonial resources (development companies, chartered companies).
  - III. International co-operation with regard to cultural penetration.

C. Solutions involving a change of sovereignty :

I. Extension of the present mandates system to all non-self-governing colonies. If the sovereignty in the mandated territories is taken to lie with the mandatory Power, this solution would not involve a change of sovereignty. The minor proposal for the conversion of the C Mandates to B Mandates should be discussed under equality of treatment, B. I. *b*).

II. Transfer of territory :

- a*) From a colonial Power to another national sovereignty;
- b*) From a colonial Power to an international sovereignty.  
(Creation of international mandates).

Various legal, economic and psychological aspects to be taken into consideration, as well as the rights of the subject peoples.

- c*) Gradual disappearance of colonial status as a result of the emancipation of the native population.

## FIRST ROUND-TABLE MEETING ON COLONIAL QUESTIONS

Chairman : Dr. EMANUEL MORESCO

THE CHAIRMAN (*Translation*). — Before opening the discussion, I should like to make a few general remarks concerning our procedure. We have only three meetings before us; we must therefore confine our attention to essential points. In that respect, our task will be facilitated by the agenda which has been circulated and which enables us to distinguish fairly clearly between two classes of questions : economic and political.

Point A appears under the following title : "General aspects of the problem to be taken into consideration when discussing the specific solutions suggested." It is obvious that, here, it is not a matter of questions which, as such, should be made the subject of a discussion; it is rather a question of the manner in which the whole subject should be viewed. If there are no observations on Point A, we can proceed immediately to a discussion of the economic questions, which you will find enumerated in Point B I, *a*) to *d*). Item *e*) is definitely of a political character.

Point II of Section B, on the contrary, falls within the economic class, with the exception of chartered companies, the outstanding feature of which is their semi-political character.

Point III is, to my mind, clearly political; it gives rise to extremely delicate and highly important questions.

Section C is also very definitely political.

I would draw your attention to an addition that has been made to the provisional agenda. I refer to Item *e*) of Section C II : "Gradual disappearance of colonial status as the result of the emancipation of the native population." At the outset, all that was envisaged was the transfer of the territory of a colonial Power to some other national sovereignty, and of a colonial Power to an international sovereignty;

it was later thought advisable to deal separately with this third solution, which consists in the progressive disappearance of the colonial status as the result of the emancipation of the tributary populations. It would thus be the transfer of the present sovereignty to a new sovereignty to be established : that of the populations settled in the colony.

Several of the economic questions arising out of our agenda were dealt with yesterday by the round table on population questions and by the sub-committee on raw materials. In the latter, mention was made, for example, of the generalization of the open-door policy and of the question of chartered companies. In the round table for population questions, consideration was given to the value of colonies as immigration countries for the inhabitants of the home-country. It is impossible to avoid overlapping in the discussions of the various committees, but it is none the less desirable that we should, as far as possible, confine ourselves to the ground allotted to us, namely that of colonial questions. For that reason, I shall call for a discussion of the economic questions as a whole; I shall then ask you to examine each of the political points separately. I hope that we shall be able to complete our examination of the economic questions this morning so that our two other meetings may be devoted exclusively to the political questions.

I shall conclude by expressing two personal wishes. I venture to ask speakers to be good enough — when discussing either a political or an economic question — to say whether they are speaking of colonies in general or whether they are considering a specific case. In point of fact, in discussions of this kind, specific cases are often treated in general terms, thereby conveying the wrong impression that the speaker is generalizing his point of view.

Lastly, remembering the French proverb which says that “the absent are always in the wrong”, I should like to make it quite clear that, in our case, they will not be in the wrong : their rights and interests will always be taken into account.

If the procedure which I have suggested meets with your approval, I shall open the discussion on the economic questions.

Dr. CHRISTOPHERSEN (Secretary-Rapporteur). — I should like to explain in a few words what we have in mind under a) “Removal of restrictions on colonial immigration”, and to indicate some of the natural channels for our discussion.

As regards immigration, a distinction must be made *a*) between immigration into countries situated in temperate zones and those in the East or in tropical and sub-tropical Africa, and *b*) between two currents of immigration : on the one hand Asiatics, and on the other Europeans, including races assimilated to Europeans such as Japanese, Chinese and Filipinos.

So far as concerns the problem of racial discrimination in matters of immigration and economic opportunity in the colonies, I would refer you to three points stressed by Lord Lugard<sup>1</sup> as follows :

1. Whether the restrictions on alien immigration are justifiable in the interests of the original inhabitants;
2. Whether the intending immigrants have any special claim;
3. Whether the restrictions are imposed purely on racial or political grounds.

I shall ask Mr. Lewis to deal with the specifically economic points.

Mr. LEWIS. — On point *c*) of the agenda, “ Free access to colonial resources ”, I can be very brief, because this question has already been discussed in the Raw Materials round table. We need, therefore, refer to it only in so far as it forms a specific part of other solutions of the colonial problem that we have to discuss. In general, the Raw Materials round table concluded that the question of access was less a matter of the colonial régimes themselves than of the economic policies pursued by the metropolitan and non-colonial Powers, a conclusion which will be of special interest in regard to the other questions before us : equality of treatment so far as concerns freedom to invest capital, and free access to markets.

With reference to the question of free access to capital investments, the documentation at our disposal does not give us any very clear indication of the lines on which the discussion should take place, since it is not possible to ascertain with certainty the total amount of capital invested in the colonies or the ownership of capital by different nationalities. It is probable that a discussion of this kind will fall into certain broad categories. The question of the freedom to invest capital very largely depends on the régime in the colony; whether, for example, the colony is in course of development by private capitalists, by char-

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<sup>1</sup> Royal Institute of International Affairs : *The Colonial Problem*, London, 1937, pp. 59 and 60.



tered companies, by governments alone, or by combinations of those methods. Moreover, the fact of the possession of a colony permits the metropolitan country to reserve some of the more lucrative enterprises to its own nationals while allowing foreigners to participate in others.

In the most usual case — which obtains in most British, Belgian, French and Dutch colonies — where the colony is developed by private enterprise, there is presumably no objection to foreigners purchasing shares in companies, and foreign shareholders are on perfect equality with national shareholders. There are, however, three disadvantages, two of which exist only in conditions of fluctuating currencies, common in periods of depression. The first, which is inevitable in any case, is that the foreigner generally must purchase his shares on the stock exchange of the colonial country; secondly, he incurs the additional risks entailed by fluctuating exchanges, which may extend to inability on his part to transfer part or all of the dividends due to him; and thirdly, he does not participate in the profits of brokerage derived from the new colonial issues. The mitigating of these difficulties is probably the first question to be dealt with.

A more obvious case of discrimination to be discussed arises where foreigners are prohibited from forming their own companies to exploit colonies belonging to other countries. This may be done by various means, by a law, for example, which stipulates that the majority of the directors in companies operating in the colony should be of metropolitan nationality, or by the actual prohibition of the purchase of concessions by foreigners, as is the case in regard to petroleum in certain British colonies. Similar monopolies exist in other colonies. There must also be many examples of unofficial monopolies maintained by powerful financial groups (such as the rumoured Portuguese colonial banking monopoly, or the African shipping pool), of which perhaps members of the round table may be aware. It would, seem, therefore, that the discussion of the obstacles to the investment of capital by foreigners in the colonies should lead on to the examination of the more subtle difficulties of the problem. Merely to recommend that monopolies and prohibitions be suppressed, while valuable in itself, would not deal with the wider aspects of the problem or give satisfaction to countries desiring improved opportunities for colonial investments. Under this head would come, for example, suggestions for an international Board of Investment in colonies.

Our fifth division *e*), Free access to colonial markets, has already been discussed to some extent in the Raw Materials round table, and it would be unwise, I think, to spend too much time upon it. The specifically colonial side of the controversy between the open door and protectionism has yet to be discussed: the problem of "assimilation" in certain colonies; the possibility of extending the Conventional Union of the Congo to more African colonies, and the possible adoption of similar régimes in Asiatic and West Indian colonies; and, in particular, the whole question of imperial preference, which must be defended on other than the purely local protectionist grounds put forward and discussed yesterday at the Raw Materials round table. I might add that in discussing the question of freedom to compete in colonial markets, the interest of the native population should be borne in mind.

Finally, there is the question of freedom of competition for shipping by all nations in the colonial carrying trade, which was not discussed yesterday, and the discussion of economic equality in mandates, — the possibility of the conversion of C mandates into B mandates.

Dr. FERENCZI (*Translation*). — All that has been done, so far, with regard to the value of colonies as outlets for over-population, has been to put forward migration statistics to support historical facts. Now statistics relating to foreigners lend themselves still better to this purpose, since they show the complete and lasting effects of exchanges of population. The preparation of the first study of the International Labour Office on the statistics concerning foreigners has made it possible for us to assemble, in a series of special tables, data which, unfortunately, are still incomplete and very dissimilar in respect of whites (nationals and foreigners) included in the censuses taken in the colonies of nine colonial Powers. Nevertheless, we have thought it desirable to make this contribution to the clarification of the question: to what extent have colonization countries derived demographic advantages superior to those of other countries, from the possession of their colonies? We cannot here enter into a discussion of questions of terminology, definition and methods concerning statistics of colonies. We shall, on the basis of the provisional figures, call attention to a few preliminary findings, and reserve the right to publish the final figures, with all necessary explanations, in a special study.

If we wish to obtain a fairly clear idea of the importance of emi-

gration to the colonies for the different European countries, as compared with the total emigration from these countries, it is appropriate to compare, first of all, the number of persons of various nationalities included in censuses taken in the colonies about the year 1930, with the number of persons of the same nationalities counted in all parts of the world.

By this method it will be seen that colonies are of the greatest demographic importance for France (82%), the Netherlands (49.3%), Portugal (38.9%), and Spain (26.6%). The other countries, such as the United Kingdom, Belgium, or even Germany and Hungary, appear much farther down the list. We see that, for countries possessing no colonies, the importance of such possessions is insignificant.

The most favourable ratio of white nationals to white foreigners is found in the Spanish, Dutch, French, Belgian, British and United States colonies. The French are migrating to their colonies in far greater numbers than in the past.

On the continent which at present forms the subject of the closest discussion, Africa, the order of the six colonizing countries, about 1930, classed according to the number of nationals as compared with the total white population, was as follows: Spanish, Portuguese, Italian, British, French and Belgian colonies.

Another method of arriving at the demographic importance of national colonies for the eight colonizing countries, that is to say, the possibilities offered for colonial migration, is to calculate the ratio of the total number of nationals in all the national colonies per 10,000 inhabitants of the home-country. We thus obtain the following order: Netherlands, United Kingdom, France, Belgium, Italy, Spain, Portugal and the United States.

The importance of colonies to the home-countries and *vice versa*, however, is not represented by demographic data alone; it also depends upon their general agrarian density, the fertility of the land and the system of cultivation, the factors and possibilities of other branches of production, the degree of civilization and the qualities of the natives, racial contrasts, the rate of increase of the total population and a multiplicity of imponderable factors.

Statistical data do not suffice to show the demographic importance of colonies. They need to be completed by documentation concerning the changes which have occurred in population over a rather considerable period. Comparable figures are available with regard to Germans and Japanese.

For example, about 1910, the number of Germans abroad exceeded 3.4 millions (subject to the reservations which we noted in the study of the International Labour Office on the statistics concerning foreigners); on the other hand, after efforts spread over a period of 30 years, the German civil population in her own African and other overseas colonies remained less than 20,000 (19,646 in 1913, exclusive of Kiaochow). After the war and until 1930, the number of Germans in the same territories (under mandate) fell to 16,774 (exclusive of Kiaochow). Development in the number of Germans was therefore less favourable in these territories than when they were directly under German rule. To understand this evolution, however, account must be taken of the war and of the post-war crises. The increase in the number of non-German whites (28,300 to 45,000) was slightly greater, but remained very small as compared with the increase, for example, in the number of nationals of countries given mandates abroad, considered generally.

The decline in the number of Germans is, moreover, partly due to naturalization, which, since 1930, has accounted for a still larger number.

In Japan proper, the population rose from 33 to 67 millions between 1872 and 1933. Only a very small fraction, however, of the annual surplus of births, at present about 800,000, is compensated by emigration, so that the number of Japanese (by birth) abroad, exclusive of Japanese colonies, was only about 1,050,000 in 1930 (Japanese statistics). Irrespective of birth, the number of Japanese abroad totalled 1.1 million (International Labour Office study). In the Japanese colonies properly so called (Formosa, Korea, Saghalien, Kwantung, leased to Japan), and the islands under mandate in the Pacific Ocean (Caroline, Marianas and Marshall Islands), the number of Japanese, including Koreans and Formosians but excluding soldiers, rose by 519,000 between 1920 and 1932, that is by 61.4% of the 1920 figure, whereas the increase in the total population of the colonies was 22.21%. For the whole of the Japanese colonies, the number of Japanese amounted, however, to only 5.01% of the total population; in Saghalien, 99% of the population were Japanese as compared with only 2.5% in Korea, 36.1% in the mandated territories and 5% in Formosa.

Up to the present, in spite of great efforts on the part of the Government, emigration and the definite settlement of Japanese in other parts of Asia, particularly in Manchuria, have been unsuccessful, mainly on account of the severity of the climate and, to a certain extent, the

absence of political stability. These circumstances, however, have not prevented the Chinese from settling in very large numbers in this region. On the other hand, favourable climatic conditions have drawn Japanese emigrants to Brazil in rapidly increasing numbers: 26,000 in 1916 to 174,000 in 1934. Though the climate of a country may prove more attractive than the national flag, the migratory character of a people is a more important factor than the amenities offered by governments. Towards 1930, the total number of Chinese (by birth) abroad was at least 4 or 5 millions, although intervention on the part of the Chinese Government did not manifest itself in any special way. From 1907 to 1934, the Chinese population of Manchuria rose from 16 to 32.8 millions; between 1923 and 1932, a further 3 million peasants settled in these territories.

That colonies do not constitute an adequate, not to say exclusive, remedy for the overpopulation of a country — regardless of the question whether colonies are placed under the sovereignty of this country or not — is proved not only by migration statistics but also by the censuses taken of foreigners. At the present moment, however, colonial territory has a greater attraction for persons of the home-country than for white foreigners. The political interest of the great Powers in the re-distribution of colonies remains very keen (prestige; economic, demographic and racial interests) and threatens also to give rise to controversy and conflicts in the future; it is therefore important to follow closely the increase in the number of whites (nationals and foreigners) in each colony and, in this connection, to work out static and dynamic statistical data.

In this connection, the demographic attraction which colonial territories have for the home-countries and for the countries possessing no colonies should be studied more closely. For this, it would be necessary to have complete, accurate, detailed and comparable statistics concerning :

- a)* the emigration and immigration of nationals and foreigners;
- b)* the national and foreign white population of the colonies, at least as shown by census and, if possible, regularly, by the periodical publication of the figures;
- c)* the total and natural increase in the national and foreign white population;
- d)* the number of naturalizations;

e) the percentage of nationals in the colonies as compared with the population of the home-country and the total population of the colonies;

f) the rate of natural and total increase in the number of natives, account being taken of their emigration and immigration.

These statistics would make it possible to determine the influence of climatic and other natural conditions, and to make forecasts regarding the evolution of relations between white and native populations, and thus to take such measures as may seem necessary for a more rational and more intensive exploitation of world resources.

Furthermore, it would be possible to form an idea of the attraction exerted by various colonial régimes (national administration, national mandates or, perhaps, international mandates, etc.) on the nationals of the different countries.

Dr. TOUZET (*Translation*). — I have read Dr. Christophersen's report with the utmost interest and attention, and I congratulate him on the work he has produced. I note, however, in his classification of colonies, that he includes Algeria. In point of fact, I cannot blame him personally for placing Algeria amongst the colonies; he sums up United Kingdom reports, however, and it is impossible to discern his own views on this point, or whether he accepts or rejects this idea.

Speaking personally and as a Frenchman, I wish to say that in no case and under no circumstances does any Frenchman admit that Algeria should figure in a list of colonies. It must be clearly understood that Algeria has always been national territory. Algeria is a French province. Minorities, of course, exist there, but from the constitutional point of view, it is national territory. So much so in fact, that after a given number of years' residence, a foreigner can become naturalized French without ever having set foot in France.

Having called attention to this point, I shall ask Dr. Ferenczi whether he includes Algeria among the colonies. I presume that he does; otherwise the conclusions which he draws from his statistics give cause for surprise.

Dr. FERENCZI (*Translation*). — From the point of view of actual fact, and taking my definition as the international basis for my colonial

statistics — and therefore in the broadest sense — the territory of Algeria is, by virtue of its character, considered as a colony, as a territory politically administered by a home-country, and exploited, primarily, for the benefit of that home-country. Taking into account similar situations in respect of other countries and speaking for myself — for it was a personal study that I undertook — it is true that I classed territories politically administered by a home-country as colonies, in accordance with the League of Nations' *Statistical Yearbook* and with practically all authors who have scientifically dealt with this question, for example : Dr. Grover Clark, who has written some comparative studies on colonial statistics; and Dr. Landry, former French Minister, who refers to Algeria as a colony<sup>1</sup>. In giving this definition, I believe that I am in no way assailing the political interests of any Power whatsoever. In any case, in order to accomplish useful economic and sociological work, and to show the influence of various régimes on the demographic evolution of the different territories designated as colonies, it was necessary to adopt this course. If anybody can suggest a better method for the purposes of the work we are here undertaking, I shall be willing to adopt it.

Dr. TOUZET (*Translation*). — So Algeria, a national territory, a French territory, is, for practical purposes, ranked with the colonies. I cannot question anybody's right to include Algeria amongst the colonies; one might even add Corsica, on the grounds that this territory is cut off from the rest of France by the sea. Nevertheless, as Frenchmen, we do not admit that point of view.

You see, therefore, the abuses that can be committed for the sake of convenience. I will give you examples of these abuses. We are told that 82 % of Frenchmen abroad live in the colonies. First of all, with what figures has this 82 % been calculated? We have an extraordinary percentage of emigrated Frenchmen, but in absolute figures, it is perhaps exceedingly small. If you deduct the million or so Frenchmen living in Algeria, what, I ask, is the exact percentage of Frenchmen in what we regard as colonies?

I shall go still farther. If I am not mistaken, Dr. Ferenczi said that, in the French colonies, there were 346 whites per 10,000 inhabitants of the home-country.

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<sup>1</sup> Adolphe Landry : *La notion de surpeuplement*, (French Memorandum No. 1) p. 6.

THE CHAIRMAN (*Translation*). — It is useless to discuss the figures put forward by a speaker. It is obviously impossible to criticize figures which we are hearing for the first time and which we have had no time to examine. Dr. Touzet's intention, I understand, is simply to declare that, in the opinion of the French, Algeria should not be included amongst the countries designated under the title of "colony".

Dr. TOUZET (*Translation*). — In that case, any figures arrived at by including Algeria in the statistics which may be elaborated will inevitably be regarded by Frenchmen as giving an inexact picture of actual fact.

Dr. DRUMMOND SHIELS. — I should like to address myself for a moment to the question of "restrictions", because that is a subject which has had to be considered a good deal in the administration of the British colonial empire. Before doing so, however, may I follow the last speaker in paying a tribute to Dr. Christophersen's report. I realize the difficulties under which he laboured and wish to express my appreciation of the result, which has been very helpful to our studies.

The difficulties already referred to have, I think, shown that this problem does not greatly concern white emigration. It is of considerable interest, however, to the crowded countries of India, China and Japan, which are concerned about access to certain eastern and southern territories. From time to time a good deal of friction has arisen because of restrictions imposed. There have been in the British colonies many immigrants from these three great countries. There are a substantial number of Indians in the West Indies and in British Guiana who appear in most cases to have become now an integral part of the population. There is no evidence of any great administrative or other difficulties as a result. There are also a considerable number of Indians in Fiji. In this case there have been certain educational and administrative difficulties, owing to the difference in culture and outlook of the Fijians and the Indians. It is interesting that in Polynesia and Melanesia the presence of alien races appears to have an adverse effect on the well-being of the native inhabitants. Not only is there an obvious economic effect, but from the health point of view it appears that these interesting and attractive races have less resilience than others, and that they suffer physically from the presence



and diseases of incoming peoples. That, at any rate, is the present impression, but it is one of the many subjects concerning racial contacts on which it would be desirable to have more information.

In the British African colonies there are many Indians, and though they have been of great service in helping to open up the country by trading and shop-keeping, there have been certain criticisms in regard to their presence there and as to the effect on the African population. It is too soon to make a final pronouncement. There is a large Chinese population in British Malaya, which has presented no difficulty and has formed a more industrious and useful section of the population, though here again the economic effect on the Malay inhabitants is obvious and important. There are groups of Japanese in many British colonies, but they are not in large numbers.

The restrictions imposed on immigration into colonies are quite rightly justified on some of the grounds I have indicated. Nevertheless, whatever the motive and however justified such exclusion may be, there is always the suspicion on the part of those who are refused admission, or of those responsible for them, that the exclusion is really on racial or political grounds and that the ostensible reasons for refusal of admission are not the real reasons. It would therefore seem desirable to have a further study of this subject of racial association, particularly along scientific lines, which might produce some authoritative conclusions.

Dr. Christophersen mentioned the proposals suggested by Lord Lugard<sup>1</sup>, and I would point out that Albert Thomas at the World Population Conference in 1927 made a similar suggestion and said that an international authority, possibly of a permanent type, might be set up to deal with the whole migration problem and to advise governments — which are often in difficulty — on its scientific aspects. It would be very desirable that the Conference should approve of such suggestions, because at present the whole subject is necessarily treated in an empirical way and suspicion and friction are caused thereby. It may be that the grounds given for exclusion are not always scientifically justified, but caution is natural and wise in these matters, and mistakes have been made in the past.

THE CHAIRMAN (*Translation*). — Dr. Drummond Shiels has asked that the Conference should express an opinion on the adoption of the

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<sup>1</sup> See, above, p. 419.

suggestion made by Albert Thomas at the World Conference on Population held in 1927. I would remind you that the Conference takes no decisions, not even in the form of recommendations, but Dr. Shiels' wishes would certainly be met if his observations are entered in the record of this meeting. The record will accordingly mention that an authoritative speaker supported the suggestion made by Albert Thomas and it will also state whether that suggestion gave rise to any objections.

Professor RICHARDSON. — Up to the present the discussion has centred on the question of immigration into colonial areas, but I should like to broaden it somewhat to include some of the other points on the agenda, sections B and C of which seem to be interrelated. I should also like at this juncture to ask what is likely to be the effectiveness of economic changes which do not involve a change of sovereignty?

We should, I think, try to bring these economic changes into proper relation with the other changes that will be envisaged later in the discussion. If the world's difficulties were purely economic, adequate solutions might perhaps be found by economic means, but in my view, questions of sovereignty are much more important in involving danger to world peace than economic questions. It is useful in considering economic solutions to try to assess their value in relation to the other types of solutions. For example, the difficulties of participation in colonial administration will subsist so long as the present type of individual sovereignty is continued; one of the values of colonial areas in the economic field is the opportunities it gives for participation in administration. Similarly, difficulties in the field of investment will continue to exist so long as sovereignty remains as at present. In my view, therefore, — and this is my general conclusion on the whole of this section — we can only hope for a limited solution by economic means.

Turning to the details of the economic solutions, it would seem desirable that our first consideration should always be the interests of the native populations. In this connection, I would ask what does Point a) "Removal of restrictions on colonial immigration" mean? Does it mean that anyone should be able to go to any colonial area without regard to the state of the population or the natural resources of that area, considering nothing but his desire to go or the desire of a country to plant settlers there?

It seems to me that restrictions on immigration are necessary, and that our problem is not so much their removal as the establishment of proper restrictions, restrictions that will take account of the state of the population, whether the area is adequately or overpopulated, problems of assimilation discussed yesterday, problems of natural resources and so forth. In establishing those restrictions, however, discriminations between the Powers outside the colonial area should be avoided. A policy framed along these lines would make a definite contribution towards peaceful change.

I would also apply the principle of considering the interests of the native populations to the problem of access to colonial resources and markets. At the present time, self-governing States consider it necessary in their own interests to protect their markets and control their natural resources, and it would be unsound to deny similar powers to colonial areas. There are two ways in which a contribution to peaceful change could be made in this field : by establishing the principle that although colonial areas should have the right to regulate the exploitation of their raw materials and resources and to control their own markets, they should pursue as liberal a policy as possible; that is to say, there should be the greatest possible freedom of access to markets and raw materials. Further, there should be neither discrimination as regards access between the different Powers outside the colony, nor that special form of discrimination in favour of the mother country which we call preference. The essential consideration should be the interests of the native population, combined, as I have suggested, with the maximum possible freedom of access to raw materials and markets.

Dr. LOUWERS (*Translation*). — I should like to say a few words on the subject before us and hope that you will excuse me if I repeat, perhaps, what may already have been said at a previous meeting or in another committee.

First of all, in order to determine the true incidence of the question of emigration on the problem which we are discussing, we must be quite clear in our minds that the trend of emigration varies very considerably from year to year. A few years ago, emigration was an imperative need for a great number of nations. This need is becoming less and less felt. In the case of certain countries which formerly supplied large numbers of emigrants, the problem of emigration has, to all intents and purposes, disappeared.

Why has this change taken place? The explanation is to be found in the increase of industrial capacity, and also in the improvement of living conditions in the countries considered. The more a country is industrialized, the wealthier it becomes; it sees the standard of living of its population steadily rise, while its emigration needs and the number of its emigrants decrease. This is easy to explain: (1) a country in process of industrialization can absorb more labour; (2) the development of industry creates a social class that is treated with ever greater consideration, that becomes more and more exacting and less and less willing to make sacrifices. Thus, the number of emigrants, even from the ranks of the unemployed, is declining.

This phenomenon is to be noted more or less in all countries. I will cite my own country as an example: in Belgium certain areas of the country are losing their possibilities of economic activity because the raw material exploited there is becoming scarcer. I refer to certain coal-mining districts. In some parts of the country, the coal mines are being worked almost at a loss. They are kept in operation so that a certain proportion of the population may remain at work. It was suggested that this population should be transferred to another part of the country where new coal deposits had been located. The population flatly refused. The workers will not even allow themselves to be transferred from one area to another.

Another phenomenon to be observed almost generally is the difficulty of inducing a portion of the unemployed industrial population to take up employment in rural areas. "Back to the land" is a problem met with in every country and which encounters serious obstacles because no candidates can be found.

I repeat, therefore, that the emigration problem has become less acute in a large number of countries, and it will continue to fall in intensity year by year. This diminution will be proportionate to the social amenities placed at the disposal of the population as a whole. The unemployment policy, in particular, which has become a social necessity in every country, constitutes an obstacle to emigration and, to a certain extent, we may congratulate ourselves on the fact.

We must therefore counteract the impression that the world is faced with a poignant problem because certain countries have closed their frontiers to immigration. In a word, I should say that the problem of emigration is becoming less acute. That does not mean that it has disappeared; and it is certainly indispensable, for the peace of

the world, that the greatest emigration facilities be granted to the whole of mankind.

Here, however, we must again proceed cautiously. From the point of view of the problem which we are debating, namely, whether it is possible, by changing the régime which I shall call the "colonial régime", to minimize the danger of war, it should be pointed out that the problem is envisaged in relationship to colonies. May I be allowed to say that the problem is thus very badly stated. It infers that the solution of the problem of emigration lies in the colonial sphere. Now that is not the case. The solution to this problem is to be found all over the world; in other words, it is not only the colonies that must be thrown open to immigration; and we shall see at once that, even if they were opened to the maximum, the colonies could receive but an infinitesimal number of immigrants without incurring the risk of death. If it is really wished to solve this problem of emigration, and a solution must be found, it is the whole world, or at least those countries which, by virtue of their position, can absorb a fairly large number of immigrants, that must be opened.

Shall I be more explicit? Shall I give you the names of these countries? In America, and particularly in South America, there are territories which, because of the definition we have given to the term "colony", we cannot classify amongst those which are engaging our attention and which are, nevertheless, territories more specially qualified to receive immigrants; firstly, because they are rich territories more highly developed than most colonies, and secondly, because they are inhabited by an extremely small number of Europeans as compared with the total population. There are territories which present the same characteristics in other parts of the world: Australia and New Zealand, for example. There are others which, no doubt, could open their doors a little more widely to immigration in so far as immigration must still be continued.

I will sum up my remarks as follows: We must be careful not to permit the belief that the solution of the emigration problem lies in the colonies. It does not. The contribution that the colonies can make towards a solution of this problem is a very small one, for the following reason: the majority of the colonies which we have classed under that heading are still but summarily organized; their development is slow and immigration can be envisaged only in so far as adequate organization already exists in the country. Secondly, most of

these territories have a climate which is very unfavourable for mass immigration. It is thought that immigration can be directed chiefly towards the sparsely populated areas of colonial territory. That is a mistake. The areas where there are practically no inhabitants are generally the high plateaux; but these plateaux, which, from the point of view of climate, are certainly suitable for the settlement of groups of immigrants, are not sought after. It is more difficult to carry on economic activity in these regions than elsewhere, because they are generally isolated and still unprovided with means of communication. Considerable expenditure would be necessary for the installation of these means of communication. Markets are rather restricted and any immigrants wishing to devote themselves to some form of industry or to agriculture on a large scale would find no labour. On the other hand, the areas of colonies which can the most easily accommodate certain classes of immigrants are mostly inhabited by the natives, but these areas are low-lying and therefore the least healthy. Economically, they are the more highly developed and most urgently need certain categories of settlers, for example: shopkeepers, bankers, engineers, farmers, etc., besides various artisans for trades which the native population has so far been unable to take up.

Dr. Richardson, in dealing with another point, has made such judicious and such complete observations that there is no need for me to submit those which I had myself prepared. They refer to the idea of immigration restrictions. Dr. Drummond Shiels has also raised this subject. I am entirely in agreement with what they have said. It must not be imagined that immigration restrictions can be entirely abolished. The adoption of such a course would lead to nothing but muddle, prejudicial to certain interests essential to colonial territories. Dr. Richardson and Dr. Drummond Shiels have clearly indicated these interests; it is a question of native interests.

Dr. KIRK. — Some time ago I made an investigation into some of the restrictions imposed in colonial areas on the exploitation of national resources by foreigners. I undertook the task well aware of its extraordinary difficulty, and without being very sanguine as to the results I might be able to achieve within the short time at my disposal.

This morning I should like to say a few words on the situation as it exists within the colonial Empires at the present time, and, first,

I would insist upon the necessity of making a sharp distinction between the letter of the law and the methods by, and extent to which it is applied. It is comparatively easy to collect legal texts; it is much less easy to examine the extent to which they have actually been applied, and still less easy to attempt to examine the extent to which they have been successful in achieving the ends for which they have been applied. With these words of caution I will refer to a few of the legal restrictions enforced at the present time.

A relatively understandable and not particularly discriminatory measure is the requirement that all foreign companies engaged in or desirous of becoming engaged in the exploitation of mineral resources within a country or colonial territory shall not only be incorporated under the laws of the colony or of the mother country controlling the colony, but be legally registered, in order to ensure adequate legal responsibility. It seems to me reasonable that companies should at all times be expected to maintain local representatives within the area. In some cases, these local representatives (and here I have in mind particularly the Netherlands Indies) must be citizens of the country of exploitation, or at least must have adequate legal residence there.

Rather more severe is the restriction imposed in many of the French colonies that a company desirous of obtaining a concession for the exploitation of natural resources must be controlled by a Board of Directors, the majority of whom are French citizens. The actual minimum legal percentage varies, but in all cases the majority of the members of the Board of Directors must be French citizens. In a few cases there is even an attempt to go beyond that and insist that the majority of the stock, assuming it be a joint-stock company, shall be controlled by nationals of the country.

Now, as I have said, the extent to which legal restrictions of this kind are effective is very difficult to state, because there are all sorts of means by which it is possible to set up a legal agency or even a legal company which fulfils the legal requirements with respect to the nationality of the Board of Directors, and yet in reality is controlled by foreign corporations. That, I think, is a question into which enquiry might be made.

In some colonial territories there are, in addition, certain processing restrictions, such, for instance, as the tin restrictions in Nigeria, which place severe penalties on tin not smelted within the Empire. This type of restriction is not widely imposed, but it does exist in a few cases.

Further, there has been a decided growth in the past few years of monopoly restrictions, according to which not only are foreigners excluded by law, but exploitation is reserved entirely to the colonial administration or to an agency which is granted the right to exploit a given material. Until recently it was the practice in the British Empire to reserve the oil rights in certain areas to companies controlled by British subjects. That has now been modified, but this type of requirement still exists in a number of colonial territories and, as I say, in some cases it is carried to the point of establishing a complete monopoly. In the French Protectorate of Morocco there are a number of monopolies of this kind. As widespread as any examples of this kind are those to be found in Manchukuo. I realize, of course, that Manchukuo is, technically speaking, not a colonial area, but the monopoly situation there is extraordinarily interesting, and I cite it because of its pertinence to the general problem. There, virtually all important minerals have been withdrawn by law from private exploitation either by citizens of Manchukuo or by foreigners, and an exploitation monopoly granted to a particular corporation — generally under Japanese and Manchukuo control. The funds of many of these corporations are subscribed by the Manchukuo Government and one or more of the subsidiary branches of the Manchurian Railway, which in turn, of course, is largely controlled by the Japanese Government. Thus, for something like twenty-three different minerals no private exploitation is possible.

May I add that administrative requirements are in many cases far more important as sources of *de facto* restrictions against the exploitation of natural resources than the actual terms of the statutes themselves. If, for example, the granting of a concession for the exploitation of mineral resources to a foreigner involves a more lengthy legal process than in the case of a company controlled by nationals, that increased difficulty may quite easily become an opportunity for the exclusion of foreign control or foreign capital. If concessions to foreigners have to be approved by ministerial or governmental agencies, a measure not required in the case of concessions to nationals, and if refusal to grant a concession by the government may be given without explanation to the person or company requesting it, opportunity is opened for the complete exclusion of foreign interests, without there being any specific statement in the law regarding the reservation of natural resources for domestic exploitation. In this respect the French



Colonial Empire is undoubtedly far more nearly closed to foreign exploitation than the British Empire.

In the event of the study of the general problem of peaceful change being continued, it might be fruitful to make an enquiry — on the basis of the preliminary enquiry conducted among those who have actually had business experience of the problem — into the extent to which these administrative restrictions operate and their ramifications.

Dr. LABOURET (*Translation*). — I have been very much impressed by the turn this debate is taking; my fears started when I was examining the different reports — prepared with considerable care — on the question of possible migration to the colonies. The authors of these reports have, as was only natural, viewed the problem chiefly from the European standpoint. In all questions of this kind, however, there are two parties to be considered: the European and the native. I would add, in support of what Dr. Louwers has just said, that the settlement of Europeans in certain colonies is impossible unless there already exists the labour required for the organization and development of the country.

It is true that the rights of the natives have been mentioned, but I should have liked to see greater stress laid on this aspect of the problem which closely concerns us. Indeed, there is no colony in the world where the immigration of foreigners has not led to what, in many cases, was unfortunate social and economic disturbance. Many examples could be cited but it will be sufficient to mention the immigration of the Chinese in the Pacific, Indo-China and the Malay States, or that of Mediterranean elements along the Red Sea, in Ethiopia, Madagascar and certain parts of British East Africa; the well known example of Indian immigration in East and South Africa must also be remembered. In conclusion, I would mention the part played by certain Syrian and Irakian elements in the British and French colonies of West Africa. Their presence and their various activities influenced the economic life of natives in a way that calls for attention.

Other persons better qualified than I to speak of British and French possessions could reveal to this Committee many interesting facts concerning Chinese intervention in the Far East and in the Pacific. With regard to Africa, I shall, in this sphere with which I am familiar, merely call attention to the problem raised by the presence of Syrians

and Irakians in Sierra Leone and Senegal; they were drawn to these colonies by the British as well as by the French authorities because these two regions needed a new element that could serve as a connecting link between Western trade and the natives. It was hoped that the immigrants would help to educate the natives and assure a better standard of living for them through trade and by more intensive agricultural production. These hopes were not fulfilled. The Syrians and Irakians established themselves in these countries and worked with commendable enthusiasm and perseverance, but their efforts soon led to unexpected results as regards the native communities. They started by taking the positions previously held by the more or less educated natives, able to speak English or French, able to read and write and possessing an elementary knowledge of accounting. As a result, the more deserving Africans were deprived of the possibility of better pay and more congenial occupation. The commercial abilities of these immigrants rapidly developed and the natives who might have founded and run a business in their own land were ousted by the newcomers. Not only that, for the Syrians and Irakians, powerfully grouped together, monopolized certain markets, for example, the trading in peanuts, to the detriment of European firms. Certain individuals were accused of having deceived the producers in order to obtain the delivery of goods at prices lower than those quoted on the market, thereby making substantial profits to the detriment of the natives. In addition, a system of banker's and financial loans, cleverly calculated, was practised by those with ready money at their disposal. I hesitate to use the expression "usury" here, but I know that loans of this kind were granted at extremely high interest for the purchase of seed, the security being the forthcoming crops. In studying this mechanism, I have often thought of a character in Kipling's "Kim" who speaks of a moneylender advancing money to a peasant against the third calf born to a cow given as security by the borrower.

So far, I have spoken only of Africa, but equally striking instances could be found in the Far East. Almost anywhere in the world, we meet with indisputable difficulties in improving the lot of the native populations; they are generally due to middlemen of this type who come between our nationals and ourselves to delay, distort or thwart our action.

In an international gathering such as this, there is no need for me to remind you that the colonial Powers have to shoulder a heavy respon-

sibility, that of the development, transformation and progress of the native; for that reason, I am of the opinion that immigration should always be considered in the light of the repercussions that the arrival of newcomers can have on the native communities. The data spread over what is already a considerable period warn us against a certain category of foreigners who are not indispensable to the welfare of the country in which they settle and who may be a danger to the population. I refer to no country in particular, but I would draw your attention to a human and natural fact: when a man or a family seeks to settle in a new country, in many cases this aim will be achieved only to the detriment of those who are already established there.

## SECOND ROUND-TABLE MEETING ON COLONIAL QUESTIONS

Chairman : Dr. EMANUEL MORESCO

Dr. VEROSTA (*Translation*). — The agenda proposes three solutions not involving the transfer of sovereignty, namely : “I. Equality of treatment; II. International co-operation for the exploitation of colonial resources; III. International co-operation for cultural penetration.” These three solutions seem to me somewhat optimistic. Indeed, equality of treatment, in so far as immigration and access to colonial markets are concerned, means free access for all to the colonies, without discrimination between nationalities. I realize that this is an ideal solution and the one which is recommended by the liberal economists, as appears from the discussion in the round table on raw materials questions; but even if the superiority in principle of the liberal system leaving everything to the free play of economic forces is assumed, it must be admitted that the reality is very different; it is simply a matter of reciprocity, of a system of preferences, of political consideration and also, it must not be forgotten, of military considerations. We cannot leave out of account this present state of mind of the majority of colony-owning States.

For my part, I should favour another solution, which would consist in the conclusion of bilateral treaties between a colonial Power, and a power desirous of obtaining concessions in foreign colonies. This solution would be of advantage to small States, which are not anxious to obtain colonies, but which suffer from overpopulation. In my opinion, it is not possible to envisage a system of equality. States which possess colonies are willing to grant concessions to a small State, but not to a great Power, for fear that the latter, having once established settlers, might intervene with armed force.

I am aware that I speak here as a lawyer. I think the solution I have mentioned would improve the sometimes almost desperate situation of certain small countries.

I am in agreement with Dr. Louwers in thinking that a general solution must be found for the question of immigration, and that we cannot confine ourselves to the colonial aspect. All the same, we can find there the elements of a solution for the question of overpopulation, as well as for that of raw materials. It is, of course, essential to consider the position of natives and the necessity of maintaining colonial equilibrium. By the method of bilateral agreements the interests of colonial powers will be safeguarded, since such agreements will not be concluded without their consent.

In my report on *Austria and the Colonial Problem* I pointed out that there exists in Austria a society for colonial expansion, whose aim is to conclude agreements with foreign States. This society is supported by the government. Conversations took place in 1933 with the French Government concerning Madagascar, and more recently with the Italian Government concerning Ethiopia, with a view to relieving Austrian overpopulation.

Dr. CATASTINI (*Translation*). — I should like to draw certain conclusions from this morning's discussion. Three kinds of obstacles to white immigration in colonial territories appear to emerge. There are, first, physical difficulties of habitat; secondly, the lack of economic means—for the modern settler is no longer the pioneer of days gone by—and, finally, administrative obstacles to large-scale immigration. However, conclusions have been drawn from this situation which appear to me rather too definite. For example, it has been affirmed that we must give up all hope of finding in the possession of colonies a solution to the problem of overpopulation, particularly for nations which have certain aptitudes and certain qualities. I agree with Dr. Louwers when he says that we must look for a general solution by economic and political measures. I am not, however, of the opinion that we must exclude the colonial solution, for I think it can help to solve the problem of overpopulation. I have been studying colonial problems too long not to be aware that it constitutes only a 'relative' solution; but as such it exists all the same. I apologize for submitting to an audience of scientists a very humble comparison. I will say, however, that if one cannot offer a hungry man a square meal, but is able all the same to give him a light lunch or even a cup of coffee, one helps him to get over the most difficult period. It is said that colonies cannot solve the problem of excess population, and that this is proved

by statistics. My experience of mandated territories confirms it. But, it is forgotten that the possession of colonies helps the development of the economy of the mother-country, creates employment, etc. This morning, Dr. Labouret emphasized that the establishment of settlers involved for the colonial Power a number of economic measures which constitute for it a very heavy burden and which probably could not be supported by it for the advantage of others. I agree, and that is exactly why no country should support this burden of developing colonies if not precisely the country which, suffering from overpopulation has an interest in colonizing a territory, but on condition that it is subject to its own authority. In conclusion, I repeat that the colonial solution is only a relative solution, but it incontestably constitutes one of the remedies that can be applied to the situation of certain overpopulated countries.

Dr. GORMSEN. — I wish to say a few words with reference to the important speech made this morning by Dr. Louwers. I agree with him on nearly all the points he raised, but there is one which I am quite unable to support — the view he expressed that there is practically no further need for emigration. That is not true, for instance, of Italy, Germany and Poland. The Polish representative yesterday described the situation in his country, and according to what he said it is clear that there still is a very great need for emigration there. The need certainly exists in Denmark and probably, to some extent, in Norway and Sweden, as, in all likelihood, it does in several other countries.

It is true that the need for emigration is decreasing; but that is not the same as to say that it has entirely disappeared. We have to look at the matter from the point of view of the next ten or twenty years, and if the need exists, even though it be a decreasing one, arrangements nevertheless have to be made to meet it.

Dr. LOUWERS (*Translation*). — I do not want to waste the time of the committee and will reply very briefly. My remarks had the following meaning: according as countries industrialize themselves and acquire a higher degree of economic, and particularly industrial development — and by industrial I mean also agricultural industry — the need for emigration becomes less. The figures are there to prove it.

Dr. HENDERSON. — Most of the speeches at this round table have been concerned with the question of emigration, but to my mind the migratory movement was an essential part of a much larger process of development in the 19th century. Conditions have now changed so as to favour it no longer. It is one of the many paradoxes of the present economic situation that it is partly because the growth of population in many parts of Western Europe is much less rapid than formerly, that it is difficult for countries which still have a great pressure of population to secure outlets for emigration. As was explained by Dr. Forsyth for example, the newer countries have great difficulty in accepting immigrants to-day because the opportunities for absorbing large numbers of persons in the agricultural countries of the new world are less than they were. That is largely so because there are no longer very rapidly expanding markets for primary products; that, in turn, is due to the fact that the populations of countries like Great Britain, which used to supply these markets for primary products, are not growing as they used to do. Thus, the very fact that populations in certain parts of Europe are growing much more slowly than formerly, makes it more difficult to relieve the pressure of surplus population in countries like Poland, where it still is a very definite problem.

Paradoxes of that kind, however, underly most of our present problems. In the Raw Materials round table one of the facts that emerged and was generally accepted was that the real condition of the world was not that of a shortage of raw materials but in almost every case of a redundant capacity for producing them. Yet that leads indirectly to a greater difficulty on the part of some countries in obtaining raw materials. That has a bearing on the problem of the open door, which has not so far been widely discussed and in regard to which I should like to make one or two remarks. The departure by Great Britain, in connection with the Ottawa policy, from the principle of the open door in relation to the non-self-governing colonies was a highly controversial matter in Great Britain, and opinion as to the expediency of the policy then pursued is still very much divided. I do not think there would be any rooted objection to a modification of that policy and a return towards the principle of the open door, if it were thought that it would contribute in any important degree to an easing of the world's problems. My impression, however, is that not many people seriously think that a return to the policy of the open door in the colonies would really meet either the present diffi-

culties or the desires of the countries that have complaints to make at present.

Two schools of thought were reflected in the Raw Materials round table — there are those who would like to see a return, as far as possible, to the old free international economic mechanism which has been so greatly shattered in recent years, and there are others who feel that a return to the old system is impossible, that we must move forward to a greater degree of control, regulation and planning in various aspects of economic life. Some of those who take the latter view feel that the principle of the open door belongs essentially to the philosophy of *laissez faire*; they would argue for example that it may well be that colonial territories are involved in difficulties connected, say, with world over-production of the materials they produce; that it may be desirable that they should take part in co-operative restriction schemes for dealing with this problem and that this might entail agreement arrangements, which would be inconsistent not perhaps with the spirit but with the letter of the policy of the open door, as hitherto applied. It must not be supposed, therefore, that the open door principle necessarily represents the most durable objective of a policy of international co-operation in the circumstances of the modern world.

It would be, however, of considerable interest to find out whether any really strong feeling is reflected in a considerable number of countries that the return, so far as the British Empire is concerned, or the move forward, so far as other empires are concerned, to the principle of the open door in colonial territories, would be of any material advantage to them. If there is that feeling, I do not think there would be any rooted objection in Great Britain to restoring the principle. But so many practical difficulties would arise that this would not be done unless it was thought that a useful international purpose would thereby be achieved.

Dr. LABOURET (*Translation*). — To bring a fruitful discussion to a close, I should like to insist on one particular point. There certainly exists in the world a need for what is called excess population to emigrate. But as a counterpart to this need, are there possibilities for this excess population to establish itself elsewhere? This point of view does not seem to me to have been sufficiently considered in the discussion which has just taken place. A large part of the territories of tropical Africa is at present the object of active propaganda declaring



with great energy that the European unemployed can establish themselves on the land there, where the density of population is small, that they can live there, prosper and even become wealthy. On the contrary, it must be proclaimed that the tropical regions of Africa are not made to receive unemployed whites, suffering from the crisis in their countries, who are anxious to improve their situation. It cannot be repeated too often that these territories in process of organization are not asking for the addition of every kind of labour but for : (1) directors; (2) trained labour; and (3) the capital necessary to build up and put into working order the equipment which is indispensable to production.

It would in my opinion be a grave error to continue much longer propaganda tending to turn the white population towards tropical countries, where they would be able neither to live nor to work normally. Colonial governments have understood this for a long time, and all of them have taken the necessary measures to restrict rash immigration. They have been the victims of such propaganda. They have seen arrive on their territories individuals without resources, unspecialized, and without great zeal for work, whom it was necessary to repatriate after a few weeks, at the expense of the local budgets. A few months ago I was in West Africa and I was waiting at Dakar for the boat to take me back to France. I learnt that some French unemployed had come ashore, without the authorization of the Governor-General, hoping to find employment in the Federation. I met one of them. He was a respectable man, full of enthusiasm, ready to do great things in Africa. I asked him whether his upbringing and profession had led him to attempt colonization. "No", he replied, "I am an engineer specializing in the installation of central heating." He had been led to Senegal, by propaganda, which I cannot help finding dangerous.

THE CHAIRMAN (*Translation*). — I think I can declare closed this discussion on economic questions. The round table may congratulate itself on the breadth and depth of the discussion. We have naturally not been able to touch on all the interesting points, but we have discussed the principal aspects of the question and have thus thrown some light on the questions of migration and the open door, which certainly did not flow directly from the written documentation.

We may now deal with the political aspects of the question—the question of the participation of nationals of non-colonial Powers in colonial administration.

This is a narrowly circumscribed question on which one can have well-defined opinions, but which has only a limited influence on the other aspects of the colonial question. This is perhaps why nobody has asked to speak upon it. In order to avoid any misunderstanding, I will remark that there is no great objection to the employment of foreigners in the technical services of a colony — archæological excavations, geological survey, etc.—although the same is not true of administrative functions properly so-called. It would seem to me a delicate matter to entrust to foreigners the task of representing the colonial Power before either the general public or the native population.

Dr. LOUWERS (*Translation*). — I would have preferred that the question of the transfer of territory should not have been dealt with at this Conference, because it raises very delicate problems on which colonial Powers show themselves very sensitive. I do not think there is a single colonial government which would envisage the slightest change in the territorial and political situation of its colonies, and I am convinced that, in this respect, all are supported almost unanimously by the public opinion of their countries. We must leave this kind of solution out of discussions of the colonial problem, as it arises at present. To give it a certain hearing before public opinion and to lead public opinion to believe that the difficulty can be solved by transfer of sovereignty, by the division of colonies, by a new distribution of colonies, or by a system of internationalizing colonies, would not be to benefit peace; it would simply be to create one more trouble in the world.

It must not be thought that it is selfishness and the desire to defend their economic and political interests which drives colonial Powers to adopt such a downright attitude. The reasons are moral ones. I might almost say that political morality and international morality impose on the colonial Powers, at the moment, a duty not to give way on this point. They cannot do so, because they have to defend the moral prerogatives which they have assumed with regard to native populations, whom they have, at a given moment, taken by the hand, and whom they have already led to a high degree of civilization. Following upon the work of education and, in a general way, the work of colonization, which all colonial Powers have carried on with admirable zeal and which every day produce more marked results, a real moral sympathy has been established between the populations of the colonies

and those of the mother-countries; it has been established by links which we cannot think of breaking. I repeat : a colonial Power which consented, as a result of discussions taking place around a diplomatic conference table, to give up a part of the colonial population dependent upon it to other countries, and to make them become subject to the cultural, moral and political administration of those countries, would be committing a fault and would incur the blame of all those who really possess a sense of responsibility.

I would ask, therefore, that this point should not be insisted upon. I maintain that if we try to create in the public mind the feeling that certain difficulties, which disturb the world at the moment, can be solved by a new distribution of colonies and by a modification in the political and territorial situation of a part of the world, we shall be compromising peace far more than we shall be bringing any appeasement to men's state of mind.

Dr. SOFRONIE (*Translation*). — In order to find a political solution for this very important, very varied and, consequently, very complicated colonial problem, it is necessary first of all to remember that to-day, in contemporary international law, we are far — here I am in complete agreement with Dr. Louwers — from the old conception which considered colonization as a vast enterprise for the exploiting of natives by settlers, — a conception which made Diderot say in his *Encyclopaedia* : “ A colony exists by and for the mother-country.” At the present time, colonization should be considered as being as profitable to the colonized as to the colonizers. For, if the latter mean to enrich themselves by their labour, the former have the right to be educated and encouraged in the way of culture and civilization. The admission of this idea — a new one from the juridical point of view — is proved by Article 22 of the Covenant of the League of Nations, whose general principles apply to colonial matters and whose meaning and intention it would, I think, be in the general interest to extend. The text refers, indeed, to colonies or territories “ inhabited by peoples not yet able to stand by themselves under the strenuous conditions of the modern world.” And the task of the mandatories is, according to the text, to ensure “ the well-being and development of such peoples ” — a task which appears “ a sacred trust of civilization”, for the performance of which “ securities should be embodied in this covenant.”

It is nevertheless true that, in the present stage in the development

of principles of international law and the interdependence of States, there are many who still consider the colonial problem purely from the point of view of the advantages which colonies give to the mother-country. For them the advantages of the settlers are the principal aim and their obligations something of quite secondary importance. They leave out of account, therefore, that the institution of mandates was created in the interests of the communities placed under mandate, and that in the future, according as they climb the ladder of civilization, there will be applied to them that principle of nationality, which, in order that the principle itself might not be compromised, was not applied at the end of the Great War to communities which did not fulfil a minimum of conditions necessary for their elevation to the rank of national States. This explains the insistence of certain States — notably Germany — that they should obtain colonies without any accessory conditions. And this raises also, as a question of solution, the problem of the new repartition of territorial sovereignty, and can lead to the conclusion that the colonial *status quo* may appear to the dissatisfied States as a possible and probable cause of violent modification, and as an obstacle, by its very existence, to the goal at which we are actually aiming in this Conference.

What can be the solution of this problem? In the interests of international harmony — which is the *ultima ratio* of international law — and therefore of international peace, legitimate claims for access to raw materials by dissatisfied States, must be taken into consideration. For the question of the “economic value of colonies” exists as an eloquent reality, which we understand by the following expression contained in a report submitted to our discussions: “The dynamic influence exerted by colonial economy on the organization and development of the economy of the mother-country, and on the international economic situation, as measured by the influence on the national revenue of the different economic factors: production, labour and capital.”

But, in order to ensure free access to raw materials, is it right to raise the problem of the repartition of sovereignty, and can this problem be successfully raised in the face of present reality? Juridically, it would not be impossible, if we mean by it simply a new repartition of mandates. But since the League of Nations, in its capacity as mandator, retains, according to a well-known opinion a “reserved sovereignty”, it is that body which is competent to proceed to this new repartition. But the League is at present going through a grave crisis,

which has made it possible to speak of "the end of a system", namely, the system of collective security. This crisis prevents it from taking such a step, whose success depends on authority and prestige.

There remain the solutions of direct negotiation between the States involved or of a great conference in which all aspirations, interests and rights could be made clear. But the success of such attempts, when the radical problem of new repartitions, even in colonial matters, is raised, meets, in my opinion and in the greater part of world public opinion, with serious difficulties, in view of the unfavourable attitude adopted by the principal possessors of colonial empires in the new international community. For this reason, if we want to reach a satisfactory conclusion, we must, in my view, abandon for the moment, and perhaps for a long time to come, the claim for radical changes in the present colonial situation. This means, in practice, a return to the formula of an old French plan — whose discussion has long remained in suspense — for the reconstruction of the international situation. I refer to the Flandin plan of April 1936, one of the most carefully prepared on this subject. This plan keeps to the middle way and is of a nature to reach a compromise between the two radical theses. It assumes the "double necessity" of a common reservoir of raw materials, and territory for the expansion of the surplus European population, which must achieve the revision of certain colonial statutes, not in the sphere of political sovereignty, but from the point of view of the equality of economic rights and financial co-operation between European States, who, by guaranteeing collective security and mutual assistance, would thus be considered as partners and not as rivals. Such a step seems to me possible and necessary. And if it is true that political security is supported by economic peace, such a revision would in large measure solve the problem. That is why, disagreeing on this point from the French peace plan which I have just mentioned, I think it is necessary to undertake something in this direction immediately. And if it is a question of calling an international conference with such an object — now that the points of view of European States (particularly France and England), who have common interests, are more or less known so long as political sovereignty is left out of the discussion — we can count on a happy result. Once this problem was solved, peace would be strengthened, diplomatic security would increase and would in turn involve the enlivening of the organisms of international

life and, naturally, a diminution of armaments, which have now reached the limits of the financial and natural resources of nations.

It clearly follows from these considerations that the colonial problem, however important it may be, must be considered as an integral part of what we have called the international economic factor. Since all the States of the international community are, to a greater or lesser extent, interested in a re-examination of the solutions to this problem, — ignored or treated superficially in post-war international law, — if we believe in the idea of indivisible peace — an idea which must become a reality in the future — it is as a whole that it must be examined. It is only thus that the general peace can be effectively served, and the organization which undertook this useful examination, whether it is a consolidated League of Nations, — which in my opinion would be the ideal solution, — or a European Commission, or a conference of States, whether members or not of the League of Nations — this being the most practical solution at the moment, in view of the fact that Germany is no longer a member of the Geneva institution, — would have as its task the peaceful settlement of international problems, which, if they are not settled, may easily lead to a new destructive war.

Professor RICHARDSON. — I dealt this morning with the economic side of the problem, and I wish now to deal with the political aspect. I said that the possibilities of improving relations between States by economic means were limited and that the question of sovereignty was more fundamental. I recognize that the establishment of equality of economic rights without discriminations, including the abandonment of preference in colonial areas, would make some contribution, and I couple with that the necessity for regulation in the interests of the native population rather than the adoption of the policy of the open door. But I hold the view that the matter is not capable of complete solution unless the problem of sovereignty is dealt with.

Personally, I do not favour the transfer of colonies from one country to another and I would be particularly opposed to such transfers if they were considered mainly because of the threat of the use of force by countries making the demands. If we live in a world of power politics we know exactly where we stand; we hold what we have and we do not give it up unless forced to do so. But if, as part of a scheme of general pacification, it were possible to make a transfer with valuable results, there might be a case for doing so.

The change of sovereignty that I favour most is the one which would lead to the complete sovereignty of the native peoples themselves and I would regard that as the first objective of policy. That is a policy which Great Britain is actively pursuing, but it will, I think, be agreed that the process is a slow one. We have, for instance, experienced difficulties in India in moving towards self-government, and in some of the African Colonies the process will be considerably slower. Nevertheless, it should be pushed on as rapidly as possible, though I fear full self-government is a question of decades, generations and even centuries rather than a means for the immediate solution of an urgent problem. I therefore put it as the long-range objective of colonial administration

In view of the fact that the process is a slow one, we need to envisage other possibilities, and personally I should like, in favourable circumstances, to see an experiment made by the establishment of an international mandate. This might be attempted where it could be shown to be in the interests of the native population and acceptable to the participating Powers. I agree that there are certain colonial areas which would be better guided towards self-government by the representatives of a single country, but there might be circumstances in which the experiment of an international mandate might prove fruitful. It should not be made in times of world turmoil and crisis, but under tranquil conditions. Such an experiment would be an attempt at international co-operation in administration and would offer facilities for the participation of people from several of the more advanced countries, including small as well as great Powers. It would ensure that regulations for immigration and trade would be in the interests both of the natives and of the world community, rather than those of a particular country; it would also facilitate international capital investment in the colonies and the development of their natural resources and trade in raw materials. It would also ensure the avoidance of discrimination in markets. If such an experiment gave the results suggested, it might be extended to other areas.

Dr. DRUMMOND SHIELS. — I agree with Dr. Louwers that transfer both of territory and of mandatory responsibility are open to grave obstacles. It should never be forgotten that the colonial populations have a paramount claim to consideration in any extraordinary changes which may vitally affect their conditions of social and political

development; these should not be contemplated without the assurance of their full and willing consent, whatever past practice may have been. Moreover, these proposals have a wrong psychological approach and are not in line with modern tendencies. The desire for equality of status with certain other Powers which underlies and largely explains the cry of the dissatisfied countries for colonial possessions can be more satisfactorily met by preparing to make an end of all Imperial domination rather than by sharing its privileges and cares with those who at present have neither. And this preparation is now in process in varying degrees in practically all colonies.

I was interested in Professor Richardson's mention of the possibility of international administration of colonies. That is a very attractive proposal, but, as he himself said, it presents obvious difficulties and could not be generally applied.

I agree with his view that the true and best solution of the colonial problem is the eventual termination of colonial status through the gradual emancipation of the subject people. He spoke of it as a long-term policy and said there would need to be a long period of development before some of the peoples in question would be capable of some degree of self-government. I believe, however, that the period need not be so long as is sometimes thought necessary if a real effort were to be made to prepare and educate to that end. Various estimates, for instance, have been given from time to time of the political capacity of the African — to take the kind of colony which is most in our minds in this connection — and certain pronouncements have suggested that he has not the ability to exercise governmental power. But, in the first place, we have to see that conditions are such as to give the African the possibility of rising to his full stature, whatever it is, otherwise we cannot know what is this capacity. Everyone will agree, I think, that at present that opportunity is not anywhere fully given, though, as Dr. Richardson says, all Powers are, to some extent, trying to develop the capacities of their native peoples.

The first requisite is a satisfactory system of education and this presents a very difficult problem. What is the best type of education to give to the African in order to make him capable of managing his own affairs? There are different systems. In some cases, he is taught the language of the metropolitan Power from his first days at school. In the British colonies the usual method is to teach in the local language first and in a second language, usually English, afterwards. It is



important that the natives should always be taught a language which gives access to scientific and cultural knowledge.

Although I think it is agreed that education for the African should have an agricultural bias, it need not on that account be lacking in cultural possibilities, and should be such as to enable him to qualify in any department of life he may desire and for which he is suitable. In that connection, it is desirable that an educational institution of university status should serve groups of the African colonial territories. In the British African colonies, we have a college at Achimota in the Gold Coast, and one at Makerere in Uganda, both of which are rapidly developing to form the beginning of an East and West African University. The Gordon College in Khartoum gives advanced instruction also. In the French and other colonial territories also there are various advanced educational institutions with the same aim. It is, I think, agreed to be most desirable for many reasons that undergraduate education should be given if possible in or near the student's own country and that he should have to go overseas only for post-graduate work.

A method of developing governmental administrative capacity, which has been tried out in the British colonies, identified with the name, in the first place, of Lord Lugard who introduced it, and later of Sir Donald Cameron, the first British Governor of Tanganyika, is that of "indirect rule." I think it is unquestionably a very desirable way of delegating administrative functions. It maintains respect for traditional institutions, and with governmental assistance in its development there is no reason why it should not become a suitable instrument for wider forms of government later on. One criticism in regard to it is that it may tend in some cases to stabilize and make permanent a form of government which is not so democratic or progressive as it might be, and in its working, possibilities of modification must therefore be provided for.

Another important method is that relating to co-operative societies, which may in some cases be producers' societies, but which may, in fact, be associated with banking, health or any other subject. This method has the great advantage of helping to train groups of indigenous population to manage small organizations and makes it possible to discover those natives who have an aptitude for administration and who may be useful in further developments.

In some form or other, it is desirable to try to develop local government institutions: education committees, sanitary and road boards,

town councils and organizations of that kind, where Africans, if they do not form the whole membership, can at least be included. After all, Africans, like many other native people, have been accustomed for centuries to working through native councils and of using the democratic essentials of representation, discussion and majority decisions, and have in their traditions and customs possibilities not only for local but also for wider forms of government; and, where they have been afforded opportunity for membership of such bodies, many of them have shown considerable executive ability.

Lastly, there is the question of colonial legislature. In some of our British colonies in Africa we have a legislature with no African members. It is most desirable that no legislature should be set up in a colony until it can properly contain representatives of the indigenous population. As and when their education and capacities develop, representation can be increased until they are able to manage their own affairs. I agree with Professor Richardson that this ultimate stage cannot in many cases be reached for some considerable time, but I do feel that progress could be made much more quickly if there were a real desire to bring about that result.

In the meantime we must at least be discharging our responsibility of trusteeship. In so far as we are doing that, we are to a very great extent meeting the criticisms which are based mainly on the fact that certain Powers possess possibilities for the domination and exploitation of native peoples which non-colonial Powers are desirous of having for themselves. If we do not exploit, there can be no grievance.

Dr. LANGE (*Translation*). — I have been much struck by the remarks of the last two speakers who both suggest international solutions. Dr. Drummond Shiels used the expression "trusteeship" for the administration of colonies. It has indeed been truly said that the colonial Powers exercise a tutelage over populations which are less developed or which they consider as such. It must not be forgotten that Europe has acquired a responsibility by bringing what she calls her civilization to native populations. Before the arrival of Europeans, these populations governed themselves. I do not know their history well enough to say to what extent they succeeded, but I would not, as a European, risk declaring that we have done better than they did. The present state of the world certainly does not allow us to congratulate ourselves on this subject. Let us assume, however, that it is a fact which

must be taken into account. European civilization having been introduced into colonial territories, the natives must be helped to adapt themselves to it wherever necessary. All tutelage in a civilized society involves a power of control by the society itself. At any rate in my country, minors have a guardian, above whom is a "super-guardian" who controls the performance of the guardianship. A first attempt along analagous lines was made by the institution of the system of mandates, and I am surprised that in our agenda — I was not able to be present at the beginning of our work and I do not know whether the committee has explicitly approved this agenda — there is no mention of a solution which, unless I am mistaken, has been publicly recommended in England by men who are particularly qualified. It consists in a kind of indirect extension of the system, not of mandates, but of the supervision of colonial administration. According to this system, the colonial Powers would agree to transmit, annually or at certain regular periods, reports on the performance of their trusteeship, whenever it was not a question of self-governing colonies, such as the Dominions. Might this not be a solution which, from the moral point of view would be hailed as a step forward, and which would, moreover, represent a development of the principle which is at the basis of the system of mandates? Might not this solution, perhaps, prepare for the day when, as one of the last speakers said, all colonies would be placed under the effective control of an international authority, as territories under mandate are at the moment?

THE CHAIRMAN. — Dr. Lange has expressed surprise that the notion, not of a generalization of the mandates system, but of a more general application of international control of colonial administration, does not appear among the solutions which have been envisaged. The round table is certainly free to discuss this point of view, which can without any doubt be included within the framework of solutions involving transferred sovereignty. I would go even farther and say that the system of general control already exists in principle. Indeed, Article XXIII, paragraph (*b*) of the Covenant of the League of Nations imposes on all members the obligation to ensure fair treatment for native populations. That is a provision which is never spoken about and which an opportunity has never arisen of putting into practical effect; but it contains the germ of an obligation assumed by all colonial Powers, not to submit to decisions of the League of Nations, but, if the

case arises, to inform the League from what point of view they regard their colonial task, and it is by no means ruled out that a discussion should arise on the administration of colonial affairs as it has already arisen on the subject of the administration of independent States. You will remember the discussion which took place on the subject of Liberia and which concerned purely external questions. In my opinion, there is no juridical — I do not say political — objection to the question of colonial policy in general being raised or to all colonial Powers being asked to send in periodical reports on their administration. I would say that this would in practice change nothing, because all modern colonial States are in the habit of publishing reports on the administration of their colonies — as Dr. Louwers knows better than anybody else, since he is the editor of a year-book in which all these reports are summarized.

It does not seem to me at all necessary that the notion to which Dr. Lange has just referred should be the subject of a special point in the discussion. Its examination falls naturally within the present agenda.

Dr. Bryce WOOD. — I wish to refer to a point made by Professor Richardson who said he would in no circumstances be willing to consider transfers of territory under threat of war. Is it not significant, however, that interest in peaceful change has become most acute just at the time when there is the least possibility of making peaceful changes, and is not one of the reasons why conferences are being held at the moment the fact that there is a threat of war if changes are not made? It is, therefore, precisely this threat of war which it is most necessary to avoid by making some sort of concessions.

In my view the problem should be divided into two parts: the problem of making such changes, if possible, as will bring about a degree of conciliation and lessen existing tension, and the problem of setting up such organization for the future as will secure regular processes of peaceful change. Certain problems have arisen at the present time just because the threat of war exists, and the question for the future will be how to avoid the occurrence of such problems. It therefore seems to me that even though changes are being demanded as a price, let us say, for the avoidance of war, that is not necessarily a reason why they should be given no consideration at the present time.

### THIRD ROUND-TABLE MEETING ON COLONIAL QUESTIONS

Chairman : Dr. EMANUEL MORESCO

DR. VAN KAN (*Translation*). — I wish to make a few remarks suggested by the memorandum submitted to the Conference by Dr. Maunier<sup>1</sup>. The reading of this memorandum affected me in two ways. I was moved, in the first place, by a feeling of admiration for the wisdom which guides French colonial policy relative to the legal system to be applied to the native populations; for in my opinion, respect of native customary law is the keystone of wise colonial policy in the legal field. This feeling is coupled with a high opinion of Dr. Maunier's magnificent effort to reveal to all the secrets of native law, an effort which, to be sure, constitutes only a part, though an important one, of the task which he has undertaken — the thorough psychological and social study of the phenomenon of colonization.

Reading the report of Dr. Maunier, however, also makes me regret that his example has not been followed by a rapporteur for the Netherlands group; for it would have been easy, it seems to me, to explain to the Conference the system which has been in force for more than a century as regards native law in the great Netherlands colony of the Far East. This system includes the legal — I had almost said the constitutional — guarantee of the customary law. For this principle, ever since 1825, has been embodied in the law which is in some measure the fundamental or quasi-constitutional law of the country. It includes further the rigorous application of that great principle under which a whole juridical organization has been created or modeled in the image of old institutions which still subsist in an improved form: a whole hierarchy of

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<sup>1</sup> René Maunier : *La coutume indigène en pays colonial: applications, dérogations* (French Memorandum No. 5).

tribunals either purely native or made up of native judges with a Dutch magistrate as presiding judge. There is even a tendency to replace the Dutch presiding judge by a native magistrate now that the children of the country pursue their legal studies in Holland or in the Law Faculty at Batavia, founded in 1924.

This respect of the native customary law is so complete and so absolute that, as concerns private law, we no longer even feel that desire for legal assimilation which, in other colonies, preoccupies the government and the specialists. Indeed, while legal unification is applied as a general principle in the field of penal law, the native criminal law is still maintained as a special and exceptional law. As regards private law, also, the policy just mentioned has found advocates and champions in the colony itself as well as in the mother country; but it may be said that now, apart from a few exceptional applications, chiefly in regard to commercial law, the system of legal assimilation of litigants of different races has been completely abandoned. We are not even convinced that the codification of native law, even a simple codification of general maxims, is desirable. It is certainly not desired for the moment.

However, the work of research, of what has been called the *discovery* of native customary law (in a book which has been translated into French with the collaboration and under the supervision of Dr. Maunier himself) was undertaken several generations ago, and is now being carried on by a rigorously scientific method, invented at Leyden and improved at Batavia. These heuristic researches have been crowned by the scientific description and the systematic classification of the material accumulated.

All those among you who are familiar with the subject are thinking at this moment of the great and regretted savant who, by his constructive genius and his immense capacity for work, during the whole of a life of labour, guided and directed the Discovery, invented the Method, and created the System — the great and regretted Van Vollenhoven, whose incomparable work has influenced the science of native law in all the countries of the world, a work now being continued by a brilliant group of disciples labouring in the spirit of their master.

Dr. MAUNIER (*Translation*). — I do not wish to neglect the opportunity to reply briefly to the remarks — which I did not expect — of Dr. Van Kan, not so much to express my confusion as to say how well

we are aware, in France, that the Dutch have done more than we, have done better than we, for the respect of native rights in the colonies. What I wish especially to say is that we deserve perhaps more credit than the Dutch though we have done less than they, because we French people hesitate, like the ass of Buridan — I may be allowed the reference in this old University of Paris — between two inspirations, or between two aspirations. We have two demons fighting within us; we are saturated with liberalism; but on the other hand we are also saturated with the proselytizing spirit, and, as a great French philosopher, St. Evremont, said at the beginning of the eighteenth century, we feel a need of being imitated. Thus we sometimes realize perfectly how necessary it is to respect and preserve the native customs, while sometimes we are possessed by the other demon and wish to assimilate the people of the colonies, to make Frenchmen of them.

That is why, my dear colleague, we have perhaps not done so well as you have done in the Netherlands Indies, and yet perhaps deserve more credit. An inner struggle, an inner drama, goes on in the soul of every French colonial.

I do not wish to end my remarks without joining, with deep emotion, in the tribute paid by our colleague to the great figure of Van Vollenhoven. I was his friend. I believe I am one of those who have tried to help make him known to French readers. I know how deep was his sympathy with the native soul, and it was that, I think — his genius, in the old sense of the word — which enabled him to understand the native. It is my duty also to say — what our colleague could not say — that this name of Van Vollenhoven, for us Frenchmen, is doubly dear because our regretted colleague of Leyden had a French relative who was a great Governor-General of our West Africa and who gave his life for France.

One last word to say that my chief purpose in this little memorandum — shorter than I should have liked to make it — was to stress the necessity, in ascertaining and writing down the native custom, of not arresting its evolution. Ascertain it and write it down we must, since the written text is necessary for us Occidentals; but to do so constitutes, in many ways, a revolution in native law. At least, in transforming an oral into a written law, we must be careful not to arrest its necessary evolution, not to change the native law into a sort of *codé* like our civil codes. We have often fallen into this error, and I have confessed it — sin confessed is half redressed; but I wish to call atten-

tion, more particularly than I did in this brief memorandum, to the interesting attempt made by Governor-General Brevié. When he was in our West African colony, he undertook the codification — which is still being carried on — of the customs of the negroes; but he stipulated that the revision of the written texts which were promulgated should be carried out every year, and that care must be taken not to mummify and ossify the native custom in ascertaining it and writing it down. I once said, on another occasion, making perhaps a bad play on words, that to codify is to mummify. We must codify, but we must do it without mummifying.

THE CHAIRMAN (*Translation*). — I thank the two speakers for evoking the memory of our great savant, and I thank Dr. Maunier in particular for having linked with it the name of the French Van Vollenhoven. Let me add that if not only colonial affairs but international affairs were always considered in the spirit of these two Van Vollenhovens, the world would be far better than it is at present.

I profit by this occasion to say a word to you regarding a remark made yesterday by Dr. Louwers. I should have liked to say this in opening the meeting; but Dr. Louwers was not here and I preferred to await his arrival.

Our colleague thinks that it is a delicate matter to continue discussing questions relating to transfers of colonies, of transfer of sovereignty, because it may foster a certain feeling of anxiety in countries which may be directly touched by these problems. With all respect for this opinion, I should like to set over against it another view-point. In my opinion, discussion in such an assembly as this may serve to reassure people by demonstrating that even the most delicate questions, which divide the nations most deeply, can be profitably discussed in a meeting where everyone is animated by a spirit of good faith, and where everybody wishes to contribute to the establishment of universal peace.

Professor Quincy WRIGHT. — I wish to refer to the proposal for gradually extending the mandate system, or rather for a more extended mandate system.

In studying the colonial problem from a long-range point of view, we have to consider the trends over a number of centuries, and this would suggest that the régime of colonial administration by particular Powers is a temporary one, a situation that arose out of the very rapid



technological advances (both military and economic) of the Western World in comparison with other parts, which gave the Powers of the former the capacity and ability to impose their systems of administration and economy upon most of the rest of the world. That is a situation which seems to me to be a temporary one, both from the technological and the moral point of view; it has been in fact recognized in the growing appreciation that colonial administration is a trust to be exercised in the interests of the natives and of the world as a whole.

The trusteeship aspect has indeed been expressed in the determination that colonial areas shall eventually become self-governing, a notion that is implied for all mandated territories in the very terms of the mandates, and in Article 22 of the Covenant. In the case of A Mandates it is more explicit; one territory under that régime has already been emancipated and another has been promised emancipation in the not distant future. That does not, of course, mean that all colonial areas will be ripe for emancipation at any very immediate date, but that it is the aim of administrations to prepare them for eventual self-determination.

I think it is the feeling in many countries that there is something inherently unnatural in the government of people of very different culture by a metropolitan centre. This sentiment has been recognized in the United States, which recently voluntarily decided to accord independence to the Philippines. It is also understood in British colonial administration. I recall a series of lectures which Sir Cecil Hurst gave at the University of Chicago some years ago, in which he said that the entire British colonial system could be envisaged as a ladder by which all of the colonies could eventually mount to Dominion status and that it made no difference whether their populations were black or white; the aim of the British Commonwealth of Nations was to develop all areas in this way.

There are doubtless other colonial Powers that have not adopted this point of view, but it is one that is inherent in the situation and one towards which progress has been made since the modern colonial régime began.

There are two reasons for the development of the mandate principle: the interests of the natives and the interests of third States. We must remember that there are only ten countries possessing the responsibilities of colonial administration, and it is unlikely that the other fifty or sixty countries of the world will ever look upon that

situation as a fully equitable one. Indeed, there is no reason, except historical accident, why the responsibility should be vested in this relatively small number of countries. It is of course now looked upon as a burden: in fact in our more enlightened publications it is referred to as "the white man's burden", but maybe some of the fifty or sixty States which do not carry this burden think of it rather as a privilege. However that may be, there is bound to be a certain sense of dissatisfaction at this unequal distribution.

The main inadequacies of the mandate system lie not in a recognition of the principle, but in the machinery for enforcing it. I do not, however, propose to go into that in detail. The most important difficulty in my view is the inadequacy of the information before the Mandates Commission. The Commission should be authorized by the Council of the League of Nations to send commissions of investigation to the mandated territories. That issue has already been discussed, and the Council did not see fit to give that authority. It nevertheless seems to me necessary that access to facts of unimpeachable reliability should be open to the Mandates Commission. So long as the Commission depends mainly upon the information given to it by the mandatory Powers, there will always be certain inadequacies in its supervision.

Another difficulty lies in the dual position of the Mandates Commission — both as an agency for co-operating with the mandatory Powers in perfecting the system of colonial administration, and as a supervisory body to see that those Powers carry out their obligations — a point which was alluded to at some length in the Commission's report on the Syrian episodes in 1925. In my opinion, it would be better to divide authority between two commissions: one to co-operate with the mandatory Powers and investigate problems of colonial administration, the other to exercise supervisory authority — a division of authority similar to that which exists in connection with the opium work of the League of Nations.

A point which I think is particularly important is the extension of the idea of equality of opportunity, and it is in this connection that the Mandate System seems to be most inadequate. The question of the application of the principle of equality in matters concerning missionary enterprise and archæology is inadequately dealt with and no provision is made for equality in administrative responsibility or in the recruitment of experts. One of the most important grievances of

the non-colonial Powers lies, I think, in the opportunity afforded to the colonial Powers for their young men to take part in the technical and administrative services of the colonial areas. You will perhaps recall the remark of the British economist Senior, that the economic value of the Empire to Great Britain was as a form of out-door relief for the younger sons of good families. They had opportunities for honourable careers in the vast Empire. That may be a type of opportunity open to a relatively small proportion of the population, but a portion which from the point of view of social and political stability is very important. It seems to me to constitute a very real inequality that the young men of other States should not have similar opportunities.

There has been no effort under the mandate system to give this equality. At one time it was suggested that it might be advisable for the Mandates Commission to recommend the use of doctors and other experts from non-mandatory Powers, but that idea has not been carried very far; it is the mandatory Powers themselves who in the main provide experts and administrators for the mandated territories; this is a field where equality of opportunity ought to be further extended.

To do so would, of course, be difficult unless the administrative authority were placed in some body other than a single mandatory Power. Would it not, therefore, be possible to extend the mandatory régime by placing authority not in a State, but in an international supervisory body. Could not the League of Nations itself, through an international commission, undertake that responsibility? I know there are many arguments against it. It is said that the members of an international commission would be so at odds with each other in regard to the best methods of colonial administration that efficiency would be sacrificed. I am not sure, however, that that is true: I believe that an international commission could undertake the responsibility of appointing the staff for a colonial area and distributing it equitably among different nationalities.

It is not to be thought that any change in the régime of a particular colony could be rapidly effected; I merely make the suggestion as a gradual approach: first an effort to internationalize the administrations and then the gradual extension of such a system to areas not at present within the mandatory régime.

Dr. SCHRIEKE. — When we speak of peaceful change we think in terms of Europe and of the avoidance of war, but we must not forget

that peaceful change is actually taking place in the colonies. The period of reckless exploitation of the native population is gone, and even before the War there was a growing feeling of trusteeship on the part of the colonizing Powers, a feeling which has steadily increased. The Permanent Mandates Commission may be a body with limited powers, but it is undeniable that it has exercised considerable influence upon colonial administration, not merely in the mandated areas, but also in the colonies proper — an influence which was growing in the years before the world crisis and was only checked recently, when the general prestige of Geneva declined and with it the prestige of the Mandates Commission. Nevertheless peaceful change is still taking place in the colonies.

May I quote as an example of this peaceful change the experience of the Netherlands East Indies? We have introduced there an educational policy which provides differentiation in primary education for the whites, natives and Chinese; that does not mean that there are no natives in the white schools, no whites in the native schools and no whites or natives in the Chinese schools. As soon as high school is reached, however, we have a system providing for one school for whites, natives and Chinese; and the same is true of secondary education and university institutions, where pupils of the different races sit in the same class and are instructed by both European and native professors. We introduced that system because we did not think it a good policy to give the natives an education inferior to the whites. The basis of our policy is that the natives should do the same work as the whites and should therefore receive the same standard of education. Although that system may not be applied in all colonies, I believe the same tendency exists. The result is that more and more natives take the places formerly occupied by whites and natives participate in the government and the development of the colonial areas. While this tendency exists in most of the colonies, the colonial Powers, experiencing the same difficulties and confronted by the same problems try to solve them by themselves. The result is that they often make the same mistakes, which could have been avoided if they had consulted the experience obtained elsewhere.

Could there not be an exchange of views in an international centre organized by one of those internationally-minded bodies, such as the International Institute for Colonial Affairs, and perhaps in America as well through some endowment institution interested in this problem?

Could not a centre be created to which colonial officials of the different countries could go during their leave and study under the leadership of those possessing experience in the different colonial territories? Out of such an institution might perhaps grow — if the Mandate System is extended — an institution for the training of colonial administrative officials; but that of course is a question for the future.

In conclusion I would urge that when we speak of colonies, we should think not only of opportunities for surplus populations or the supplying of raw materials, but of the condition of the people living there. We must not forget that the peaceful changes now taking place will probably leave little room for European surplus populations, but that does not free us from the obligation of considering the welfare of the native populations.

Dr. BERBER. — I should like to raise the question of our method of approach to the "Solutions involving a change of sovereignty", and to point out that a scientific or intellectual fallacy is involved in failing to distinguish between the abstract and concrete method. The abstract method of argument or the application of abstract rules is only legitimate if you have a long series of similar cases with analogous conditions to which similar rules can be applied. In political science it often merely results in putting the concrete purpose of the argument behind abstract formulae and concealing the real issues.

Let me give proofs of this scientific fallacy. In the abstract method of argument, allusion is frequently made to "certain countries" without their being specifically named. An interesting definition was given a few days ago of the word "honour" as meaning "to keep your contracts" and when I applied that abstract rule to the *Légion d'Honneur* I concluded it was an association of merchants who kept their contracts. That is the way you argue when you try to give a definition and discuss it under an abstract formula or when you say, for instance, that international relations are governed by three rules: good faith, no State to be both judge and party at the same time, and the denial of right to the *fait accompli*. It was, as a matter of fact, precisely the absence of those rules which led to the creation of the *status quo* in 1919, and it is because of their absence that the *status quo* is still maintained.

It may be very interesting to lay down an abstract rule such as "it is not legitimate to transfer native people like cattle", but that

was exactly the way in which people were transferred in 1919, which would lead one to suppose that there has been a complete change of outlook since then and that the world has moved towards idealism. That is the deception of abstract formulae. In the consideration of concrete cases they are more apt to assist propaganda than to lead to the formulation of scientific truths, and I would warn this group of such fallacious reasoning. It is a method often used by States when making laws for specific cases, in order to show that the rule is a general one applying to all conditions when in reality it applies only to a single case.

For the question we are now discussing — “ Transfer of territory : Solutions involving a change of sovereignty ” — the method of formulating abstract rules is entirely inappropriate, since we are not faced with a situation in which solutions involving a change of sovereignty are necessary for an indefinite number of cases, and it is only in such a situation that abstract rules could have any meaning. Such a situation, for instance, would have arisen in 1919 had an effort been made to apply Wilson’s Fourteen Points in the colonial field : i.e., a general readjustment of colonial claims, which would have obliged the Peace Conference to consider whether England, France, Belgium and Portugal should give part of their colonies, for instance, to Poland, a poor country and one that was unable to obtain reparations. For the present situation, however, that is not the problem.

In talking of peaceful change, we have in mind change without war — that follows, I think, from the fact that the Conference on peaceful change was preceded by one on collective security — and the political issues which imply a danger of war. But so far as transfers of territory involving danger of war are concerned, I do not think there is an indefinite number of possibilities or risks.

Countries are classified into “ haves ” and “ have nots ”; that is a classification which explains nothing, which is absolutely false, but which nevertheless is used in scientific research and discussion. Italy, for instance, is quoted as a “ have not ” country, while she was declared by Mussolini to be no longer a “ have not ” country after the conquest of Abyssinia. In considering peaceful change in regard to Italy, therefore, one is led to the conclusion that a change unfavourable to that country is implied.

Then there is Germany, apparently the main problem in this connection, since a claim for the transfer of sovereignty was made semi-officially in a speech by Hitler on January 30th, 1937.

May I here remind you of the old Roman law notion that "the judge must not go beyond what the parties claim"? Now if we look at the Conference's programme, we see that judgment is to be given on claims that have never been made, but is not to be given on claims that have been made; in other words, the problems we are endeavouring to examine are quite different from those that have actually arisen. Germany has never claimed that because she is a "have not" country she ought to have colonies, yet that is the sort of claim it is proposed to consider here.

And here is what seems to be the main fallacy. You start from the point that nations have the right to get colonies from other Powers, or have a legitimate claim to them, if they can prove that they need them for their emigrants, their raw materials, or if the natives will not be transferred like cattle. Germany, however has never made such a claim, and she, therefore, does not feel called upon to prove compliance with those conditions; nor does she feel that her case would be disproved if those conditions were not fulfilled. In other words, we have a court which examines claims that have never been made but does not examine those which have — a situation that arises simply from the method of using abstract terms for concrete situations.

Now solutions involving a change of sovereignty are really matters of politics; they may or may not be possible according to the general political situation. But there are political solutions, which are not possible when public opinion is against them. There may be an interest in some quarters to prove that certain solutions are impossible; it is therefore easy to start with a programme that seems likely to lead to a point at which changes may prove impossible.

If one examines the reasons advanced for not returning Germany's former colonies to her, a strange fact emerges: the reasons given in 1919 were (1) that Germany could not administer her colonies, and (2) that she used her colonies to prey upon the world's commerce. No one now dares to sustain the first argument, and as regards the second it is a fact that not a single German vessel during the war used the colonies to prey upon the world's commerce, apart from the fact that that is a privilege accorded to nations in war-time from the time of Drake. These two arguments have now been dropped because they could no longer be sustained and other reasons advanced in their place — reasons which remind one of the arguments put forward by the man who was sued by his landlady for breaking a glass and who argued, first,

that there was no glass in the room, secondly, that the glass was already broken, and thirdly, that the landlady herself had broken it. In other words, the arguments advanced are contradictory, and it would scarcely seem legitimate to use them in any scientific research. It is said, for instance, that Germany would break down if she accepted the same responsibilities as other nations in the matter of colonies; a discussion of this problem would be interesting if only to prove that even if we did do as other nations and accepted this terrible white man's burden, we should not break down under it.

I do not want to go into details at this stage or to comment upon the basis for Germany's claim for colonies, which are well-known. I would merely say that it is based upon grounds similar to those advanced by France when claiming the return of Alsace-Lorraine between 1870 and 1918 — on grounds of right and justice. It was not considered necessary for France to prove in 1918 that she needed ore from Lorraine or wine from Alsace, or that the interests of the German-speaking inhabitants would be taken into consideration and that the population would not be transferred like cattle every forty years. I did not, however, ask to speak for the purpose of going into the details of the German claim. What I wanted to do was to comment on the method of approach to the discussion and to urge the importance of finding a satisfactory method of scientific approach which avoids the practice of disguising propaganda aims in scientific trappings and formulating abstract rules for concrete situations, but follows the lines adopted in all scientific and historical research. In laying down abstract rules there is always the danger that the concrete case itself may be thought to have been dealt with, thus bringing that peace of mind to scientists which has been advocated as desirable in the course of this discussion, but which seems wrong so long as the world is out of order. So long as injustices and the maintenance of the *status quo* are endangering the peace of the world, there is no time for peace of mind. Instead of urging "*tranquillisez les esprits*" the minds of scientists should be roused to an appreciation of the real issues, so that their contribution to the peace of the world may be real and effective.

LORD LYTTON. — I wish to thank Dr. Berber for having introduced an element of reality into our discussions. I have attended the meetings of this round table for two days; I have heard many extremely interesting speeches dealing with various aspects of colonial administration, mandates and so forth, but I have failed to detect in any of them a



relation to the subject of our Conference, namely, peaceful change. In the course of our discussions we have not yet been told of conditions in the colonial sphere which threaten the peace of the world or of the changes necessary to maintain peace.

Now for the first time Dr. Berber has reminded us of an aspect of our subject in the colonial sphere which requires to be dealt with; he has in fact recalled to our minds that something was done in the late war, and its relation to this Conference is the question whether what was done in war, or as a consequence of war, can be undone otherwise than by a recurrence of war. That, I say, is bringing the subject back to realities, though I think even Dr. Berber skated delicately over some very thin ice. I appreciate the difficulties of his position and should like to congratulate him on the courage he has shown in bringing the matter forward, as well as on the great delicacy and tact with which he has handled it, for after all, though it may be very easy in a speech to a gathering of five or ten thousand Germans to say that Germany was unjustly treated when she was deprived of her colonies under the peace treaties and that she will never rest until they have been returned to her, it is not so easy for a single German to face people whose countries were responsible and to say to them, "It is you who have deprived us of our colonies, it is to you we look for their return." So, as I say, it was a difficult position for him to take; I am grateful to him for having raised the issue, and I will endeavour to reciprocate the spirit in which he has dealt with it.

The man who contemplates taking your property by force or by guile does not usually come to you beforehand and announce his intention, nor does he suggest that you should together make a scientific approach to the property which he has the intention of taking; but in law it is a matter of everyday occurrence for claims to be made by a litigant to some title or property which is in the possession of someone else. I therefore hope that the mere fact that Dr. Berber has thought it right and proper to raise this issue as a subject suitable for consideration in connection with peaceful change means that in his opinion it is one to which not only a scientific but a legal approach may be made. And I should like to put this point to him: it would help us very much if, some time or other during the sittings of this Conference, either in this round table or in a plenary session, he would indicate to us the procedure he would suggest as applicable for the consideration of the issue. He has stated it as an issue of policy, but clearly it is not an

issue which this Conference is called upon to determine. He reminded us that Germany makes a claim to the sovereignty of the colonies of which she was dispossessed by a treaty, and I need not remind him that such a claim would of course be met by an assertion of sovereignty on the part of the Powers to whom those colonies were transferred. Who is to decide between them? To what tribunal is it suggested that Germany, on the one hand, and the Allied and Associated Powers, to whom sovereignty over the mandated territories was transferred by treaty, on the other hand, should go in order that the case may be heard? It would, I think, help us very much if Dr. Berber could make some suggestion on that point, but I would like in fairness to him — returning frankness for frankness — to mention a circumstance which is bound to be raised whenever this issue is squarely faced. Dr. Berber has talked about the changes which have occurred since 1919 and the different arguments that have come to be used. Now, when you are dealing with colonial or mandated territories you are dealing with countries in which the interests of the population have to be considered as well as the interests of the mandatory or metropolitan Power. That has been emphasized in speech after speech in this room, and it has been emphasized because in colonial territories and in some mandated territories, the population is particularly helpless to defend itself. It therefore requires for its protection access to the protection of public opinion somewhere in the world — either the public opinion of the metropolitan country in the case of a colonial area, or the protection of the international public opinion represented in the Mandates Commission.

It is not merely an excuse, it is not merely evidence of hypocrisy or insincerity, if I call attention to the fact that if ever the question should arise as to whom territories should be transferred, an examination would inevitably be held into the opportunities for the free expression of public opinion in the country to which it was proposed to transfer them. I am not going to raise the question of the internal condition of Germany, but if Germany asks that her colonies should be returned to her, those to whom that question is addressed are entitled to ask what opportunities exist in that country for the free expression of public opinion to which the subjects of the territories concerned could look for protection.

Dr. Berber made no specific claim and I am not called upon to make a specific answer. I only rose for the purpose of thanking him

for introducing this element of reality, of congratulating him on his courage and of intimating that it would be helpful to our deliberations if he could, at some later stage, follow up what he has now said by suggesting to us the procedure he would think applicable for adjudicating the claim put forward by Germany on the one hand, and which would, of course, be resisted on the other.

Dr. STALEY. — I have long thought that probably the main motive back of the German colonial claims was the kind of thing I understood Dr. Berber to emphasize — a feeling analogous to that of France in regard to Alsace-Lorraine — this would imply that most of the talk about the need for raw materials and the possibility of getting them from the former German colonies is rationalization and not really the central issue.

I have been reading with some care the German monograph<sup>1</sup> distributed to us containing a foreword by Dr. Berber, in which I found statements which seem capable of being challenged for their scientific accuracy, and which I wonder whether Dr. Berber himself would not be inclined to modify at the present time. I refer in particular to the statement on page 80 that “the central problem is that the German Reich needs raw materials payable in Reichsmark”, and later, “our colonies (I take it this means the former German colonies) have a capacity for producing raw materials sufficient to furnish a considerable part of the raw materials which we now have to buy with foreign exchange and which, under our sovereignty, they would deliver against Reichsmark.”

I would make many reservations in regard to these statements, and I wonder whether it might not perhaps be agreed that statements of that sort are not to be taken seriously, and that it is a feeling of prestige and pride and inequality of treatment which is really at the basis of the German colonial claims.

Dr. TOUZET (*Translation*). — We are nearing the end of our discussions. I have followed them with the greatest attention, and I now ask myself this question: what have we really been discussing? Have we been discussing the use of colonies for peaceful change, or

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<sup>1</sup> Diedrich Westermann (ed.): *Beiträge zur deutschen Kolonialfrage*, Deutsches Institut für Aussenpolitische Forschung, Berlin, 1937.

have we been discussing the use of peaceful change for the colonies? These are two very different things, and I confess that I am not very clear as to what we have been trying to do.

Are we concerned with the use of colonies as a field of experiment for peaceful change? To this conception may be referred the statements which have been made relative to the idea of extending the principle of the mandate, and other speeches of that nature. I do not believe that such was really the fundamental object of the questions which we intended to study. With this conception are connected also the explanations which have been offered regarding the desire felt to see an international personnel employed in colonial administration, on the ground that colonial Powers can offer administrative positions, which are filled by "younger sons."

I happen to be a "younger son" myself. I should like to clear away certain illusions as to the number and advantages of these positions in the colonies. The number is very limited. I believe that for France, excluding Algeria and speaking of course only of the civilian personnel, the number of colonial civil servants cannot exceed twenty or twenty-five thousand. Now France alone has about a million civil servants. You see the ratio between the two figures, and how much advantage the non-colonial countries might obtain from the admission of some of their citizens to colonial employment: a few hundred positions. Really, when you come right down to the facts, it is insignificant.

I wish also to call attention to a contradiction. We are constantly being told — and we quite agree — that we must labour to raise the natives to a higher level. But we are doing nothing else. We give them positions, we gradually withdraw French civil servants and appoint natives in their place. And now what are we asked to do? We are asked to replace white civil servants by other white men. I am concerned with the interests of the natives, and I cannot but observe that this demand is diametrically opposed to their interests.

I believe, then, that we must set aside this idea that the colonies might serve as a field of experiment for peaceful change, and I return to the second idea. I think that what we wanted was to discuss peaceful changes applicable to colonies to satisfy either the claims of foreign countries or the interests of the natives.

We were very kindly invited, a little while ago, to speak frankly. It is always thus at the end of a Conference. Having beaten about the

bush, one feels the necessity of getting to the heart of the matter. We are thoroughly disposed to pursue the discussion on this ground.

As regards the demands for colonies, sufficient stress has been placed on reasons of a demographic nature, on reasons connected with raw materials, on reasons of an economic order. Considerations of national honour have also been put forward.

As to the reasons of a demographic nature, I believe that they have been completely refuted. I believe that the claimants themselves have abandoned them. They then fell back upon reasons of an economic order. Well, I believe that these reasons, too, have been refuted by Dr. Heilperin in the round table on raw materials. His line of argument was briefly as follows: the colonies are not capable of producing the raw materials sought by the Powers which claim that they are not satisfied. It is a question of finance. The financing of these operations is impossible. It would be possible if peace reigned; if there was no fear of war, credit would be available everywhere and the question would disappear. I believe that this is a fair summary — summarized *grosso modo*, for which I apologize — of a train of reasoning which we all highly appreciated two days ago.

Thus there is no longer a demographic question; there is no longer an economic question; and, if I rightly understood what was said just now — I believe that this is Dr. Berber's opinion also — there remains only the question of national honour. I believe that these questions are not debatable before a conference such as ours. They are psychological and not scientific.

Since I have mentioned questions of national honour, I take the liberty of adding that I regret the assimilation which has been made between the Cameroons and Togo and Alsace and Lorraine. This is a literary, a poetic, a romantic argument, but it is not a legal nor an economic argument.

Dr. LABOURET (*Translation*). — I wish to offer what seems to me a necessary reminder of certain facts of history.

A parallel has frequently been drawn between the policy of colonial exploitation and the policy of humanity and social progress which is said to have been inaugurated by the League of Nations, i.e., since 1919. I have the greatest admiration for all that has been accomplished at Geneva. I believe that the civilized Powers made a great step forward the day when they gathered at Geneva to deal with international

problems calmly and peaceably. But the Geneva institution has invented neither the problems nor their solution. Much has been said in the past few years concerning the evolution of the natives and their necessary progress by means of education. Allow me to recall here that each time the civilized Powers have gathered around a conference table, they have dealt with these questions. The word "civilization" was pronounced for the first time with reference to native peoples at the Berlin Conference in November, 1884, and that term figures in the Acts arising out of that Conference, signed some months later. Since that time, the civilization and the progress of the colonial peoples have been constantly discussed.

Again, in the discussion which has been carried on here, I feel that I must comment on certain points.

First, I believe that our discussions would have generally gained in clarity and effectiveness if we had kept to the plane of realities rather than to that of ideology. The participation of the fifty Powers spoken of a little while ago is a case in point. They have done nothing for colonization, have neither conquered nor equipped any distant territory, nor spent their money in these enterprises, nor lost human lives in pursuing them. They have done nothing for the native populations. And now, seeing the work accomplished by the colonizing nations, they say to the latter: "Let us share the harvest resulting from your efforts." In the face of such a claim, the Powers concerned would be justified in replying that those who have never had responsibilities should not be admitted to the deliberations relative to colonial questions, especially when those deliberations concern the withdrawal or the relinquishment of a sovereignty which the conquerors may honourably claim before the world. I think, then — and I believe that I am here expressing an opinion rather generally held among the colonizing peoples — that questions of transfers of sovereignty and of transfers of territories ought to be eliminated from our discussions.

Mention has also been made of the extension of the system of mandates. We all know as a result of what private and delicate negotiations this system was worked out at the proposal of General Smuts. There is talk to-day of extending the system of mandates; it is perhaps an excellent thing, but the problem ought then to be discussed from the legal and practical viewpoint.

From the legal viewpoint, arguments have been adduced which I need not repeat here, for they are well known.

From the practical viewpoint, certain of the suggestions which were made this morning seem to me particularly dangerous. According to them, the Permanent Mandates Commission would become an organ of control and of inspection. It is already an organ of control, for it gives its opinion on the reports furnished each year by the governments responsible for the mandates. Is it possible for it to transform itself into an inspection department, gathering in the mandated territories direct information which the reports do not always furnish in complete form? But to act thus is to cast doubt on the sincerity and honesty of the mandatory Powers. Thus far the latter have done nothing to justify such a suspicion. All have acted with remarkable propriety, and none of them can incur the reproach which would seem to be implied in the sending of inspectors to verify on the spot what responsible governments have declared publicly on their honour.

But the proposal has a practical aspect which is bound to invite examination by every person who has had anything to do with administration in colonial territories. What are we asked to do? To set up a general staff of international officials whose task would be to administer the mandated territory. If I understand correctly, the League of Nations or the Permanent Mandates Commission would be expected to set up a training school for these administrators, who would be recruited in all the countries in the world, even in those which have never concerned themselves with colonial questions. Thus a Brazilian Governor or Commissioner would be sent to a country under mandate; he would be aided by a Secretary-General from the Republic of San Marino; he would have to supervise civil servants belonging to all the nations in the world. Is it possible to hope, by this extraordinary method, to constitute a coherent organization capable of giving to the territory the general and permanent orientation which it must have? To be sure, it seems possible to confide certain technical services to citizens of other countries without harmful results, provided they are competent men and that they undertake to apply loyally in their field of activity the policy freely chosen by the guardian Power. The latter is responsible for the administration of the territory, and administers it in the framework of its national ideas. There can be no objection, for instance, if agents of public works are asked to serve in mandated territories, although they are not citizens of the mandatory Power. But it seems doubtful that the guardian States would ever permit foreign officials to assume a position of authority and thus to receive by delegation a part of the national sovereignty.

Dr. LOUWERS (*Translation*). — I wish to make a remark of an entirely practical nature in reply to suggestions which were made by one of the preceding speakers; but, before doing so, I am led by reason of later declarations to make a remark of a general character.

The statements of the last speakers might lead one to suppose that the debate now going on concerned only a sort of conflict between certain Powers and Germany. May I remind you that Germany is not the only country involved in this matter, that a large number of other Powers are far from declaring themselves satisfied with the economic régime throughout the world, and in particular with the economic régime followed in the colonial field. I will go as far as to say that the Powers which possess no colonial territory are not the only claimants, but certain Powers which possess colonies as well. I will cite here the case of my own country. It must not be imagined that because Belgium has a colony — and a colony which is not without importance — she is satisfied with the present régime. She is by no means satisfied; she would like a régime marked — and not only in the colonial territories, but in the whole world — by more liberalism by a broader conception of equality. Only on this condition will peace reign in the world; at least it is one of the essential conditions of a generalized state of peace.

Having said that, I come to the quite concrete remark which I had to make in reply to the statement of the representative of the Netherlands. The latter suggested the creation of an international institution for the study of colonial problems. He will allow me to point out to him that colonial studies are being carried on at present more and more actively. The different colonial countries manifest a really remarkable activity in the study of colonial problems. I will not cite here all the institutions and all the organs of scientific activity in colonial questions which exist in the different colonial countries; that would carry us too far. I will merely say that, from these study centres, issue remarkable works which contribute mightily to the improvement of colonization. In addition, there are organizations which study colonial problems on the international level, some of them long established. I have in mind the International Colonial Institute, which is represented at this Conference by a certain number of its members. This Institute has been in existence for 45 years. It includes particularly qualified persons of the different countries which are engaged in colonial activity. Its field of study is especially administration, legisla-



tion, political economy, sociology. The International Colonial Institute has published very interesting works. These works are assembled in a collection which is celebrated in colonial circles — the Colonial Library. One may always turn to it with very great profit. The International Colonial Institute makes a point of keeping its studies up-to-date. It also renders another service to colonial activity by placing at the disposal of all research workers a very rich body of purely official documentary material.

There is also another institute which likewise studies colonial problems on the international level, with a body of collaborators even more extensive than that of the International Colonial Institute. I refer to the Institute of African Languages and Civilizations. It was founded just after the war, and its administrative headquarters are in London. This Institute is chiefly concerned with ethnological and linguistic studies; it is also interested in sociology. It is possible that, up to a certain point, that is, from the viewpoint of international collaboration in colonial studies, these institutions might be somewhat modified. Thus, in the International Colonial Institute, the members must belong to countries which have colonies. For the needs of international collaboration, it would perhaps not be useless to extend somewhat the field from which the members of the Institute are recruited. That is a question which might be put to the Institute; I do not know how it would be solved.

I am persuaded, moreover, that if the International Studies Conference wished to entrust to the International Colonial Institute the special study of certain problems related to the subjects in which it is interested, it would doubtless consider it a pleasure and a duty to co-operate.

Professor Quincy WRIGHT. — I want to refer to a point mentioned by Dr. Berber which has given me some concern, namely the basis on which the discussion of colonial problems should proceed in a body like this. Dr. Berber objected to what he called the "abstract method" in our discussion and referred to the problem of returning colonies to Germany as a "political" one. I do not know just what the distinction between an abstract and a political approach is, but it seems to me that if a conference such as this is to make any contribution it must make it on the basis of general considerations. If we attempt to reach solutions on the exigencies of a particular moment

or a particular area, we shall never get anywhere, because the special interests of our countries will bias our scientific objectivity.

If I correctly understood Lord Lytton, he said that peaceful change means the changes necessary to preserve peace. This strikes me as somewhat doubtful. I should be inclined to say, rather, that peaceful change means changes in the *status quo* necessary for justice. It is to be hoped that we shall get peace as a by-product of justice, but if we are going to make changes in the *status quo* only because otherwise somebody threatens to make war if we do not, we are likely to be confronted by more serious demands in the future. We cannot buy peace as an immediate political proposition at the price of injustice; our discussions must not proceed on the basis of what we have to do to buy off Powers that are threatening war, but on what is necessary for justice.

I must say in defence of Dr. Berber that he did not directly state that the reason for returning colonies to Germany was that otherwise Germany would make war. I do not wish to imply that. He based his belief upon the cause of justice and referred to the fact that injustice was done to Germany in taking her colonies away from her. On that point I entirely agree with him; it was an injustice. I also think that when America took the Philippines and Puerto Rico from Spain it was an injustice. I will not go into other instances, but if we go back and ask ourselves what were the reasons why Great Britain took away part of the French Colonial Empire in 1763, it might be difficult to explain in terms of justice; similarly, why the Dutch took the Portuguese Empire in the East Indies. In fact, in the light of history the contention that colonies must be redistributed because of injustices committed in their origin would, I fear, take us a long way. In my view, there is not a single Power possessing colonies which acquired them all by methods of unquestioned justice. If, therefore, we are to discuss this matter on that basis the logical conclusion would be that all colonies would have to be given to their own inhabitants. My belief, therefore, is that the only bases on which a body such as this can discuss the colonial problem are (1) the interests of the population, and (2) the interests of the world as a whole, in equality of opportunity for economic exploitation and administration.

I do not say that proposals for the improvement or extension of the mandate system provide the best solution; I merely urge that the welfare of the inhabitants of the colonies and the interests of the world

as a whole constitute the most satisfactory bases on which the question can be discussed.

Dr. HENDERSON. — Like Lord Lytton, I am very grateful to Dr. Berber for having introduced what he called “a note of reality” into our discussion. Professor Quincy Wright has just said that there are only two considerations to be borne in mind in dealing with the colonial question: (1) the interests of the inhabitants of the colonies, and (2) the wider interests of the world in equality of opportunity. There is, I suggest, a third consideration which is in many cases most important, namely, the concern of important areas of the world to maintain their freedom from international complications which might entail a serious danger to their peace.

Dr. Berber has deprecated using general terms. I will therefore be extremely concrete and refer to what used to be German South-West Africa. The mandate for German South-West Africa is held not by Great Britain, but by the Dominion of South Africa, which is situated next door. Thus the possession of their mandate by South Africa means that there is in effect a single sovereignty over the whole area, a freedom from the possibility of trouble arising from the rivalries of European States. From the standpoint of the development of the South African peoples that is a consideration of great importance.

It has been pointed out that an important element in the statement of the German case for colonies is the need for raw materials, and it has been argued that if Germany were to secure a return of her former colonies the production of raw materials would be greatly increased above its present level. From the point of view of the international economic standard, however, that prospect arouses misgiving, because the prevailing tendency towards world over-production of many raw materials — which makes for a serious depression of prices — is precisely one of the underlying causes of our economic difficulties. If, therefore, Germany were to use any colonies that were returned to her to increase the world production of certain commodities, that would constitute a factor seriously prejudicial to the general economy of countries concerned with the production of primary products. That is another though less important aspect of the question which ought not to be left out of sight.

Dr. BERBER. — I regret that there should have been misunderstanding in thinking I had compared the Cameroons with Alsace-Lorraine.

What I did was to compare the arguments put forward for the return of Alsace-Lorraine with those put forward for the return of the Cameroons.

The same speaker, who did not correctly interpret my remarks, said that there is now only a question of honour for the Germans. I did not, however, state the German claims; I merely said they had been made unofficially. The question of honour is certainly not the principal one; it is more a question of right, of legal justice. We in Germany are of the opinion, that a breach of contract makes the contract invalid. May I, therefore, remind you that the preliminary peace stipulation of November 5th, 1918, which represented a binding treaty, provided for the unilateral laying down of German arms only on condition that President Wilson's Fourteen Points should be the basis of the coming treaty. I would point out, however, that President Wilson's Point in connection with the colonial problem was very different from what was actually laid down in the Treaty of Versailles, a difference for which no justification was given. We, therefore, have a legal basis for our claim, as well as a basis of justice and morality. Professor Quincy Wright said that this was a political problem which could not be studied by a Conference such as this, but I do not agree. I personally could propose twenty or more topics dealing with the problem on a scientific basis.

With reference to the German monograph on raw materials to which allusion has been made, I would point out that this merely gives counter argument for argument. It has been said that even if we get back our colonies they will be of no use to us, and an endeavour is made in the monograph to counter that argument by showing that they would be useful. That does not mean, however, that it is because we need raw materials that we want our colonies back.

I agree with Lord Lytton that in England during the past century there has been a strange mixture of self-interest and idealism, and that it would be very short-sighted to say that the idealism is only a veil for self-interests, as many people did in connection with Abyssinia. I think that is a superficial view. I believe there is a genuine feeling in England that the civilized nations have a duty towards native populations. I remember, for instance, that in December 1935, when a proposal was made to hand over certain parts of British Somaliland to Abyssinia where the slave trade was still practised, a guarantee was demanded that the port of Zeila should not be used for an extension

of the trade, thus showing that the interests of the natives were to some extent considered. There are, of course, various possibilities in considering the interests of the natives in transfers of territory, but that is not the particular issue.

Lord Lytton has asked me to indicate what sort of procedure would be possible for the consideration of the German claims, but I am afraid he rather misunderstood me. I used the term "legal approach" symbolically, to indicate that a body such as this should try to maintain a standard of objectivity not lower than that of a court of law. I would not suggest that there is a possibility of setting up a tribunal of practical policy to adjust the German claims. I agree, for instance, with what Dr. Whitton and Dr. Bourquin have said in that connection, as opposed to Dr. Lange's view. I do not think that in international policy, you can build up an abstract system of procedure, but that these things are arranged more or less politically.

We must distinguish between the material conditions of peaceful change and the formal or procedural conditions. Can we lay down general rules and, if not, can we treat concrete situations and provide different justifications for each? Justifications can, of course, be of very various kinds; but there is a tendency to over-state the economic justifications and to under-state the moral justifications, which are much more important in political life. For instance, if somebody has a legal right he has a moral justification. In our conception there is no such thing as a legal right against morality. Therefore, when Lord Lytton asks what the Conference can do, what sort of approach it should make, I would suggest the examination of the material conditions for the justification of peaceful change, and in some cases the formal conditions also.

I said that in so far as the transfer of territory was concerned abstract rules could not be laid down. I did not exclude abstract rules entirely, as one speaker suggested. I merely referred to one aspect of the many problems involved and said that I did not think an abstract formula could be found for it. What I wanted to imply was that while the laying down of general and abstract formulae in justification for the transfer of territory along the lines proposed in the agenda might be very useful for claims by Poland, Lithuania, Estonia, Austria and Hungary, for instance, it must not thereby be thought that the problem of the German claims has been dealt with.

I am glad Lord Lytton considered that I had been tactful. I hope

I was more than tactful when I referred to peaceful change as a change for the avoidance of war. I did not intend to imply that there was danger of war in the event of Germany's colonies not being restored to her, because dangers of war arise from many causes and situations, but not generally from questions of principle. And here I come to an important point. Professor Quincy Wright said that if one tried to apply the principle of justice to all colonial claims, or to remove injustices throughout history, one would never come to an end. I quite agree, but I would remind professor Quincy Wright that in 1763 the British took away a French colony which the French tried to win back by war. What you are trying to do now is to say: "We are in a new world with a different conception of international relations; we want to create a method of change without war, and it is no use making parallels from history."

To conclude, I would point out that my contribution has not been one on the German claims, but on the scientific approach to the question; it was made in order to urge the Conference to beware of the danger of basing its work on popular and misleading slogans, such as are current in every country, and to try to find a really objective line of approach.

THE CHAIRMAN (*Translation*). — I believe — and I say it with regret — that the hour has come to close this discussion. I have the impression that there would still be plenty of material for further debate. But we are obliged to conclude our meeting, and I end by thanking all who have contributed to this discussion: our Secretary-Rapporteur, the authors of the memoranda, and all who have spoken. I thank also the Institute of Intellectual Co-operation and the members of its staff, who have greatly facilitated our work by preparing and organizing this Conference so perfectly.

## NOTE ON THE STUDY OF DANUBIAN PROBLEMS

Although a study of the Danubian problems as a special enquiry was not included in the terms of reference adopted at the London Session in 1935, explicit reference was made to "the peaceful solution of economic, social and *territorial* problems." The word "territorial" was included to show that the Conference was consistently taking up the study of the crucial issues in current international politics, thus making it quite clear to those who had manifested a certain hesitation in this regard that a study of peaceful change would be incomplete if territorial questions (both as causes of friction and as possible elements of solution) were not included. It was obvious that in no other area were territorial changes discussed so continuously as in the Danube Basin.

To students of international affairs, the Danubian region also came to be identified with an area where national and ethnical questions played a very important part. The economic plight of some of the States has likewise become one of the chief concerns of the post-war diplomatist. Conferences of a predominantly diplomatic or economic character were called from time to time to discuss proposed solutions for what has come to be generally known as the Danubian problem. It became a truism to say that nowhere had the liquidation of the World War caused a more marked disequilibrium of social and economic factors and that nowhere was the progress of adaptation to radically changed conditions more handicapped than in this area.

It was, therefore, obvious from the outset that Danubian questions would occupy an important place in the programme of research adopted by different committees and institutions affiliated to the Conference. It was felt, however, that in the absence of a preconceived plan, these questions would be treated in papers dealing with a large variety of points and lacking in co-ordination because approaching the problem from very different angles. When competent authorities suggested that, in addition to such papers as might be written in various countries,

the Conference should organize a concerted effort at what might be called "a stocktaking of the problem", the idea was at once retained for further consideration.

Detailed proposals were submitted by economic experts in several of the Danubian countries. They were all inspired by the desire to undertake an objective enquiry into the causes and determinants of the existing situation and to examine the relative economic interdependence of the Danubian countries, as well as the extent to which they were dependent on countries outside the Danube region. These proposals found a sympathetic echo in the Conference's Executive Committee and, as a further step, it was decided to convene a meeting of economists from Austria, Bulgaria, Czechoslovakia, Hungary, Rumania and Yugoslavia. This meeting was held in Vienna on March 30th and 31st, 1936, and several plans were discussed.

A general programme of research was agreed upon, of which the chief sections are as follows : (1) a brief history of important economic and political events in the form of a chronology; (2) an outline of the geographical conditions; (3) a statistical survey covering production, foreign trade, prices and cost, transport, financial conditions, population, etc., and (4) an examination of the economic structure. It was decided that the enquiry should be undertaken separately in each of the six countries according to a common plan and method; that the closest connection should be maintained between the research workers in these countries in order to ensure the necessary comparability of statistical and other information, and that a group-secretary should be appointed for the purpose of ensuring co-ordination.

It was clear that the execution of such a survey, requiring in many cases the compilation of statistics which were not available in the existing official or unofficial records, would take from three to four years. It was, therefore, felt that the work could best be carried out in stages in the following order : (1) chronology of economic and political events in the Danube Basin; (2) Foreign trade; (3) Prices and costs, and (4) Production, etc. The first three parts have already been completed. The chronologies of the six countries have been published as Part I in the series "Danubian Studies" by the International Institute of Intellectual Co-operation. The statistics on foreign trade and prices and costs have been compiled, and analytical commentaries have been drawn up by the experts. This part of the enquiry will form part of a separate publication in the series "Danubian Studies."



When the Conference met in session in the summer of 1937, it had at its disposal considerable documentation on various aspects of the Danubian problem which fell roughly into three categories: first, a number of papers submitted by Members of the Conference in both Danubian and non-Danubian countries. (This documentation is summarized in the Report on Memoranda on Danubian Questions submitted to the International Studies Conference by Dr. Carl Major Wright,<sup>1</sup> who during 1936-37, acted as group-secretary); secondly, a brief outline of the foreign trade, price and cost statistics compiled by the experts during the first period of their collaboration; and, finally, a brief survey of various government and other proposals for the solution of the Danubian problem prepared for the convenience of the participants by Dr. Wright and reproduced, as an annex to his report, in the present volume.<sup>2</sup>

Members of the round-table sessions on Danubian questions in Paris felt however that it would be premature to discuss the Danubian problem in its economic and political aspects on the basis of the documentation actually available. Indeed, foreign trade, prices and costs could not be discussed without reference to certain production and financial statistics which were to be included only in the second stage of the experts' work. Interesting as the other papers were, the round table felt that it could not usefully embark upon a discussion of the problems unless it had before it the complete results of the objective and methodically planned enquiry of the economic experts from the Danubian countries. The object of the round-table discussion was, therefore, largely to establish a programme and it was understood that the Conference would arrange for a detailed discussion when all, or at least a self-contained part, of the statistical survey was completed.

Several members of the round table made suggestions regarding the lines along which research into the Danubian problem should be conducted. Dr. C. A. Macartney put forward the following suggestion for future political studies: "What are the factors which ought to govern the political organization of the Danube Basin — national, ethnical, historical, economic, strategic or any other? Should these factors exclude consideration of the interests of any States outside the Danube Basin or should they not? Does the present organization of the Danube Basin adequately satisfy those considerations or does it

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<sup>1</sup> See, above, page 214.

<sup>2</sup> See, above, page 249.

not? Do they, or does any one of them point to the desirability or undesirability of any kind of territorial change? Are there any necessary limits to territorial revision or change? Whatever the frontiers adopted, the present or otherwise, what devices are necessary to diminish friction between the States and to diminish unhappiness among the peoples concerned?"

Taking as a basis the plan outlined by Dr. Macartney, Dr. Erich Voegelin, of the University of Vienna, submitted the following classification of general problems in the Danube Basin: (1) geo-political questions including natural resources and strategic position; (2) demographic aspects; (3) economic aspects; and, finally, (4) social stratification and its evolution including the effect of such changes on the political attitude of the Danubian countries.

An interesting suggestion was made by a Norwegian participant, Dr. Axel Sömme, who urged the experts to compile linguistic statistics, based on small administrative units, in order to show the number of people speaking a given language. Such statistics should then be presented in the form of charts, which should also indicate the gains and losses of different linguistic groups as compared with pre-war conditions. Such charts Dr. Sömme argued should be indispensable for the study of minority questions.

Several members of the round table emphasized the great difficulty confronting the experts. Dr. Virgil Madgearu, Professor at the University of Bucarest, stressed the difference between Danubian countries and non-Danubian countries, such as France or Great Britain. In the latter case, complete and reliable statistics were available, whereas in the former, the situation left much to be desired. In some Danubian countries the statistical departments did not function as objectively as might be wished and in others they were not scientifically organized.

The round table was unanimous in urging a most careful and detailed investigation, and one member, Dr. Elemer Hantos, Professor at the University of Budapest, suggested that the Conference should create a permanent committee for the study of Danubian problems, which would meet successively in the capitals of the countries concerned.

Such was the general trend of the round-table discussion. It differed from that of the other round tables in that it postponed the problem and considered rather the methods of investigating it, and for this reason the editors of the present volume felt that its harmony would be disturbed if the proceedings were reproduced verbatim.

## SECOND PLENARY STUDY MEETING

Chairman : Dr. J. F. DULLES

THE CHAIRMAN. — Our business this morning relates primarily to hearing reports from the round tables on Demographic Questions, Raw Materials, and Colonial Problems<sup>1</sup>.

We will hear the reports of the Rapporteurs of these three round tables, after which an opportunity will be given for brief comments. It is, however, desired to complete the hearing of the reports and the comments upon them at this morning's meeting in order to leave the two following sessions free for a general discussion on procedural matters.

Mr. CROMIE, Rapporteur of the round table on Demographic Questions. — The demographic aspects of peaceful change have been discussed at this Conference in two round-table sessions on Tuesday and in an informal meeting on Thursday morning between a small group of demographic experts. Obviously, it was impossible during eight hours of discussion to cover all the points treated in the memoranda, which represent a total of at least two years of thought and effort. It was necessary to make a very rigid selection, but it was not made arbitrarily. Our objective in drawing up the agenda was, first, to permit of a "meeting of minds" on the general requirements for change in the demographic field and, secondly, to allow an exchange of views on a limited number of problems concerning population and migration which seemed to be of the most immediate practical interest. Our agenda was consequently divided into three parts.

We began our discussions with a brief introductory consideration of overpopulation and the notion of optimum population. This was done in order that we might have a clear idea, first of the terms of

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<sup>1</sup> See also, above, note on the study of Danubian Questions, p. 482.

reference, and secondly, of the notion of optimum population, because optimum conditions must necessarily constitute the goal of international or national demographic policy. Leaving aside the theoretical considerations of the notions of overpopulation and optimum population, we passed on to a discussion of some of the principal problems of migration; under this heading we also considered the question of habitat. The third part of our agenda was devoted to the possible solutions for overpopulation and for some of the outstanding difficulties which surround the problem of migrations, and to a consideration of the procedures or methods by which the suggested solutions might be applied and the reforms envisaged made a reality.

To pass, then, to the first item of our agenda : " Overpopulation and the notion of optimum population ", I think I can say that there was general agreement among the experts on a fundamental premise, namely, that there are serious demographic maladjustments in the world to-day. On the one hand, we have countries which are unquestionably overpopulated, and, on the other hand, there are regions of the world which are not exploited to the limit of their potentialities and which could, with profit, support a larger population.

It was recognized generally by the experts that these demographic maladjustments do constitute a source of trouble and friction in international relations and that, consequently, the means for remedying such a situation, very properly, constitute one of the subjects of discussion at a conference on peaceful change. As to overpopulation itself, there is, of course, no definite way in which we can measure the extent to which a given country may or may not be overpopulated. The experts were nevertheless in agreement that there are certain criteria or signs : excessive poverty, for example, excessive labour applied to the soil to produce given results, which indicate a surplus population. The countries and regions of the world which are suffering from this situation were enumerated during the discussions. Reference was of course made to China and the other seriously overcrowded regions of the Far East. We spoke more particularly of those countries which have based demands for changes in the *status quo* at one time or another upon alleged demographic pressure within their frontiers.

Dr. Yoshizaka, spoke of conditions in Japan and Dr. Smolenski, spoke of the serious demographic pressure in Poland. Reference was also made to other countries, notably Italy and Germany. As regards

Japan, Dr. Yoshizaka wished to make it clear that the situation there is sometimes exaggerated by European scholars who consider this problem. It is a noteworthy fact that Japan's birth rate and natural increase of population is lower than that of several European and South American countries. It is, moreover, a fact that since 1920, probably owing to the onset of the practice of birth control, Japan's birth rate has declined.

Speaking in general on the question of overpopulation, Dr. Landry, stressed the fact that we should consider not those countries which are overpopulated from an absolute point of view, but rather those countries which are relatively overpopulated, because it is this latter type which have made demands for changes in the *status quo* and which, if those demands are not granted, may possibly constitute a troublesome factor in international affairs. This point was kept in mind during the subsequent discussions.

Optimum population is perhaps even less susceptible of definition or measurement than overpopulation, but it is nevertheless important to have some idea of the facts which must be taken into account when fixing the optimum of population. Optimum conditions are necessarily our goal and we must know in what direction we wish to move. These were points brought out in particular by Dr. Ferenczi, who said that the objective of all demographic policy was naturally the improvement of human welfare; human welfare, however, could by no means be identified with human economic conditions.

Various other important considerations must be taken into account, notably the desire for security which, indeed, is felt both by individuals and nations, as well as the necessity of formulating a demographic policy in such a way that the biological or eugenic qualities of the human race may be constantly improved. By giving due weight to each one of these factors, Dr. Ferenczi arrived at a synthetic notion of the optimum of population. If we are to work towards this notion of optimum population, it is necessary that there be international collaboration and a sound knowledge of the facts. To make this possible, Dr. Ferenczi recommended that a series of agreements on demographic policy and the methods of keeping statistics of population trends be concluded between the different nations; and that co-ordinated international studies be carried out preliminary to the conclusion of those agreements. He very strongly urged that the International Studies Conference should make a contribution towards this movement by keeping

the subject on its agenda. He said that while, of course, it was wise for us to discuss migration and removal of the obstacles to migration, as being possible means of remedying demographic maladjustments throughout the world, we must not lose sight of the fact that it is by no means the only way in which this situation can be improved. It was in this spirit, in fact, that we considered the question of migration, and particularly the obstacles surrounding that problem.

The first points raised — I am not following the chronological order of the discussions in our meetings but rather making a synthesis of the discussions in logical order — were those by Dr. Pickersgill, and Dr. Alsberg: "Does emigration really remedy overpopulation? Are the overcrowded countries really helped when a certain number of their surplus inhabitants leave their frontiers?" The inference which we drew from the remarks of Dr. Pickersgill and Dr. Alsberg was that the tendency in the overcrowded countries was for the birth rate to rise as soon as the emigrants had left, with the result that the void was immediately filled and there was no total change in the situation.

Dr. Carr-Saunders replied to this point and said that we must compare — turning to the evidence of history — net emigration in relation to natural increase. It could be statistically demonstrated that during several decades as much as a third and even more of the net increase of population in Great Britain year by year was lost through emigration. This was also the case for Norway, according to the memorandum by Dr. Skaug which was referred to by Dr. Lange. It is, of course, not possible to say to what extent this has actually relieved overpopulation in those countries, but Dr. Carr-Saunders considers it most unlikely that the birth rate would have been lower had the emigrants remained at home. This point was substantiated by Dr. Smolenski, who told us of the benefits which his country had derived in the past from emigration.

The point of view of the more or less overcrowded countries of Europe was further expressed by Dr. Bohac. Czechoslovakia, he said, is not overpopulated in any real sense of the word; it is nevertheless suffering from unemployment, and the unemployed—at least temporarily during periods of international economic crisis — constitute a surplus population. In his view, one of two things could be done to remedy the situation. We could either restore international trade, which would enable Czechoslovakian industry to function at full

speed again and thus occupy the inhabitants, or find an outlet for the surplus population abroad. Dr. Bohac asked what were the actual possibilities for migration in the world today?

It is clear that the possibilities for migration will depend upon the question of habitat. It is alleged that men, like fauna and flora, cannot be displaced out of their natural climatic surroundings without suffering a decline in their efficiency and reproductive ability. Count Teleki had noticed, during his study of migrations to the United States of America, that the European emigrant generally attempted to settle in the United States in regions having climatic conditions identical with those of the European regions from which they had come, and he feels that this is a normal tendency of human beings. Dr. Gormsen, said he had the same impression as Count Teleki on this subject. He had noticed, for example, in the forests of the Northern United States, where the climate is particularly rigorous during the winter, that there was even a difference in the ability of the three Scandinavian peoples to support it. He had found, for instance, that the Swedish emigrants could work in and support the rigours of a Minnesota winter, whereas Danes and Norwegians were much less capable of doing so.

A slightly different attitude towards this question was expressed by other speakers, notably by Dr. Alsberg. Dr. Alsberg said that it is not climate acting directly upon the individual human body that is of importance; it is rather climate acting indirectly through the environment. For example, Italian emigrants to the United States settle in California, not because it has a Mediterranean climate, but because it has a Mediterranean culture: the fig, the vine and the olive. His view was that all evidence tends to show that the human being is able to adapt himself to virtually any climate. He changes, of course — for example, a Dutchman in Holland is not the same Dutchman as his colleague in Java — but the change, the natural adaptation which takes place in the human body when it enters a different climatic region, cannot necessarily be considered as a degeneration. Dr. Forsyth, supported Dr. Alsberg's remarks.

The conclusions on our consideration of habitat were stated by Dr. Carr-Saunders and Dr. Ferenczi, who both said that our knowledge of the facts of the situation is not yet sufficient to permit us to give a final answer to the question. Further study on the question of habitat, on the adaptability of man to different regions of the world, and the consequent possibilities of settlement in those regions, was recommended.

As regard the specific opportunities for migration from the geographic point of view, our attention turned naturally to those regions of the world which have in the past represented countries or areas of immigration and which are considered to be more or less underpopulated or threatened with underpopulation, or at all events are certainly not overpopulated: i. e. the United States of America, Canada, Australia, New Zealand and South America. What are the possibilities for further immigration into these countries? The answer given by Dr. Forsyth, Dr. Pickersgill, Dr. Alsberg and Dr. Shotwell was that the possibilities were necessarily dependent upon the opportunities for useful economic activity. As Dr. Shotwell pointed out, it is not a question of taking each year 100,000 people and placing them in the United States; it is a question of taking 100,000 farmers and finding useful productive economic activity for them in the United States. He said that they must view the whole question of immigration from a historical perspective, and that it was as futile to talk of re-establishing the free and easy migrations of the nineteenth century as it would be to attempt to restore the economic liberalism and complete world free trade of that era. Conditions in the countries of immigration are substantially different now from what they were in the nineteenth century and there is now very little possibility of "subsistence farming". The immigrant is no longer regarded by the inhabitants as a co-worker who is going to co-operate with them in building up the nation, but rather as a possible competitor who constitutes a menace to the standard of living and wage level of the workers. According to Dr. Pickersgill, agriculture in Canada — as well as in the United States — has become capitalistic for various reasons that were discussed in detail in the round table, and which cannot be gone into here. Dr. Alsberg again emphasized the fact that we must not attempt to promote migration simply for migration's sake; there is no point in filling up the relatively empty areas of the world merely in order to have a balance, if that process is not going to result in progress and in the advancement of human welfare. You cannot, said Dr. Alsberg, reduce mankind to a uniform, swarming human ant-heap.

Our conclusions regarding the possibilities of migration were by no means entirely pessimistic, as was to be foreseen from the views set forth in the memoranda. Dr. de Almeida, stressed the fact that there were still important possibilities for settlement in Brazil, and that that country would welcome further immigration if the technical diffi-



culties — difficulties of artificial assimilation — could be overcome, and he urged that an effort should be made in that direction. Moreover, Dr. Forsyth, and Dr. Pickersgill, did not deny that there was some opportunity for further immigration into Australia and Canada if it could be controlled and regulated so as to be an advantage to these countries.

We then had a discussion on the difficulties of migration. Dr. Carr-Saunders referred to the financial problem, the cost of transporting the migrant from one country to another, perhaps long distances over the sea. Dr. Gascon y Marin referred to the fact that special difficulties arose in connection with special types of migration, and Dr. Richardson stressed the fact that the difficulties might differ according to the period of history of which we are speaking and according to the particular country. The chief conclusion arising from our discussion of the migration problem was, perhaps that stated by Dr. Bohac and Dr. Zaleski. Dr. Bohac had asked: "What can the potential countries of immigration do for the over-crowded countries of Europe and Asia?" The answer, as he rose at the end of our meeting and said, is, "Very little;". It would appear, therefore, that the question of migration is very intimately interrelated with the other problems which we shall discuss here this morning, of colonies and raw materials. If we do not have in the world a free circulation of goods and capital, people will be left stranded in the industrialized countries of Europe and will have to migrate; but it is a vicious circle, for they cannot migrate, unless, when they arrive in their country of adoption they can find opportunities for useful economic activity, and that means, in the case of Canada and the United States, agricultural activity, the production of agricultural products for export. Dr. Blühdorn also stressed this point and said that what should be sought for was a more rational economic system.

I will not dwell at any length on the various solutions that were proposed during the course of the discussions; they have been referred to in the various preparatory memoranda and were summarized in the Introductory Report on the Study of Demographic Problems. It was, however, stated very strongly that internal solutions must by no means be neglected. A State, said Dr. Alsberg, cannot properly ask for international help in the solution of its overpopulation problem unless it had made every effort to solve its own difficulties itself.

As to colonial expansion as an alternative to migration as a remedy

for overpopulation, the opinion was expressed by Dr. Gormseri — as a result of his comparative study of Denmark, Norway and Holland — that colonies do not and cannot provide any important outlets for surplus populations. But the question does not stop there, for he concluded that colonies might nevertheless have some demographic value for the mother country. In the case of Holland, for example, there is an exchange of poor emigrants to the colonies for rich immigrants from the colonies, though whether this has benefited Holland as a whole or only a small group of Dutchmen is a moot question.

Dr. Yoshizaka referred to the establishment of international mixed commissions in the countries of emigration and potential immigration for the solution of economic difficulties and the reaching of practical results; Dr. Oualid said he felt that there was much to be gained from bilateral action, and recommended a serious study of the results of the system of bilateral pacts which France has negotiated, and the possibility of the extension of this system to the present problem.

Finally, we discussed the proposal for an international organization to investigate the problems of migration, to bring the nations together, to discuss their mutual interests in the field both of general demography and migration, and to draw up type contracts and model multilateral treaties which the nations themselves could put into force. That proposal originated with Dr. Legouis, who said that he believed the discussions which had taken place at this Conference on the problems of migration, overpopulation and optimum population, would be of definite help to such organizations as the International Labour Office, which is working to find solutions for them.

Dr. LEGOUIS (*Translation*). — I should like to endorse the remarks which Mr. Cromie made at the end of his report, regarding the value of all this work to those who concern themselves with the problems arising out of migrations. The Conference has undoubtedly produced an abundance of very valuable material, particularly on the national difficulties with which the different countries are faced. It would, no doubt, have been an advantage if the question of "procedures" had been discussed a little more thoroughly; it would then perhaps have been possible to lay greater stress on the interdependence of countries in the matter of migrations and on the indissoluble connections that exist between the various forms of exchange. It is a notable fact that at a time when millions are being hoarded and unproductive

capital wanders about in such quantity that in some countries steps are being taken to discourage and, to a certain extent, to penalize the practice of concealing capital, immense natural resources remain undeveloped and the population of several poor countries find no outlets, since no money is forthcoming when it is a question of undertaking peaceful and productive work. Obviously, this question of solutions is a particularly delicate one. After these discussions, however, I am sure that your impression is not that pessimism should be carried to the extent of throwing the helve after the hatchet. Goodwill and the spirit of initiative are by no means lacking. To cite a concrete instance, the International Labour Office has, for many years, been considering this question of solutions and it believes that the best way to prove the power of movement is to move. Though it does not profess that a resumption of migrations is likely to provide a panacea for all aspects of the world crisis, it has speeded up its efforts to bring about a resumption of exchanges wherever circumstances permitted. Neither does it isolate migrations from other forms of exchange; on the contrary, concurrently with internal measures destined to maintain the employment or the consumption of the masses, it is devoting its attention to the preparation of conditions favourable to a revival of possible and profitable migratory currents. It may perhaps be of interest to recall that, in January 1936, the Labour Conference of the American States asked the International Labour Office to make a special study of emigration from Europe to America and to consider the problem in its various aspects : individual immigration, collective recruiting, spontaneous or controlled immigration, relations between immigration and public or private colonization, conditions governing the organization of the reception of immigrants, etc. The resolution containing this request expressed the hope that these studies would lead to the elaboration of an international regulation which would indicate, in particular, the bases for bilateral or multilateral agreements between European and American countries concerning immigration, colonization and labour — a suggestion which would seem to be all the more significant since it emanated from nine countries whose experience of the phenomenon of migrations is confined to immigration and which have, for a great number of years, provided important outlets for demographic movements.

These recommendations were duly considered; they gave rise to various enquiries and to a visit to America by that much regretted

geographer and economist, Dr. F. Maurette, and to the drafting of a comprehensive report on the situation in this respect in Brazil, Argentina and Uruguay.

Following these investigations, the Governing Body of the International Labour Office, acceding to the request addressed to it and having satisfied itself that the governments consulted were in agreement, summoned a Conference of experts on colonizing migrations for the beginning of 1938. While adopting this rapid procedure, the Governing Body of the International Labour Office has chosen the problem of the financing of the settlement of colonists as a subject that might be examined by this conference of experts. There is no need for me to emphasize the importance of this question, since it is generally recognized that it constitutes one of the principal difficulties to be overcome in the resumption of migratory movements having as their object the settlement of colonists, even between the emigration and immigration countries which have expressed their willingness to develop these movements between their respective territories.

I will merely call attention to the fact that the report of the International Labour Office concludes with a statement to the effect that the problem is one whose solution would be largely facilitated by international collaboration.

To my mind, such efforts — especially if they are supported by attentive and comprehensive opinion, by the active sympathy not only of the experts but also of the public in general — justify the hope that positive results will be obtained in the field of international collaboration in the cause of peace and, for that reason, of a nature to interest every member of the Conference.

Dr. FERENCZI (*Translation*). — I should like to second the proposal that the agenda of the next Conference should include the question of an international population policy in relation to a synthetic optimum.

THE CHAIRMAN. — If there are no further comments on the Demographic Report I will ask Professor Dennery to report on the Raw Materials round table.

Professor DENNERY, Rapporteur of the round table on Raw Materials (*Translation*). — The problem before the round table on

Raw Materials was the following : the significance of the unequal distribution of raw materials in the world; the difficulties which may arise from that fact, particularly as regards the procuring of supplies by the different nations; and the solutions suggested as remedies for these difficulties.

At the suggestion of the Programme Committee, the round table had decided from the outset to exclude certain questions from the discussion. In the first place, the documentation itself was not to be discussed. This documentation, nevertheless, played an essential part. The authors of the national memoranda of which it is composed deserve high praise. Their work enabled the speakers to carry forward the discussion with greater security, with the feeling that their statements were based on conclusions reached after thorough international research. Furthermore, the importance and the number of the data brought together enabled the members of the round table, as we shall see, to neglect, in their discussions, questions in regard to which agreement appeared to be complete from the outset.

The Programme Committee had suggested that the debate should not deal with the strategic aspect of the problem of raw materials. This phase of the question is no doubt essential. The majority of the authors stressed the political importance of the problem of supply. The possession of raw materials is a source of strength in case of conflict. A profound feeling of insecurity impels the nations to seek to establish their economic independence while they are still at peace. Political insecurity is at the base of the conflict regarding raw materials. This theme was the *leitmotif* of most of the speeches. But the members of the round table accepted the suggestion that the debate itself should not deal with this subject. The unanimity of the conclusions reached by the authors of the memoranda seemed to them sufficiently decisive. Moreover, as several speakers pointed out, the means of facilitating preparation for war, or even for aggression, were not proper subjects for discussion in a conference whose purpose was the study of peaceful change. For it is a necessary preliminary to peaceful change that the question of raw materials should be examined from another standpoint than that of preparation for war.

The round table devoted the first part of its deliberations to the study of economic difficulties in the way of the procuring of raw materials.

These difficulties, in time of peace, may be of two orders : those

which depend on the *policy of the sellers*; and those which arise from the *situation of the purchasers*. The first problem is that of restrictions on sales; the second, that of means of purchase.

As regards restrictions on the sale of raw materials, the round table took the position that certain of these measures, such as export taxes, duties or embargoes, were of relatively minor importance. A number of memoranda, summarized in the preliminary report, had enumerated the essential characteristics of these measures, and had pointed to the common conclusion that the difficulties which they occasion for the importing countries should not be exaggerated; for either these measures do not concern essential products, or their incidence is light, or they are not discriminatory.

On the other hand, the problem of international plans for the restriction of production, export, and sale of raw materials was fully discussed. The raw or semi-finished materials affected by such schemes are, indeed numerous and important. Moreover, the apparent diversity of the opinions expressed in the memoranda regarding the consequences of these plans made discussion indispensable. The debate showed that even a brief discussion may sometimes prove more fruitful than a simple comparison of texts. The opinions of the speakers turned out to be, in reality, much closer to one another than a reading of their memoranda might have led one to suppose.

In the first place, the causes of the development of international *ententes* were seen to be so deep-rooted as to make it impossible to deny that the existence of these organizations is largely justified by the facts. These *ententes* have been created in response to the desire of producers to regulate production and to maintain remunerative prices — a desire which is easy to understand. Producers, and especially producers of agricultural products, feel the need, as one participant pointed out, of fighting against a condition of overproduction which is, in this speaker's opinion, the direct consequence of technical progress, of the decline in the rate of growth of the population of Europe, and of the increasingly sharp limitation of new spheres of activity.

All who took part in the discussion, and in particular members of the United States, Austrian, French, and Rumanian groups, pointed out that these plans are not without danger. They may neglect the interests of consumers and reflect solely the monopolistic aims of the producers. In the hands of the State, they are likely to become instruments of political action.

But it was almost unanimously agreed that these drawbacks were limited, and could be, in all cases, considerably attenuated. A member of the French group observed that the application of these plans had not, in the past, seriously hindered the procuring of supplies by industries, quantitatively speaking. Furthermore, they do not, in normal times, discriminate between different countries. Their influence on prices has, in certain cases, been beneficent; they have made it possible, in times of crisis, to maintain industries whose existence turned out to be necessary when prosperity returned. Finally, the possibility of the decline of the purchasing power of customers, the possible employment of substitutes, the intervention of the public authorities, all serve to restrain these organisms from arbitrary action. The chief problem is to confine that action within proper limits. The view was expressed by several members, and in particular by a member of the Austrian group, that steps must be taken to prevent the extension of these schemes from reducing still further the practice of economic liberty. According to several speakers, it is above all necessary to take measures looking to the control of these schemes. The question which still calls for solution, according to one of the American members, is this: who is to control the plans of control?

But the round-table discussion showed — as one speaker pointed out — that the problem of raw materials was far less a problem of sales restrictions than a problem of the means of purchase. The crux of the question lies in the difficulty experienced by certain countries in obtaining foreign exchange with which to acquire raw materials. Taking up once more the ideas set forth in his memorandum, one of the international experts stressed the fact that a country can procure means of making payments abroad only by exporting its products, by receiving revenues from its foreign investments, or by obtaining international credits. The problem is a general one: it arises likewise for the countries which produce raw materials, and which desire to obtain manufactured goods from other countries. Thus, as several speakers observed, it is the diminished circulation of goods and of capital that has led to the penury of foreign exchange in certain countries.

Several speakers showed that all the nations were in fact responsible for this development. By the establishment of tariff barriers, of quotas, of preferences, they have accentuated the decline of the movement of goods. Again, the decline in the amount of money invested abroad has been a new cause of disturbance. The dearth of short-

term international credits, according to an American participant, has had particularly serious consequences for commerce; while the dearth of long-term credits, according to a member of the Swiss group, has caused the disappearance of an important element of economic security.

But other speakers — and notably a member of the United States group — emphasized the fact that the round-table discussion had revealed fallacies in the argumentation of the unsatisfied countries. Restrictions on the export of foreign exchange have increased, if they have not created, the difficulties of supply of the very countries which declare themselves unsatisfied. It is not logical to complain of not being able to purchase raw materials, when the chief reason for this incapacity lies in self-imposed restrictions. An American participant and a Danish participant observed that restrictions on the export of foreign exchange had done more than any other factor to reduce the exports of the countries applying those restrictions. In the first place, they have maintained the exchange of certain countries at an arbitrary figure, have raised the cost of production and have made it more difficult to market national products abroad; in the second place, they have turned foreign sellers away from markets in which they are paid in currencies for which there exist only reduced or uncertain outlets.

Finally, the armament policy of certain countries increases their difficulties of payment, for it forces up the price of raw materials, as a member of the Danish group pointed out; while, as an international expert demonstrated, it makes it necessary to reserve for military equipment raw materials which might otherwise be supplied to exporting industries.

The discussion of the elements of the problem made it possible to predict the solutions which were destined to win the approval of the great majority of the members of the round table.

The preliminary report and the Programme Committee had distinguished three categories of solutions.

Certain proposals accept as an established fact the growth of economic nationalism and of systems of autarky. They seek in the main, to palliate the difficulties encountered by the nations which have adopted exchange control. The aim of these proposals is to enable those nations to effect an economy in regard to foreign exchange.

None of these solutions appeared really satisfactory to the members of the round table. With regard to the transfer of colonies, several speakers pointed out that it was useless to discuss the question anew.



The documentation, they stated, had sufficiently shown that, from the economic viewpoint, the colonial claims rest on fragile foundations. A Japanese speaker, however, spoke of the utility of the transfer of undeveloped territories. He further stressed the fact that the development of lands which are still young might be undertaken by the immigration of foreign labour. A Polish speaker expressed a similar view.

A French member presented arguments in favour of creating in the colonies a large number of international chartered companies for the production of raw materials. Subjects of unsatisfied countries could receive a certain number of shares in these companies — shares which they would pay for, not in cash, but in equipment, in machinery, or even in technical services and in labour, so as to enable them to economize on foreign exchange. Dividends could be paid by the actual delivery of the raw materials thus produced. This proposal encountered numerous objections, notably from members of the United States, British and Belgian groups. Some of these objections were of an economic order, concerning the inadequacy of colonial sources of supply, the smallness of the dividends which would be earned by simple contributions in kind, and the difficulty of associating satisfactorily public and private capital. Still more important were the political objections. The term "chartered company" suggests administrative functions which have not left pleasant memories. Such companies have often served to facilitate the acquisition of territories, and have given rise to more conflicts than they have ended. In fact, as a member of the British group remarked, it would be paradoxical to take into partnership, in an enterprise whose aim is to separate the development of the soil from territorial sovereignty, representatives of régimes which have always denied the distinction between economic and political matters.

The objections formulated against the various solutions applicable within the framework of autarky showed that the speakers were opposed to these solutions not only in themselves, but still more because they were based on a system which they considered condemned. To perpetuate the disease by making its symptoms less painful, as an international expert put it, was to suppress any desire to cure the disease.

A second category of proposed solutions was more favourably received by the members of the round table: solutions which, while not necessitating a complete transformation of economic policies, would make it possible to reach international agreements capable

of facilitating access to the purchase or production of raw materials. These include, first, conventions guaranteeing access to raw materials. A member of the Canadian group, however, sharply stressed the fact that the exporting countries could grant guarantees of access only on certain conditions. The great producers of raw materials or of foodstuffs, such as Canada have serious problems of their own to solve. Canadian wheat producers have suffered many disasters in the past ten years. They would not agree to give guarantees without themselves receiving other guarantees : a guarantee that markets would be opened to them on a durable basis and it would be possible for them in these markets, to dispose freely of their foreign exchange; a guarantee that the importers of raw materials would not use them to develop industries which might compete with Canadian manufactures by methods of dumping; and, finally, the assurance that the raw materials would not be used for the manufacture of armaments intended to bring about a modification of the *status quo*.

In the same category of solutions may be placed suggested conventions to make possible the development of the régime of non-discrimination or of the open door. Certain members, to be sure, and in particular a member of the French group, pointed out the difficulties which seem to them to stand in the way of promoting this policy in the colonial territories.

A liberal policy, according to this speaker, can be profitable only in the first phase of colonization, when the territory is not yet developed, when the country has still to be equipped, and when the deficit in the balance of trade may still be made up by a large influx of capital. But at a later period of colonial development, when the influx of capital declines, foreign imports constitute a serious menace for the native artisan and produce a large deficit in the balance of trade and in the balance of payments.

Several members, however, spoke in favour of the extension of the open-door régime. A Belgian speaker, in particular, stressed the fact that his country had practised this régime with success, that economic liberty had enabled the Congo to overcome the crisis and to maintain the standard of living of the population, thanks to the importation of low-priced goods.

The open door for foreign investments seemed to certain members particularly important. One expert emphasized the fact that restrictive legislative enactments were far less important than the administrative

measures or bureaucratic formalities which in fact, though without legal grounds, exclude foreign capital. According to an American member, discrimination was due chiefly to the fact that capital investments might be employed as a means of political penetration. The solution lay, in his opinion, in the organization of international corporations, placed under the control of institutions which were themselves international. The financial interests of these corporations could thus lay claim to a protection which would be broader than that of a single nation, and the political character of which would thus be less marked.

Finally, certain speakers recommended the development of plans for the restriction and regulation of production and marketing. A Polish speaker, for example, urged the extension of international *ententes* concerning the principal key raw materials. In his opinion, a convention of this sort has the advantage of applying to a specified product, and of taking into account the special conditions which determine its economy. Several speakers, especially a member of the Rumanian group, brought out the necessity of giving the consuming countries representation in the international cartels. But, above all, the question of the control of plans of restriction provoked long and general discussion. A member of the French group presented a general plan for control. He expressed the view that it was possible to transfer to the international field control devices which had already been tested in the national field. This task, he thought, could be entrusted to the League of Nations, the one institution capable of representing the general interests of mankind. In the first place, the League of Nations should be the organ of publicity of the cartels, and should, acting through the States, oblige the cartels to accept such publicity. In the second place, it should act as the connecting link between national control commissions which, in each country, would supervise the operation of the *ententes* and would see to it that these organizations were prevented from following discriminatory practices or practices harmful to the interests of consumers. The aim would be, in brief, to direct the economy of the plans of restriction in the full light of publicity. Several speakers, notably members of the United States, British, Canadian, and Rumanian groups, declared themselves in agreement with this proposal.

For the majority of the speakers, however, the true solution does not lie in conventions concerning directly the production or the exportation of raw materials. It lies in a complete transformation of the

existing economic régimes, in a recession of economic nationalism, in a return to a more active circulation of goods and of capital. Some of them had expressed the opinion that there was no specific problem of raw materials, but rather a more general problem of trade and of credit. In the same spirit, they affirmed that only an increase of exports and of loans could solve the difficulties of supply of certain nations.

Divergences appeared only when the speakers came to the exposition of the methods which were to make such a development possible.

According to several speakers, concessions must be made both by the countries which are rich in raw materials and by those which complain that they lack these materials. The former must agree, first of all, to lower their tariffs and reduce their quota limitations; the latter must consent to abolish their restrictions on exchange and to take part once more in international trade.

In addition, several speakers spoke of the necessity of an international organization of credits. One expert declared that loans could be granted to the countries lacking in raw materials if they would agree to abolish their exchange restrictions. A member of the United States group showed the urgent character of an international organization of short-term credits; the amounts which would have to be guaranteed, he said, would not prove to be excessively large. Fiscal measures for the purpose of preventing the temporary flight of capital from certain countries would likewise have to be considered, as well as measures looking toward the international stabilization of currencies.

One expert stressed the fact that certain factors making for stabilization were already available; such groups, for example, as those whose currencies were linked to the sterling bloc, those which have adhered to the tripartite agreement, or those which have signed the Oslo agreement, would form a sort of club, within which each of the members would accord a certain measure of preference to the others. Trade between these partners could be conducted on a footing of equality. A certain degree of co-operation would be set up to support any members who had been particularly hard hit by a crisis; an aid of this sort might, indeed, induce certain countries to abandon their policy of restrictions and to join such groups.

Several speakers, however, admitted the existence of psychological, social, economic, and political obstacles which must be surmounted on the road to liberalism. The first of these is the ignorance of public opinion in the different countries. Public opinion often prefers danger-

ous palliatives to real remedies. A member of the Danish group observed that, in the field of economics, unlike that of medicine, it is the patient himself who prescribes the remedies; and he considers only the momentary impression which a given drug makes upon him, being incapable of foreseeing the real and profound effects. The speaker further recalled, as the author of an international memorandum had written, that, just because international trade is so effective an instrument of peaceful change, it is feared to-day that the transformations which it may produce will be too great to be socially tolerable. The progress of science has steadily accelerated the transformation of operating conditions, multiplied new competition, increased — as a member of the Polish group pointed out — the differences between living standards in the different countries, and strengthened governments in their desire to ensure the security of their national production and that of the workers engaged in that production.

If the great majority of the members of the round table seemed to accept solutions of a liberal character, many speakers nevertheless stated that the only possible solution was a policy of managed economic expansion.

This twofold tendency—the desire for control, and the desire for a return to a more liberal commercial and financial policy — is particularly characteristic of the opinions which prevailed in the round table. The agreement of the members of the round table seemed almost complete in favour of adopting the idea of an international control of plans of restriction. It seemed no less clear as regards the necessity of a policy permitting the return, by virtue of reciprocal concessions, to a more active circulation of goods and capital.

Such are some of the conclusions reached by a large number of the members of the round table. One speaker observed that the peoples too would easily reach similar conclusions themselves, if they were not obsessed by the anxiety and the fear of war. It is not the economic, but the strategic aspect of the problem of raw materials which makes that problem a possible cause of war. But, as a member of the United States group pointed out, if this problem may be a source of conflicts, it may likewise contribute to the organization of peace.

The British Empire and the United States, he stated, control between them about three-fourths of the world's mineral production. They further possess between them the almost absolute control of the seas. By an enlightened policy of supply, by a possible refusal to

furnish raw materials to an aggressor, these two nations can help to safeguard the peace of the world. It is time, he added, for those who wish to organize peace to show as great an interest in the problem of raw materials as do those who are preparing for war. It has been said that the organization of collective security would make the raw materials problem less acute; but it is likewise true that by an enlightened control of raw materials it would be possible to organize collective security.

In conclusion, the interest of the discussions of the round table on raw materials lies less in the shock of opposed ideas than in the remarkable degree of harmony which appeared among most of the participants. It is only rarely that one sees so close a similarity of viewpoints arise out of an international meeting, when no obligation to act necessitates a rapid compromise.

The debate was not so much a controversy as a series of complementary statements. Some may say that this agreement is the consequence of the fact that the round table was not completely representative. Several members of the round table expressed their very keen and very sincere regret that the nationals of the unsatisfied countries did not all make themselves heard. But the similarity of opinions may also seem to give particular weight to the ideas which were expressed. It is reassuring to see that a group composed of men of so many different nations was able, in regard to questions of so great a present interest, to manifest such a similarity of thought.

Dr. CHRISTOPHERSEN, Rapporteur of the round table on Colonial Questions. — The Chairman, commenting upon the agenda before the meeting, pointed out that although it made provision for the separate discussion of certain "general aspects of the problem", such as the value of colonies and the interests of native populations, he nevertheless thought that as little time as possible should be devoted to this item, at the outset, as the general aspects would inevitably be discussed in connection with each of the solutions suggested. Since no one expressed a wish to make a general statement, the Chairman at once called for discussion of the second main item of the agenda: "Solutions not involving a change of sovereignty". He declared that certain of the questions enumerated under this head had a clearly economic character, while others were obviously political. Some of the economic aspects

(e. g. the "open door" in trade and chartered companies) had already been discussed at the round table on raw materials<sup>1</sup>. He proposed that the economic solutions suggested should be discussed as a whole, and called upon the Secretary-Rapporteur to introduce the subject.

The Secretary-Rapporteur said that of the two principal economic subjects — equality of treatment and international co-operation in the exploitation of colonial resources — the latter had been dealt with rather fully in the raw materials round table; it would probably not therefore be necessary to revert to it in the colonial discussions. With regard to equality of treatment, five different lines of approach had been indicated in the Agenda : 1. Removal of restrictions on colonial immigration; 2. Free access to colonial resources; 3. Removal of restrictions on colonial investment; 4. Free access to colonial markets; 5. Participation of nationals of non-colonial Powers in colonial administration.

The last of these points was political in character, the others mainly economic.

With regard to the first point, the Secretary-Rapporteur suggested that the chief problem to be dealt with was the question of racial discrimination in matters of immigration and economic opportunity in the colonies, a question which could be discussed in the light of the following considerations originally suggested by Lord Lugard : *a*) whether the restrictions on alien immigration are justifiable in the interests of the original inhabitants; *b*) whether the intending immigrants have any special claim; *c*) whether the restrictions are imposed on purely racial or on political grounds.

Mr. Lewis, introducing the specifically economic points for discussion, suggested that there remained to be discussed the questions of imperial preference, equality of opportunity for shipping in the colonial carrying trade, and increased freedom of access to colonial markets by the extension of the régime of the Conventional Basin of the Congo or the application of a similar régime elsewhere, and the extension of the economic equality clauses to C mandates. The questions of the withdrawal of restrictions on investment in colonial companies whose directorates were in foreign hands was also to be discussed, together with the methods, — such as the establishment of an International Investment Board, — of neutralizing disadvantages to foreign investors.

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<sup>1</sup> See, above, p. 308 ff.

In the ensuing discussion, the problem of colonial immigration attracted most attention. There was, however, a tendency to discuss the general demographic value of colonial possessions and not to deal merely with the removal of restrictions. The following aspects were dealt with : 1. The needs for emigration; 2. The demographic value of colonies; 3. The influence of colonial immigration on the native populations; 4. The restrictions on colonial immigration.

Professor Louwers pointed out that certain needs for emigration had diminished or disappeared as a result of economic development in Europe and growing prosperity in the colonies themselves. Even where there is economic distress, populations do not always want to emigrate, as instanced by certain impoverished mining areas in Belgium. The needs for emigration had also been attenuated by the advantages which modern social policy has brought to individuals in many European countries. For these reasons the problem of emigration is not at present so serious as one might imagine.

Dr. Gormsen, although agreeing with Professor Louwers that the need for emigration was at present considerably less than formerly, maintained that it had not altogether disappeared. He emphasized that we have to look at the matter from the point of view of the next ten or twenty years, and if the need exists, even though it be a decreasing one, arrangements have to be made to meet it. He deplored that no German or Italian speakers had made statements on this question during the discussion.

On the question of the demographic value of colonies, Professor Louwers thought that from the point of view of peaceful change the colonial immigration question had been badly put, since one was led to suppose that the possession of colonies provided a solution for the problem of overpopulation. That solution was, in fact, to be found elsewhere. It was the non-colonial territories which lent themselves best to immigrations; these were, therefore, the countries which it would be desirable to open up to immigrants. He maintained that for certain special reasons, such as climate, slow economic development, etc., colonies were not suited to large scale immigration, and that they offered outlets only to small numbers of technicians and specialized workers.

Professor Labouret also strongly emphasized that the possibilities for European settlement in tropical countries had been greatly exaggerated. Equatorial Africa had become in this connection the



object of romantic propaganda. Tropical lands were not destined to receive Europe's unemployed; it would, therefore, be a great mistake to carry on propaganda tending to incite white men to go to countries that were not meant for them. These territories were in need not so much of European manual labour as of supervisors and leaders in the economic field, and above all they needed the capital necessary to their economic development. This situation had been clearly understood by the colonial governments, which had imposed restrictions on immigration into the colonies. At one time they were the victims of the intense propaganda for emigration carried on in the metropolitan countries; masses of non-specialized workers went to the colonies only to return after a certain time without means of subsistence and suffering from disease.

Dr. Catastini recalled that there were three different kinds of difficulties opposed to large scale white immigration into colonial territories: difficulties of habitat, of economic organization and of administration. From this state of things, however, too sweeping conclusions had been drawn. Even if it were true to say that the complete solution of the problem of overpopulation must be found in the world domain, the colonies were not entirely without importance in this connection. Even if the throwing open of colonial territories to white immigration only constituted a partial and minor solution to the population problem, it was nevertheless one of the remedies for the demographic situation of certain countries. In addition, it was apt to be forgotten that the possession of colonies greatly stimulated the economic development of the mother country.

Dr. Ferenczi drew attention to the statistics on foreigners to be published by the International Labour Office. These statistics would make it possible to obtain a general idea of the volume of migrations, as showing the permanent results of migratory movements. For this reason they were an excellent indication of the demographic importance of colonial immigration. They would, for instance, make it possible to determine the percentages of the nationals of colonial countries living in the colonies and in other foreign countries. Thus the number of Germans in foreign countries was 3,400,000 in 1910 while the number of Germans in their own colonies was only 20,000. In 1930, German settlers in territories under mandate numbered no more than 17,000, but the number of other whites in these territories had increased but little. The speaker also cited the case of Japan,

which provides the example of the greatest increase in national population in her own colonies; in 1920 there were 445,000 Japanese nationals in the Japanese colonies; in 1932 the number had risen to 2,360,000. These data would permit us to come to the conclusion that immigration into the colonies does not constitute a sufficient remedy for the situation of overpopulated countries. Furthermore, one might infer that colonial territories exercise relatively stronger attraction upon the emigrants of the Power which possesses the colonies.

On the question of the influence of immigration on native populations, Professor Labouret said that the rights of the natives must be fully safeguarded. One must not forget that there were two sides to most colonial problems, one European and one indigenous. The immigration of aliens into colonial territories was apt to cause regrettable difficulties. The speaker cited the example of the Syrians and natives of Irak who were sent to West Africa. These immigrants were in many respects excellent colonists, but they nevertheless had a deplorable influence on the situation of the natives, in so far as they ousted native merchants and constituted a heavy competition for native labour. The first duty of colonizing nations is that of educating the natives, therefore it was always necessary to bear in mind the incidence of immigration into the colonies upon the situation of the indigenous population.

Dr. Drummond Shiels referred to the non-white migration in the colonies under British rule. In the West Indies and in British Guiana there were a number of Indians; the same applied to Africa and certain Polynesian and Melanesian areas. He pointed out that there was no evidence of administrative difficulties because of the presence of Indians in the West Indies. In Fiji, on the other hand, it appeared that the admixture of the Indians had an injurious effect upon the health of the indigenous population, quite apart from economic friction. The speaker also cited the example of the Chinese population in British Malaya. These Chinese were industrious and eminently useful and the economic consequences of their presence must be recognized.

On the specific question of restrictions on colonial immigration, Professor Louwers maintained that it would not be possible to suppress them all. Whenever it was contemplated to open wider the doors of the colonies to immigration it was necessary to pay attention to the interests of native populations. Professor Richardson also emphasized that the guiding principle was to place the interests of indigenous

populations in the forefront; for this reason he did not think that removal of all restrictions on colonial immigration was appropriate. What was really needed, was the establishment of proper restrictions, in the interests of the natives, and such as would avoid discrimination against other States.

Dr. Drummond Shiels said that when they spoke about restrictions on colonial immigration, what they had particularly in mind was the discrimination against nationals of India, China and Japan. Although agreeing that there might be good reason for certain of the restrictions actually imposed, he nevertheless thought that the suspicion remained that the exclusion of Orientals was mainly on racial grounds. He was of the opinion that more information of a scientific character was urgently needed on this subject. He also reminded the round table of the suggestion made by Albert Thomas at the World Economic Conference in 1927 for some kind of permanent international authority to advise governments in such matters as this. During the discussion on the specifically economic solutions comprised under the general heading "Equality of treatment", the question of free access to colonial resources was not dealt with in detail by any speaker, though many emphasized, in passing, the conclusions of the raw materials round table, that the major colonial problem was rather one of over- than under-production, and that it was a paradox of the present situation that nationalistic and economically autarkic policies were pursued by many countries in such a way as to deprive them of the means of purchasing colonial raw materials, which in turn embarrassed the colonial producers themselves.

Dr. Henderson thought that the discussion had been too largely concerned with the question of emigration. To his mind the migratory movement was part of a much larger process of development in the 19th century, to which the present changed conditions were no longer favourable. The speaker maintained that the opportunities for absorbing large numbers of migrants are less than they used to be, largely because there are no longer rapidly expanding markets for primary products. This in turn, is due to the fact that populations of countries like Great Britain are not growing as they used to. The very fact that populations in certain parts of Europe are growing much less rapidly than formerly, makes it difficult to relieve the pressure of surplus population in countries like Poland, where it is still a very definite problem. The speaker, furthermore, stressed the conclusion arrived

at by the round table on raw materials, that the real condition of the world was not that of a shortage of raw materials, but in almost every case of a redundant capacity for producing them, and that led indirectly to a greater difficulty on the part of some countries in obtaining raw materials.

The question of free access to colonial investment was only lightly touched upon, and no detailed suggestions for the solution of the problem were offered.

Dr. Kirk emphasized the fact that there might be no little difference between the letter of the law and the method of application, and still more the extent to which it was actually applied. With regard to the exploitation of mineral resources, there were in many colonial countries certain perfectly reasonable restrictions which were imposed on foreign companies. He quoted the example of the French Colonial Empire where generally a stipulation is made for a majority of French citizens on the Board of Directors. There was also sometimes a stipulation that the majority of the stock should be held by nationals of the country. But there were many loop-holes in the application of these ideas. What needed careful watching was the tendency towards monopoly. Until recently, for example, in the British Colonial Empire oil rights had been reserved for British subjects. The speaker also instanced certain cases of involuntary discrimination, caused by somewhat complicated regulations for legal registration of companies, or by the provision that no reason had to be given in the case of refusal of rights. That applied particularly to the French Colonial Empire.

The question of freedom of access to colonial markets had also been discussed in the round table on raw materials, where the views for and against colonial protection and the policy of the open door were stated, a number of speakers referring to the desirability of equal access by all countries to the trade of colonial areas.

Dr. Henderson pointed out that the departure by Great Britain, in connection with the Ottawa policy, from the principle of the open door in relation to the non-self-governing colonies had been a highly controversial matter. Opinions were still very much divided as to the expediency of the policy then pursued. He did not think that there would be any very rooted objection to a modification of that policy and a return towards the principle of the open door if it were thought that it would contribute to any important extent to an easing of the world's problems. He did not have the impression,

however, that many people seriously thought that such a change of policy would constitute an important contribution to the solution of the world's difficulties. Commenting upon the discussion at the round table on raw materials, the speaker went on to say that two schools of thought had been reflected in that round table : those who would like to see a return to the old international economic mechanism, and those who felt that a return to the old system being, for various reasons, impossible, we must move forward to a greater degree of control, regulation and planning in the economic field. Those who took the latter view felt that it might well be that colonial territories were involved in difficulties, connected with world over-production of the materials they produce; that it might be desirable that they should be able to take part in co-operative restriction schemes for dealing with those raw materials, and that, in so far as the colonies did take part in measures of that kind, it was difficult to maintain the general principle of the open door, which belonged more to the conception of free and unrestricted trade.

Dr. Verosta, commenting on the problem of procedure, drew attention to a method which probably would be easier to apply than those indicated in the agenda. He agreed with various previous speakers that a general solution of the problems with which the round table was dealing, should be sought in the world domain, and not only in the colonies, but he considered that the conclusion of bilateral agreements relating to colonies would furnish a partial remedy for overpopulation and also for the lack of raw materials in certain small States. Liberalism was an ideal solution, but one had to take into account the present mental attitude, which was strongly opposed to liberalism.

On the question of the participation of nationals of non-colonial Powers in colonial administration, there was no immediate response, although the Chairman pointed out that the problem was an important one. He said that, while there were no serious objections to the employment of foreigners in the technical services of a colony, it was quite another problem to admit them to the more important executive positions. The question was referred to by several speakers later on in the discussion.

Professor Quincy Wright thought that one of the most important grievances of the non-colonial Powers lay in the opportunity afforded only to the colonial Powers for their young men to take part in the

technical and administrative services of the colonial areas. That might be a situation applicable to a relatively small, but nevertheless important proportion of the population, but it seemed to the speaker to constitute a very real inequality that other States should not have similar opportunities.

Dr. Touzet thought that the economic importance of this participation in the colonial technical and administrative services had been greatly exaggerated. Excluding Algeria, the French colonial civil service only numbered between 20 and 25,000 officials; in France alone there were about one million civil servants. It would, therefore, be very little economic benefit to foreign nations to participate in the French Colonial services. The utilization of aliens in colonial administration also encountered another strong objection: it would be contrary to the policy of educating the natives for self-government to replace a white man by another white man, belonging to a different nationality.

Professor Labouret also strongly deprecated the idea of employing aliens in the colonial administrative service. Speaking on the special subject of the mandates, he thought that the most important administrative positions would have to be filled by nationals of the mandatory Power. On the other hand, he maintained that it would be possible to employ aliens in the technical services in territories under mandate, provided that they had the necessary competence and loyally pursued the policy of the mandatory Power.

On the general question of international co-operation with regard to cultural penetration, there was very little comment. The subject was referred to incidentally by two speakers who dealt with international collaboration with regard to the scientific investigation of native customs.

Dr. van Kan drew attention to Dr. Maunier's memorandum on "Native common law in the colonies". Respect for the juridical system of the natives was the key-stone of wise colonial administration. The speaker referred to the system applied in Netherlands India, where a legal guarantee is given to native common law and a whole system of native tribunals has been organized. He pointed out that native law in Netherlands India had become the object of a great work of scientific description and systematization; the initiator of this work, Mr. van Vollenhoven, had followers in many lands, especially in France.

Dr. Maunier testified to this collaboration and drew attention to

the work performed in this connection by Governor-General Brevié. He emphasized the necessity, while writing up native customary law, of taking care not to hinder its necessary evolution; it was indispensable to make provision for periodical revision of the written texts.

It appears from this brief summary of the discussion on the non-political aspects of the colonial problem that only one specific question, the problem of colonial immigration, was dealt with in detail, and that some of the other items of the Agenda were only lightly touched upon.

Opening the discussion on the solutions involving a change of sovereignty, Professor Louwers regretted that the question of transfer of colonial territory had been included in the agenda for the round table. This was a particularly delicate question for all colonial Powers, and he was sure that not a single colonial government would contemplate a territorial or political change of the present colonial system. The public opinion in colonial countries was, moreover, almost unanimous on this point. A discussion of this question might lead people to suppose that a practical solution was to be found within the field of territorial adjustments. As this solution, in the speaker's opinion, was quite out of the question, it would have been better not to have put the purely political problems on the agenda. He went on to say, that the colonial Powers had adopted this attitude, not through egoism, but because of moral considerations. They would not renounce the moral prerogatives that they had acquired regarding populations which they had undertaken to protect. There were now mutual bonds between the colonial countries and the indigenous populations which could not be broken without serious hurt to both parties.

The Chairman, however, did not think that it was dangerous to deal with these questions in an international assembly like the present round table. He felt, that it was precisely in discussing such problems in a scientific spirit that one could calm people's minds. Such a debate would show that even delicate political questions could be profitably examined in a scientific way by people of good faith and goodwill.

Dr. Berber, speaking on the general question of solutions involving a change of sovereignty, said he wished to make a criticism in regard to the method of approach. The agenda referred to "Transfer of territory" in general, but did not specify concrete cases. It was a scientific or intellectual fallacy not to keep in mind the distinction between the realms of the abstract and the concrete. The abstract method of argument or the application of abstract rules was legitimate

only if there was a long series of similar cases with analogous conditions to which similar rules could be applied. If this was not kept clearly in mind, the result in political science was often that the concrete purpose of the argument was hidden behind abstract formulae, whereby the real issue was concealed. In the discussion hitherto there had been too many instances of abstract terms being used to conceal specific issues which delegates did not wish to raise. The speaker reminded the round table that the fine-sounding principles which were invoked were all very well, but that it was precisely the failure to observe such rules that had been responsible for the present unhappy position of the world. For the question under discussion — solutions involving a change of sovereignty — the method of formulating abstract rules was entirely inappropriate, since we were not faced with a situation in which such solutions were necessary in an indefinite number of cases. In talking of peaceful change we had in mind change without war and the political issues which imply a danger of war. In so far as transfers of colonial territory were concerned, the speaker did not think that there were an indefinite number of possibilities or risks. Later on in the discussion the same speaker said that he did not wish to exclude abstract rules entirely. He had merely referred to one aspect of the many problems involved (exemplified by the case of the old German colonies) and maintained that abstract formulae were of no use in that connection. He implied that while the laying down of abstract and general formulae along the lines indicated in the agenda might be very useful for claims made by Poland, Lithuania, Austria, Hungary, etc., it must not be thought that the problem of the German claims had thereby been dealt with.

Some of the speakers who intervened in the ensuing discussion spoke on the general question of solutions without distinguishing sharply between economic and political solutions.

Dr. Sofronie declared that colonization was no longer considered as a pure and simple exploitation of colonial territories and populations. At the present day, it was believed that colonization should be carried out in the interests of the two parties concerned, the colonizers and the indigenous populations, and this principle had been enunciated in the Covenant of the League of Nations. A new distribution of colonial territory was being called for by certain countries as an absolute necessity; for this reason the preservation of the colonial *status quo* would constitute a danger to peace. A solution should be sought in the es-



establishment of an international harmony which would make it possible to do justice to legitimate demands for access to raw materials. Taking the present mental attitude into account, the speaker found it doubtful whether solutions involving a change of sovereignty over colonial territory were possible. The League of Nations, at present, lacked the necessary authority to take the lead in this connection. Direct negotiations come up against the unfavourable attitude of the colonial Powers themselves. The speaker drew attention to the great interest of the Flandin plan in so far as these questions were concerned. This plan foresaw the utilization of a common reserve of raw materials and the opening up of a territory of expansion destined to absorb the surplus of European populations. Despite the great difficulties to be surmounted, it would be necessary to try without delay some practical remedy, for the colonial problem was one of the factors of the international economic situation, and thus one of the elements of indivisible peace.

Professor Richardson felt that it was unsatisfactory to discuss the economic aspects of the colonial problem while excluding the solutions involving a change of sovereignty. In his mind, the best contribution to peaceful change would be to aim at the greatest possible freedom of access to colonial resources and markets provided that it was recognized that the colonies themselves should be entitled to apply regulations upon the exploitation of their resources. This would mean the abolition of all kinds of discriminatory regulations, colonial preferential arrangements not excluded. However, this matter was not capable of solution unless the problem of change of sovereignty was dealt with. The speaker did not favour, in general, the transfer of colonies from one country to another, and he was particularly opposed to such transfers if they were considered mainly because of the threat of force by countries making the demands. There might nevertheless be occasions when a transfer would be useful if it were proved to be an essential step in a general pacification, but not if made under the threat of the use of force. The speaker, on the whole, favoured other changes of sovereignty than the mere transfer of territory from one Power to another. There was a long-term objective, which ought to be continually in the minds of colonial administrations, the gradual emancipation of the subject peoples. This policy was actively pursued by Great Britain, but the process involved was a slow one. Nevertheless it should be pushed on as rapidly as possible, and in the meantime other

solutions would have to be tried by way of immediate contribution to the easing of the present situation. As a short-term solution, he was inclined to favour an experiment in the establishment of international mandates. This solution might be attempted where it could be shown to be in the interests of the native population and acceptable to the participating Powers. Such an experiment, however, should not be attempted in moments of world turmoil and crisis. Set on foot under favourable conditions it would have valuable consequences, especially with regard to international co-operation in administration and participation of people from advanced countries. It would also have beneficial economic effects, from both the native and the world community points of view.

In the course of the discussion several observations were made on the questions of transfer of territory, emancipation of the natives and international mandates.

Dr. Bryce Wood referred to the point made by Professor Richardson, that in no case should claims for transfer made under the threat of war be considered. It was a fact, however, that the present great interest in the subject of peaceful change was to a large extent due to the general apprehension of war. In the speaker's view the problem should be divided into two parts: the problem of making such peaceful changes as would lessen existing tension, and the problem of setting up such organization for the future as would secure regular processes of peaceful change.

Dr. Drummond Shiels thought that all solutions involving transfer of territory were open to grave objections. In any case the colonial population had a paramount claim to be consulted. He also thought that most proposals for transfer had a wrong psychological approach. The desire for equality of status in the colonial field must be met by preparing to make an end of all imperial domination rather than by sharing its privileges and cares with the dissatisfied nations. He agreed with Professor Richardson that the ideal solution of the colonial problem was the emancipation of the subject peoples, but he did not think that this need be such a slow process as had been implied. A real effort should be made to prepare the natives for eventual self-government. At present the African, for example, was not given the possibility of rising to his full stature, and it was, therefore, impossible to know what his political capacities were. The speaker outlined several methods by which this aim could be attained. The first requisite

was a satisfactory system of native education. In this respect the question of language was particularly important. The speaker thought that if only one language were taught, it should be one which gave opportunity for access to the knowledge which had been accumulated throughout the world. In so far as the African native was concerned, he agreed that the education should have an agricultural bias, but he did not think that on that account it need be lacking in cultural possibilities; it should enable the native to qualify in any department of life he might desire. He looked forward to the time when there would be an institution of university status in every greater colonial area, so that the native need not travel overseas for his under-graduate work. Besides education, the principle of indirect rule was powerful in developing the native for self-government. This policy of administration maintained respect for the native traditions, and although it might tend to stabilize a form of government which was not so advanced as might be desirable, there was no reason why, with governmental assistance, it should not become a useful instrument for more progressive forms of government. Other aspects of native policy which deserved attention were the fostering of co-operative societies and the participation of natives in local government institutions, such as education committees, road boards and organizations of a similar kind. The speaker felt that it was most desirable that all legislatures in colonial territories should contain members of the native population. If all these methods of native policy were applied, he was sure progress towards self-government would be much quicker among the natives than was commonly supposed to be possible. Only then could the colonial administrations be said to be faithfully discharging their responsibilities of trusteeship.

Professor Schrieke also spoke on the education of the natives towards self-government. When speaking of peaceful change we were apt to think only in terms of European politics and to forget the various peaceful changes which are actually taking place in the colonies themselves. The idea of trusteeship had taken root already before the war and had made steady progress since. The Permanent Mandates Commission, though it might be a body with limited powers, had nevertheless had considerable influence on colonial administration, not only in the mandated areas, but also in the colonies themselves. The speaker referred to the education policy pursued by the Dutch authorities in Netherlands India. This policy was based on the con-

viction that it was unwise to give the natives an education inferior to the whites. The natives should do the same work as the whites, and ought therefore to receive the same standard of education. In order to have an exchange of views on colonial policy it would be desirable to have an international centre to which colonial officials could go during their leave of absence and study under the leadership of men possessing experience in different colonial territories. This might in time lead to an international institution for the training of colonial officials.

Professor Louwers stated that there already existed certain national and international bodies for the study of colonial questions. He referred to the work done by the International Colonial Institute.

Dr. Lange agreed that the relation between the native peoples and the colonizers was one of trusteeship. All tutelage, however, implied a control on behalf of society. The first attempt in this direction had been made by the institution of the system of mandates. The speaker maintained that a generalization of an international control of colonial administration was highly desirable and would constitute a great moral advance.

The Chairman remarked that such a control already existed in embryo in Article 23, § *b* of the Covenant of the League of Nations, by which the contracting parties undertook to treat equitably the native populations under their sovereignty. Moreover, all modern colonial States already published reports on the administration and development of their colonies.

Of the remaining questions on the Agenda, the proposals for extending and developing the mandates system attracted most interest. As a corollary the specific claim made by Germany for the return of her former colonial possessions was discussed.

Professor Quincy Wright maintained that it was necessary to study the colonial question from a long-range point of view. In the light of history one had to recognize that the régime of colonial administration by particular powers was a temporary one, due to the extremely rapid technological progress of the Western world in comparison with other parts of the world. The fact that this situation was temporary had been recognized in the growing appreciation that colonial administration was a trust to be exercised in the interests of the natives and of the world as a whole. This notion of trusteeship was also implied in the determination that colonial areas should eventually become self-governing. The speaker thought that there was something inherently

unnatural in the government of people of very different culture by a metropolitan centre. This sentiment had been recognized both in Great Britain and in the United States. Indeed, the British colonial system had been compared to a ladder by which all of the colonies could eventually mount to Dominion status, whether their populations were black or white. Commenting more specifically on the mandates principle, the speaker said there were two reasons for its development: the interests of the natives and the interests of third States. One had to remember that while there were only ten countries possessing the responsibilities of colonial administration, there were between fifty and sixty States that had no such rights. Moreover, it was by historical accident that the responsibility had been vested in this relatively small number of States. There was bound to be a certain sense of dissatisfaction at this unequal distribution. The main inadequacy of the mandates system was not in the recognition of its principle, but in the machinery for enforcing it. In the speaker's own view the Mandates Commission should be given facilities for sending its representatives to the mandated areas to obtain information. Another main difficulty was that the Mandates Commission at present had to do duty both as an agency of co-operation between mandatory Governments and as a supervisory body. It would be better to divide the authority between two commissions: one to co-operate with the mandatory Powers and investigate problems of colonial administration, the other to exercise supervisory authority; such a division of authority had already been made in the opium work of the League of Nations. There was one final criticism which he would make. There was no provision for the recruitment of officials and experts from non-colonial Powers: it was the Mandatory Powers themselves that provided administrators and experts for the mandated territories. The speaker thought that this was a field where equality of opportunity ought to be further extended. But in order to do this it would be necessary to place authority not in a State, but in an international supervisory body. He suggested that the League of Nations itself, through an international commission, should undertake this responsibility. This commission would appoint the staff for the mandated areas and distribute the positions equitably among the different nationalities. Such a system of administration could later be gradually extended to the colonial areas not at present under mandatory régime.

Professor Labouret pointed out that the conceptions of humanity

and trusteeship in colonial administration had not originally been elaborated in 1919 by the League of Nations. For a long time before the war the colonial Powers had been inspired by such considerations, which had already found their expression at the Berlin Conference of 1885. It was, moreover, impossible to conceive how fifty or more nations which had done nothing for the colonization of uncivilized peoples could usefully participate in the administration of colonies, above all if they claimed to do so as a result of a transfer of sovereignty. He therefore thought that the solutions involving a change of sovereignty ought to be disregarded. The specific solution involved in an extension of the mandates system also came up against great practical difficulties. It had been suggested that the Permanent Mandates Commission should be turned into an organ, not only of control, but also of inspection. That would be unjustly to cast doubt on the sincerity of the Mandatory Powers. Furthermore, the constitution of an international body for the administration of the mandates had been recommended. Was it natural that such responsibility should be thrown upon nationals of countries that had no colonial experience? That would clearly be impossible in the administrative services; it might, to some extent, be admissible in the technical services.

One question which had not been specifically mentioned in the Agenda, Germany's claim for a return of her former colonies, was discussed in some detail by various speakers.

Professor Berber explained certain misunderstandings with regard to the German claim. This claim had been made semi-officially in a speech by Hitler on January 30th, 1937, and was apparently the main problem in solutions involving a change of sovereignty. The German colonial claim, however, had not been clearly understood, as was made apparent by the programme of the Conference. Judgment had been given on claims that had never been made, but was not to be given on the claims that really had been made. Consequently, the problems examined by the Conference were quite different from those that had actually arisen. Germany had never claimed that because she was a "have-not" country she ought to have colonies; she had based her claim on a fundamentally different consideration, one of right and justice, similar to the grounds advanced by France when claiming the return of Alsace-Lorraine between 1870 and 1918. It was not considered necessary for France to prove in 1918 that she needed ore from Lorraine or wine from Alsace, or that the interests of the German-

speaking population would be taken into consideration. Nor did Germany now feel called upon to prove compliance with similar conditions, and she did not feel that her case would be disproved if those conditions were not fulfilled. But even if Germany did not want her colonies back because she needed raw materials or relief for her population pressure, that did not mean that these colonies would not be economically useful to her in case they were actually given back to her. It was natural that the Germans wanted to counter the arguments of those who maintained that the return of her colonies would be economically useless to her, only it should be remembered that this was a different line of argument and not the basis of the German claim.

Lord Lytton said that the fact that the question of the former German colonies had been raised at the present Conference seemed to indicate that, in the German view, this issue was a subject suitable for both a scientific and a legal approach. The speaker, therefore, asked the German representative to indicate to the Conference the procedure he would suggest as applicable for the consideration of the issue. What tribunal was to decide between the two parties to the case, Germany and the Allied and Associated Powers? There was one issue which was bound to be raised if this question was to be squarely faced: the interests of the native populations must be considered no less than the interests of the Mandatory Power, particularly because the native community was in many cases, incapable of helping itself. It therefore required access to the protection of public opinion somewhere in the world — either the public opinion of the metropolitan country in the case of a colonial area, or the protection of the international public opinion represented in the Mandates Commission. If ever any question of transfer arose, there would inevitably be an inquiry as to what opportunities for the free expression of opinion could be guaranteed, and on this ground alone the German claim was bound to be rigorously examined.

Professor Staley said that in a German monograph distributed to the participants in the Conference, it had been stated that the central problem was that the German Reich needs raw materials payable in Reichsmarks, and that the old German colonies have a capacity for producing a considerable part of the raw materials that Germany now has to buy with foreign currency, and which the colonies, under German sovereignty, would deliver against Reichsmarks. The speaker would make many reservations in regard to these statements.

Professor Quincy Wright did not think that a body like the present Conference could deal with questions on their political merits alone. In his opinion the purpose of peaceful change was not merely to preserve peace. He was inclined to say that peaceful change means changes in the *status quo* necessary for justice. It was to be hoped that we should get peace as a by-product of justice, but we should not buy peace as an immediate political proposition at the price of injustice. The German claim had also been based on justice. The speaker agreed that the taking away from Germany of her colonies had been an act of injustice, but such had been the origin of all colonial possessions. The logical conclusion was, therefore, that all colonies would have to be given to international administration or returned to the indigenous populations. The guiding principles of the discussion ought to be the interests of the native peoples and the interests of the world as a whole.

Dr. Henderson added a third consideration: the concern of important areas of the world to maintain freedom from international complications which might entail a serious danger to their peace. He referred to the former German South West Africa, which was part of one large area free from the frictions of European disputes; it was important that this immunity should be preserved. Commenting on the raw materials situation, the speaker pointed out that what might be an advantage to Germany would certainly be a disadvantage from the standpoint of international economy, since Germany, in the event of a return of her colonies, would expand the production of raw materials. In a world suffering from over-production this might mean a general depression of prices detrimental to the producers of primary products in other countries.

Dr. Berber, replying to Lord Lytton and other speakers, said that his only interest at present was to emphasize the fact that the basis of Germany's claim was the feeling of injustice, and that it had a legal basis in so far as the treaty provisions in the colonial field had not been in accordance with the Wilson principles advocated at the time of the Armistice. Apart from emphasizing those points, his intervention was not a contribution on the subject of Germany's claims, but a purely scientific contribution on the problem of the proper methods to be applied in the work of the Conference. What he had meant when talking of "legal approach", was that the Conference should try to maintain a standard of objectivity not less than that of a court of law.



Above all they must be free from the reproach of basing their work on popular and misleading slogans such as were current in every country. It was, he said, necessary to distinguish between two sets of conditions for peaceful change: the material conditions and the formal or procedural conditions. In most cases the real crux of the problem was to answer the question: "What material conditions must there be in order to justify peaceful change in concrete cases?"

It proceeds from this brief summary that there was an exchange of views over the whole range of problems connected with the solutions involving a change of sovereignty, but that the time was too short to elaborate specific suggestions in details.

Dr. Drummond SHIELDS. — The discussions were, I fear, somewhat disorganized through the inevitably late statement of the German case, but nevertheless, as the Rapporteur has shown, a number of useful points were made. But I did not feel that the time and circumstances permitted of a full statement of the subject. The colonies were mainly viewed as the possessions of the metropolitan country and as a factor in the relations of the metropolitan country with other Powers. That was perhaps inevitable, seeing that we were dealing with the African colonies, but it should be remembered that as regards the colonies with which we did not deal many are potential or even actual nations; many of them already have considerable degrees of self-government and, in the case of the large majority, there is constant pressure for this self-government to be increased. Many of them have propagandist nationalist parties, so that there is real international interest in the extent to which they are satisfied or dissatisfied units of the world's population. The opportunities for education for self-expression and self-government are, therefore, of more than domestic interest, as Professor Schrieke so well argued in speaking of the excellent system of the Netherlands Indies. It has, however, to be remembered that dissatisfied nationalist groups, especially in the Eastern colonies, tend to be influenced by propaganda from outside sources — and not only from one source — which introduces another international element tending to prevent steady progress towards peaceful change.

In conclusion, may I suggest that the increase in the number of small self-governing units throughout the world, which appears to be inevitable, is a danger to peaceful change unless it is associated with a revised and comprehensive world system of collective security and

international co-operation. The international conventions concluded through the International Labour Organization have already been of great importance in co-ordinating and improving the native policy, and further international co-operation through the League, supplemented, as was suggested, by the work of the International Colonial Institute, would be a great factor in promoting peaceful change throughout and between the various developing colonial units.

## THIRD PLENARY STUDY MEETING

Chairman : Dr. J. F. DULLES

THE CHAIRMAN. — May I draw your attention to the typewritten sheet<sup>1</sup> which has been distributed to you and which contains procedural suggestions emanating from the meeting of the committee of jurists the day before yesterday.

Among the suggestions that have been made on this question, some seem at once impracticable, others more or less practicable. It would be helpful if, during our discussions this afternoon and to-morrow, opinions could be expressed on the various methods suggested.

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<sup>1</sup> The following note was distributed to participants in the Third Plenary Meeting :  
“The Third Plenary Meeting will open with a brief report by the General Rapporteur with reference to the previous work, including the meeting of jurists. The President of the Study Meetings, in agreement with the General Rapporteur, suggests that the subsequent discussion of the Third and Fourth Plenary Meetings should be devoted to the following specific suggestions as to procedure :

1. The original “Wilson” formula : security to be assured by collective action of the nations, at the price of accepting the consensus of judgment as to changes required in the common interest.

2. Compulsory settlement of non-justiciable disputes and demands, by arbitration or other form of third party decision, *ex aequo et bono*.

3. The present League Covenant, particularly Art. 19, permitting the “advising” of changes deemed to be in the interest of peace.

4. Development of Article 19, retaining the “advisory” character, but otherwise rendering the conception more vital as by *a*) excluding necessity for unanimity, *b*) affirmatively providing for continuity of supervision over world conditions, with facilities for greater expertness and intimacy of knowledge.

5. Regional and decentralized application of the principles of Article 19, either in its present form or developed as suggested in point 4 above.

6. The foregoing procedures relate primarily to the periodic re-allocation of rights as between sovereign States. There are also changes involving the renunciation by sovereigns of certain rights, particularly those flowing from the right to monopolize natural advantages for their own nationals. This would afford to individuals a greater freedom to change their status irrespective of the rights of their sovereign and render less important periodic changes as between sovereigns themselves.

These renunciations might be bilateral, multilateral, regional, dependent upon reciprocity, etc. They might relate to such subjects as raw materials, trade, travel, immigration, investment, etc. The degree of renunciation might vary as between semi-developed areas and those already highly developed.”

Professor BOURQUIN, General Rapporteur (*Translation*). — The question of procedures which we are about to consider is dealt with in chapter (iv) of my introductory report. In view of the importance of this question, I have discussed it at some length. You will remember, moreover, that at the meeting of jurists, a preliminary exchange of views took place in order that to-day's debate might be simplified.

There is, first of all, an intermediate question to be considered. A procedure of peaceful change is — in the absolute sense of the term — designed to bring about a peaceful change in the *status quo* when such a change appears to be justified. Moreover, it is an undeniable fact that, if a procedure is to ensure a change in the *status quo* in such a case, there must be a possibility of disregarding the opposition that might arise among the interested States. So long as the interested State is able, by its veto, to prevent the change from taking place, the change is not ensured by the procedure.

Consequently, from the strictly logical standpoint it is legitimate to say that a procedure of peaceful change implies something of a peremptory and authoritative character.

Everybody, however, is conscious of the objection which may and which must necessarily here arise: is it possible in the present state of affairs, to conceive of procedures of this kind? Is it possible to imagine their application in practice? Does not the political reality of to-day give a purely Utopian character to such a conception?

If we wish to take these possibilities into account, if we wish to take into consideration what I would call the political and psychological realities, it seems that, speaking generally, the only procedures possible are procedures of persuasion, procedures of conciliation which imply perhaps a certain moral pressure but which do not go beyond that.

The question that arises is as follows: What is the rôle devolving on us as the International Studies Conference? Are we expected to set up a logical system, a system that will fully meet all the requirements of the problem of peaceful change considered absolutely, or, on the basis of what already exists, is it a matter of finding what improvements, what progress might be made in the field of peaceful change?

The two ideas found their supporters in the course of the preliminary discussion. I must, however, add — in order to give a faithful record of the state of our debate — that the large majority of those who took part in this conversation seem to have declared themselves in favour of a flexible and realist attitude.

Another essential question is whether a single procedure should be instituted, a procedure to be applied to all situations, or whether a variety of procedures should be envisaged. Here again, opinions were divided. Some of us seemed to be inclined towards uniformity. The argument advanced in support of this conception is that it is always a question of the same phenomenon, namely, a change in the existing law and that therefore there was no fundamental reason for introducing, in the solution of the problem, a diversity which seemed merely to complicate it. Most of the jurists who took part in our meeting, however, took a different view. They emphasized, on the contrary, the need for making distinctions, not, of course, for the sake of complicating the issue, but simply because reality is itself diversified, and the procedures must be adapted to reality.

This diversity to which they referred is accounted for both by the nature of the operations to be effected and the nature of the questions to which these operations apply. With regard to the nature of the operations to be carried out, I will take a few practical examples.

Let us suppose that it is a matter of establishing general rules, say with regard to migration or the purchase of raw materials, general rules to be observed by a large number of States, perhaps by all the States in the world. We are obviously dealing with an operation of a legislative character. We are, at least, considering an operation of an impersonal, I might say of an almost anonymous, character.

I will take another example. A State has contracted a debt and asked to be released from its obligations on the grounds of equity and expediency. The creditor rejects the appeal. There is a difference between these two States. Clearly, the operation resorted to for the purpose of overcoming the difficulty is, in practice, very different from the first. It is an operation that will be of an individual character and one that will affect the particular status of a State. Moreover, the operation will assume the character of a veritable court case. It will be necessary to judge of the soundness of the two arguments in conflict.

I will take my third example from the questions that have been engaging the attention of the Conference : the Danubian problems. We are confronted with an eminently complex situation. Here, unlike the case which I have just put to you, it is a question of a dispute between two or more States on a specific point. The modifications contemplated in the *status quo*, the modifications which some think desirable together form an elaborate series of reforms, of measures of adjustment,

and improvements. It is no longer a matter of a legal finding, it is an operation of political construction, and — if I may use the expression, which I take in the broad sense — an operation of diplomatic construction.

I could give you several other examples, but I think that those which I have suggested to you suffice to enlighten the minds of those who believe that we have here a diversity of operations to which a diversity of procedure must be adapted.

I said a little while ago that there was diversity in the nature of the questions to which the operation was to be applied. Take, for example, a case of territorial adjustment or a case where the political status of a country is to be modified, without any revision of frontiers. Or let us consider simply a change of an economic character. It is obvious that we have there hypotheses that differ appreciably one from the other. I know that, theoretically, these hypotheses can be set on the same plane. The jurist, who would reason out the problem in the abstract, would perhaps warrantably confuse these three situations. But if we set aside abstract analysis, if we turn our attention to the social realities, we realize the radical differences that exist between the various cases that I have just suggested to you. Many of us feel that, in the study of procedures for peaceful change, what has so far been lacking most is precisely the sense of diversity. Many are of the opinion that any effort to arrive at uniformity will be fruitless and that one of the great services that could be rendered by our Conference would be to emphasize the fact that situations which, if they are to be suitably settled, call for different treatment, must not be set on the same plane.

There is another observation which we heard in the meeting of jurists that should receive our attention. The aim of this Conference is not, of course, to arrive at a sort of draft for international agreements, and, in this connection, I would remind you once again that we do not formulate conclusions, adopt resolutions or even put forward recommendations. I might even go further: in this exchange of views, we must not — as has been pointed out — concern ourselves solely with the constructive aspect of the question. We must also consider its critical aspect. There are, in fact, many differences between our work and that of a political or diplomatic conference; the chief difference is perhaps that a diplomatic conference is essentially concerned with arriving at solutions. We meet to examine a problem, and the examination of a problem involves the study of the difficulties that

problem presents. Not only must we not conceal the difficulties of the problem of procedures for peaceful change, we must make no attempt to disguise them or close our eyes to them; on the contrary, we must concentrate our attention on them, analyse them and bring them into the light.

My remarks have so far been entirely of a general character. Having made them, I shall confine myself to drawing your attention to a few specific points which have been considered in the course of our preparatory work.

The first reference that I have to make in this connection is to Article 19 of the Covenant of the League of Nations, which has been dealt with in quite a number of memoranda. These memoranda can be divided into two classes. Some cite Article 19 with the purpose of interpreting it. Others are concerned less with the wording of the article than with the general idea underlying it, and the authors of the memoranda wonder what improvements might be introduced in the system of Article 19 in order that this idea might be more thoroughly and more harmoniously practised.

A second point that was specially dealt with during our labours is the one that concerns what I would call the "preparation" of the procedures for peaceful change. Whatever may be the system of procedures adopted, it is obvious that it must lead to the formulation of a solution, either with a view to obtaining the consent of the interested parties, or, following the circumstances, to imposing that solution on the parties. But the solution does not drop from the clouds; it does not suddenly appear on the stroke of a magic wand. This solution has to be worked out, prepared, studied, negotiated, discussed and finally adjusted. This involves a process of preparation which, from the practical standpoint, is obviously of capital importance. This question has not been examined systematically in the memoranda we have received. Many questions, which are bound up with it, have however been brought to the fore. Some of you, for example, have emphasized the importance of the part that can be played, in this matter, by commissions of enquiry. Others stressed the value of advisory opinions which independent persons are asked to give, and, in this connection, it has been suggested that the setting up of Standing Advisory Committees would render considerable service. Lastly, it has been suggested that it would be most desirable that an institution like the League of Nations should secure the means of exercising constant

supervision over the events and situations which might necessitate its intervention in connection with peaceful change.

A third specific aspect which I should like to mention has been dealt with in several memoranda and also during our meeting of jurists. I refer to the rôle that can be assumed by the procedure of arbitration as an integral part of peaceful change. What are its possibilities and what are its limits?

Finally, I would call your attention to a fourth question that deserves our most earnest consideration, namely, the question of regionalism. So far, this question has been approached chiefly from the point of view of pacts of non-aggression, of mutual assistance. Several memoranda rightly point out, however, that the notion of regionalism can very well be applied to other fields and that it might perhaps be very useful for arriving at a practical organization of the institution of peaceful change also.

THE CHAIRMAN. — I suppose that the conception of peaceful change in perhaps its purest form, and perhaps for that reason its most impractical form, was the conception which appeared in the original Wilson text of the League of Nations Covenant. Professor Quincy Wright reminded us of that at the meeting of jurists and it might be useful from the standpoint of students of the subject — while recognizing that the measure is to-day in all probability impractical — to have a short reminder from him of that original concept.

Professor Quincy WRIGHT. — I do not want to emphasize historical matters overmuch, but it seems to me worth while to recall that in the original draft of the Covenant, the very close relationship between, peaceful change and collective security was recognized. The original draft of the article which subsequently became Articles 10 and 19 is reproduced in Professor Dunn's memorandum on peaceful change<sup>1</sup> and reads as follows :

*"The contracting Powers unite in guaranteeing to each other political independence and territorial integrity; but it is understood between them that such territorial readjustments, if any, as may in the future become necessary by reason of changes in present racial conditions and aspirations or present*

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<sup>1</sup> Frederick S. Dunn : *Peaceful Change : a study of international procedures*, (United States Memorandum No. 3), Council on Foreign Relations, New York, 1937, p. 109.



*social and political relationships, pursuant to the principle of self-determination, and also such territorial readjustments as may in the judgment of three-fourths of the delegates (at the Assembly) be demanded by the welfare and manifest interest of the peoples concerned, may be effected, if agreeable to those peoples; and that territorial changes may in equity involve material compensation. The Contracting Powers accept without reservation the principle that the peace of the world is superior in importance to every question of political jurisdictional boundary."*

The last sentence may seem to some of us an extremely radical statement : i. e. that the general interest of the community of the nations is superior to the claims of any State to its territory. The proposal which President Wilson made can, I think, be stated as a recognition in the international sphere of the "right of eminent domain." It is, of course, a principle in the law of all States that the State has a superior title to the property of any individual and that such property may be taken for public purposes on the payment of suitable compensation. President Wilson's conception seems to have been that the League of Nations could condemn portions of the territory of a State for public purposes on paying suitable compensation to the State deprived of such territory, and on condition that the transfer was approved by a three-quarters vote of the Assembly and by the inhabitants of the territory. The point I wish specially to emphasize is the recognition of the relationship — by placing them in a single article — of the conception of an international "right of eminent domain" to the notion of collective security. In other words, the States were asked to recognize this international "right of eminent domain" in exchange for a guarantee of their territory by the community of nations as a whole.

While the proposal of President Wilson may go rather far, experience since the League of Nations came into being, and the experience we have had in these discussions, would seem to confirm the relationship between collective security and peaceful change. It is clear that the States of the world are not prepared to consider imperative procedures for peaceful change so long as their security depends on their relative military power. So long as the security of a State depends upon its military ability to defend itself, it will naturally consider any readjustment of frontiers not with reference to abstract conceptions of justice but with reference to the relative power position which such a readjustment will create between itself and a potential enemy. That is a point recognized in several of our memoranda.

For this reason it may seem of little use to discuss imperative procedures for peaceful change until collective security is well established. But, on the other hand, we encounter the opposite difficulty that States are unwilling to give the guarantees which collective security involves until there are adequate procedures of peaceful change. That was an argument used in the United States when the Covenant was under discussion. It was said: "We cannot guarantee the boundaries as they at present exist for all time; we cannot do that until there is some method of assuring that boundary readjustments required in the future can be made." It seems, therefore, that you cannot have peaceful change until you have collective security and you cannot have collective security until you have peaceful change. That is something we all recognize, and the only answer is that we must move along gradually towards both objectives at the same time.

This leads me to suggest that perhaps there is a possibility of developing Article 19 of the Covenant in three general directions:

1. By accepting provisions for decisions by less than unanimity (three-fourths or four-fifths) in the Assembly, which might have certain legal consequences. It is clear that if Article 19 is to be effective something less than absolute unanimity is necessary. What the exact legal significance of a majority vote might be would of course be a matter for discussion.

2. By the use of Commissions of Enquiry to enable the Assembly to use its powers of decision wisely. I think the discussion of a possible development of Article 19 has largely proceeded in this direction, that impartial Commissions of Enquiry may establish facts, in the realm not only of economics and demography but also of politics and opinion, in order to advise the Assembly.

3. By the evolution of certain legal principles limiting the power of the Assembly in respect to decisions under Article 19. The Permanent Court of International Justice might be given power to decide whether the Assembly had observed these principles. It seems to me, for instance, that the legal principle ought to be established that the Assembly's recommendation for the modification of a treaty or the transfer of territory could not become legally binding until measures of security had been provided in compensation for strategic disadvantage which might result from it.

It might also be recognized that a territorial transfer could never be made without a favourable vote by the inhabitants of the territory and adequate compensation for economic sacrifices.

Dr. MITRANY. — I merely wish to suggest, with reference to the controversy regarding the respective relations of Articles 10 and 19, that the problem, would be much easier to solve if approached from a political point of view. I venture to suggest that nothing will do away with the difficulty of meeting demands for territorial change (demands which seem to frighten some of the members of the Conference) so much as the establishment of a permanent procedure for peaceful change, and for this reason: demands for peaceful change will clearly have to be met and justified on specific grounds, e. g., the need for raw materials and markets, outlets for surplus populations and so forth — and it is obvious that such specific demands would have to be met by specific remedies. The demand for markets, for example, would have to be met with the offer of markets; the demand for raw materials with facilities for procuring raw materials; and it is almost inconceivable that a demand would be so comprehensively justified as to lead to the conviction that nothing but the complete transference of territory would meet it. I feel, therefore, that demands for territorial changes are likely to disappear if international changes in the material and cultural field can be made through a procedure of peaceful change.

Our Chairman pointed out the other day that the question of changing the frontiers of States in the United States of America does not arise, because the needs of social life and of changing economic conditions can be adjusted across and above the existing frontiers. And that, I think, would be true of international life. The frontiers of the American States remain unimpaired, not because the Federal Government has no right to change them, but because there is no need to do so. While, therefore, some members have argued that Article 19 has no right to attempt to diminish the guarantee of Article 10, I would paradoxically submit to you that only the application of Article 19 will make the guarantees of Article 10 effective; that the guarantees provided in Article 10 will not become real and lasting until a procedure of peaceful change, through Article 19, has become real and effective.

I want now briefly to submit the following two suggestions as procedures of peaceful change.

We want to establish the rule of law, though that does not necessarily mean the establishment of the rule of the *courts* of law. I fear it would be disastrous, both for the development of peaceful change and for the welfare of existing tribunals, to burden them with political

issues, because Courts of Law have to be established on, and worked according to, rigid rules, whereas rules for peaceful change would, on the contrary, have to be as elastic as possible. Moreover, the actual Courts of Law are bound to decide more or less on the basis of existing rules, whereas any procedure for peaceful change is destined precisely to readjust existing rules in a way which it would be very difficult even for a Court of Equity to do. I would also submit that Courts of Law have to give their decisions on the basis of the claims made, whereas a non-judicial authority might be able to meet the case much better by departing from the basis of the claim.

In the case, for example, of a rather backward agricultural country claiming overpopulation and the necessity for outlets, the authority for peaceful change might, instead of trying to provide new territories, find it much easier to give credit to the country to develop its economy and thereby solve its population problem. That clearly is a method difficult for a tribunal, inasmuch as the issue is essentially political.

Finally, among the reasons why I think the authority should be political rather than juridical, is the point raised by Dr. Alsberg during the discussion, that when a country puts forward a claim for some kind of peaceful change the authority entrusted with dealing with it would have to take into account the relation between the complaint of the particular country and domestic policy of that country. Dr. Alsberg pointed out, for instance, that a country might complain of overpopulation, while at the same time encouraging the growth of families in its own territory. These are matters which have to be taken into account and which it would be difficult for a tribunal to deal with.

Then there is the point that it would be extremely important for the authority to take into account the effects upon the whole international situation of any new arrangement. All these are matters which would hardly fall within the competence of a legal tribunal.

As Lord Lytton rightly observed, the essential point in any procedure is that it should not be late. We must avoid, if possible, allowing a problem to become a dispute. What must be definite and certain, is that every State should have immediate means of access to some kind of international authority while leaving the actual ways and means to be determined for each question according to the conditions then prevailing.

I wonder, therefore, whether it would not be possible to secure these two apparently needed elements by taking over — with certain extensions — the procedure that has been used with regard to minorities.

I would suggest the possibility of a procedure in three stages on the following lines :

1. A small committee, similar to the régime of the Committee of Three for minorities questions, to take cognisance and pronounce upon the receivability of all claims;

2. An enquiry entrusted by the above committee to a group of experts, which would be a kind of jury of experts which would give a finding and perhaps some kind of advisory conclusions on a purely factual basis;

3. The submission of the Report of the fact-finding Committee to the final authority (Council or Assembly, of the League of Nations) for decision. Whether the decision should be merely advisory or imperative I am not prepared to discuss.

By these three stages and this combination of political-legal authority, we might be able to get immediate action on any question at any time, while leaving the actual application of the means of peaceful change to the findings of the group of experts in each case.

The second suggestion I wish to make is a summary of what I wrote some time ago regarding the possibility of using regional arrangements for peaceful change. Regional arrangements have been a good deal suggested for collective security, but I think they can be infinitely more useful in regard to peaceful change, because a good many of the conditions are common to a group of countries in a particular region. What I suggested elsewhere in greater detail was that the League might encourage the establishment of regional organs (a regional Council and perhaps a regional tribunal) in every case with rights of appeal to the central organ (the Council of the League or the Court of Justice at the Hague). This scheme I suggest would not only enable a good many regional problems to be dealt with more quickly and effectively, but would also save the central organs of the League from being over-burdened.

Dr. CASTBERG (*Translation*). — The marked development that has taken place, in international circles, of the ideas held on the problem of peaceful change is most apparent. Only a few years ago, the

idea of a change in law by international decision was generally regarded as an entirely revolutionary idea and one that did not merit serious discussion. Now, however, everybody recognizes the importance of this question. Many internationalists accept, in principle, the idea of setting up bodies that would have authority to adjust an existing international situation. From the technical and juridical standpoint, the discussions that we have heard at this Conference and the statements that have been presented have thrown considerable light on the question of procedures. First of all, the statements that have been made definitely point to the fact — and this was well emphasized by Professor Bourquin in his report — that never will it be possible to be content with the somewhat primitive system which exists, for example, in certain arbitration treaties concluded by my country, of vesting the arbitral tribunals with authority to give decisions *ex aequo et bono*. A far more complex system must be established.

The most important aspect of the problem, however, is certainly not the juridical and technical aspect of law; it is of a political character and closely bound up with the psychology of the masses. If the States were prepared to adopt a system involving the creation of bodies to deal with reform and revision, the problem of technical application — from the juridical point of view — would be easily solved. What action, therefore, should be taken in the near future, to bring about the desired political development in the matter of peaceful change?

To my mind, it would be desirable to take into account the experience of the League of Nations. An endeavour should be made to establish a regulation of peaceful change by formal agreement, so flexible that the States may be able to accept it in whole or in part. When, in 1928, the question of organizing a system for the peaceful settlement of international disputes was dealt with at Geneva, a General Act was drafted, leaving it open to the parties to accept either the method of conciliation, or reference of the dispute to the International Court at the Hague, or again, the decision of an arbitral body with still wider powers. Why not conceive of a system of peaceful change enabling the States that were prepared to do so to consent to the most radical reform and adjustments, while the States not willing to go so far might agree to a system of reforms and revisions applicable to a limited and narrower category of questions, — those which relate, for example, to raw materials. I do not think that, at present, the majority of the States are prepared to accept a system of revision or

reform by decisions given by international bodies, even on such a restricted scale; we must, however, work for the future and bear in mind that, the principle *do ut des* can be adopted. We all know that there are some States whose chief concern is to obtain security by collective action. Does not the solution lie in making any guarantee that may be given in this connection contingent, in future, upon the acceptance of a system of revision or reform, even if such acceptance has to be limited?

When President Wilson thought of creating the League of Nations, he realized the need for embodying the Covenant in the peace treaties. In this way, any State that wished to reap the benefits of victory was obliged to subscribe to the Covenant. Let us be guided by that example and remember that any system of collective security should, in future, be combined with a certain system of peaceful change. Up to the present, arbitration, security and disarmament have been the three main subjects discussed at Geneva; peaceful change must now be added to this triptych, but, needless to say, a flexible system of peaceful change subject to different conditions of acceptance.

Sir Alfred ZIMMERN. — I rise to put a simple question to Professors Quincy Wright and Mitrany. Do they or do they not wish to attach a sanction to their form of Article 19? As I understood the Article drafted by President Wilson, it was a "persuasive" Article. Professor Quincy Wright read out the text of the draft, which contained the words "if agreeable to those peoples" and the meaning appeared to be that inducements in the form of compensation were to be offered to the States that were renouncing certain rights or accepting changes in their frontiers. Professor Mitrany left the matter vague. He said that the decisions of the suggested Committees ought either to be advisory or imperative, but it was not clear whether even if the decisions were imperative they were to be enforced by sanctions.

Supposing that Professor Wright's proposal was carried through. Supposing the Assembly, after the receipt of a report by a Commission of Enquiry, voted a certain change of frontier by a three-quarters majority; supposing that additional security were offered to Great Britain if she surrendered Gibraltar, or to the United States if the inhabitants of Panama desired to return to Colombia, or to Ethiopia if non-Amharic Ethiopia had been taken away under the proposed procedure. Supposing the States in question refused: Does Professor Quincy Wright

contemplate that the League of Nations should set in motion against the recalcitrant State — the State that refused to give up its rights — sanctions similar to those of Article 16? If he does then he is asking from the League a greater degree of public spirit than appears to be practicable, because action against a Covenant breaker has not been very practicable in recent instances. If he does not contemplate sanctions, then I would ask him in what respect the suggested procedure differs from the conciliation procedure of various kinds that has already been in operation in the past.

Prof. Quincy WRIGHT. — I think there is no doubt that President Wilson contemplated an authoritative procedure. The phrase was "may be effected if agreeable to those peoples". I understand President Wilson to have had in mind that if three-quarters of the Assembly voted in favour of a change, it would be necessary to take a plebiscite in the area in question. If the people in the plebiscite area showed by a majority vote that they wished the change, then it would become authoritative; in other words, he was not going back on the principle of self-determination.

As to the sanctions, he may have had in mind the withdrawal of the territorial guarantee offered by the League to its members. That form of sanction was, as a matter of fact, put much more clearly in a subsequent draft by Lord Cecil.

I think there is no doubt that President Wilson was thinking of an authoritative procedure and not merely of an advisory one. I am not prepared to say that in the present state of affairs I would consider the article as he drew it fully adequate; I think a much more complicated procedure is necessary and should be inclined to agree with Professor Mitrany that for a considerable time to come it would be better to try to modify the economic significance of frontiers by general Conventions, rather than to transfer territories.

Dr. SCHINDLER (*Translation*). — May I say a few words regarding the possibilities of peaceful change offered by compulsory arbitration, with reference to Question 2 of the agenda: The compulsory settlement of non-legal disputes by means of arbitration *ex aequo et bono*?

We all know that when speaking of international arbitration a distinction is made between legal disputes and non-legal disputes. The essence of non-legal disputes is that they cannot be settled on the



basis of existing law. A non-legal dispute arises, in fact, when at least one of the parties explicitly or implicitly asks that the existing law be abrogated or amended. In this case, the dispute is not over the application of the law but over the law that is applicable. It would seem to follow that the arbitration of non-legal disputes offers an excellent means of peaceful change. Under many arbitration treaties, the judge or arbitrator is vested with the power to give judgment *ex aequo et bono* or to decide as a compounder. In the literature that deals with international arbitration, it has frequently been stated that a veritable legislative duty devolves upon arbitrators of non-legal disputes.

We find, in the history of arbitration in the XIXth century and recent years, a few rare instances of a quasi-legislative function of the arbitrator. They are cases in which the arbitrator did not merely state the law but created it. There is, for example, the arbitral award given by Napoleon III in 1864 in the Suez Canal case. There is also the case known as the "Arbitration of Ambassadors", of 1901, which imposed a consular convention, in the form of an arbitral award, on Turkey and Greece. In this same connection, mention may also be made of the decision taken by the Council of the League of Nations in 1926, delimiting the frontier in the Mosul area.

These are not, however, cases of ordinary arbitration in the meaning of the treaties concluded since the World War. In the cases to which I have referred, the competence of the body called upon to give an award is either derived from a peace treaty — and is consequently the indirect result of a war — or emanates from an authority which, if the occasion arose, might have imposed the solution on the parties by force.

There are, however, cases where an arbitral tribunal, set up with the free consent of the parties, has drawn up a plan of settlement when the disputants had failed to come to an agreement directly between themselves. First of all, there was the question of the control of seal-hunting in the Behring Sea, which formed the subject of an arbitral award in 1893 at the request of Great Britain and the United States, the two parties interested. A second example was the ruling given, on December 1st, 1933, on the importation of merchandise from the free zones around Geneva into the territory of the Swiss Confederation, a ruling established by a special commission appointed by France and Switzerland.

I feel, however, that in that category of questions, the possibilities

of peaceful change through the channels of arbitration have already been exhausted. In point of fact, they do not constitute changes *contra legem* but changes *ultra legem*, to use the terms employed by Professor Bourquin.

Other changes seem to me to overstep the bounds of arbitration; for example, if a claim for the cession of a piece of territory is laid before an arbitral tribunal. There can be no doubt that it is legally possible to submit such a question to an arbitral tribunal, relying on an arbitration treaty providing for all kinds of conflicts. But what is the tribunal to do when the defendant State asks for the maintenance of the *status quo*, while the claimant State demands the cession of territory and pleads, for example, racial, linguistic or cultural reasons? Should the tribunal accept such arguments, or, since there are no objective principles on which it can base its decision, should it in order to avoid a war, give satisfaction to the party that adopts the most threatening attitude? To ask this question is to answer it in the negative. Indeed, to yield to a menace of war would be to misunderstand the duty of the tribunal. This duty consists in protecting international relations from the recourse to force. An arbitral decision should be, if not legal, at least equitable and based on objective considerations. A decision that merely anticipated war as a probable consequence of the dispute should be in flagrant contradiction with the idea of arbitration. From the arbitral point of view, the only satisfactory solution would, in my opinion, be to maintain the existing juridical situation. Consequently, no changes should be introduced.

The same remarks apply if a dispute, the only adequate solution of which would be a "political construction", to use Professor Bourquin's expression, is laid before a tribunal.

It would therefore be chiefly a question of disputes in which the future of two or more States is at stake. Similarly, a decision of the court cannot repress the will of a State to go to war, or put an end to the tension provoked by the incitement of the people. The famous remark of Montesquieu that "judicial power is, to a certain extent, non-existent" applies particularly well to international jurisprudence.

My object in making these few observations was to indicate the narrow, very narrow, limits of arbitration in the field of peaceful change. It is all the more important to consider this aspect of the question since these limits cannot be inferred from the text of the treaties. Other procedures must therefore be resorted to. I think that the procedures

of persuasion so well expounded by Professor Bourquin in his report have the best prospect of success.

PROFESSOR DE GEOUFFRE DE LA PRADELLE (*Translation*). — I shall deal only with a few points which I regard, and suggest to you, as being eminently worthy of consideration.

We are debating the question of peaceful change, that is of changes peaceably carried out. Let us drop, for the moment, the word "peaceful" and consider only the word "change".

Examples of the kind of change here being discussed may be divided into two classes. There can be a change in the rule established in law. That, I think, is a question which does not at present concern us. It has perhaps been mentioned but not accepted for discussion.

The change that we are to consider is that which seems to be governed by a situation of the moment. Now, such a situation, which, rightly or wrongly, has given rise to certain criticisms, may have established itself in conformity with, or contrary to law. I do not think that we need examine that situation if, at the outset, it developed contrary to law; there should be special procedures for such a case. What we have to consider above all, is the situation that has arisen in conformity with law and which, as a result of a multiplicity of circumstances, eventually proves to be no longer in accordance with law. I think that, as a type of change to be brought about by a peaceful procedure, this is the simplest and the most logical; in any case, it is one on which a discussion can usefully be opened.

This leads us straight to another problem. We are speaking of a change in situation and of a procedure whereby that change can be brought about. But what kind of change have we in mind? This change should be effected in order to ensure a closer observance in practice of the principle of justice. That is an essential condition; otherwise, the change would be merely the outcome of a caprice, or else, contrary to the law expressed by the situation established, it would serve the ends of an anti-legal thought. That is a hypothesis which we, as jurists, cannot envisage. Consequently, the change must be one that will introduce law into a sphere where it hitherto did not exist.

That, in my opinion, constitutes, if not the whole problem, at least its main aspect and, in any case, the first phase of the problem.

Well, what are the procedures at our disposal? I think it most fortunate that, this afternoon, a very definite exchange of views has

taken place between us, and, at one time, it was all the more definite since it assumed the form of a dialogue. I attach the highest importance to this exchange of ideas. We are, by the initial formula used by President Wilson — security through the collective action of nations — placed in the centre of the Covenant of the League of Nations. In the mind of Wilson, who himself introduced this Article 10 in the Covenant, it is essentially an organization in which the members, by their reciprocal action, ensure territorial integrity for themselves. I will leave aside the question of political independence, because territorial integrity is here the primary object of Article 10.

Who has a right to territorial integrity?

From Wilson's point of view, what is the principle of Statehood? What is the criterium of territorial status? It is the right of nations to determine their own destiny. Consequently, where there exists and where there continues to exist the will of an entire nation to form a State, within certain limits, it is clear that no change should intervene; where, on the contrary, changes are effected, with the result that Article 10 ceases to support the right of nations to determine their own destiny, then there is no longer any need to take Article 10 of the Covenant into account.

A little while ago, in the very definite question which Sir Alfred Zimmern put to Dr. Quincy Wright, I heard a reference to an Amharic territory. I do not wish to go into the details of very recent history but I feel that, *a priori*, it would have been possible to limit an application of Article 10 of the Covenant to a territory in which it would have been shown that there was really unanimous consent on the part of the population. I do not, moreover, intend to discuss this specific aspect of the problem. I take it into consideration merely for the purpose of indication and illustration. I therefore think that the observations exchanged on the first point of the note submitted by our Rapporteur are of capital importance for the solution of our problem. Article 10 must not be regarded as a dead letter but as a living text. It must be regarded not as a guarantee of frontiers that is granted to certain Powers at a given date, but as an immediate application of collective security to any State that answers to the fundamental principle of a State, namely, to express the right of nations to determine their own destiny. We thus arrive at a formula — a formula which seems to me to be of essential value.

I shall now take up Proposal 2 of the note circulated to us at the

beginning of the meeting. Compulsory settlement of non-justiciable claims and disputes, on which we have just heard the interesting comments of Dr. Schindler, the well-known authority on arbitration. I shall confine myself to one remark, which is, in a way, of an interlocutory nature. Personally, I am delighted to see that we are asked to state our views on the compulsory settlement of non-justiciable claims and disputes by means of arbitration or any other decision given *ex aequo et bono* by a third party. But do you think that there is such a thing as the compulsory settlement of justiciable disputes? Do you think that, at this moment, the principle laid down in Article 13 of the Covenant has received the satisfaction which the progressive evolution of the League of Nations would enable it to receive? Do you think that, at the present moment, every nation accepts the provisions of Paragraph 2 of Article 36 of the Statute of the Permanent Court of International Justice, that is, accepts the principle of compulsory arbitration for cases which are really of a legal nature?

I am very much afraid that we are at present advancing too fast. We have not yet completed the first step in our progress, that which was indisputably promised by the Covenant, if its evolution had been in conformity with the spirit that inspired it, and here we are rushing blindly ahead, in our attempt to reach the last milestones.

But having made this reservation, it can be quite well assumed that, whatever may be its nature, any question can be brought before a body whose duty it is to solve it according to the rules of international justice.

At the present time, can this rôle be assumed by an organization of the League of Nations, to which we are, no doubt, all deeply attached but whose merits, are not universally recognized? Strictly speaking, it would be for the Council to intervene and to decide. According to what rules should the Council proceed? Should it be guided solely by the principles of law? Should it adapt the law according to justice and equity? How are peace and justice to be reconciled? To my mind, this is the essential problem of international relations, and herein lies the paramount difficulty. The Council has not always exercised the powers which were vested in it, and I think we must consider the possibility of appointing a "guardian" to assist the Council. It may seem rather bold to speak of a guardian for a body with powers such as those held by the Council, but this guardian is nevertheless necessary. When the Council is full of goodwill but is lacking in

courage, this guardian could give it the courage it needs. When within the Council, the confusion of interests conceals the proper solution of a question according to wisdom and equity, the guardian could reveal it.

Who would be this guardian? Jurists have, on many occasions, expressed their opinion and have outlined a system providing for the appointment of an Advisory Board, attached to the Council. This Board would be composed of the most distinguished representatives of the political world, men who have reached that stage in life when their eyes, turned constantly towards the light, reveal no trace whatsoever of passion or animosity. Men like Lord Balfour or Léon Bourgeois, to mention only two of the first "pillars" of Geneva, would naturally be invited to take a seat on this board.

This body would give its opinion on the question at issue, after having previously conducted a vast enquiry. The results of the enquiry and the board's opinion would be made public. What, to my mind, constitutes at present a fundamental flaw in the functioning of the League of Nations is that it has not remained in sufficiently close contact with public opinion. Public opinion is not sufficiently informed on international matters. It should, I think, be allowed to collaborate with the League. The Governments have objected to public opinion concerning itself with international questions; they have placed themselves between general public opinion and the League, because, by definition, all Governments wish to govern with a free hand, and in this respect, public opinion may be an obstacle to a Government's freedom of action. The day this Advisory Board is constituted, I think we should arrive at a solution of the problems here before us.

If the Governments fail to do their duty as regards the organization then public opinion must mobilize itself. We have already had the example of a question that concerned Finland and Russia and for which no judges could be found. It was a question of Finland's rights regarding Russia. First of all, in 1899, when the first peace conference was actually in progress, and later, immediately after the détente that followed the Russo-Japanese war, a number of jurists were convened by the late John Westlake at his house in London. They were asked to sit as judges in the dispute that had arisen, from the constitutional point of view, between Finland and Russia. As a result of their deliberations, a report was drawn up and communicated to the press. Only one newspaper published it, and, in praise of our English collea-

gues, I may mention that that paper was the *Times*. The report appeared in no other paper or journal. Well, that was the first example of what I shall call a "court of law without judges", the unilateral formation of a tribunal composed of men in whom every trust could be placed, on account both of their independent standing and technical competence, and expressing an opinion on a question which one of the interested States would not allow to be submitted for judgment. This procedure can be adopted for the most commonplace case in which pecuniary interests are at stake, and also for overcoming the greatest of political difficulties.

Public opinion must be educated; public opinion must be organized; at present, it is neither educated nor organized. It must collaborate with the Governments, for public opinion in the national sense, very easily becomes international, whereas Governments find it extremely difficult to imbue themselves with the international spirit, which is, however, that of peace in the future and also that of the League of Nations.

## FOURTH PLENARY STUDY MEETING

Chairman : Dr. J. F. DULLES

Professor SHOTWELL. — I think it is essential not to approach this problem of peaceful change in the sense of any one form of discipline. We are not here as a League of Nations making a specific change or hoping to produce immediate effects on the policies of the Governments of the world at this time. That it not our business. Our business is to envisage the possibility, in terms of intelligence, of securing some respect for those overlapping and interdependent interests which make a common civilization.

When we view the problem from the frankly academic angle we find ourselves faced with an economic problem which in this particular era has been taken over by politics into new forms of political relationships : the national State becoming autarkic or attempting to be economically independent of others. Now, as a historian, I would remind you that that is a temporary phase and for us to regard it as inevitable and permanent because we have it so largely on our present horizon seems to me to be unscientific to the last degree.

With reference to the second of the two main problems — the treatment of frontiers and geographical problems — I suggest that it would be interesting to look into the history that Professor Cruttwell<sup>1</sup> has laid before us of the number of times that frontiers have changed peacefully; because they have changed peacefully they have not created any interest. Peaceful change does not register in history. There is, however, a considerable list of such changes during the nineteenth century, as well as in more recent times. It need not, however, necessarily be a change of frontiers to the advantage of another State; it

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<sup>1</sup> C. R. M. F. Cruttwell : *A History of Peaceful Change in the Modern World*. Oxford University Press, 1957. (United Kingdom Memorandum No. 12).



may perhaps be a different treatment of frontiers. And in that connection, I submit that the subject of the nature of the administration of frontier areas has never been studied.

It is clear to all intelligent people that the present drift of national policies cannot continue, that we are heading either for peaceful change or the opposite; there will be change in any case. Since the advent of the industrial era of to-day the world has ceased to be a set of static units and has become a more or less "interpenetrating interdependent organism".

Have we therefore no obligation to continue the survey begun here, instead of throwing in our hands in view of the difficulties of the present situation?

Finally, I would say that there is a sanction in the world to-day, a sanction that is recognized on all sides although not clearly understood: it is the nature of modern war. And I should like some time to see this body study as a technique the alternative to peaceful change and see whether it is possible for statesmen from now on to use war as an instrument of policy with any precision.

In my opinion, the World War introduced a new era in the technique of international peace by making war henceforth no longer a pertinent means for securing the aims of national policy.

This Conference has brought together ideas that will be helpful from now on in the solution of the most serious problems which international law, international relations and the history of politics have ever envisaged. I suggest that we should think of this Conference as merely a preliminary to something else.

Dr. ANTONESCO (*Translation*). — I should like to formulate a preliminary question, the answer to which is, in a way, an explanation of my point of view. At the meeting of the Committee of International Lawyers which was held just before these last study meetings, I asked whether the purpose of the Conference was to work out an abstract, strictly theoretical, I had almost said philosophical scientific formula, relating to an ideal organization, or whether it was to seek a concrete, immediately applicable formula, resting on present social realities. I hoped that this preliminary question of technique might be placed on the agenda of our plenary sessions: ideal peaceful change, or realist peaceful change; peaceful change as something to be wished for, or peaceful change to be made a reality? This problem seems

to have been set aside. Keeping to the agenda, I ought therefore to abandon this question of technique myself and simply discuss the formulas which are submitted to us, in other words, to express my point of view as an idealist, to offer my comments regarding the ideal means which might make possible the building of that international society which is the dearest wish of all of us.

What can I add to the admirable thoughts which have been expressed as to the future of peace and the duty of the nations? We are all agreed that, in order to establish a universal and lasting peace, it is necessary to set up a perfected international society, in which war will no longer be permitted, but in which it will be replaced by compulsory peaceful means; where justice shall reign, where collective security shall be guaranteed by common means of coercion, where public opinion freely expressed everywhere and by all shall be the only force reigning in our civilization.

When this ideal order will have become a reality, it seems to me that the question of the procedures of peaceful change can be easily settled, whatever the means employed, whether they consist in the decisions of the League of Nations grown into a Super-State, or in the method of arbitration, or in the method of consultation among individuals.

I might stop at this general formula. But, as a humble and youthful servant of international law, I consider that our task is not merely to reveal to the world the golden age in which it is to live hereafter, but also to point out the way thither. Peaceful change then ceases to be a vision; it becomes a path, and as such, it should form a link between the present world, the world as it is, and the world as it is to be made.

It is obviously our duty to show the world the road it must follow, in order to effect the progress the elements of which were yesterday set forth in so masterly a way: compulsory justice, right of the peoples to establish their territorial status, disarmament, etc. But if these are the elements of future peace, can we separate peaceful change from the other instruments of peace which are equally indispensable? Can we, as artisans of this complex peace, consider peaceful change quite independently? Can we fail to connect it with a general system of progressive peace in which the organization of compulsory arbitration, of disarmament, of international sanctions — to name only these factors — shall be studied and recommended on an equal footing and in close connection with it?

This brings me to a second question. If such is the path to be revealed to the world, we must consider present reality as it is, especially in our own continent — for the problems of peaceful change which arise in the other continents are essentially different. It is from this reality that we must set forth on our march from progress to progress. We discuss the procedures of peaceful change. We talk about the Wilsonian idea, about the modification of national boundaries by decision of the League of Nations after the abolition of the rule requiring unanimity; we talk about universal arbitration. But to reach these stages, even in theory, we must first of all transform the present foundations of the whole present international organization; we must modify the Covenant, and we must bring about the revision of the constitutions of the various States. Have we begun by studying all these aspects of the problem? To-day, whether we like it or not, the national and international world is based upon the idea of national sovereignty, and the peoples of Europe are still deeply attached to that idea. The League of Nations itself is founded on the autonomous will of its members as States: enter who will, remain who can. It is further based on the fundamental rule of unanimity. Article 15, paragraph 8, of the Covenant formally defines the domain reserved to the sovereignty of each State; and Article 19 itself sets aside a second reserved area, for since the whole procedure provided for by this text is limited to a simple recommendation by the Assembly, which the States concerned are free to follow or not, how is this limitation on the competence of the League of Nations to be qualified otherwise than as constituting a second domain reserved to the States?

At the same time, the constitutions of the States or their positive law to-day incorporate the principle of this omnipotence of the State over its territory. Thus the Rumanian constitution, for example, expressly states, and has always stated, that the territory of the nation is inalienable. Just or unjust, progressive or old-fashioned, this principle of the autonomy of the will of the State over its own territory is to-day at the foundation of the national and international constitutional order of our legal organization. Need I, to prove this statement, cite the provisions of Article 10 of the Covenant? That article was yesterday the subject of eloquent remarks, but one little word was omitted from its text, which in fact reads as follows:

“The Members of the League undertake to respect and preserve as against external aggression the territorial integrity and *existing*

political independence of all Members of the League." Need I, again, remind you that in the meeting of March 18th, 1919, President Wilson, whose projects are rashly invoked by our agenda, himself rejected the amendment of Lord Cecil, who wished to tie up the provisions of Article 10 with those of Article 19, and that he declared on that occasion: "Article 10 is the keystone of the political system of the League of Nations; let us keep our hands off it."

If such is the basis of the present legal and political order, how is it possible to discuss the procedures of peaceful change as applicable to the territories of States? By what magic formulae is it possible to eliminate from the constitutions the provisions which I have mentioned, and from the principles of the League of Nations those texts which exclude all discussion of peaceful change as applicable to territorial questions? How is it possible to think of such a discussion until this inter-State order shall have been replaced by a new international organization with the common directing organ at the summit of the pyramid and the States at its base? As long as this primacy of the international order is not constitutionally guaranteed — and this result cannot be achieved by the simple procedure of peaceful change, no matter how intelligently it may be applied — I hold that peaceful change is inapplicable, even theoretically, in territorial matters.

The moment has come to draw a few conclusions. If the Conference is working for an ideal peace — for a peace which is not attainable in our time — I agree with what has been said in support of the principle of peaceful change, whatever the procedures which may be adopted. But if the Conference wishes to work for the world as it is to-day, it is under an obligation not to soar to a height from which the outline of real objects grows dim, and from which, I repeat, it loses sight of Europe as it really is. In my opinion, we ought to accept the principle of peaceful change, distinguishing, however, between the different objects to which it may be applied, and advancing one step at a time. We ought to eliminate from the field of peaceful change all the questions which, under the present legal order, are reserved to the exclusive sovereignty of the States, and which the latter jealously guard. Since the extension of peaceful change to those fields would require a radical modification of the present constitutional order, its application would, indeed, turn out to be an illusion, and would, in the atmosphere which prevails to-day, not only encounter a flat refusal on the part of the States but would even provoke unfortunate reactions.

Can peaceful change be applied to other fields? Here the governments can give free course to their good will. All economic and social questions can be dealt with, including even the international protection of the individual and of the member of a minority group. It would be easy to draw up a scientific list of these matters. If this idea of proceeding by degrees and with discrimination be accepted, I am in favour of the system of regional arbitration, organized by the parties in each sector, with the participation of neutrals chosen by common agreement

After these explanatory remarks, I do not think I need discuss the agenda point by point. I have replied in general to all the proposals contained in it. I should merely like to remind the authors of this agenda that the initial formula of Wilson mentioned under point I, a formula invented at a moment when the great American had in mind a League of Nations which was to be a super-State and which was to have other functions than those which were later given it, was abandoned by President Wilson himself. It never served as a source for the authors of Article 19 of the Covenant, which has an entirely different origin and an entirely different scope than have been attributed to it. But if we appeal to-day to the wisdom of the great American President, would it not be normal to imitate also that wisdom which led him to abandon his initial project and to say, on March 18, 1919, in the plenary session of the Peace Conference: "There is no connection between the territories of the States and the provisions of Article 19"?

Dr. WINIARSKI (*Translation*). — The speakers who have taken part in our meetings have in some cases stated, not without a certain satisfaction, that they spoke as simple individuals, without in the least committing their countries nor even their respective groups. I myself highly appreciate this character of our Conference, which leaves us entirely free to express our personal views. This is a conference on political science; our task is therefore to study political problems, specifically problems of international policy, by applying to them scientific methods. The essential condition of all work of this sort is to see the facts as they are and to eliminate illusions as far as possible. Now it is an illusion to believe that procedures of peaceful change must be found if we do not wish the world to die, because it has been deprived of all power of movement. It is an illusion. for in the relations

between nations, all is mobility, all is change. If, at the close of the Peace Conference, anyone believed that the organization of the world, as it had just been determined by the peace treaties, was to remain unchanged till Doomsday, they were soon undeceived. Changes come sometimes, as it were, of themselves, by the nature of things, and sometimes as the result of the will of men; though events sometimes outrun the intention of those who have set them in motion.

Diplomacy reacts to the former type of change, by seeking to create the adaptations that have become indispensable; to deal with the latter, it possesses a whole arsenal of technical means adapted to each particular case, and always involving the assent of the States concerned, beginning with direct negotiations between the parties, conferences, mediation, friendly agreements, etc. It may be said that, in almost all cases, diplomacy and international law possess means by the aid of which they can meet the need of modifying the existing situation or of integrating into the established system changes which have taken place.

Of course there can be no talk of juridical means the subject of which is to declare the law where there is no dispute as to what the law is; and it seems that those who talk of giving to international tribunals the power to change the *status quo* by a decision *ex aequo et bono* have a mistaken idea regarding the value and the real nature of the rôle of equity, whether in domestic or in international relations.

On the other hand, the establishment or suppression of general rules of international law, the revision of treaties, although they are procedures of a different order, make it possible to modify peacefully the existing situation. These are well-known methods — I had almost said good old methods, but some of them are frankly bad, as for example when the great Powers, acting in concert, impose their decisions on the States concerned.

There are, then, methods which have been tested by experience; perhaps others will be discovered if they are needed. That, of course, is not the question. Some of the members of the Conference have indicated the essential point; our task is to study the possibility of organizing genuine procedures by means of which States might be obliged, against their will if need be, to sacrifice their rights and above all their territorial rights. It is only if it be thus formulated that peaceful change can be presented as a political problem in connection, with which it might be desirable to create a problem of legal technique

or, to use a formula of a celebrated writer, "a political problem in quest of a legal technique." Even if, in studying this aspect of the problem, we reach only a negative result, we shall have accomplished a very useful work of exploration. The Conference has chosen as fields for investigation the application of peaceful change to the questions of population, of raw materials, and of colonies, and in addition, to Danubian questions. If I have rightly understood the result of the work of the round tables, no difficulties have been discovered which it would not be possible to meet by the traditional means of diplomacy and international law. And if there are cases in which these methods are shown to be powerless, it is because the situation could hardly be modified peacefully, even by the most authoritative procedures of peaceful change. Such situations exist, whether we like it or not, and if anyone were inclined to believe that all situations can be modified by peaceful means, provided those means are well organized, this again would be an inexcusable illusion.

If I take the example of a country which I know well, but which I do not represent, it is because I have been amicably challenged to do so by Sir Alfred Zimmern. Two days ago, Sir Alfred Zimmern put this question to me: Do you believe that Poland could have been revived without the World War? Obviously not. Divided among three of the greatest Powers in the world, what means of peaceful change is it possible to imagine which could have set her free? The Poles have always understood this. Mickiewicz, a hundred years ago, wrote in his "Litanies of the Polish Pilgrims": "Grant us, Lord, a general war to set the peoples free!! Grant us a happy death on the field of battle!" That is poetry, you may say. Yes, certainly, but in this poetry generations of Poles heard drawing ever nearer, the cannon-roar of the war of liberation; and they prayed for war with whole-souled fervour.

Would the liberation and the unification of Italy have been possible without a whole series of wars? Only yesterday, at the round table on Danubian questions, these words were heard: "Revisionism is war." Observe that I am merely taking note of facts, which are true to-day and will be true to-morrow, as they were true yesterday, without offering to explain them nor to judge them. The nations are thus constituted.

Would these sought-for means of peaceful change be applied quite impartially in the interest of all, and, in the first place, in the

interest of the country which was evidently in the right? You cannot think so. To think so would be one more illusion. Those means, without effect as against the Great Powers, would constitute a formidable means of pressure on the weak. A Power which would not lightly decide to provoke a war, the complications of which are always to be feared, and the issue of which is often uncertain, would not hesitate a single instant to set in motion the organism of so-called peaceful pressure, especially in view of the fact that it could invoke international authority. A people which, when it bravely resists the illegal pressure of a stronger Power, to-day has a right to the sympathy, and above all, to the respect of all, would be condemned if it dared resist the legal pressure exerted by an international authority.

Can authoritative procedures of peaceful change be organized in the present state of the world? Here again we must guard against illusions. My eminent colleague, Professor Scelle, for whose courageous ideas I have the most sincere respect, though I am unable to share them, is entirely consistent when he says that, in order to construct an effective means of peaceful change, it is necessary to accept a solution looking definitely in the direction of a super-State. But are the nations ready to abandon the fundamental, the absolutely essential right of sovereignty, which is not a theoretical construction, still less a chimera, but the necessary legal expression of their national independence? Some people would like to use the League of Nations with a view to authoritative procedures of peaceful change. Allow me to say in passing that any attempt to present Article 19 of the Covenant as available for purposes of peaceful change in connection with authoritative procedures already established by the Covenant is surely doomed to failure. I need not develop this point at greater length, for I share in this matter the views expressed by Professor Antonesco in his excellent report. The Covenant might be modified by the substitution of an entirely different text for Article 19; but as long as it remains in its present form, it has nothing in common with any sort of authoritative procedure of peaceful change. On the other hand, to return to the initial formula of President Wilson would be, to-day and to-morrow, whether on a regional or on a universal scale, as impossible as it was in 1919, and for the same reasons which led President Wilson himself to abandon it.

I will not speak of the difficulties of a legal nature which would lie in the path of any attempt to modify the Covenant of the League



of Nations in the direction of peaceful change. But I wonder whether it is not necessary to defend the League of Nations against its over-zealous friends. They talk of giving it extensive powers of a super-State nature, as though the very existence of the League of Nations were necessary in all cases. But that is not the situation. The peoples founded the League of Nations because they hoped that it would be useful to them. That is why they are firmly in favour of preserving it. Would they still be so if, through some impossible development, they had reason to fear that it was precisely through the League that their most solidly established rights might one day be jeopardized? Moreover, according to a view which seems rather widely held, the League of Nations is in danger of being crushed under the weight of the tasks already laid upon it by the Covenant. Under these conditions, is it really possible to think of forcing upon it the rights and duties of a super-State?

I shall make a final remark. The social function of law is essentially conservative. As long as a given order, a given legal system, is in force, it is the custodian of the existing order of things. If you proceed lightly to make so-called legal changes in this order of things, without regard for vested rights, for established situations, for legitimate interests, law and justice presently cease to coincide. Legal security no longer exists; the peaceful changes carried out under form of law simply create anarchy. If, from our system of international law, where everything rests on the will of the parties, where the task of the tribunals is to apply the existing law, where it is recognized that the rights of a State cannot be modified without its consent, we pass to an entirely different system, in which acquired rights and legal situations can be modified against the will of the interested parties, we run the risk of ruining the authority of international law and of compromising peace.

Professor MANNING — May I make one or two points in implied disapproval of some of the earlier speeches? Whatever pleasure may be had from such discussions as might be pertinent if we were back in the rare position of being able to impose on the world a Covenant drawn after our own desires, such a method essentially lacks realism. Even were you, formally, in a position to impose your own ideally perfect procedures on the world, you could not be certain that the world would be willing to work them. Legally speaking, the drafting of a new constitution for India is a matter for the British Parliament.

Yet, in practice, the constitution was not adopted until after a thoroughgoing consultation of the Indian peoples themselves; for in such matters it is those social realities that have to be taken into account. The same thing may hold true of the international problem of peaceful change.

Mention has already been made of the ambiguities of language. An instance may be seen in the French word "*droit*", for which in English we have two different equivalents. It is only too easy, when talking French, to suppose that, if you have "*droit*" in your favour, you have righteousness on your side. But, anyhow, the choice is not merely that between stabilized righteousness on the one hand and change on the other. The question is whether such changes as may be inevitable during the coming fifty or five hundred years shall come about by catastrophic or by orderly means. We cannot hope indefinitely to perpetuate even what seems to us a righteous *status quo*. A tribute was paid here the other morning to a famous colonial administrator, whose doctrine it was that any codification of native customs must be revised every other year; if otherwise, it would lose touch with the changing conditions of life. "*Codifier*", he said, "*c'est momifier*." May not the same sort of thing apply in international affairs?

Collective security has been described by many speakers as a prerequisite condition for peaceful change. In the abstract that may be so: but the fact is that full collective security merely means force organized one hundred per cent., and in the world's present situation we are far from having come to that happy state of affairs. What prospects are there for peaceful change in a world where force continues in a partly unorganized condition?

Professor Bourquin wisely foreshadowed a diversification of procedures adapted to a diversity of operations to be performed. That once more is realism. In speaking as he did, of *constructions politiques ou diplomatiques*, he may I think have also meant to imply another qualification: the varying of procedures according to the circumstances of their proposed applications — according, that is, to the constellation of social forces bearing upon the situation in hand.

Internationally, it seems only too probable that, at least in some situations, we shall have no possibility of obtaining a judgment or a piece of legislation, but simply a *construction politique*. What does this mean? It means in effect that we are still where we stood in the nineteenth century. *Construction politique* is no new thing. Some-

times it may be the best possible thing. For some purposes it may be the most we can ask for to-day. There was an example of it last year, when a change was effected, at Montreux, in the régime relating to the Straits. That was a *construction politique* of a rather successful kind. The difficulty is that sometimes you have no such sufficiently general appreciation of what the realities are. My question, therefore, is whether a study might not usefully be made of the circumstances in which a *construction politique* can be most effectually attempted.

It is too much, we have been told, to expect of jurists that they will participate in such an enquiry. The point is understandable. Jurists are not to be asked to join in a discussion of peaceful change except upon a basis of justice. Yet, we cannot get rid of our responsibility to the future simply by washing our hands. If indeed it is not the business of jurists, someone else will have to deal with it.

Aristotle said that the State was established in order to make life possible but that when it had once been so established men had gone on to try, through the State, to make life good. I submit likewise that peaceful change is first needed to make peace possible, and that only in so far as you have so got peace can you go on and try to make it just.

Professor Mitrany spoke wisely of a possible series of phases in the treatment of these problems. Treatment rather than solution seems to me the keyword for a realistic enquiry into procedures of Peaceful Change.

In what Professor Mitrany said I fancy there was also implied the notion that to get an effective *construction politique* you must have an appropriate atmosphere. This lends especial point to Professor Bourquin's theory of regionalism. Why should regionalism have any peculiar intent in this sphere? Chiefly I suppose because you may hope to get something more like a family atmosphere within a particular grouping of States.

The political world to-day is constituted in terms of the notion of State sovereignty, and it is for this now existing family so organized, that we have to try to find a more propitious method of settling, or at least of treating, its troubles.

DR. SOFRONIE (*Translation*). — I was impressed recently by an article entitled *La fin d'un système*, the system referred to being that of collective security. The author, a well-known writer, indicated the

causes which, in his opinion, militate in favour of this pessimistic thesis — a painful one from the standpoint of the future of the nations. Chief among these causes was the breakdown of the principles at the base of the new international order, of the principles embodied in those fundamental texts, the Covenant of the League of Nations (Articles 10 and 16), the Rhine Pact, the Locarno Treaty, the Briand-Kellogg Pact — that pact which, after so many years, has remained unprovided with any positive sanction.

Even for a scientific gathering, in taking up this problem of consolidating the system of political security, which the nations seek with ever-increasing earnestness, the task is to see what can really be done toward establishing it. In my opinion, we should formulate only a few principles; and our debates, our resolutions, our efforts should be devoted to the application of them. It is necessary in the first place to restore confidence in these basic principles, because, in the last analysis, security is nothing more or less than a state of mind, that psychological condition which makes nations certain that their territorial status, existing by virtue of their collective will and by sacrifices made in the past, is intangible, and that in case of violation it would be respected — that the nation victim of the violation would be upheld by its fellow League Members.

In my opinion, the first effort must tend to the restoration of the basic legal pillars. I have in mind, first of all, the reform of the Covenant of the League of Nations. That is the great problem; but this reform must not be understood as consisting in a deviation from the cardinal principles of the Covenant, from those principles which were imposed at the end of the war by the legal conscience of the peoples. For if it be allowed that the universal legal conscience is the basis of international law, that it is that conscience which justifies principles and institutions, and which may at a given moment condemn certain of those principles, then it is always necessary to consult the desires of that collective conscience. Now that collective conscience at present desires — there is no doubt on this point — the restoration of the principle contained in Article 10 of the Covenant relative to the guarantee of the territorial integrity and of the political independence of the States by their fellow-members; and it desires further the consolidation of the system of sanctions. In regard to security, to the legal organization of peace, all has been said, as far as concerns theory, that can be said. The scientific associations have been studying this

question for years. It is now felt, and rightly so, that the next task is to draw the consequences of what has been formulated in theory. The task is to do something in the realm of facts.

In this connection, attention should be drawn to the problem relative to Article 16 of the Covenant. As I have said, it is necessary to restore Article 10, first of all, and then Article 16, which concerns sanctions. This is a difficult and a complex problem, but one for which it is not impossible to find a solution. In this connection, I shall recall the project of Léon Bourgeois, dated June 8th, 1918, urging the creation of an international police. Until such a force is placed at the service of the law, the function of law in the international field will always be practically nil.

This brings me to the second principle which, in my view, lies at the centre of the reconstruction of a system of collective security. Attempts are being made to link the principle contained in Article 19 of the Covenant with the system of collective security. This is, I believe, a mistake, because Article 19 of the Covenant has an organic function. It represents a step forward and constitutes an undoubted improvement of the famous *rebus sic stantibus* clause; but it applies, in the opinion of the authors of the Covenant, to treaties which have become inapplicable because of a change in circumstances independently of the will of the parties, and not to territorial status, which is based on the principle of nationalities.

In the third place, it is necessary, in order to consolidate the system of collective security, to act in the sense which M. Titulesco has frequently indicated in international conferences: to spiritualize the national boundaries by agreements of all sorts, rather than to change them.

Dr. LEITH. — The discussion and documentation both in the raw materials and colonial round tables dealt mainly with the possibilities of lowering barriers to the flow of raw materials, and many interesting suggestions for eliminating existing discriminations were made. There was, I think, substantial agreement that this was a promising field. It was equally clear that all were agreed that the basic requirement of the situation is collective security, and that as long as the desire for power is the real issue behind the demand for raw materials no peaceful change is possible. The discussions and documentation gave very little attention to the question how raw materials

could be used in the acquirement of the necessary collective peace or collective power. Professor Staley's report, which pretty well reflects the view of the American Committee, makes an interesting suggestion. It states that: "the peaceful solution of international raw material problems calls for a threefold procedure: (1) Measures to establish collective security against war, (2) measures to reduce economic nationalism and (3) measures to meet specific raw-material problems that give rise to friction." It further points out that "Both for keeping the United States out of war and the preventing of war, the best policy would be an announced intention to co-operate with other nations for raw-materials sanctions against an aggressor."

In the same report, after discussing the distribution of raw materials, and their political control, the suggestion is made that a few countries — particularly England and the United States — could together do much to make mineral and other raw-material sanctions effective in support of a collective peace system.

Speaking as a specialist in raw materials and particularly in minerals, it is my conviction that progress in the direction of reducing barriers and discriminations is going to be painfully slow — as slow as the transfer of territory, and for the same political reasons — and I very much fear that long before these very desirable measures can begin to take effect, we shall be forced to consider more intensively than we have the application of raw-material sanctions as a method of maintaining peace, if not of securing peaceful change.

This suggests a field of possibilities in the matter of raw materials that is at the present time but little explored. We know less about that part of the problem than we do of many other parts, and in my opinion it is highly desirable that this organization should in its further studies give attention to it. The basic information is at hand, but when we take the question up in terms of specific commodities, we run into a bewildering complex of physical, commercial, political and social considerations which we have not yet begun to integrate and deal with satisfactorily.

The result of such a study, the result of the effort to chart the power possibilities in the raw-material situation, would be likely to determine very largely whether the task shall be turned over to two nations, five nations, or to a large group of the kind represented in the League of Nations. If we are right in the assumption that there will be no essential change in the distribution of power, it would seem possible that

this study might lead to the conclusion that a comparatively small group of nations might have to work out the power possibilities of the raw-material situation although it does not necessarily follow that the number should be reduced to two or three. A larger group might well be involved in following up the ideas of peaceful change presented in these discussions, though there again, the determining voice is very likely to be left to a comparatively few nations. Until we have the field charted, however, I think we are wasting time in generalizing as to what might be done if some hypothetical group of nations were to get together and discuss the question.

DR. VON VERDROSS (*Translation*). — A number of speakers have pointed out different means of developing the procedure of peaceful change. For my part, I do not believe that our task is primarily to invent a new procedure, for the procedures exist, at least in embryo. It is above all essential to convince the governments of the necessity of applying existing law. But to exert an influence on the governments in this field, it would be useful, in my opinion, for our Conference to create commissions of experts instructed to study the particularly urgent problems and to publish the results of their studies. These publications might have a great influence on public opinion, on the one hand, and might constitute, on the other, a means of bringing pressure to bear on the governments. It is not enough to set up rules of procedure; it is necessary to analyse and explore the principles which lie at the base of peaceful changes of the *status quo*. For example, Dr. de Geouffre de la Pradelle spoke yesterday of the right of the peoples to dispose of themselves. Just what does that mean? There are other principles too that should be studied, if we do not wish to repeat the unpleasant experience through which we passed when the International Prize Court was created, and when its statutes failed of ratification because basic rules had not been included. It seems to me, then, that we ought to begin by studying these basic rules.

DR. GAJZAGO (*Translation*). — The first question raised by Professor Bourquin's introductory report has to do with the "difficulties" of the problem. I believe that the Conference has sufficiently examined this subject, and I shall pass to the question of "solutions." In my opinion, the establishment of a new international law presents great difficulties. Nevertheless, there are aspects of the problem of

peaceful change for which the working out of this new international law is indispensable. It is necessary to ensure a sufficient stability of the law; thus the difficulty does not reside solely in the elaboration of new laws. If we look at domestic law, it is evident that it contains a great number of provisions having for their object the protection of the constitution, and that it contains only a few provisions referring to a transformation of the constitution and of law. This should be true in the international field. The first consideration should be to ensure stability; but this does not mean that we intend to close the door for ever to innovations. To my mind, our problem may be summarized as the need of creating an international legislation. That is what is lacking at the present moment, and public opinion is aware of that lack. If public opinion were not conscious of this need of creating an international legislation, our Conference would not be in session. We are fighting against war; but there are other means, contrary to law, of modifying the international situation. I have in mind in particular the method of the *fait accompli* and the procedure by which a State constitutes itself the judge of its own cause. Certainly we must fight against war; but we must fight also against these methods which are contrary to international law. I say international law because the international order already possesses a body of legislation. But legislative activity has hardly been manifested hitherto except at the close of wars. To bring about modifications of an existing situation, it has been necessary to resort to war because no other way existed; and only when the peoples had weakened one another, when the parties were exhausted, did they begin to take up the real task of effecting the necessary changes, which would perhaps have been inevitable without war.

Under these conditions, why accept war? Is humanity so ill-starred that it can never rid itself of this curse? Will it never be able to make the necessary changes by other means? For my part, I do not believe it. I am not so pessimistic, and I believe that history is on my side. History reveals, in fact, that changes have been possible by peaceful means; and this Conference has the great merit of having called forth a body of publications which demonstrate that such events have taken place in the past. I am concerned, at the moment, only with discovering how people worked in the past and what means are available now. The task of our Conference, as our rapporteur emphasized in the inaugural meeting, is to seek, as scientists and by a common effort, the scientific solutions to the problems which face mankind



to-day. To be sure, we cannot forget political considerations; and by politics I mean good diplomacy, that diplomacy whose object is to make events develop in the right direction. We should seek solutions one at a time, and we ought not to begin with the hardest problems, which are those concerning territorial changes. These problems are, indeed, among the most serious of those which disturb international order. But does that mean that, as men of science, we cannot examine them? I have heard it said several times, in the course of this Conference, that the desirable solutions were conceivable only for the distant future. I do not believe that. I believe that the present generation must be selfish enough to wish for itself what it considers possible for a future generation, and must therefore hasten to accomplish it. We must make haste. Public opinion expects the international lawyers to work out methods capable of establishing peace, to create the arms which must be placed in the arsenal of peace. The chemists are working very fast with a view to war; their work is less noble than ours. But *noblesse oblige*: we must work faster than the chemists.

The final solution can be found only at the summit of the international organization, which is the Assembly of the League of Nations. The Assembly of the League of Nations should be transformed, with the restrictions which I have already indicated, into an organ of international legislation, and this transformation is possible by a revision of Article 19 of the Covenant. I should like, for my part, to abandon the expression "peaceful change", and I prefer to speak of "international legislation." We must not imagine, especially at the outset, an international legislative function too easily set in motion and which might thus be continually threatened with transformation. For without stability it is impossible to live, and a law constantly subject to change would be non-existent. But a method may be imagined which would enable the Assembly of the League of Nations to institute a new law. The rule of unanimity of Article 19 of the Covenant could be maintained or, at most, modified for certain circumstances. But this exceptional legislative method ought to be created for cases where it is necessary, for *aux grands maux les grands remèdes*. I do not think that such a step could be very dangerous, for it is very difficult to reach unanimity or even quasi-unanimity. I should conceive this international legislative function, exercised democratically at the summit of the international organization, in combination with the right of self-determination of the peoples, which might find expression by means of referendum or a plebiscite.

I believe that if we pursue our work scientifically with goodwill, and in this direction, especially in our round tables, we shall be able to attain our goal.

Dr. KOMARNICKI (*Translation*). — First of all, I wish to stress the importance of distinguishing as clearly as possible between the legal and the political points of view. It is evident that we remain within the limits of legal science only when we interpret the conventional or customary prescriptions actually in force, when we determine the rules of its evolution and reveal the tendencies of that evolution, in other words, when we confine ourselves to considerations relative to the *lex lata*. Once we begin to talk of the *lex ferenda*, or, more accurately, of the *jus conferendum*, we pass into the realm of political considerations. At this point we as jurists ought to give way to the statesmen and to confine ourselves to our rôle as technical experts, which means that it is our task to embody in legal formulæ the principles laid down by the statesmen.

The conclusion of these remarks will be an observation concerning the method to be followed by a conference such as ours, which is a meeting of men of science and not a diplomatic conference.

We should seek, in the first place, to settle the difficulties raised by the questions of raw materials, of colonies, of overpopulation, rather by the means recognized by international law than by the working out of new rules. On this subject, I agree with Dr. von Verdross. The work of law-making, in fact, implies a political element which is not appropriate to our Conference because the latter is a purely scientific meeting.

Existing international law furnishes means which are almost too numerous. Professor Bourquin has enumerated them very accurately in his introductory report. He distinguishes between procedures depending on persuasion and the so-called imperative methods. But it should be observed that both types must be based, in conformity with the present state of international law, on the will of the States concerned. Now it is inconceivable that a State should abdicate its sovereign rights and submit unreservedly to the decisions which might be imposed upon it by any international organism whatever. We are a long way yet from the super-State, from the medieval *civitas maxima*, and it was not the aim of the authors of the League Covenant to transform the international community in that direction.

It is in this spirit that Article 19 of the Covenant should be interpreted. The memorandum of Dr. Antonesco, which gives a very accurate interpretation of that article, dispenses me from the necessity of demonstrating my statement.

I must further point out that the question of the interpretation of Article 19 of the Covenant is broader than the object of our Conference, and that this question is treated here only accidentally. I may, however, observe that the historical statement regarding the genesis of this article reveals its real significance: Article 19 is based on the will of the interested parties, and the procedure contemplated by it cannot be considered as imperative. It is for this reason that I must declare myself opposed to the proposal of the Chairman, made in agreement with the General Rapporteur, inviting us to return to the initial formula of President Wilson. If this formula had to be set aside in the days of Wilsonian idealism, it is impossible to attempt to revive it in our harder and more realistic times. I must likewise declare myself opposed to the proposal looking to an extension of the possibility of deciding non-justiciable disputes by means of arbitration *ex aequo et bono*.

I am obliged also to reject the development of Article 19 as contemplated by the fourth proposal. This attitude seems to me to correspond with the interests of peace and in particular to safeguard the existence of the League of Nations. Proposal N<sup>o</sup> 4 contemplates the reform of the Covenant<sup>1</sup>. But experience has proved that, at the risk of lowering its prestige, the League of Nations must not be overburdened with obligations the accomplishment of which might exceed its possibilities. It is therefore as a convinced partisan of the League of Nations that I oppose this proposition.

I am, further, in favour of a diversity of procedures and of a realistic attitude.

In closing, I call the attention of my colleagues to an article by Professor Whitton, of Princeton University, recently published in the *Revue internationale française du droit des gens*. In it he likewise rejects the imperative procedures and proposes to take as a basis "fair practice" of which he indicates the rules. These rules are based on the principle of co-ordination and not on subordination. They consist in recom-

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<sup>1</sup> See note 1, p. 526 above.

mendations which, accepted by the States, would form a code of "fair practice." They are counsels which are unpretentious, but at the same time, prudent, reasonable, and apt to contribute to the solution of difficulties. I should like to see our Conference follow this example, for the fundamental principle which ought to underlie our work is prudence.

Dr. OZORIO DE ALMEIDA (*Translation*). — There are, in our Conference, several currents of ideas. Some of us would like to provoke a peaceful change in the *status quo*; others would like to obtain the maintenance of the *status quo* by peaceful means. Again, there are countries which have urgent problems to solve, and others whose aim is to forestall the creation of problems in the future. Dr. de Geouffre de la Pradelle spoke yesterday of a question which is very interesting for countries like mine, namely the possibility that in twenty or thirty years new rights may grow up out of a situation based on the present legal situation. It follows that a peaceful solution adopted to-day may give rise to a conflict hereafter, or may raise questions which will be hard to solve. This proves how difficult it is at present to establish general principles or to adopt general procedures. As men of science, we should begin by gathering the largest possible mass of data and by bringing out their common features. It seems to me that our work justifies only two conclusions: in the first place, the possibility of studying international questions and of exerting an action upon them, independently of the governments, by the authority that men of science possess; and in the second place, the recognition of the fact that there exist no problems which concern only two countries, but that, on the contrary, all problems concern the community of nations, and that community thus possesses the right to intervene, morally, or by the pressure of public opinion, or otherwise.

If I may be allowed to express a wish, I should like to ask that each of us, when he has returned to his own country, instigate a movement of opinion, of surveys and studies, which should be co-ordinated by an international organism such as the Institute of Intellectual Co-operation or the International Studies Conference; the conclusions arising out of these studies would be worked out gradually. I should further like to ask that specific cases be subjected to special study not only by representatives of the countries immediately concerned, but also by men of international reputation, who would be able to approach such tasks with complete objectivity.

Dr. FABELA (*Translation*). — Before thinking of reforming the Covenant, it is necessary to ask whether it is unjust and inapplicable, and if so, why. Is the Covenant, as it was conceived by Wilson and by the eminent statesmen who created it and who maintained it during several years, still considered as a work based on international law, and is it therefore still capable of being applied by all the Members of the League of Nations?

It seems to me that certain reforms such as that concerning the rule of unanimity or that of Article 26 relative to the ratification of amendments are indispensable; but should Articles 10, 11 and 16 of the Covenant, that is, the fundamental articles, be reformed? Personally, I do not believe they should. I am convinced that the provisions which they contain are based on equity and justice. Why, then, have they broken down? It is the fault of the men who apply them and who are impelled by political interests which they interpret arbitrarily. I apologize for touching on this field of politics; but before such men as you the truth must be spoken, and the truth is that it is the duty of jurists, professors, and men of science to proclaim that an equitable legal reality exists and to see to it that that reality is respected rather than amended. Public opinion must be made aware of the exact significance of these texts, so that public opinion may require the governments to perform their international duties. I agree with Dr. de Geouffre de la Pradelle, who yesterday dwelt on the first-rate importance of the task of the press throughout the world. The press owes it to itself to create an atmosphere favourable to the legal work of the League of Nations.

It is evident that greater force must be given to the conception underlying Article 19 of the Covenant by suppressing the requirement of unanimity, for it is difficult completely to eliminate political preoccupations from discussions, even when they have to do with legal questions. And when politics intervene, it is very hard to achieve unanimity. The Covenant must be strengthened; but in its present form, it is not observed, and I wonder whether it will be better observed when it enjoins yet stricter duties. When the rights of the Great Powers have been reduced by as much as those of the small Powers have been increased, we shall be in a more delicate situation than to-day. No doubt we shall be nearer to the ideal of international justice and of respect for international law, but we shall be farther from reality. In any case, it must be hoped that the work accomplished in the past

can be turned to account in the future with a view to reforming the Covenant.

In conclusion, I feel that your work as men of science, your studies, ought to be disseminated throughout the entire world, in order that public opinion may be increasingly convinced that, to safeguard the peace of the world, it is essential that each government respect the supranational law represented by the Covenant of the League of Nations. It must be repeated in the press, in congresses, in the universities, in books, that a durable peace will never be attained unless the nations sincerely and honestly decide to be faithful to the duties which are imposed by the Covenant. Without individual and collective sincerity, the reform of the Covenant of the League of Nations will remain a dead letter.

DR. DE LA HARPE (*Translation*). — What I have to say does not perhaps bear very directly on to-day's agenda; but I wish to return to an important statement made by Dr. Antonesco at the beginning of his very striking speech which, I feel, gave concrete expression to one of the most difficult and most realistic aspects of the problem which we are examining. He contrasted the ideal world and the world of reality. If we were keeping strictly to the world of reality, we should not be here, because everything existing would be final; there would be nothing to change. If we were keeping strictly to the ideal world, we should not be here either; the ideal would make its way unaided. We are in an intermediate state between the ideal and reality, and this is exactly what causes the difficulty.

What I chiefly wish, and what no doubt all of you distinguished scientists and professors, who have taken part in international congresses before, chiefly wish, is to arrive at concrete results. You will allow me, in this connection, to make a few rather ironical remarks.

We have been talking about procedures. In a very learned report, Professor Bourquin distinguished between imperative procedures and procedures by persuasion. The imperative procedures presuppose, in the political organization of the world, conditions of fact which have certainly not thus far been realized. There is no need for me to allude very distinctly to certain events which we have not yet forgotten, for the truth of that statement to become evident. On the other hand, what is the factor which dominates the procedures by persuasion? It is the psychological factor.

If we take as another example the problem of Article 19, everyone agrees that its effective application to peaceful change would require certain modifications in its very structure. The whole question of unanimity and of the character of the recommendation is involved. But how can a change be obtained? You know the history of the amendments to the Covenant. What a fine novel could be written on that subject! Whence comes the resistance? Whence come the difficulties? It is very interesting to try to analyse them as psychologists and sociologists. These difficulties, these resistances come from *a state of mind*, and I should like to show that one of the chief factors of the problem of peaceful change has been neglected, not in the reports — some of which, in fact, frequently alluded to it — but in our discussions. *The whole psychological problem forms the background of our debates.* Professor Bourquin broached this subject in his report, and you will allow me to dwell on this point. I should like to show that this psychological problem reveals itself under different aspects according to the fields in which we seek to apply our principle.

In the field of *raw materials*, the psychological problem is of minimum importance. If there are reactions they are indirect.

But this is a question that I should like to have heard dealt with by the great specialists who are assembled here, and which seems to me to be one of the most obscure questions of present-day social science. How can we discriminate, in the problem of overpopulation, between the reality and the partisan interpretation? May not a State, at a given moment, in its thirst for prestige, call upon the argument of over-population to justify ambitions which may or may not be avowable? I have the privilege of belonging to a State as big as a pocket-handkerchief and divided into small squares. We are a very, very tiny country. For us, the problem of overpopulation exists; but in Switzerland, this problem does not concern peaceful change: you cannot imagine Switzerland mobilizing its ships and its army to conquer new territories. But when the question concerns Germany, or Italy, or certain other countries, that is a different matter, because technical instruments come into play other than those which my country possesses.

How does it happen that the problem of overpopulation arises to-day? I will not speak of the Balkans, nor will I allude to specific cases which arise under political conditions with which you are familiar. Here is a group of cases in which I wish someone would point out to

us the criteria by which it is possible to recognize on the one hand the objective realities, and on the other hand the intensity and the significance of the psychological factor.

If I am correctly informed, Belgium is an overpopulated, almost a saturated State. In Switzerland, the problem of overpopulation is urgent; but where are the objective criteria which would enable us to establish that fact? That is what we ought to seek for, and I am sorry that the Conference has decided not to pursue its work along this line at its next session.

I come now to *territorial questions*. Here the psychological factor is dominant. In the territorial problem a distinction must be drawn between the colonial aspect and the territorial aspect proper. In colonial questions, the psychological factor is important; but in territorial questions proper, or "metropolitan" territorial questions, it is absolutely fundamental. It is possible to imagine the sale or transfer of a colony. National public opinion does not attach the same sacred importance to a bit of territory in a remote continent as to the national territory. The national territory is a sort of legend, a magnificent legend. I have no wish to hurt the feelings of my Rumanian or Polish friends; but I would like to say to those who are sacrificed: "If a little district were taken from you, you would not die of hunger"; and to the beneficiaries of the operation: "Your economic difficulties will not be settled by this fact." When one studies the reports — among others that of Dr. Maroger — relative to colonial questions, one discovers, not without surprise, that the strictly economic factor is of distinctly secondary importance. The dominant element is a question of prestige. Here the psychological factor may be said to attain its maximum.

The Americans have a cherished idea which is constantly turning up like a refrain: to turn all colonies into mandates. I do not belong to a Great Power; I am therefore able to speak a language stripped of all diplomatic reserve. Seriously, can you imagine France, Great Britain, the Netherlands and Belgium offering up their colonies as a holocaust on the altar of the "mandates"? It is an idyllic picture. I intentionally adopt so paradoxical a way of speaking; it is with the aim of clearly situating the psychological factor and of stressing the essential nature of it. That is the problem which claims our attention.

Forgive me if I close with the following remark: In countries like France, England, Belgium, Switzerland, and the Netherlands, we can, with patience and sagacity, mould public opinion. The chief



need is that scientists, journalists, writers, and representatives of the universities (I should like to see the university, be it said in passing, preserve its chief claim to glory, which is its objectivity) should have the power to say things which will not always be pleasing to the governments. We must have the courage to say them; if we remain silent, who will speak with knowledge of the facts? That is our mission: we are representatives of science, and if science has any significance, it must aim with a single mind at objectivity.

Professor MANTOUX (*Translation*). — It is a favourite mental recreation at the close of a congress to discover agreement in the midst of contradictions. Without indulging in this game, I wish to say that in listening just now to speakers like Dr. Antonesco, Dr. Winiarski, and Dr. Manning it seemed to me that one might draw from their remarks, divergent though they were, a common conclusion. Some of them said to us: it is necessary to distinguish between the changes which are possible without involving territorial sovereignty and the changes which affect that sovereignty; for territorial sovereignty is reserved, not only under the existing international order, but within the national régime, where it is protected by express and particularly solemn stipulations of the constitutions. The others told us that peaceful change is not something which can be brought about by imperative laws, but by those methods of discussion which are often designated in familiar language as round-table methods; and in this connection mention was made of the discussions carried on with regard to the future constitution of India. Does not this amount to saying, in each case, that peaceful change will take place whenever the States concerned can agree? This would bring us to what is called in English a truism and in French a *vérité de La Palice*; and the problem would remain just where it was at the outset.

We must not, however, content ourselves with so pessimistic a conclusion.

What is the value of these debates? It is not only to define problems or to clarify them, but to stress what is essential among the facts and methods, to give the economic element and the psychological element their proper place, to discover among the problems set the least difficult, and those whose solution would open paths for further progress. Our task, as Professor Verdross has so well said, is to understand and to convince.

In domestic matters, social legislation has made, in our time, progress which would have seemed absolutely impossible fifty years ago. What was then Utopian has become reality. This fact ought to encourage us. On the other hand, this comparison, which may be useful to us, in a positive sense, may also serve us negatively. If it has been possible for social legislation to develop in the national field, it is because within the nation there is a law, a recognized supreme authority, a State, which signifies a legislative power, an executive power, and a judicial power. The problem, therefore, was not to create the law, but to ascertain what should be its limits. There is no progress possible in the sort of matters which have been examined here without a forward step in the international order, a forward step in the relations between the idea of sovereignty — whatever may be to-day its legal basis — and the idea of an international legislation and of an international authority. As sovereignty becomes stronger or is attenuated, as it adopts an intransigent or a conciliatory attitude, we approach or we recede from the solution of international problems. We are, then, called upon on the one hand to perform a work of information and of persuasion regarding the essential content of these problems, and, on the other hand, to make an effort — the importance of which dominates to a remarkable degree this whole debate — to strengthen the principle of an international order. I wish to recall at this point a very important expression employed by Dr. Gajzago: the goal to be aimed at is the establishment of a stable order; where there is no stable order, there is, properly speaking, no law.

Dr. MACPHERSON. — I have only two points to make; first, that in many of our discussions we have been proceeding to some extent upon a fallacy: i. e., the idea that peaceful change in the international sphere provides a fairly or almost complete substitute for war. A great number of speakers have touched on the contrary idea, but they never put it quite so emphatically as I should like to put it. The fact is, it seems to me, that in the modern world, while we can tackle a number of the outstanding international difficulties by procedures of peaceful change, we shall probably still have the greatest incentives to war left.

In earlier generations war arose almost always out of international disputes; nowadays it is probably obvious to all of us that wars arise in very many cases out of purely domestic matters. We all know instances of countries which have been glad rather than sorry when a

war occurred, and even of countries which have deliberately engineered international disputes in order to utilize the resulting war as means of domestic policy. In that sentence I should perhaps have said "Governments", and that leads me to another aspect: if in a Conference of this kind one is going to consider the general aim of the elimination of war, one must to some extent depart from the international field; one must, for instance, consider the conditions under which certain groups obtain governmental power in the present world organization.

My second remark is in connection with the arguments for and against realism in the discussions, and here I must — for the reasons advanced by Professor Manning — launch myself on the side of the realists rather than on the side of those who wish to keep the discussion purely academic. I would suggest, however, that in a gathering of this sort the realists have a very great difficulty to face which those who approach the problem from the purely academic angle do not have.

The difficulty, which I shall define in a moment, is represented by one or two remarks made earlier in the week about the London Conference some two years ago. I was surprised and somewhat shocked to find that Conference described as having a great degree of unanimity: one speaker even said too great a degree of unanimity. My memory of it is that it showed a very decided cleavage of opinion. Certainly the majority was large and the minority small but — and this is the important point — the majority contained representatives of, I think, only three of the seven great Powers. The same situation is inclined to arise at any Conference from which Italian and Russian delegates are absent and in which there are only very small delegations from other great Powers. I know, of course, that the administration of the Conference does all it possibly can to ensure the attendance of representatives of all the Powers, and what I have to say is not in connection with greater efforts in that direction; it is rather in connection with the fact that the absence of the points of view of some of the Powers — especially, in the present case, of Italy, and Russia, — makes the Conference from the point of view of anyone seeking realism rather less successful than it is, perhaps, from the point of view of those who approach it purely academically.

Professor SCELLE (*Translation*). — I should like to react against a kind of pessimism which seems to me to have seized the Conference, and which is, perhaps, the result of the fall of the barometer outside. I mean

the fall of the international and diplomatic barometer. In many of the speeches that have been made — this is meant not as a criticism, but as the recognition of a fact — it has seemed to me that in the background there were preoccupations, quite legitimate no doubt, but still preoccupations of a political order which prevented us from doing completely scientific and objective work, from seeking, that is to say, the best means and the best procedures for instituting practices of peaceful change. I very well understand this state of mind, but I believe that it may have distorted our discussions. It has brought us to formulate a sort of dilemma against which I wish to protest. We are told : either the super-State, to bring about peaceful change by authority, or nothing. There is neither progress nor salvation except through the super-State.

Since I have had the honour of having my convictions in this matter several times referred to, and since I have been represented as a sort of apostle of the super-State, I am bound to declare that I am by no means a partisan of this dilemma, and that we must not say — indeed, it is a grave error to say — the super-State or nothing.

In the first place, what is this super-State, and why is there this constant talk of the super-State? Do we realize, on the one hand, the absurdity of supposing that mankind can be organized like one of our States, even like one of our federal States, and that it can obey the same laws, achieve the same cohesion, the same centralization; and on the other hand, the absurdity of believing that there is in the world to-day no super-State organization? Why, you cannot conclude a treaty, however humble, a treaty of commerce, for example, between any two Powers, without setting up a super-State rule, that is a rule which is binding on the different authorities of the two signatory States. We live in a continuous super-State system, in the broad sense of the term; otherwise there would no longer be any international relations. This phantom, this chimera of a super-State is the institutional super-State in which authoritarian organizations, from the height of their grandeur, would immediately impose ukases on the rest of mankind. One may, however, be a partisan of super-State institutions and not be a partisan of a totalitarian international law. Personally, I am a partisan of neither. The super-State, as we conceive it, is a super-State by consent; that is the idea which was at the basis of the League of Nations. There is no international organization possible without continual sacrifices in the field of sovereignty; and when we speak of a super-State system, we are asking the States, better informed, and public opinion, better

instructed, to consent freely to sacrifices at the expense of this primordial sovereignty. That is what is meant by the doctrine of the super-State. Its base is federalism, and to speak quite plainly, federalism is the ideal toward which we are aiming. I mean a normative federalism, that is, a body of laws in which the rights and duties of individuals and especially of rulers would be regulated in such a way as to serve the public interest to the greatest possible degree.

Here I share completely the views of Dr. Gajzago. Before we create our super-State institution, we must have something to put in it, — this something being international law.

Well, now, is that impossible? When we talk of population, when we talk of colonies, when we talk of raw materials, have we not extremely typical and interesting examples? What is the organization of the mandates if it is not a new international law, and one which, in all its details, is the exact contrary of the old law of colonial exclusiveness? We have here accomplished an extraordinary progress in a few years, a progress so striking that to-day, even in the colonial organizations where the mandate system does not exist, the principles of that system are steadily penetrating, and it would be impossible to-day for any State to re-establish a colonial system similar to the one which Spain exercised when she held a monopoly of colonization throughout the whole American continent.

This shows us that we are not working here in vain. And when we say that this Conference can lead only to hypotheses or paradoxes, let us not yield to feelings of discouragement which are unworthy of our scientific task.

A great deal has been said about the law and the way in which it could be made, and we have therefore gone to the heart of the subject as regards the instrument of peaceful change. Dr. Schindler told us the other day, after a thorough study of the different treaties of arbitration, that, as concerns treaties which are not justiciable, in the strict sense of the term, it was necessary to set up a semi-legislative organization. It is evident that those of us who are international lawyers are agreed on this point. When we change existing law, we are performing a legislative function. Well, who, in our present international society, can exercise that function? Is it the judge? You will say: perhaps, for we know countries, like England, where "Judgment Law" operates. But in international law, we are not at that point,

because we have no judicial institutions similar to those of England, which have long been a model and which indicate a social and national cohesion such as we cannot try to institute in present-day international law. Will it be the seven sages of whom Dr. de Geouffre de la Pradelle spoke yesterday? I say no. Unless they receive divine inspiration, no one will believe that they possess the competence necessary to establish an ideal law. What is the law? It is a compromise between different ambitions and interests; it is a compromise between the social aspirations of groups and individuals.

Who can make this compromise? An organ representative of the entire community. Who makes the law in the free countries? It is the representatives of the people. And in the international community? It is the representatives of the nations. Then you need not go far afield in your quest for your organ of peaceful change. You have that organ: it is the Assembly of the League of Nations. It will suffice simply to give it adequate powers. The Assembly of the League of Nations is an organ of arbitration in the broad sense of the term, that is to say, a clearing house for the different national interests, all represented in the League of Nations.

What power shall we give it? The power to make a law in the strict sense of the word, that is, to adopt a text which will be promulgated and will become binding? No. Let us give it the power to say, at a given moment: there are changes to be made; the general interest requires that, on such or such a point, there be a change, or that we establish a rule under which this change may be possible. That is all. It is the moral pressure which must, at present, act upon enlightened governments and upon the peoples. Let us not seek our solution afar. Let us not say that we are turning in a vicious circle. The solutions are easy. They are before us. It is possible that, at this moment, we are faced with particular difficulties; but men of science need not concern themselves with immediate contingencies. The horizon is black: a gust of wind — we do not know whence it will come — will suffice to make the sky serene and blue once more, perhaps sooner than we think. We must work scientifically, sheltered from external tumult and without straying from the simple guide-lines which, if they do not provide all the detailed solutions, should at least give our labours their main outlines and their general principles.

LORD LYTTON. — We heard a few minutes ago a most brilliant speech from Dr. de la Harpe, but I should have been sorry had our Conference closed upon a note of irony. I hope, rather, it may be allowed to close on the note contained in the speech of the brilliant lawyer who last spoke and who reminded us that when we speak of peaceful change what we are seeking to-day is to introduce law into international relations.

Will you permit one who is not a lawyer or a savant or a professor, to try in a very few words to estimate the result of our deliberations now that we have come to the end of them? In order to estimate how far we have succeeded in attaining our object it is, perhaps, necessary to consider for a moment what object it was that we were trying to achieve; and since we have been approaching the subject along the lines of scientific method, may I be allowed to take an analogy from science. Would I be correct, I wonder, if I were to say that our object throughout has been to "generate light without heat"? If so, I think we shall all agree that we have at least attained the second part of our object: we have not generated heat in our discussions. I put the question then: Have we shed any light upon our problem? Not as much, perhaps, as we might have wished, but still — even within the limits of those realities to which Dr. Antonesco attached so great importance — I think we may very definitely say that some light has been shed.

We have heard many interesting speeches from learned authorities and we have arrived at a few conclusions, some negative, some positive; but even the negative conclusions are not, I think, without value. We have, for instance, been led to realize that there are some subjects of political controversy which do not lend themselves well to scientific study. Facts may be assembled, collated, related and studied and deductions drawn from them, but political opinions and theories are more difficult to treat by the same method. The conclusion, therefore, towards which we are driven, is that the best subject for a study conference of this kind is one which is precise, one which is concrete. Even that discovery, I suggest, is not without value, and I hope we may profit by it when drawing up the agenda of future conferences. But in so far as there are facts which are relevant to the study of peaceful change, I think this Conference has dealt with them usefully.

Take the subject of raw materials. It was shown that the facts were liable to lead us to false conclusions. The principal raw materials

of the world were controlled by a very small number of States, in some cases not more than two. Now, baldly stated, that fact would seem shocking, but I think our discussion has shown that that is not the root of the trouble; the trouble has arisen not because the nations owning the areas in which raw materials are obtained have withheld them from other countries that wanted them; but because of a defective organization of markets. Consequently, the remedy is not a change of territory or a redistribution of raw materials, but a change in those policies of trade restrictions and preferences — and more especially of currency control — which have made the distribution of raw materials difficult. If, then, that is the problem and this the remedy, the procedure indicated would seem to be that of a conference, in the first place between experts with a knowledge of these technical and economic matters, followed by a conference of governments.

Again, with the question of colonies. Here also it was found that the colonial territories of the world were concentrated in the hands of a few States, but it was not from that fact, but again from the policy of trade restrictions and preferences, that the danger to peace arose. And so the remedy in the case of colonies, as in the case of raw materials, was not so much a change of sovereignty as a change of policy.

It was only when we came to consider the question of mandates that our conclusions were different. We were reminded by Dr. Berber that in the circumstances in which the German colonies were alienated from Germany and placed under the mandate of certain other countries, it mattered not to them who was the mandatory Power or what was the policy carried out; the fact that they were so alienated represented in the minds of his countrymen a circumstance which constituted a permanent menace to that "good understanding between nations upon which peace depends", to quote the wording of Article 11 of the Covenant.

This reminder, together with that made when the subject of territorial change in the Danubian area was discussed, were the only instances, I think, in which the subject of peaceful change was presented to us in an acute form, and I must confess that this Conference has thrown very little light upon the kind of procedure which would be found effective for dealing with difficulties of that kind. In this connection I have only one thing to say: there can be no question of going back. If anyone imagines that you can behave as though the catastrophe of 1914 had never occurred, he is entirely and profoundly mistaken.



The generation which has had that experience is led now to desire peace passionately, to seek peace by any possible avenue; but let there be no mistake; we have not grown soft in our pursuit of peace and though we can never efface from our memories the experience we have been through, this generation is still equally determined that it will never consent to buy its immunity from a repetition of that experience by submission to force presented to it in any form.

If I have thought it necessary to say that, let me hasten to add — and this is my last word — that in my country there exists a large body of opinion which desires to see a real settlement with Germany, but it must be a comprehensive settlement, a settlement that will deal with the future as well as with the present and the past; and in this Conference I have learned from the representatives of the United States of America that there exists amongst their countrymen an equally strong desire for a co-operative effort in the financial and economic rehabilitation of the world.

What does this mean? It means that the English-speaking world is solid in its desire to find methods of change, to find peaceful solutions for the questions which are dividing the nations to-day; they are united in their desire to approach together, if possible, the problem of how the sum of human happiness may be increased, expressed not in terms of nations or States, but in terms of human beings. And if this Conference has brought out the fact that nations in other parts of the world are equally anxious to participate in this co-operative effort, then I think it may be said that even we who are students — mere professors, savants, lawyers though we may be — have succeeded in shedding some light upon the road which statesmen will have to follow, a light which may guide their feet into the ways of peace.

THE CHAIRMAN. — Before our plenary meetings close, I wish to take this opportunity of thanking the members of the Conference for the uniform courtesy they have shown me as their presiding officer, which has made my task not only easy but exceedingly pleasant.

## FINAL REPORT TO THE CONFERENCE

by

Professor MAURICE BOURQUIN, General Rapporteur<sup>1</sup>

I must first of all pay a tribute to the spirit of collaboration in which our work has been carried out and to the value of the results which we are able to place on record.

Not so very long ago, when we rapidly surveyed this almost unlimited field of investigation offered by the problem of peaceful change, it was not without some apprehension that we thought of the conference to be held in 1937.

How far would our studies have progressed by then? Would they have helped, in any appreciable degree, to adjust the various questions laid before us? To what extent would we have succeeded in avoiding a scattering of the component parts of these questions, in grasping the problem as a whole and in arriving at that synthesis towards which we were to direct our efforts in order to give full significance to our undertaking?

We can answer these questions to-day with that feeling of satisfaction produced by conscientious and useful work. We are, no doubt, more than ever conscious of the gaps that still need to be filled, of the uncertainties and wavering which exist. In point of fact, we see them asserting themselves with greater definition. We are more easily able to distinguish between what has been accomplished and what calls for fresh efforts. And, now, for a whole series of important points, we can measure the progress that has been made.

It is already very gratifying to note that, in a spirit of mutual understanding, this problem has been discussed by men belonging to

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<sup>1</sup> The Final Report made by Professor Bourquin at the Closing Meeting of the Conference has been placed here for the sake of convenience.

so many different countries, whose interests and conceptions clash, sometimes violently, on the very ground which we have chosen to explore. Can we safely say that such collaboration would have been possible a few years ago? Is it not an indication that, consciously or unconsciously, we are growing more and more familiar with the very notion of peaceful change?

On your behalf, I wish to thank all who have taken an active part in our preliminary work and in our discussions. I also desire to thank our chairmen who have conducted our proceedings with such authority and courtesy, and, in particular, Dr. Dulles — *primus inter pares* — whose great experience has been so valuable to us.

Our gratitude must likewise be expressed to the Secretary-Rapporteurs, to M. Bonnet and to his assistants at the International Institute of Intellectual Co-operation. And here, if I may, I should like to add a personal tribute to these thanks. For nearly two years, I have seen them at work. I know, and wish everybody to know, how much they have contributed to the success of our work.

Their zeal, however, would certainly not have been so fruitful if other support had not been forthcoming. The Rockefeller Foundation has been intimately associated with our work. It has taken an interest in it and this interest has manifested itself not only by extremely generous grants but also by excellent advice and constant collaboration. Without its support, the preparation of this Conference on such a broad scale would have been impossible.

I also ask the Carnegie Endowment to accept the expression of our gratitude for the uninterrupted material and moral assistance which it has accorded us in various and always effective forms.

Lastly, I wish to convey our sincerest thanks to our French hosts; to the Government of the Republic; to M. Edouard Herriot, who, in spite of his heavy responsibilities, has been good enough to give us yet another proof of his interest and sympathy; to the Foreign Minister and to the Minister of National Education; to the Paris Academy and its distinguished Rector, M. Charléty; to M. Charles Rist, whom we shall have the pleasure of hearing in a few moments; to the Ecole des Sciences Politiques; to the French Co-ordinating Committee of International Studies and to all who have honoured us with their sympathetic interest and provided us with just the right amount of entertainment that was needed to make our work enjoyable as well as useful. The success of a conference depends not only on its scientific preparation but also on the atmosphere that pervades the proceedings from the start.

However valuable may be the documentation available and whatever interest may be attached to the memoranda prepared, the fate of a conference cannot really be decided until it actually meets. It is at that moment that the imponderable elements of a problem come into play and pass through the light and shade of subtle influence. A conference might be compared to a voyage which has perhaps been carefully organized in all its details but which will ultimately depend upon a ray of sunshine for its success. The gods have been kind to us and we owe them a debt of gratitude for the perfect way in which they have bestowed their blessings upon us. A magnificent setting, where history feels at home; one of those privileged places where humanity is gathered together and flourishes, and, to welcome us, a frank and cordial hospitality. Such surroundings and conditions could not but be favourable to our collaboration. It is only fair that they should be mentioned among the causes of our success.

It would be impossible for me to enumerate all the conclusions reached in the course of our deliberations. There is, however, one that I should like to single out, since I feel that it is of essential importance, namely : the need for a certain international organization to meet the most urgent requirements of the present day. Apart from any ideology or any preconceived theory, this conclusion imposes itself upon all who are analysing the causes of our disquietude and seeking the means whereby it can be allayed.

Whether it be a question of migration, of the supply of raw materials or of the colonial problem, the efforts made to find solutions to these questions invariably follow a natural path towards organic formulas, where international anarchy retreats to make way for co-operation.

The casual observer of the crisis through which we are passing sometimes thinks that it confirms the failure of international procedures. Nothing could be more erroneous. Nobody will deny that certain experiments have failed, that certain conceptions, which were too ambitious or not sufficiently realist, revealed their weakness when brought into contact with facts; but to conclude from these disappointments that the undertaking was futile is to disregard the lesson they teach.

The need for a certain international organization is proved by the very conditions of modern life. For its conception, we need neither the imagination of a poet nor the faith of a believer; all that we need do is to observe and understand. And that is why men of

science, pondering over one of the problems which we have been investigating, feel themselves drawn in that direction. In spite of the character and the opposition encountered, the idea progresses. The trend of events may darken its path to-day but shed new light upon it to-morrow.

What rôle is an institution such as ours called upon to fill in this movement? We are neither a body conducting propaganda for a given cause nor an assembly of leaders engaged in political competition and endeavouring to win through by clever devices that will best serve the interests entrusted to their care. We study a problem in the same way as men of science, that is with the maximum objectivity.

Needless to say, this objectivity has its limits, which must be frankly recognized. We cannot set aside our own personality; we cannot forget that we each belong to countries that are more or less directly interested in the questions we discuss and, in some cases, very deeply affected by the solutions arrived at. These influences are brought to bear upon our judgment, on the way in which we envisage a problem, on the tendencies to which we conform in our efforts to reach an appropriate conclusion. In one sense, it is fortunate that it should be so, for the divergence of national points of view is one of the capital data of the problem, a factor that cannot be disregarded without distorting the perspective of our field of enquiry. There can be no doubt, however, that it is the scientific spirit that inspires our efforts and gives them originality.

What does that mean exactly? The work accomplished by our Conference enables us to answer this question.

The subject which we have investigated is, on many points, outside the field of subjective criticism. In whatever degree it may be affected by beliefs, sentiments, ideologies and judgments of value, it is far from being entirely governed by them. At every stage, whoever wishes to penetrate it is obliged to elucidate questions of fact, to rely on objective realities, susceptible of being noted and expressed in figures.

We have there a group of elements which lend themselves to the most searching investigation, and it would be a mistake to regard their adjustment and elucidation as devoid of practical interest. The problem is fraught with far more ignorance and prejudices than is generally thought. Elementary facts, which should serve as a basis for reasoning, are very often lacking, either because their study has simply been overlooked, or because, having been undertaken in different

quarters, according to different methods, it has yielded only contradictory results.

One of the first services that we can render is to remedy this state of affairs by preparing, wherever it may seem necessary, accurate, homogeneous and impartial documentation. We have begun to do this in certain sectors : for example, in connection with the value of colonies and the economic position of the Danubian States. This work should be continued within the limits of the subject figuring on our future programme.

To solve the difficulties confronting us, however, it will by no means suffice to bring certain material values into account. The needs which prompt countries to ask for a change in the *status quo*, like the opposition met with by such claims, are very largely the outcome of psychological factors. And here, the objectivity of our work necessarily takes on another meaning. It is no longer so hard and fast, nor has it the same impassiveness. How should it be conceived?

I have no hesitation in saying that it imposes upon us a two-fold effort of understanding and judgment.

In the sphere of international relations, all constructive enterprises must be accompanied by negotiations. In short, all agreements have their origin in a conflict of ideas and interests, which has to be balanced rather than removed. If everybody shuts himself up obstinately in his own view, regardless of the concern of others, without being ready to make the smallest sacrifice demanded for the common good, then there will be no hope of getting away from the vicious circle — until the day a breach is made in it by violence.

In this respect, our work can have a beneficial effect. Beneficial because our sphere of action makes it possible for us to view matters from a sufficient distance to discern their relative importance. Beneficial also because in bringing together so many men of different nationalities, it affords them an opportunity of comparing their opinions, sometimes of dispelling misunderstandings, thereby creating an atmosphere more conducive to reasonable solutions.

Lastly, our work is useful also in its co-ordination of expert opinion. It is not only national points of view that are here brought face to face and which seek to penetrate one another; we have also at our disposal different abilities and techniques. Our collaboration derives its value from this dual phenomenon. Each of us is, to a certain extent, qualified to express and explain the needs, anxieties and tendencies ruling in his

own country. Similarly, each of us contributes to the common fund the knowledge which he possesses as an economist, demographer, jurist, sociologist, geographer or as an expert on colonial questions. Considered individually, each of these contributions has its value and usefulness — but it may also be insufficient and dangerous. For none of them encompasses reality as a whole, in its integral complexity, and none of them can claim to be exempted from the common law of professional distortion. On the other hand, considered collectively they correct and fertilize one another, and by a simple effort of co-ordination supply the elements of a broad synthesis. This synthesis has been outlined in the course of our plenary debates, when we focussed our attention on the question of procedures. In fact, we have here an aspect of the problem of exceptional magnitude, when it is shorn of its technicalities and grasped through the political and psychological realities that govern it.

A system of procedures is, in a sense, a piece of machinery more or less cleverly assembled, an instrument more or less perfect in its operation. This instrument, however, is of value only in so far as it adjusts itself to the faculties of those who handle it and to the requirements of the work it is destined to perform. In endeavouring to obtain this essential harmony we are led to consider the fundamental elements of the problem.

In order to accomplish peaceful change in the *status quo*, is it possible to resort to imperative methods, implying compulsory decisions for the States concerned? Or must it be admitted that such a conception oversteps the bounds of present possibilities, that people and governments are too far away from it for it to have any chance of penetrating into international practice? Would it not be wiser to turn towards a flexible system in which authority can be replaced by persuasion, in which external influences come into play, without exceeding the limits of conciliation, or, at any rate, of moral pressure?

This is a fundamental question; it dominates the whole problem and, as soon as we approach it, compels us to choose between several courses. It is a question of principle which cannot be solved by legal technique and the elements of which are to be found in a knowledge of political realities.

There are other questions which immediately enter into combination with it and which also place us before certain general aspects of the subject. Changes in the *status quo*, in fact, assume a variety

of forms which must on no account be confused if it is wished to adapt the chosen procedure to the nature of the operation.

Is it not obvious, for example, that the prescription or modification of general rules is radically different from the revision of a treaty delimiting the frontiers of a State or subjecting it to certain specific obligations? In either case, however, it is the *status quo* that undergoes a change; it is the legal ordination that changes. But the operation, which, in the first case, is closely bound up with legislative activity, affects — in the second case — the individual position of a given State and consequently assumes quite a different character.

Thus, it will be seen that if it is wished to adapt the mechanism of procedures to the variety of their functions, an enormous amount of discrimination remains to be made and a number of nuances observed.

It was in this spirit and under the ascendancy of this preoccupation that we approached the subject. Hitherto, the tendency has too often been to give it an artificial simplicity. It has been discussed as if it were a uniform institution. Whatever system was given priority, it seemed that it should be exclusive and ready to accept all the difficulties *en bloc*. We have reacted against such a tendency and have concentrated our attention on the diversity of the subject. Have we succeeded? We have, so far, only a general sketch of the problem and this will need to be developed and defined. It is, however, no mean accomplishment to have brought a different light to bear upon the problem and to have set its investigation on a new basis. That, I think I can say, has been done.

Our collaboration, therefore, has certainly made it possible to progress — on some points very appreciably — in the study of questions of such complexity as those which we have had the temerity to face.

Its efficacy, moreover, goes farther. While, on the various subjects of our programme, different arguments intercrossed, during the friendly duel in which our ideas came into conflict, we all felt firmly convinced that beyond the realm of science and technique there are certain moral conditions which have to be fulfilled before a given problem can be solved.

Change in the *status quo* — but a peaceful change in accordance with the principles of order and method. The objective is two fold and its two aspects are closely connected. It is not merely a matter of opening the way to dynamism; it must also be guided into the path of legality.



And so we are faced with what perhaps constitutes the essential problem of any legal discipline. The primary function of law is, no doubt, to ensure that regularity which is indispensable to any collective existence. Social life demands a certain continuity. Left to the mercy of empiricism pure and simple, it would fail to achieve its end. To live is to pledge the future, to rely on the prediction of what is to come, and prediction is possible only in so far as we escape chaos. In that sense, law is a conservatory and stabilizing factor. This stability, however, is by no means inert; it must adapt itself to the necessary evolution of things and to the constant renewal of needs and aspirations.

Stability on the one hand, movement on the other. Are not these two exigencies contradictory? It must, at least, be recognized that their agreement is not spontaneous. In order to establish their agreement, procedures are necessary. Law must itself organize methods of tempering and revision, so that it may transform itself without fracture, without disregarding its fundamental principle of regularity.

But the working of such a system implies something more than a technique or a well-adjusted machine. It demands, above all, a whole series of psychological conditions, a certain state of mind, where the sense of movement and the sense of regularity are balanced one against the other. Unfortunately, in the disquieted and divided world that emerged from the war, this balance is far from established. Circumstances accentuate and embitter the eternal opposition of those who aspire to a change and those who defend the *status quo*. It drives them as it were to take up diametrically opposed positions and to stiffen themselves in irreconcilable attitudes. Those on one side blindly clutch a barrier of rights acquired, while the others, in order to break through, destroy rules and contracts. If peaceful change is to be accomplished, steps must first of all be taken to remedy this moral crisis, and, admitting his errors, each must endeavour to put them right; for, if we are to restore a little order to the world, we must begin by putting some into our own minds.

Politics and law are, after all; but projections of our internal life and we shall never succeed in imparting harmony to them unless the principle and rule of that harmony are already within us.

PART THREE

ANNEXES

## ANNEX I

### THE INAUGURAL MEETING

Chairman : M. Albert SARRAUT

THE CHAIRMAN. — I declare open the Tenth Session of the International Studies Conference.

DR. CHARLÉTY, Rector of the University of Paris, President of the Conference, (*Translation*). — I thank you in the name of the International Studies Conference for having consented to preside over this Inaugural Meeting as representative of the Government.

The subjects which we deal with here are discussed elsewhere, in Parliaments and in the political meetings of the League of Nations; they often give rise to heated and even violent exchanges of view. We study them with calm and are happy if our conversations enable us to offer well-prepared data to men of action.

You are here, Mr. President, surrounded by disinterested representatives of various civilizations coming from twenty-three different countries. None of them has a mission, or what is called a "mandate", but they constitute a kind of "enlightened public opinion." By the power of conviction and goodwill they are seeking in common a reply to some incertitudes of the present time.

You are, for us all, both a man of action and a man of thought. You who were the leader of our empire and of our navy, a counsellor and the President of our Government, have devoted your leisure hours to meditation and study. I will be allowed to recall that you were both the inspiration of our French committee for the study of Pacific problems, whose authority is so great, and the author of that courageous profession of faith which is entitled *Grandeur et servitude coloniales*. Your books give us ideas in generous measure; your actions give us examples.

Ladies and gentlemen, the International Studies Conference meets for the tenth time. Since its creation by the League of Nations' Intellectual Co-operation Organization, it has become an institution. The results are happy ones and the auguries for its future are encouraging.

Year by year our "permanent" conference — for such is the title and such is the reality — is welcomed by one of the national committees affiliated to its secretariat. Having met for the first time in Berlin, it moved successively to Copenhagen, Milan, Madrid and, several times, to London, to that admirable Chatham House, where they study so thoroughly the history which unrolls itself before our eyes and make an historical approach to the problems of the day. The Sorbonne receives it for the second time. With a kind of collective satisfaction we can measure the road that has been covered in a few years.

Our gratitude is due first of all to those who have disappeared, to those of our colleagues who were good servants of our organization and whom we have lost during the year.

M. Giuseppe Righetti, Secretary-General of the International Institute for the Unification of Private Law in Rome, a great lawyer, magistrate and parliamentarian, was one of the founders of the Italian National Committee of Intellectual Co-operation. All of us remember how much the first study meeting organized by our Conference owed to him. At Milan in 1932, the informal conversation, on *The State and Economic Life*, for which he was responsible, was the starting point of a new activity for our organization which up till then had preserved an administrative character. In him we have lost a mind that was ever open to the highest forms of spiritual life.

In its turn, the University of Paris has lost Dr. Eisenmann, an historian who was also a man of action and who, by the radiance of his personality and the extent of his experience exerted a large influence in France and abroad. He was one of that little group of professors, who, in 1928, laid in Berlin the foundation of the work in which one hundred and fifty savants participate to-day. For a long time he was Chairman of the Executive Committee; he was one of those men who represent the permanence and the solidity of an institution. As Secretary-General of the *Commission française de Co-ordination des Hautes Etudes Internationales*, he took part, in our country, in the creation of the *Centre d'Etudes de Politique Etrangère*, with that love of action and sureness of judgment which were habitual with him. In him we lose the most far-seeing of our advisors.

The confidence which these good servants of the Conference had placed in it was not in vain. When, in London, in 1933, I had the honour to reply

to the speech of welcome which was addressed to us by Lord Eustace Percy, I looked forward to the extension of the undertaking and I expressed the hope that we might see men of different and even opposite training study more and more the field of the social sciences, no longer in isolation, however great its charms, but in mutual confidence.

The work has been generalized; it has been strengthened. We were then seventy-seven, coming from fourteen different countries; in 1935 we were twice as many, coming from sixteen countries; this year we meet in Paris to the number of one hundred and fifty, coming from twenty-four different countries.

For the first time, we count among us a Brazilian group, a representative of Mexico and one from Uruguay, a Chinese scholar and a representative of Greek learning. I welcome them very heartily.

The Conference has not only increased its radius of action and its numbers; its programme has become more ambitious; it attacks more and more complex subjects. For two years we dealt with the "State and Economic Life", examining a topic of the day. Our work was achieved at a moment when the World Economic Conference was meeting in London. Thus, we may have the vanity to think that science lent its aid to politicians, who feel very sure of needing no help.

Since then, the problems of "Collective Security" have held our attention. During two succeeding sessions we discussed in an impartial and academic manner a subject which statesmen were debating among themselves. This year we have gone deeper than collective security; we have reached the foundation.

Convinced that, in order to fight with a chance of success against war, it is not enough to forbid it or to establish against it a system of repression, we want to attack it in its causes. This is very ambitious. In a way, we are seeking not to repress war, but to prevent it. Our design is written in an English phrase "Peaceful Change", an expression which it is difficult to translate into French — so many difficulties, indeed, begin with the words themselves. Perhaps we have never before attempted so general a subject side by side with the analytical examination of a series of concrete difficulties. We have never allowed such scope to the spirit of enterprise. We have never, to the same extent, passed over the present, in order to study, if possible the future.

The imposing volume of communications which have been addressed to us and the quality of this research work are a sure guarantee of the value of our effort. It is not my intention to analyse the work in detail; our General Rapporteur will presently give us a summary of it.

For my part, as one who has followed closely the work achieved by our French committee, I am glad to observe the extent to which the mechanism of collective research on an international scale has been improved in a few years. These continually repeated contacts must, it seems to me, re-establish between the universities and the scholars of the world, those links which they possessed a short while ago. In a broken up and disjointed world, in the midst of so many disappointments, intellectual labour begins to find the rôle and place that it deserves, thanks to institutions such as ours. The idea of a spiritual life, flowering in complete liberty, is not obsolete.

In London, in 1933, I expressed the wish that one day we might have in Paris an equivalent of Chatham House or the Council on Foreign Relations.

To-day, Gentlemen, our *Centre d'Etudes de Politique Etrangère*, modest like every undertaking which is beginning and which wants to go far, has been in existence for two years. It desires to follow the example of its elders; it has multiplied the contacts between French scholars and relationships with other national institutions. It takes its place now in our international organization.

One of my dearest wishes, perhaps one of my last wishes, has been fulfilled. This year I have the great joy, not only as Rector of the University of Paris, but as President of the *Centre d'Etudes de Politique Etrangère* to wish you a cordial welcome to our country.

Dr. LANGE, President of the Norwegian Co-ordinating Committee for International Studies (*Translation*). — Mr. President, Ladies and Gentlemen, I have been greatly honoured by being asked to reply, in the name of the foreign members of the Conference, to the kind words of welcome which have been addressed to us by the eminent President of the Conference, M. le Recteur Charléty. I should like to say at the outset that I do so in the place of my friend, the Right Hon. the Earl of Lytton, who was prevented at the last moment from taking part in this opening meeting and who would have been much better fitted than I to express all our sentiments. Lord Lytton is an *habitué* of this Conference, whereas I myself am one of the newcomers to the work of study which we propose to undertake in the course of this week.

It is a comforting symbol that our meetings take place this year in this old Sorbonne, the cradle of French thought and learning, and under the active chairmanship of the Rector of the Academy of Paris, who directs the Sorbonne. We thank him for it, and we express our particular gratitude to you, Mr. President, eminent statesman as you are, for having done us the

honour to come and preside over this opening session and thus to give the official approval of the Government of the Republic to our work.

What is this work? The International Studies Conference proposes to study, one after another, and always only one at a time, the fundamental problems of a science, or perhaps rather a branch of science, of recent birth: that of international relations.

Why of recent birth? Because it is only recently — to be quite exact, it is for hardly thirty years — that it has been realized that the economic and social life of our age is dominated by a great new fact, which is called international interdependence. I will not waste time giving illustrations, because you know better than I, my dear friends and colleagues, the effects that flow from it. What I should like to emphasize is that these effects — inevitable consequences of the modern technique created by the inventions of the last hundred and fifty years — have no less inevitable consequences for political life. I borrow an expression from the report of our General Rapporteur, Professor Maurice Bourquin: "No society can function harmoniously if its institutions are not equipped for the adaptation of its legal framework to the dynamic forces which irresistibly dominate it." The dynamism which directs the society of our age is precisely this fact of international interdependence. The task which falls to our generation is, above all, that of adapting political life to this dynamism. If we fail in this duty, let us beware! When I was at school, I had one day to make a commentary on the proverb: "Fire is a useful servant, but a dangerous master." I suppose most of you, Ladies and Gentlemen, have done the same. One can say as much of modern technique. If we do not now bow before its demands, it will revenge itself cruelly, and its vengeance is called war. And this war, if it comes, will inevitably be general by the very fact of international interdependence.

These reflections show us all the interest, I might almost say the thrilling interest, which attaches to the studies we are undertaking here. The subject which was entrusted to us for examination by the London Conference two years ago, Peaceful Change, is at the heart of the preoccupation of every man and every woman who cares about the future of humanity. We shall proceed to this study as servants of science, in an impartial manner, inspired by the greatest desire for objectivity and without political prejudice.

We have been provided with an abundant — I almost said frightening — documentation; but our General Rapporteur has provided us with a remarkable report which will assist us greatly; and, under the direction of M. Henri Bonnet, the eminent Director of the International Institute of Intellectual Co-operation, four secretary-rapporteurs have furnished us with extremely

useful and interesting analyses of the reports submitted by the national groups and by the other members of the Conference. Each of these secretary-rapporteurs has made a brief synopsis for the sphere of study which was entrusted to him. I should like to thank them in the name of you all.

Ladies and Gentlemen, the programme is vast and our faculty of absorption is necessarily limited. Will it be possible for us in the course of a single week — even a very laborious one — to accomplish our task? For my part, I doubt it, and I am glad to read in Professor Bourquin's report a phrase which foresees the necessity for the Conference of continuing its task during a new study period. I wonder whether that would not be a very great advantage. As Professor Bourquin shows very clearly, the complexity of the subject is so great that certain aspects of the questions under study have perhaps not yet been sufficiently elucidated. I admit that I myself have not yet had the leisure to examine closely what gaps it might be interesting to fill. Other people, and particularly Professor Bourquin, M. Bonnet and the secretary-rapporteurs, will no doubt be better qualified to form an opinion.

I should like to make a final observation. Of course — I have already stressed the fact — the work of our Conference is strictly scientific. We abstain on principle from formulating conclusions in the shape of resolutions, votes or recommendations; but that does not mean that our work will remain without result. It simply means that we leave to the readers of the general and special reports, the task of drawing their own conclusions. From the psychological, I might say pedagogical, point of view, it is perhaps the most effective method, for the reader will thus have the great satisfaction of having made a discovery himself. I feel there must be many discoveries to be made by the ordinary reader and even by politicians, in the sphere of political and international life which we are going to study here. I will quote one example, and I take it from the sphere in which I am a little less ignorant than in others. I am thinking of the question of the economic value of colonies, which is the subject of a long chapter in the introductory report of the secretary-rapporteur on colonial questions. I have not had the opportunity to study this problem very closely, and it is certainly of great complexity and even difficult to elucidate because the elements of judgment, from a strictly scientific point of view, are missing. But have not others than myself a very clear impression that the age of exploitation of colonies for the advantage of the colonizer is coming to an end, even if it does not already belong to the past? Of course, some advantages still remain: for example, the opportunity for the profitable investment of capital in the colonies and the opportunity of well-paid administrative careers. But are these advantages of a general character



in which the whole population of the metropolis can share? Is it not rather the mass of the citizens of the metropolis who pay the expenses of the colony, while the eventual advantages accrue to only a very restricted number of citizens?

I will confine myself to raising the question and quoting the one example; but I think there are others: for instance, in the sphere of raw materials. If we can place at the disposal of the general public a certain number of the studies prepared for this Conference by publishing them in a suitable shape and under the auspices of the International Institute of Intellectual Co-operation, we shall, I think, be doing a very useful work by popularizing the quite remarkable labours which have been undertaken by our collaborators. If I may use a slightly vulgar expression, I think it would serve to *dégonfler* some illusions which are sometimes very dangerous.

Ladies and Gentlemen, I conclude by thanking our French hosts for the welcome which they have been good enough to extend to us, and by expressing the hope that the efforts we shall make here may be crowned with the success they deserve.

Professor BOURQUIN, General Rapporteur, (*Translation*). — Two years ago, we met in London to discuss the question of collective security, and it was at that meeting that the subject which we are to discuss at this session was chosen. It was quite naturally regarded as a sort of sequel to the one that had just been debated, so that, to a certain extent, its origin helps us to gauge its scope.

One striking conclusion emerged from the discussion of collective security. If we are to combat war successfully, it will not suffice to outlaw it, or even to set up a compulsory system of repression in its path. War must be attacked in its causes; an endeavour must be made to replace it by peaceful procedures for the settlement of the disputes, and removal of the evils, which provoke it.

In history, war appears far more as a factor of transformation than as a force serving to maintain the *status quo*. It is true that, in some cases, countries take up arms on the plea that their rights have been violated. In reality, however, war is almost invariably but the outbreak of a movement directed against established order, a violent and supreme effort to escape from its grasp.

Thus was set the problem of peaceful changes in the *status quo* — the problem of "peaceful change", to use the English expression to which we have all grown accustomed because, for some inexplicable reason, it conveys more to the mind than the French translation.

The problem is a difficult one; some even regard it as dangerous. Is there not a danger that we may be hurled into the vortex of the most heated and violent political controversies of to-day?

It is possible that we shall be; if so, we shall, I trust, be able to show that even the most burning of current problems can be kept in hand by the calm and courteous methods of scientific discussion.

We must, however, be careful not to distort the problem. Whatever may be the importance of these controversies, and however attractive they may be to our minds, the subject that has been suggested is far from being identical with them and is by no means confined within their limits.

The problem of peaceful change is not a casual problem, linked up with a combination of transient circumstances which, however grave they may be, represent but a moment in history.

It is a general problem, inherent in the idea of international organization and which would provide food for thought even if the war of 1914 had not left that atmosphere of unrest that is bearing us down.

No society can function harmoniously if its institutions are not equipped in such a way that they can adapt its juridical structure to the changes that are constantly taking place in its conditions of life and in its requirements. There comes a time when, behind the formal equilibrium of legality, some vital impulse produces hitherto unknown demands. Adjustment then becomes necessary. If this adjustment is not effected by regular procedures, there is a danger that it will be brought about by violence. Within a State, when the legal system loses its flexibility, when too obstinate a resistance is set up against the pressure of facts, society sometimes collapses into the chaos of revolution. A similar phenomenon is taking place in the international sphere, the only difference being that revolution is replaced by war.

Those who suggested the problem conceived it in that light and it is essential that we should not lose sight of its real purport.

The paths which it opens up before us are relatively unexplored. It has never been systematically studied, a fact which is certainly not likely to simplify our task.

There no doubt exists some documentation which we can utilize, and, on certain points, its contribution will be of the utmost value to us. The material available, however, is of a very scanty, scattered and unco-ordinated character. The actual subject, considered in its general structure, has so far never been investigated. And if it has not been studied it is because it has attracted scarcely any attention.

It is quite true that, from the earliest times, certain changes in the *status*

*quo* have been effected by peaceful methods. Whatever part war may have played as a dynamic instrument, it has never been an exclusive part. The need for a constructive effort did not make itself felt. There were cases of peaceful change, but there was no problem of peaceful change.

This problem has arisen out of the conditions of modern life. It engages our attention because we feel that, in one way or another, it has become imperative that we should save ourselves from international chaos.

The subject is both complex and delicate, a subject covering a vast field and, as a whole, quite new.

How are we to approach it?

The London Conference gave us a few indications in this respect. The resolution which it voted asks us to study certain specific questions, which were enumerated, moreover, merely by way of example: the question of over-population; the question of raw materials; and the question of colonies.

There is perhaps, in this enumeration, a suggestion of the method to be followed. We must guard against the danger of treating the question in the abstract; we must not allow ourselves to be tempted by an ideology that would not be borne out by social realities.

An excellent method, full of wisdom, but for which a working programme of extraordinary scope has been mapped out for us.

For example, countless problems arise in our minds the moment the notion of overpopulation alone is mentioned.

When can it be said that a country is overpopulated? Is there such a thing as optimum population? At what figure and according to what criteria should it be fixed? And if overpopulation does exist, how can it be remedied? By migration? By domestic measures? By the acquisition of colonies? No sooner do we envisage one or another of these eventualities than questions arise in quick succession. Which areas seem to offer the best possibilities of settlement to the various peoples of the world? What obstacles hinder migratory movements? How can these obstacles be overcome?

The demographic aspect of peaceful change would undoubtedly have furnished sufficient materials for our investigations.

The same can most assuredly be said of the problem of raw materials, for here again the points to be elucidated are innumerable.

To what extent are the obstacles to the free supply of commodities the result of certain direct restrictions: export taxes, embargoes, restrictions on production and exportation? What are the consequences of the strategic aspect of the problem? What rôle are we to allot to the question of currencies? Where are we to seek the elements of a solution? In a redistribution

of colonies? In a system of chartered companies? In an adjustment of clearing systems? In international agreements having as their object, say, the control of restriction plans or an extension of the principle of equal treatment in the matter of colonies?

Or should we direct our efforts towards a general return to the free circulation of goods and capital?

Here, as in the case of over-population, the more one advances the more the horizon recedes, the more complicated does the problem become as its ramifications spread into every field.

What, then, will it be when we come to consider the colonial question, where the majority of the same problems reappear in a special aspect, side by side with others, no less important and no less thorny, such as that of the interests of native populations, to cite only one example.

It is a whole world that is opened up before us.

And yet, our task does not end here; it has never been the intention of the Conference to reduce the problem of peaceful change to a series of specific questions, however important they may be and however prominent they may be in our minds to-day. This problem must be grasped as a single whole. After considering it from the standpoint of certain special difficulties, we must extricate its general aspects. In other words, the analytical study which we are to undertake must be supplemented by work of a synthetic nature.

Is the organization of peaceful change possible? In what conditions and to what extent can it be organized? That, in short, is the question before us.

It is so clearly obvious that international, like national order, needs institutions capable of ensuring the adaptation of the *status quo* to the fluctuating conditions of social life, that discussion on that point is superfluous. But a postulate of this kind, which perhaps determines the object to be attained, throws no light whatsoever on the difficulties of the undertaking, nor does it furnish any solution to the question of knowing to what extent and by what methods these difficulties can be overcome; and when the problem is envisaged from the standpoint of what can be achieved in practice, it is precisely these difficulties that command our attention.

The difficulties of the problem naturally depend upon attendant circumstances, but, in most cases, they are the outcome of the attitude adopted by men. Their most prolific cause is to be found in the contradiction of the requirements, aspirations, ideas, and sentiments to which the interested nations conform.

Any claim for a modification of the *status quo* reveals a conflict of opinion

between the States making the claim and those which, being more or less satisfied with existing conditions, would like to maintain it. The attitude adopted by either side can be explained by a number of causes which we must analyse and endeavour to understand.

What are the real motives underlying the demands of the claimant State? Are they merely economic? Has the State no purpose other than that of improving the material welfare of its population, of giving it a certain standard of living, or a certain degree of prosperity? Or, on the contrary, is the claim the outcome of political apprehension? Is it seeking to increase power or prestige? Is it aiming at national or ethnical unity? Or is it trying to free itself from the moral bondage of a discriminatory régime, by obtaining that equality of treatment, the ardent desire for which animates all peoples and probably constitutes one of the most powerful urges in the foreign policies of States? All these suppositions need to be distinguished, for the problem will present itself under different conditions according as one or another of them is proved to be the case.

To a great extent, the estimation of economic needs lends itself to reasoning and to methods of observation. No doubt, psychological factors play their part. A "need" can never be determined exclusively by external realities. It is the echo which these realities awaken in the human soul. And men are far from allowing themselves to be guided by reason alone, even in the sphere of their economic activity. They are influenced by beliefs, prejudices and passions. An economic problem, however, has the advantage of lending itself to rational solution. The intervention of irrational forces is in no way dictated by the nature of things. More often than not, it merely clouds and distorts the situation.

Now a problem that can be dealt with by the mechanism of rationality is, for that very reason, more easily solved. First, because it can be discussed in a calmer atmosphere. Secondly, since it can be gauged by a common measure, there is more likelihood of coming to an understanding. Lastly, because it lends itself more readily to mutual concessions.

This can no longer be said when the desire to modify the *status quo* springs from political considerations. The nature of the conflicting interests places us on different ground, where reason loses some of its power. Here, psychological influences are of an emotional character; they are full of mysticism and passion. By means of rational argument and a strict observation of facts, a government can be shown that its grievances are unjustified or that it is mistaken as regards the manner in which it seeks to remedy them, when we are dealing exclusively with economic realities. But any efforts

that might be made to prove to a nation that it is wrong in not remaining satisfied with a treatment of inequality would be unavailing. Even if it could be proved, with the aid of statistics, that its object, the result it is striving to obtain is devoid of value, it would not be convinced; for, what counts most in its eyes is the very idea of equality, or, to be more precise, its feeling of dignity, which is offended by a régime of discrimination.

Political motives thus lead us on to ground where irrational influences dominate, and, immediately, the atmosphere in which the question is debated changes. It becomes heavier and more "explosive". It is more inflammable and consequently calls for greater caution, more finesse and prudent handling.

It is also more difficult to understand one another; for though reason is common to all men, their prejudices, feelings and emotions stand between them as barriers which, sometimes, are not easily penetrated.

The distinction which I have just outlined is but one example amongst many others of the analytical research awaiting us.

The problem is made up of a variety of factors all of which must undoubtedly be taken into consideration. The results of our work would only be misleading if we closed our eyes to some of the realities. These must be taken as they stand, without disguise or distortion, even for the sake of simplicity. It is also necessary, however, to throw light on various aspects of the problem, to put each element into its proper place, to dispel the confusion and misunderstandings which might arise from the complexity of the subject.

It is only with a clear and penetrating consciousness of these realities that the principle of peaceful change can be established, particularly the system of procedures which constitutes its indispensable instrument.

Here again, we have an important but little explored subject for consideration. The jurists who have given it their attention have approached it only in a few of its aspects and then more or less empirically. Some have envisaged it from the angle of arbitration, with which they were familiar; others in the light of certain provisions of the Covenant of the League of Nations. But whatever value it may have, their research covers only certain parts of the problem; the problem in its entirety has not been directly investigated.

Furthermore, the question, has, so far, scarcely been dealt with otherwise than from the angle of legal technique. Now the choice and organization of the procedures of Peaceful Change are necessarily dominated by a number of political considerations. No definite attitude can be undertaken

regarding them without forming some idea of international relations, without some conception of the direction in which one wishes to see them develop and of the possibilities governing this development.

This rapid and superficial survey gives, of course, but a very incomplete idea of the subject before us. It will, however, suffice to show its vastness and the abundance of material for study.

It has never been supposed that such a vast programme could be exhausted within the relatively short time at our disposal. Consequently, when the preparatory conference which was to draw up our programme of study met in Madrid, the question arose as to whether it would not be desirable to limit the field of our undertaking. The idea was, however, immediately abandoned; it was felt that no facet of the problem could be sacrificed and that, if any *a priori* selection were made, it would prove to be embarrassing and artificial in practice.

In addition, the Madrid Conference called for a special study of the Danubian problem, which was not formally provided for in the resolution voted in 1935, but the importance and interest of which fully justifies its inclusion in our agenda.

Thus, the plan of study was mapped out on the broadest possible lines, with the conviction, of course, that its complete execution was not to be expected for June 1937, that is to say, carried through in each of its component parts to a sufficient degree of maturity. It was in that spirit that we set to work, and to-day our preparatory investigations come to an end.

It may rightly be said that the results of these investigations fully satisfy our expectations. The documentation at our disposal is impressive not only from the standpoint of quantity but also from that of quality. First-rate scholars, highly distinguished experts have contributed the fruit of their knowledge and personal meditation. These men differ considerably one from the other in their nationality, their training, beliefs and profession; they are not hindered in the expression of their thoughts by official responsibilities but are able to reflect the trend of enlightened public opinion. And that is precisely the outstanding feature and value of our institution.

No convention or protocol of any kind will emerge from our labours. At the close of our meetings, we shall take away with us neither a majority decision nor a mutual agreement negotiated in informal conversations. We shall, however, in a spirit of goodwill and mutual understanding, have explored and analysed one of the greatest problems of our time, and there is every reason to believe that this scientific and international collaboration

will be reckoned amongst the preliminary work which, some day, will lead to practical achievements.

THE CHAIRMAN (*Translation*). — Ladies and Gentlemen, before this inaugural meeting rises, I should like, with your permission, to express in a few words the impressions that it has recorded in my mind and thus, perhaps, give fuller emphasis to the sincerity of the welcome which I extend to you on behalf of the Government of the French Republic.

As I listened, a little while ago, to the eloquent and clear statements of the eminent men who addressed us, I felt vibrating within me the emotions of a great hope which, for the last twenty years, has never ceased to obsess my heart and my thoughts: the hope that at last a time would come when, in order to establish throughout the world the domination of salutary concord which, by the justice we shall have secured, will eliminate the fatality of great human slaughter, the powerful and magnificent coalition of all the eternal values of the mind, of culture, science and the morals of all countries, would turn towards the feeble and spasmodic, discordant and improvised action of passing governments, to offer them, and perhaps enforce, solutions that have been carefully conceived and thoroughly prepared for the great problem of peace by equity.

In a book to which Dr. Charléty so kindly referred a little while ago and which seems to anticipate your work, I recall the following lines which I wrote some years back and which I should like to read to you because their human ring seems to me to tone in with the harmony of the thoughts that have been expressed here: "A new international spirit must arise to bring order into the relations between peoples, by basing them no longer on a law of covetousness and violence but on the law of concord, which, while maintaining the necessary genius of nations, will assert the unity of world life, proclaim the need for solidarity among human beings and, in accordance with the principles of justice, urge them to establish the charter of a worldwide co-operation which will, at last, devote to the profitable development of our planet, of its countless resources and immense possessions still to be explored, the millions and millions which nations now spend on multiplying the means to slaughter one another. Disarmament conferences are constantly being convened. But when shall we summon or think of organizing an international conference to discuss the real, the great disarmament, of which the other would be but the logical consequence — *moral disarmament*, the disarmament which would be accomplished as from the day when the justified grievances of certain nations are examined in a full and open debate arranged



to determine the foundation of a vast world collaboration, in conformity with the common interests of humanity, in accordance with the rights that all peoples have to justice, and, first of all, to life?"

This international co-operation, in which I urged the governments of all countries to lay down the foundations of peace by removing, first of all, the causes of, or pretexts for, war, could not be better prepared, with all the necessary documentation and solutions, than by yourselves, by this International Studies Conference; no words could be too stirring, too eloquent or over-burdened with gratitude to thank you all for having momentarily emerged from your peaceful retreats in which you quietly meditate, in order to throw yourselves wholeheartedly into the turmoil of cities and countries, where the restless masses are anxiously seeking the deliverance of mankind. Stepping out from your legendary "ivory towers", you have thrown open the door looking out on to the street and everyday life, on to the poignant, precarious and sometimes desperate existence of those who hold the reins of public authority and who are responsible for the conduct of States. The ever-present conflict of passions and party faction is not conducive to the clear-thinking, to the well-ordered and methodical work of penetrating analysis and constructiveness, which are to produce the formulas destined to pacify world antagonism. It is for you to express and to confirm their reliability. By the wealth and variety of your learning and by your different nationalities, you bring into association all that is offered by science and by the goodwill and good faith of the friends of mankind and peace. For that salutary confrontation of opinions in which misunderstandings are dispelled, you bring together the geniuses of different countries, which, under the influence of the same destiny, either highly promising or mortally disastrous, are ineluctably one. Your aim is to combine the salutary forces which will prevent the human race from falling into the abyss towards which it is being pushed by the prolongation of these international disputes, bringing to my mind a picture of that tragic vision perceived one day by Alfred de Vigny and which seems to symbolize the present state of the world — a vision of men fighting in a carriage rushing headlong towards a precipice.

Gentlemen, I know the potent value and interest of your meetings, for last year I took part in an international conference in the United States which discussed questions that will no doubt arise again in the course of your debates on problems concerning raw materials, markets, over-population and colonies. There also, and with no little difficulty, we endeavoured to formulate suggestions for the peaceful settlement of international problems, in accordance with the right which all peoples have to justice and, above all,

to life. This will also be your task here. You will not, however, work — as we did in the United States — amid the marvellously peaceful and serene surroundings of the Rocky Mountains; but here, in France, and in this vibrating city of Paris which welcomes you, you will have as an incentive to your aspirations and hopes, the setting — which, we believe, is nearing completion — of a manifestation to which all the nations of the world have contributed their genius to extol the glory of the twofold field of science and art. A favourable international atmosphere would therefore seem to permeate your labours. Humanity thanks you in advance for the efforts which you are about to make in the cause of justice and peace.

## ANNEX II

### THE CLOSING MEETING

Chairman : M. Edouard HERRIOT

THE CHAIRMAN. — The meeting is open. I will call on Professor Maurice Bourquin to read his final report to the Conference.

Professor BOURQUIN, General Rapporteur of the Conference read his report<sup>1</sup>.

THE CHAIRMAN then called upon Professor Gilbert Murray.

Professor Gilbert MURRAY, President of the International Committee on Intellectual Co-operation. — Mr. President, Ladies and Gentlemen, in that admirable speech by Professor Bourquin, to which I listened with so much attention that I quite forgot to think of my own, I noticed one omission. He expressed grateful and generous thanks to a large number of people but omitted himself.

This Conference is, I believe, strictly-speaking, an emanation of the Committee on Intellectual Co-operation, and that alone gives me any right to this great honour of speaking before it. The philosopher Plotinus, I remember, explains with much care that an emanation can never be equal in worth and dignity to that from which it emanates, but, of course, Plotinus had never come across the International Studies Conference. If he had, I think he would have re-considered that opinion. The Conference has certainly one advantage over its parent Committee: that is its obvious great utility. It is a thing that the world wants at this moment; it fills a very clear and important need.

There are always — and particularly in the present disturbed state of the world — important questions which must sooner or later be settled under pain of disaster, and yet which are not ripe for settlement by Governments

<sup>1</sup> The text of this report will be found on page 581 after the record of the Fourth Plenary Meeting.

and are often too delicate, too much charged with emotion, for Governments or official persons even to discuss with one another. The International Studies Conference formed an ideal instrument for the preliminary study of those questions. It was a wonderful idea, though I am not quite sure who was originally responsible for it. It has grown from year to year until from originally representing some four countries it now represents twenty-eight. It can study these questions scientifically, objectively, from the point of view not of one country alone but of many, and not merely of many countries, but of many countries meeting and mutually influencing one another.

The discussion such as we have had this week is regularly preceded by some two years of intensive research so that when the time comes for the general conference, the facts of the problem are known, definitely stated and not disputed. From experience I should say that it is quite astonishing how many obstacles to mutual understanding, how many prejudices and violent emotions, are cleared away as soon as the disputants have the facts, well ascertained and not disputed, before them. But the path is not, of course, always clear.

I was a good deal impressed by one of the sittings of the Conference I was able to attend, which I think may be said to have failed to attain the result desired. I refer to the round table on Danubian questions. There the subject could not be fully discussed, and I asked myself why. Partly because it was an extremely delicate subject which it was difficult for the parties to discuss, but probably, I think, also because the actual preparation in collecting the data had not been quite adequate. The problem had been studied only for one year instead of two and there had not been sufficient time to provide that complete statement of the facts necessary for the calm and effective discussion of so delicate a problem. Further study and more complete documentation may, of course, not bring a solution — that is almost too much to hope — but it will certainly clear away many of the obstacles to a solution. That is one of the most burning questions which I think this method might help to solve.

If I may venture on any observation or suggestion of my own, may I say that I fully appreciate the wisdom of the rule initiated at Chatham House and applied by this Conference, of not passing resolutions or coming to decisions. That rule ensures the scientific character of the discussions, which would be altered if delegates were trying for a majority vote. On the other hand, the weakness of human nature in me does wish that some person, unofficially and on his private initiative, would be bold enough to try to summarize in a short volume the results to which he personally thinks the

discussions point. I have tried to make people read the admirable volume on *Collective Security* which was the result of the last meeting, and some people I find, have done so, but the ordinary man wants to know what the conclusion is. He is disappointed if he has to read a great many different points of view, even when so admirably elucidated as they are by Professor Bourquin, and I believe there is opportunity here for a short popular book — nothing like so authoritative as the publications of the Conference itself — which might do a great deal to clear up the ordinary public mind on these questions.

The subject this year was large; some people have thought it was too large to be treated effectively. But one might go farther. I could not help thinking while listening to the discussion that our real subject was not so much peaceful change itself as the obstacles to peaceful change. Change, of course, is always with us; it is the law of life, it is mostly peaceful and presents no particular problem. Populations increase and decrease, peoples change their habits, particular nations outstrip one another in wealth or influence; one language or one habit of thought yields ground to another without any noticeable explosion or danger of war. The explosion comes into question only when that normal process of change meets with an obstacle, and that obstacle is always the same; our old constant and most unmanageable friend, the independent sovereign State, blocking the way to world progress, defending its supposed interests or prestige.

The subjects of the last and present conferences taken together form perhaps the greatest problems of our time. The contribution to their solution made by these four years of work on the part of many eminent experts in different countries is something of which the authors may be justly proud and for which, I believe, the world hereafter will be grateful.

With those words I bid this emanation farewell, like other emanations to fade into thin air until the time comes for its next materialization.

Dr. Charles RIST, Member of the Institute of France, (*Translation*). — Ladies and Gentlemen, it is a great honour for me to be called upon to speak at this closing meeting and to thank you, in these last few moments of the Conference, for the difficult task which you have accomplished with such erudition and, above all, in such a remarkable spirit of mutual understanding. It is a matter of considerable pride for us that this work should have been carried out in this City of Paris, which has always been happy to welcome all schools of thought, but which, this year, is particularly anxious to receive their representatives so that the success of the Exhibition may really be the success of all nations; we are proud to think that your discussions have been

held on this age-old hill of Sainte-Geneviève, which, in bygone days, granted the hospitality of its colleges to every nation, nations which have to-day erected their pavilions along the banks of the Seine; and, lastly, that twenty-four countries, should have deemed it desirable and useful to delegate to this assembly their most eminent economists and experts on international law to discuss the highly complex problems figuring on your agenda. In expressing this feeling of pride, I am sure that I am voicing the sentiments of all my French colleagues.

I am all the more embarrassed, not to say deeply moved, at the thought of addressing you, not for the purpose of summing up Professor Bourquin's admirable remarks concerning the work of the Conference, but to give you, in a very few words, my personal impressions — which, I am sure, are akin to yours.

The outstanding virtue of your institution is that it applies the method of scientific analysis to problems which are submitted in the simplest form to the general public. I remember reading, over the signature of our Chairman of to-day, an article which he has perhaps forgotten but which remains firmly recorded in my mind, and in which he praised the value of analysis in unravelling the intricacy of political and diplomatic problems. This virtue of analysis is very considerable.

We have, especially during the last fifteen years or so, adopted the habit of presenting the most vital economic problems to public opinion in a simplified form and in terms that are believed to be synthetic but which are, above all, destined to maintain mental vagueness and obscurity. We have grown into the habit of dividing nations into groups which seem to be opposed one to the other. Reference is made to agricultural nations and industrial nations; creditor and debtor countries; countries with rich resources of raw materials and others who are poor in that respect. This method of grouping and simplifying the position of nations is extremely misleading. To take only the first distinction between agricultural and industrial countries, I wonder where the United States would come in this classification — a country whose industrial competition we fear and whose agricultural products are absolutely necessary to us. Where should Italy be placed, traditionally regarded as an agricultural country but which possesses splendid industries in the plains of Lombardy? Where are we to place France and Germany, which divide their activity between industry and agriculture? What makes the problem of agricultural exchanges so difficult, is that most countries are both industrial and agricultural. If the problem were as simple as it has sometimes been represented to be, the solution would likewise be

very simple. In point of fact, when we consider the real relations between nations, and their economic relations in particular, we realize that the problem can be solved only by splitting it up into a large number of specific problems according to the special relations of the different countries.

This simplification of the problem, however, is not only wrong, it is also dangerous. To note that there are differences between great and small nations, that they differ in their human qualities, their material resources and geographical constitutions, is merely to make an objective and scientific observation. But to substitute "inequality" for "differentiation", as has been too readily done, is immediately to pronounce a judgment of value, and it would seem that an endeavour is being made to compare these resources or to establish, between these nations, a sort of scale in which some are favoured, others disfavoured, as compared with an ideal which, up to the present, nobody has been able to define or justify.

This notion of inequality replacing that of differentiation promptly arouses feelings of hostility and animosity, which would certainly not be aroused by a mere statement of the facts.

I shall go even farther, and — if I may be allowed to express my personal opinion as an economist — say that this differentiation, far from being an inequality, is the *sine qua non* of equality between the various countries, since, each having resources different from those possessed by the other, all the countries are dependent one upon the other.

The problem of raw materials embodies all these difficulties and complexities. What could be more equitable, at first sight, than to allow all countries to share equally in the raw materials that nature has distributed over the world? Nothing would seem to be more justified than this suggestion. But scarcely have we begun to examine it than we realize the immensity of the injustices contained in this simple proposal. Raw materials. Does this mean raw materials used in time of war, or those used in time of peace? Raw materials needed by what countries? Raw materials which they need to-day or those which they will need to-morrow? Switzerland needed coal twenty years ago; she has now electrified the whole of her transport system and no longer needs coal; on a specific point, therefore, the problem has ceased to exist.

Then, there is the question of payments, that is payments which imply not openings in the direction of countries possessing raw materials but openings necessary to countries which need them. Looking closely into the question of payments, we find that countries possessing raw materials are themselves faced with a problem: England, for example, with her rich

coal deposits, is to-day handicapped by the difficulty of finding a market for, all the coal she produces.

You are better acquainted with these difficulties than I am; they arise as soon as these questions are analysed. If you turn from the question of raw materials to that of population, you will notice immediately that quite a different attitude is adopted. The different countries complain that they are unable to import the raw materials they need, and here is a fundamental raw material, out of which nations are formed, which cannot be exported and which is turned back at the frontiers; far from asking for it, countries place obstacles in its path and refuse to allow it in. Why this difference?

It would take too long to give an explanation here, and, besides, you understand it already.

"Human raw material" is not a passive raw material that can be processed; a man transported from one country to another is an active force that arrives with its own vitality, ideas, feelings and customs, and, immediately, a host of problems arise amongst nations which have become accustomed to a self-contained existence and to living on their traditions.

What solutions have you found for this problem? As was pointed out a little while ago, these solutions are — as you intended — fractional and methodical; we should, however, be disregarding one of the fundamental difficulties which you have encountered if what you all have in your minds were not mentioned, namely : that these special problems of world economy are all dominated by a great political problem of more importance and which moulds them accordingly. This great political problem with which all nations are faced to-day is whether they wish to organize their economy for war or for peace. Thus, by a curious paradox, after a war in which we all suffered from economic organization with a view to war, nations now seem to incline towards a solution which they believe more easy in practice, namely : the organization of their economy not with a view to war but with a view to peace.

The difference between these two systems is easily explained: war economy — and here, my friend Dr. Shotwell, who supervised that vast publication, "The Economic History of the War", will agree with me — is the economy of scarcity. The economy of peace is the economy of plenty. The war was accompanied by a general scarcity of products of every kind and by a shortage of labour in every sphere. Peace develops in the multiplication of all these products and labour resources.

The consequences that ensue develop absolutely logically: an economy of scarcity leads to controlled distribution, to the organization of the rise



in prices and the establishment of an authority able to foresee the requirements of all who, normally, are not satisfied. An economy of peace is the economy of ever-increasing production, which has an absolute need of more and more extensive exchanges in order that it may be distributed to the whole of mankind.

This problem to-day dominates the problem of every country. On the one hand, we are led towards what is called autarky or self-sufficiency; on the other, international exchanges become more and more restricted.

Your deliberations have significance and weight only in so far as you made your choice, and I think I may safely say, that the Conference made its choice. You asked yourselves how raw materials could be distributed throughout the world, on condition that they would be distributed peacefully. With a definite object before you, you sought the ways and means whereby this could be accomplished; difficult and complicated ways and means in the search for which you exercised your utmost skill and ability. You surely do not imagine that all the solutions you have suggested will immediately be adopted by the statesmen concerned. But to have no illusion is, sometimes, on the contrary, to entertain the greatest hopes.

Three thousand years ago, a Greek writer with whom you are all familiar wrote the following words, which to-day strike me as being full of experience and serenity: "In this world, nobody has yet discovered the indisputable sign of things to come. No god has revealed it to us. Turned towards the future, our thoughts are sightless. Very often, our expectations are frustrated by events. Some are bereft of joy; others, suddenly overwhelmed by a storm of sorrow, find solace for their grief in the deep haven of happiness."

Ladies and Gentlemen, I hope that each of our countries will reach this deep haven of happiness. The route that leads to it is marked by a strong, persevering and tenacious will for peace.

Dr. DULLES, Chairman of the Study Meetings. — Mr. President, Ladies and Gentlemen, we have been discussing a topic of very considerable difficulty and very considerable differences of opinion — perhaps greater than would appear from Professor Bourquin's report — emerged. I am happy to say, however, that there is one matter upon which no possibility of difference could arise, and that is the appreciation of the manner in which the present Conference has been organized by our French hosts, and on my behalf and on the behalf of the Study Meetings over which I presided, I wish to express my grateful appreciation.

During the past week it was, I think, inevitable that my thoughts should go back to another conference in Paris in which I participated, the confer-

ence designed to re-establish peace following the War, and I recall that sentiment was universal, held by statesmen and public, victors and vanquished alike, that we must create a new world system in which war would be eliminated. To achieve that end, the League of Nations was created, and subsequently the nations signed the Pact of Paris renouncing war and force as an instrument of national policy.

The sense of security engendered by these steps was unhappily short-lived. It soon became apparent that the steps we had taken were inadequate and tended excessively to perpetuate the *status quo*, and it became obvious that any given status, however admirable it might be at the beginning, could not be indefinitely prolonged without bringing about a clash with human needs, which are constantly changing. Under such conditions, force could not be deprived of some moral sanction unless we could supplement our action by setting up some world mechanism, which would permit of changes corresponding to the needs of changing social justice. This latter concept implies that those peoples now possessed of great natural advantages should accept a system which might, under certain conditions, permit others to share therein and require them to abandon the effort to perpetuate for all time a monopoly of advantage.

The realization of these truths has caused us to pause. We all want peace, but at what price? If peace can be assured by the signing of a paper, all is well. But we know now that peace cannot be so cheaply achieved; There must be some counterpart which involves real sacrifice and real risk; sacrifice, in that we must permit others to share what we now possess for ourselves alone; risk, in that the opportunity to share may be availed of not for peace but perhaps for war.

Faced by such realities, world opinion has shifted to a point where to-day we have a tacit acceptance of the war system. Each nation, to be sure, hopes to avoid war for itself. This hope may be based upon the creation of formidable armaments, or it may be based upon elaborate provisions designed to ensure neutrality; but in either case the war system is accepted as the premise upon which national policy must be based.

No faithful student of world affairs can fail to be alarmed by this change in world opinion, this reversion to acceptance of the war system. In a world where action is so largely dominated by emotion and where communication has become almost instantaneous, no nation, however aloof in theory, can be sure of avoiding entanglement once war occurs. Nor can armaments, however formidable, serve for long to perpetuate a system which is not sufficiently flexible to conform to changing needs and equities.

I believe that most of us in our hearts recognize these truths, but we are disillusioned by failure of high hopes, discouraged by the lack of any alternative programme which holds practical promise of success.

I must frankly admit to sharing that discouragement, if the only methods of peaceful change which we envisage are those whereby sovereign rights will be periodically re-allocated and, for example, territory taken from one nation and given to another. Peaceful changes of this character will doubtless occur in the future as they have in the past and their possibilities should certainly not be ignored; but such changes are most difficult to effectuate without resort to force or to the menace of force, and it would be unfortunate if our procedure were such that we depended solely upon such methods of change.

Fortunately, our problem does not require us to treat the world as composed of some fifty sovereign entities whose merits we must from time to time appraise with a view to taking from one and giving to another. It is after all, not the State as such but the human being within the State which has moral rights, and if we can give human beings, wherever they are, reasonable access to opportunity wherever it is located, then we shall have done away with the situation which comes from moral sanction to the use of force. We shall then have created a sound moral basis for the elimination of force, as a means to attain social justice.

If such an approach presents the problem in terms which are perhaps easier to solve, it nevertheless admittedly leaves the problem still difficult of solution. It is not easy to persuade people who enjoy great natural advantages to forego their present legal right to monopolize such advantages for themselves. Nor, on the other hand, will the dissatisfied nations readily forego the right to enlargement in the attributes of their sovereign status as such. They have gone far, as have we all, in personifying the State and in deriving vicarious pleasure or pain from the increase or decrease of the formal attributes of sovereignty.

There is, however, no reason why this should always be so. It is rather a consequence of our past mistakes, whereby the opportunity of the individual has been allowed to depend largely upon the extent and richness of the territory possessed by his sovereign and by the prestige of that sovereign beyond his own borders. Once, however, reasonable opportunity can be accorded without the interposition of the sovereign, then the power and prestige of the sovereign ceases to be a matter of primary significance. The attainment of such a result seems to me to be the most important matter before the world to-day.

We must, however, have balance in all things. Following the World War we made great progress in setting up a system of collective security. That effort failed in that we did not concurrently supply the necessary counterpart to the elimination of force as a means of world evolution. In consequence, the noble concept of moral and material sanctions has fallen into disrepute. Thought now centres primarily upon the possibility of changes in the *status quo* which will serve to placate those nations which have avowedly reverted to the force system. Occasional concessions may be expedient to tide over immediate emergencies but the ultimate effect may be merely to magnify the efficacy of this system of potential force. Nor can we hope to-day any more than in 1919, to re-design the world so that it will be sufficiently perfect to solve for all time the problem of change. What we need is a world which is organically so constituted that change occurs gradually and imperceptibly, and primarily in terms of individual welfare.

Let us, however, not forget that procedure to this end, if it serves to remove moral justification for force, must be complemented with sanctional procedure designed to ensure, in fact, non-recourse to force. If, in 1919, we failed by creating sanctions without change, let us not now fail by creating change without sanctions.

THE CHAIRMAN (*Translation*). — Ladies and Gentlemen, there is, I believe, an Eastern proverb which says that Nature gave us two ears and only one mouth so that we might never forget that we should listen far more than we speak. I have often had occasion to realise the wisdom of that proverb, but I must admit that its truth has never struck me so forcibly as it has to-day, when I sat with you listening to the remarkably detailed speeches of Dr. Dulles, Professor Rist and our Chairman, Professor Gilbert Murray. If you will allow me, I should like especially to mention Professor Bourquin, who was virtually responsible for the organization of this Conference and who has just reviewed your conclusions in that lofty spirit which you all appreciated and with an eloquence which would arouse the jealousy of the most exacting of Frenchmen.

If I am addressing you, it is merely to express to you the sincerity of my convictions. It would, perhaps, be well if a great number of public men could, as I have done, attend your meetings and shape their constructive action according to what has been said and according to the truths that you have expounded.

When addressing some of you yesterday, I admitted the setback to the protocol of 1924, which claimed to endow the nations with a peace charter.

It is true that I have one consolation, namely : that those who, at Geneva or elsewhere, have endeavoured to give the world an economic statute have been no more successful; I remember an important conference at which an attempt was made to solve, in the space of a few weeks or a few days, the problems which you have examined and which led only to the publication of books that were undoubtedly admirable, but which, I believe, are admired chiefly as a matter of course — works that are admired more often than they are read.

You have been less ambitious, and it is perhaps for that reason that you have arrived at results which, for my part, I appreciate. You realized and declared that, in order to solve the peace problem in its economic aspect, the question had to be approached on a much higher plane, from a much more distant standpoint, than is possible in assemblies whose task is merely to draw conclusions from work previously done.

Personally, I am grateful to you for having brought out two lessons regarding methods which I have learned at this assembly and which your work has impressed upon my mind. The first of these lessons is that, in politics, as in all other fields, when working for the future nothing can be accomplished except by means of analysis. It is perhaps appropriate to mention or to recall this at a time when France is celebrating, or would, at least, like to celebrate, the three-hundredth anniversary of Descartes' *Discours de la Méthode*, which is the object of tributes that are certainly positive but none the less cautious. Politics, unfortunately, are still empirical. I doubt whether they have made any headway since the time when Aristotle wrote the Constitution of Athens. Though a day must come, a day that I shall not live to see — when politics will answer to their true definition, namely : that method must be based on science and ethical principles, to-day we are still, as always, in the age of empiricism.

You reminded us — and I accept this maxim, even if it is somewhat humiliating for our work — that folly and, her "eldest daughter", violence, are synthetic, and that intelligence is analytic. I think these are truths which should dominate any work undertaken by men who wish to accomplish something of value. That is the first lesson I have heard confirmed here.

As regards the second lesson, unlike political congresses, you have not definitely solved all the problems laid before you; you have merely presented a teaching of a cyclic character, but you told us that there were certain questions the study of which should be organized. In my opinion, these studies should be organized on a permanent basis, for, as you have pointed out, the problems which you have been debating are made up of constant as well as

variable factors, and I believe that a notable result would already be achieved if this International Studies Conference adopted the idea that somewhere, probably in Geneva, there should be established a permanent centre for the study of this problem of the distribution of raw materials, which our British colleagues so judiciously and successfully raised at the assembly I alluded to a little while ago and which, in the future, may very well dominate the problem of territorial delimitation — the problem, which, so far, has engaged the greater part of our attention. You will perhaps agree that one of the conclusions of this Conference should be that the permanent establishment of this organization is necessary. In any case, I congratulate you not only on the precision and sincerity you have shown in approaching these problems in your quest for truth, scientific truth, objective truth as it is called, but also for having said that the problem is not solely a material problem, that it also has a moral aspect, and that the thoughts of men must first of all be drawn towards this rapprochement.

If I understood Professor Bourquin's remarks correctly, the idea that prevails in his remarkable speech is what I would call the evolutionary conception of law, the need for making mankind evolve within a framework that is sufficiently rigid to afford all desirable guarantee, and sufficiently flexible to permit movement. I think Professor Bourquin is quite right. I have often meditated over these problems and I can give you the conclusions I have reached regarding the profound causes of the conflict which, as everybody knows, has throughout the centuries separated two great nations, one of which is called France, the other Germany. I wonder, and I ask you, whether this conflict is not fundamentally, at its very roots, due to the clashing of two conceptions: one, the French conception, which holds that we have inherited from Roman law a static conception demanding that truth shall be proclaimed with absolute clarity and, according to some views, with finality; the other, the German conception, which manifests itself, for example in Hegelianism, in that doctrine of incessant transformation, of perpetual evolution. I wonder, in short, whether this conflict is not a conflict between the two verbs *to be* and *to become*. You will tell me whether you think it pertinent. In any case, in submitting this example in support of what Professor Bourquin said, I wished to show you the interest I took in his remarks.

Ladies and Gentlemen, there is no need to be over ambitious in our language. This Conference does not claim to have renovated the world. Once again, in this respect it differs from certain other congresses with which I am well acquainted. It has accomplished a task in a spirit of goodwill and willingness. I do not claim for it, however, the honour of those final

solutions, which the more they are final the more they are provisional; neither will I agree that the results should be laid open to the raillery of fools or heedless minds. It was, I think, the American philosopher, Emerson, who said that the spring must always be higher than the fountain, and in those simple words he expressed a very profound truth. In the upper regions of nature, on the summits of mountains, in the silent homes of glaciers, little drops, little streams of the purest water are formed on the surface of these masses. These streams tend to join one another; they seem to seek each other and the importance and interest of this phenomenon may escape the notice of the casual observer. They are, none the less, streams which together will form the springs from which rivers large and small will arise, where countless peoples will come to slake their thirst. This is true, I think, of all things. It is for that reason that I, who live on what is sometimes the low-lying land of the political world, thank you for having, first of all, placed problems which command the future of mankind and the future of peace in the loftier regions of the mind.

ANNEX III

LIST OF PARTICIPANTS IN THE SESSION

*President of the Conference*

Sebastien CHARLETY

Rector of the University of Paris  
Chairman of the French Co-ordinating  
Committee for International Studies

*Chairman of the Study Meetings*

John F. DULLES

American Co-ordinating Committee for International Studies

*General Rapporteur*

Maurice BOURQUIN

Professor at the University  
and at the Graduate Institute of International Studies, Geneva

*Secretary-Rapporteurs*

H. O. CHRISTOPHERSEN (Colonial Questions)

Assisted by E. M. R. LEWIS

L. J. CROMIE (Demographic Questions)

Etienne DENNERY (Raw Materials and Markets)

C. M. WRIGHT (Danubian Questions)



## LIST OF PARTICIPANTS

- |   |   |
|---|---|
| ALLIX, André<br>Professor of Geography, University<br>of Lyons.   | French Co-ordinating Committee<br>for International Studies.        |
| ALMEIDA, Ozorio de  | Observer, invited by the Con-<br>ference.                           |
| ALSBERG, Carl L.<br>Director, Food Research Institute,<br>Stanford University.  | Institute of Pacific Relations.                                     |
| ANCEL, Jacques<br>Professor, <i>Institut de Hautes Etudes<br/>Internationales</i> , Paris.  | French Co-ordinating Committee<br>for International Studies.        |
| ANTONESCO, Michel A.<br>Lecturer in International Law, Uni-<br>versity of Bucarest, and Academy<br>of Commercial Science.         | Centre of International Studies,<br>Rumanian Social Institute.      |
| BAILEY, Stanley Hartnoll<br>Senior Lecturer on International<br>Relations, London School of Eco-<br>nomics and Political Science. | British Co-ordinating Committee<br>for International Studies.       |
| BALDONI, Claudio<br>International Institutè for the Uni-<br>fication of Private Law, Rome.  | Observer, invited by the Con-<br>ference.                           |
| BALDWIN, John R.<br>Rhodes Scholar, Oxford; Secre-<br>tary of the Canadian Group.   | Canadian Institute of Internation-<br>al Affairs.                   |
| BERBER, FRITZ<br>Director, <i>Deutsches Institut für Aus-<br/>senpolitische Forschung</i> , Berlin.                               | Observer, invited by the Con-<br>ference.                           |
| BERTONI, Karol<br>Formerly Minister Plenipotentiary;<br>Lecturer in the Diplomatic Section,<br>University of Lwow.                | Central Committee of Polish Insti-<br>tutions of Political Science. |
| BLÜHDORN, Rudolf<br><i>Privatdozent</i> of International Law,<br>University of Vienna.  | Austrian Co-ordinating Commit-<br>tee for International Studies.    |

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- BUDAY, Kálmán  
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- CARR-SAUNDERS, Alexander Morris  
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- CATASTINI, Vito  
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- CONDLIFFE, John Bell  
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- DEMANGEON, Albert  
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- EHRlich, Ludwik  
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- FORSYTH, William Douglas  
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- SCHINDLER, Dietrich**  
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- SCHRIEKE, Bertram J. O.**  
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Fellow of the Carnegie Endowment. European Centre of the Carnegie Endowment for International Peace.
- SHIELS, T. Drummond**  
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- SHOTWELL, James T.**  
Professor of History, Columbia University. American Co-ordinating Committee for International Studies.
- SIMONIUS, Auguste**  
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- TIBAL, André  
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- TINGSTEN, Herbert  
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- TOUZET, André  
Formerly *Résident Supérieur* in Indo-China.
- VAN DER VALK, H. M. H. A.  
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- VERDROSS, Alfred von  
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- Austrian Co-ordinating Committee for International Studies.
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- YAMADA, Saburo  
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- YOSHIZAKA, Shunzo  
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- YOUNG, Mrs. Hobart  
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- YOVANOVITCH, Alexandre  
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- ZIMMERN, Lady  
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- Observer, invited to the Conference.
- Institute of Pacific Relations.
- Yugoslav Committee of International Studies.
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INTERNATIONAL INTELLECTUAL  
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Gilbert MURRAY

President of the International Committee on Intellectual Co-operation

J. D. DE MONTENACH

Secretary of the Intellectual Co-operation Organization

INTERNATIONAL INSTITUTE  
OF INTELLECTUAL CO-OPERATION

*(International Secretariat of the Conference).*

Henri BONNET,

Director of the International Institute of Intellectual Co-operation.

Secretary-General of the Conference,

Leo GROSS,

Secretary at the Institute.

Oliver JACKSON,

Secretary at the Institute.

Jiri F. VRANEK,

Secretary at the Institute.

Alfred R. MAX,

Secretary at the Institute.

## ANNEX IV

### LIST OF MEMORANDA PRESENTED TO THE CONFERENCE <sup>1</sup>

#### I

#### MEMORANDA PRESENTED BY THE MEMBERS OF THE CONFERENCE

##### AUSTRALIA

###### Australian Institute of International Affairs

*Memorandum No. 1* : The Growth of Australian Population, by F. W. EGGLESTON and G. PACKER (Modern Printing Co. Pty. Ltd., Melbourne), 1937. \*

##### AUSTRIA

###### Austrian Co-ordinating Committee for International Studies

*Memoranda Nos. 1-3* : The Political Ideas of the Hapsburg Monarchy. Political Ideas and Movements in Post-war Austria. The Change in the Ideas on Government and Constitution in Austria since 1918. By a study group on ideological questions.

*Memorandum No. 4* : Les Difficultés de Principe d'ordre psychologique et sociologique qui s'opposent de nos Jours à la Solution pacifique des Problèmes économiques internationaux, by Rudolf BLÜHDORN.

*Memorandum No. 5* : Foreign Exchange Restrictions in Central Europe, by Richard KERSCHAGL.

*Memorandum No. 6* : Individual and Collective Emigration from Austria and Shifting Population in Austria itself, by Viktor GUTTMANN.

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<sup>1</sup> The majority of these memoranda were distributed in the form of mimeographed documents, and may be consulted at the International Institute of Intellectual Co-operation, or at the headquarters of the national committees and institutions affiliated to the Conference. Published documents are indicated by an asterisk.

- Memorandum No. 7* : The Minorities Problem, by Wolfgang SUPAN.  
*Memorandum No. 8* : Austria and the Colonial Problem, by Stephan VEROSTA.  
*Memorandum No. 9* : Minority Law and Nationality Law, by Alfred von VERDROSS.  
*Memorandum No. 10* : The Fertility of the Peoples of the Danube Basin, by Wilhelm WINKLER.

## BELGIUM

Belgian Committee participating in the Conference

- Memorandum No. 1* : Le Bassin conventionnel du Congo Belge.

## CANADA

Canadian Institute of International Affairs

- Memorandum No. 1* : Canada and the Doctrine of Peaceful Change, edited by H. F. ANGUS.

## CZECHOSLOVAKIA

Czechoslovak Co-ordinating Committee for International Studies

- Memorandum No. 1* : Le Problème démographique du point de vue tchécoslovaque, by Antonín BOHÁČ.  
*Memorandum No. 2* : Les Problèmes des Matières Premières, by J. VANĚK.  
*Memorandum No. 3* : Le Commerce international d'après-guerre des Etats danubiens, by S. N. PROKOPOVITCH.<sup>1</sup>  
*Memorandum No. 4* : Les Tentatives de "Compromis" tchéco-allemand en Bohême, faites jusqu'en 1918, by K. HOCH.  
*Memorandum No. 5* : L'Organisation internationale de la Navigation sur le Danube, by Z. PEŠKA.

## DENMARK

Institute of History and Economics

- Memorandum No. 1* : A Comparative Study of the Economic Development of Small Countries with and without Colonies. (The Netherlands, Denmark, Norway and Sweden), by H. M. GORMSEN.  
*Memorandum No. 2* : Statistics on the Consumption, Production and Sources of Supply of Raw Materials in Denmark.

<sup>1</sup> This memorandum is a resumé, by the author, of his book published in Prague in 1936.

## FRANCE

French Co-ordinating Committee for International Studies  
 Memoranda prepared under the auspices  
 of the Centre d'Etudes de Politique Etrangère

- Memorandum No. 1* : La Notion de Surpeuplement, by Adolphe LANDRY.  
*Memorandum No. 2* : Les Eléments d'une Solution internationale du Problème des Migrations humaines, by William OUALID.  
*Memorandum No. 3* : L'Assimilation des Etrangers en France, by Georges MAUCO.  
*Memorandum No. 4* : Les Compagnies à Charte comme Instruments de Mise en Valeur internationale de l'Afrique, by René HOFFHERR (in *Politique Etrangère*, 1937 III). \*  
*Memorandum No. 5* : La Coutume indigène en Pays colonial : Applications, Dérogations, by René MAUNIER.  
*Memorandum No. 6* : Le Statut des Etrangers dans la France Métropolitaine et la France d'Outre-Mer, by Jean DE LAUWE.  
*Memorandum No. 7* : L'Approvisionnement de la France en Matières Premières et grandes Denrées alimentaires, by J. GOTTMANN.  
*Memorandum No. 8* : La Question des Matières Premières et les Revendications coloniales : Examen des Solutions proposées, by Gilbert MAROGER. (Centre d'Etudes de Politique Etrangère), 1937. \*  
*Memorandum No. 9* : Un Exemple de Changement pacifique : La Syrie ; son Evolution du Régime du Mandat à celui de l'Indépendance, by R. MONTAGNE.  
*Memorandum No. 10* : Le Travail et la Main-d'œuvre autochtone en Afrique Occidentale Française, by Henri LABOURET.  
*Memorandum No. 11* : Le Cameroun, by Henri LABOURET, (Centre d'Etudes de Politique Etrangère), 1937. \*

## HUNGARY

Hungarian Co-ordinating Committee of International Studies

- Memorandum No. 1* : Peace in Transportation, by Charles DE NEUMANN.  
*Memorandum No. 2* : Statistiques de la Production et de la Consommation des Matières Premières de la Hongrie (1925-1936), d'après les Données de l'Office Central Royal Hongrois de Statistiques.  
*Memorandum No. 2a* : Le Problème Danubien, by Elemér HANTOS.  
*Memorandum No. 3* : Le Problème des Matières Premières, by Elemér HANTOS.



- Memorandum No. 4* : L'Opinion publique de la Nation hongroise et le Règlement pacifique, by Jules KORNTS.
- Memorandum No. 5* : The different Types of Ethnic Mixture of Population, by Count Paul TELEKI and André RÓNAI.
- Memoranda Nos. 6-7* : Les Transformations pacifiques de Caractère politique dans le Bassin danubien, par le Séminaire de Droit International à l'Université Pierre Pázmány de Budapest (Director : Ladislav GAJZÁGÓ) et par l'Institut pour le Droit et les Questions de Minorités à l'Université Pierre Pázmány de Budapest (Director : Béla KENÉZ).
- Memorandum No. 8* : Contributions à l'Etude du Problème et de la Situation démographiques de la Hongrie, au point de vue du Surpeuplement et de l'Espace pour la Vie et le Travail de la Nation, by Louis THIRRING.
- Memorandum No. 9* : Possibilities of Peaceful Change in the Present Trends of Assimilation, Dissimilation, Re-assimilation. Reduction of the Large Surfaces of Friction between Nationalities. A Comparison between Switzerland and Slovakia, by Béla KARDOS.
- Memorandum No. 10* : Les Mouvements démographiques et migratoires de la Population de l'Europe Centrale et les Embarras observés dans ces Mouvements, by André RÓNAI.
- Memorandum No. 11* : Les Modes caractéristiques et les Types principaux de l'Assimilation nationale, by Etienne HOLLÓS.

## NETHERLANDS

## Netherlands Co-ordinating Committee for International Studies

- Memorandum No. 1* : Définition du Terme " Colonie " et Distinction des différents Types de Colonies, by Emanuel MORESCO.
- Memorandum No. 2* : The Calculation of Population Pressure in agrarian Territories inclined to be Self-supporting, by F. VAN HEER.
- Memorandum No. 3* : An Outline of Agriculture in the Netherlands Indies, by C. J. J. VAN HALL.
- Memorandum No. 4* : The Colonial Question, by B. SCHRIEKE.
- Memorandum No. 5* : L'Influence des Restrictions internationales auxquelles participent les Indes néerlandaises, sur l'Approvisionnement des pays consommateurs (*Economisch-Statistisch Maandbericht*, February 26 and March 25, 1937). \*
- Memorandum No. 5 bis* : Annexes statistiques au mémoire N° 5.
- Memorandum No. 6* : Claims to Colonies, Markets and Raw Materials, by Emmanuel MORESCO.

## NORWAY

## Norwegian Co-ordinating Committee for International Studies

*Memorandum No. 1* : Norwegian Emigration, its Fluctuations Compared with Fluctuations in Migration from other Countries since 1900, and Causes of these Fluctuations (Development of Industries, Social Conditions, etc.) with Special Reference to the Economic and Social Difficulties Caused for Norway by the American Restrictions on immigration, by ARNE SKAUG.

*Memorandum No. 2* : Conclusions préliminaires sur : a) Les Importations et les Exportations de Marchandises par le "Corridor" via Dantzig et Gdynia; b) Le Commerce entre l'Allemagne et la Prusse Orientale avant et depuis la Grande Guerre, by AXEL SÖMME.

## POLAND

## Central Committee of Polish Institutions of Political Science

*Memorandum No. 1* : Le Problème de la Population en Pologne et les Intérêts des Etats surpeuplés, by STANISLAW GRABSKI, (Library of International Relations, Lwow), 1937\*.

*Memorandum No. 2* (I to V) : Les Matières Premières-clés, by HIPOLOT GLIWIC., (Library of International Relations, Lwow), 1937.\*

*Memorandum No. 2. Supplement* : Atlas sur les Matières premières-clés, by JAN ERNST, (Library of International Relations, Lwow), 1937.\*

*Memorandum No. 3* : L'Introduction au Concept de l'Optimum de la Population, by HIPOLOT GLIWIC, (Library of International Relations, Lwow), 1937\*.

*Memorandum No. 4* : L'Accroissement naturel de la Population et ses Facteurs, by S. E. NAHLIK, (Library of International Relations, Lwow), 1937.\*

*Memorandum No. 5* : L'Economie Régionale, by HIPOLOT GLIWIC, (Library of International Relations, Lwow), 1937.\*

*Memorandum No. 6* : Poland and the Danubian Problem, by JAN KOSTANECKI.

## RUMANIA

## Centre of International Studies, Rumanian Social Institute

*Memorandum No. 1* : Les Matières Premières en Roumanie, by STEFAN DUMITRESCO.

*Memorandum No. 1bis* : Tableaux statistiques.

- Memorandum No. 2* : Le Commerce entre la Roumanie et les Etats Danubiens, by Al. HALLUNGA.
- Memorandum No. 3* : Le Facteur économique et le Problème de la Paix, by Georges SOPRONIE.
- Memorandum No. 4* : Qu'est-ce que la Révision des Traités internationaux ? (Le revisionnisme juridique), by Michel A. ANTONESCO.
- Memorandum No. 5* : Essai d'Etablissement d'une Méthode pour l'Etude de l'Aspect psychologique de la Question du Règlement pacifique des Problèmes internationaux, by Sabin MANUILA.

## SWEDEN

## Swedish Co-ordinating Committee for International Studies

- Memorandum No. 1* : Consumers and Monopoly Concerns, by Herman STOLPE.
- Memorandum No. 2* : International Legislation: an Essay on Changes in International Law and in International Legal Situations, by Torsten GIHL, (Oxford University Press, London), 1937. \*

## SWITZERLAND

## Swiss Co-ordinating Committee for International Studies

- Memorandum No. 1* : La Circulation internationale des Capitaux : Méthode de Règlement pacifique, by Charles A. BURKY.
- Memorandum No. 2* : L'Emigration Suisse, by Paul FROSSARD.
- Memorandum No. 3* : La Notion de Surpeuplement, by Charles A. BURKY.
- Memorandum No. 4* : La Colonisation et la Politique démographique en Suisse, by Hans BERNHARD.
- Memorandum No. 5* : La Notion de Surpopulation, by Richard BUCHNER.

## UNITED KINGDOM

## British Co-ordinating Committee for International Studies

- Memorandum No. 1* : Raw Materials and Colonies, by The Information Department of the Royal Institute of International Affairs, (Royal Institute of International Affairs, London), 1936. \*
- Memorandum No. 2* : World Population, by A. M. CARR-SAUNDERS, (Clarendon Press, Oxford), 1937. \*
- Memorandum No. 3* : The Production, Consumption and Sources of Supply of Raw Materials in the United Kingdom. Prepared in the Study Groups Department of the Royal Institute of International Affairs.

- Memorandum No. 4*: The Status of Aliens and the Position of British Subjects in the British Empire, by A. Berriedale KEITH.
- Memorandum No. 5*: The Danube Basin — its Problem of Peaceful Change, by C. A. MACARTNEY.
- Memorandum No. 6*: Organized Migration from Great Britain and its Relation to Unemployment, by Mrs. Dorothy HARWOOD.
- Memorandum No. 7*: The International Problem of Peaceful Change: the Legal and Procedural Aspects, by H. LAUTERPACHT.
- Memorandum No. 8*: Capital Investment in Colonial Territories. Prepared in the Study Groups Department of the Royal Institute of International Affairs.
- Memorandum No. 9*: Colonial Trade, Shipping and Commercial Policy. Prepared in the Study Groups Department of the Royal Institute of International Affairs.
- Memorandum No. 10*: Public Finance of the Colonial Empires. Prepared in the Study Groups Department of the Royal Institute of International Affairs.
- Memorandum No. 11*: Considerations Affecting the Transfer of Colonial Territories. Prepared in the Study Groups Department of the Royal Institute of International Affairs.
- Memorandum No. 12*: A History of Peaceful Change in the Modern World, by C. R. M. F. CRUTTWELL, (Oxford University Press, London), 1937.\*
- Memorandum No. 13*: The Definition and Classification of Colonies and Dependencies and the Status of the British Dominions. Prepared in the Study Groups Department of the Royal Institute of International Affairs.
- Memorandum No. 14*: Colonial Populations,<sup>1</sup> by R. KUCZYNSKI (Oxford University Press, London), 1937.\*
- Memorandum No. 15*: Some Statistics of External Capital Invested in Ceylon, Malaya and the British West Indies. Prepared in the Study Groups Department of the Royal Institute of International Affairs.

#### UNITED STATES OF AMERICA

##### American Co-ordinating Committee for International Studies

- Memorandum No. 1*: Raw Materials in Peace and War, by Eugene STALEY. (Council on Foreign Relations, New York), 1937.\*

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<sup>1</sup> This work was published too late for distribution at the time of the Conference.

- Memorandum No. 2* : Limits of Land Settlement : a Preliminary Report on Present-day Possibilities, by Ten Authors (preface by Isaiah BOWMAN), (Council on Foreign Relations, New York), 1937.\*
- Memorandum No. 3* : Peaceful Change : a Study of International Procedures, by Frederick Sherwood DUNN, (Council on Foreign Relations, New York), 1937.\*
- Memorandum No. 4* : American Experience with Problems of Population in the Philippines and Puerto Rico, by Joseph Ralston HAYDEN.
- Memorandum No. 5* : The Reversal in American Expansionist Policy, by Robert Gale WOOLBERT.
- Memorandum No. 6* : The Immigration Policy of the United States, by Marian SCHIBSBY.

EUROPEAN CENTRE OF THE CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE  
Geneva Research Centre

- Memorandum No. 1* : The Efforts Made by the League of Nations towards the Solution of the Problem of Raw Materials, by K. W. KAPP.
- Memorandum No. 2* : Les Clauses de Revision dans les Traités internationaux multilatéraux de l'Après-Guerre, by S. ENGEL.

INSTITUTE OF PACIFIC RELATIONS

- Memorandum No. 1* : The Problem of Peaceful Change in the Pacific Area, by H. F. ANGUS, (Kelly and Walsh Limited, Shanghai), 1937.\*

II

INTERNATIONAL MEMORANDA

- Memorandum No. 1* : Native Labour in Africa with Special Reference to International Conventions, by C. W. H. WEAVER.
- Memorandum No. 2* : Monetary Aspect of the Raw Materials Problem and the Revival of International Trade, by Michael A. HEILPERIN, (International Institute of Intellectual Co-operation, Paris), 1938.\*
- Memorandum No. 3* : The Synthetic Optimum of Population, by Imre FERENCZI, (International Institute of Intellectual Co-operation, Paris), 1938.\*
- Memorandum No. 4* : International Raw Materials Cartels, by William OUALID, (International Institute of Intellectual Co-operation, Paris), 1938.\*

*Memorandum No. 5* : Markets and the Problem of Peaceful Change, by J. B. CONDLIFFE, (International Institute of Intellectual Co-operation, Paris), 1938.\*

*Memorandum No. 6* : Restrictions on the Exploitation of Natural Resources by Foreigners, by GRAYSON KIRK.

*Memorandum No. 7* : Les Migrations — Problème international; Difficultés, Eléments de Solution. — Notice sur l'organisation internationale des Migrations, by Jacques LEGOUIS.

### III

#### DOCUMENTS PLACED AT THE DISPOSAL OF THE MEMBERS OF THE CONFERENCE

##### BRAZIL

*Memorandum No. 1* : L'Etude des Matières Premières, by Alberto BETI PAES LEME.

*Memorandum No. 2* : I. La Situation démographique des différentes régions du Brésil, (Peuplement, etc.).

II. Les Conséquences, les Remèdes possibles, les Possibilités d'Immigration, les Obstacles et les Solutions proposées, by Alfonso de TOLEDO BANDEIRA DE MELLO.

##### CENTRE D'ETUDES DE POLITIQUE ETRANGÈRE

Les Echanges Commerciaux entre la France et les Etats Successeurs de l'Empire Austro-Hongrois, by J. MORINI-COMBY, (Centre d'Etudes de Politique Etrangère, Paris, 1937).\*

##### EUROPEAN CENTRE OF THE CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

The Idea of National Interest, by Charles A. BEARD, (Macmillan, New York), 1934.\*

On the Rim of the Abyss, by James T. SHOTWELL, (Macmillan, New York), 1936.\*

The Improvement of Commercial Relations between Nations — The problem of Monetary Stabilization, by the Joint Committee of the Carnegie Endowment and the International Chamber of Commerce, Paris, 1936.\*

Reconstruction Economique Internationale, by the Joint Committee of the Carnegie Endowment and the International Chamber of Commerce, Paris, 1936.\*

## GERMANY

- Memorandum No. 1* : Beiträge zur deutschen Kolonialfrage, herausgegeben von Diedrich WESTERMANN. Preface by F. BERBER. Veröffentlichungen des Deutschen Instituts für Aussenpolitische Forschung, 1937. Essener Verlagsanstalt, Essen, 1937. \*
- Memorandum No. 2* : Der Zerfall des Versailler Vertrages, by Wilhelm ZIEGLER. Preface by F. BERBER. Veröffentlichungen der Deutschen Hochschule für Politik, 1937. Junker and Dönhaupt Verlag, Berlin, 1937. \*
- Memorandum No. 3* : Das Revisionsproblem, by Heinrich ROGGE, 1937. Junker und Dönhaupt Verlag, Berlin, 1937. \*

## INTERNATIONAL LABOUR OFFICE

- Immigration and Settlement in Brazil, Argentina and Uruguay (I. L. O. Geneva), 1937.\*
- World Statistics of Aliens, Studies and Documents, Series O (*Migration*) No. 6. (I. L. O., Geneva), 1936.\*
- The Migration of Workers, Studies and Documents, Series O (*Migration*) No. 5. (I. L. O., Geneva), 1936. \*

## JAPAN

- Memorandum No. 1* : The Present Conditions of the Japanese Population, by Teijiro UYEDA.
- Memorandum No. 2* : Japan's Fundamental Trade Problem, by Kiyosue INUI.

## MEXICO

- Memorandum No. 1* : Questions démographiques, by Ing. Jesus BOJORQUEZ.
- Memorandum No. 2* : Le Mexique et la Paix.
- Memorandum No. 3* : La Politique commerciale du Mexique, by Manuel J. SIERRA.

## NORWAY

- Les Procédures de Changement pacifique, by Arnold RAESTAD.

## ROYAL INSTITUTE OF INTERNATIONAL AFFAIRS

- Peaceful Change. (Lectures delivered at the London School of Economics) edited by C. A. W. MANNING, (Oxford University Press, London), 1937.

## URUGUAY

- Les Matières Premières en Uruguay, by Carlos de BASABE.

## ANNEX (V)

### BIBLIOGRAPHY

List of selected books on raw materials,  
colonies, and allied problems,  
catalogued at the Library of the League of Nations <sup>1</sup>

This list includes a selection of books, pamphlets and articles on questions of population, migration, raw materials and colonization. It is intended to be used as a bibliographical basis for the study of these subjects. All the works cited will be found in the Library of the League of Nations. Only a limited number of publications on raw materials has been included. For this subject, it is advisable to have recourse to official sources. The Library of the League of Nations possesses a complete collection of post-war government publications of a statistical nature.

On account of the inter-relation of the different problems, no division by subject has been made. The works are classed by year of publication and then alphabetically by author.

This list was brought up to date on April 1st, 1937. For more recent material, students should consult the periodical publications of the Library : for books, *The Monthly List of Works catalogued in the Library of the League of Nations* (11th year, 1938), chapters II, "Political Questions", sub-division, "Special Questions", and VII, "Economic Questions."

Articles in periodicals : *The Monthly List of Selected Articles* (10th year, 1938), chapters II, "Political Questions", sub-division, "Special Problems — Colonies", and V, "Economic Questions", sub-division, "Raw Materials, Colonization and Population Problems."

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<sup>1</sup> This list is reproduced here by the courtesy of the Librarian of the League of Nations. For the convenience of the reader, certain passages which appeared in French or German in the original bibliography have here been translated into English. These passages are marked with an asterisk (\*).



1917

CENTRAL ORGANIZATION FOR A DURABLE PEACE. Official Commentary on the minimum programme. The Hague, 1917.

Chapter 2 : " The States shall agree to introduce in their Colonies, Protectorates and spheres of influence, liberty of commerce or at least equal treatment for all nations. "

CENTRAL ORGANIZATION FOR A DURABLE PEACE. AMERICAN GROUP. Summary of discussions and a report based on these discussions by W. I. Hull. v. 3. The open door. The Hague, 1917.

The rapporteur clearly distinguishes the different dangers of economic imperialism and the closed door.

MOREL, E. D. Africa and the Peace of Europe, London, National Labour Press, 1917, 123 p.

" The neutralization of the non-colonizable area of Africa, the internationalization of European commercial activities within that area, and such a distribution of territorial sovereignty as would secure to Germany a participation commensurate alike with her past achievements in Africa, and with her economic needs — these, one would suppose, are the aims which an enlightened statesmanship might be expected to pursue if it were desired to attain the object which this small book has been written to promote, viz. : the disappearance of one of the most potent causes of international ill-will, coupled with a real effort on the part of the Powers to safeguard the interests of the native races of Africa. "

1918

SCHÜCKING, W. *Internationale Rechtsgarantien, Ausbau und Sicherung d. zwischenstaatlichen Beziehungen*. Hamburg, Brischek, 1918, 134 p.

The author foresees after the war a renewal and strengthening of international relations. He proposes a series of measures for a new world-organization in many domains; restoration and safeguarding of the economic life; establishing of an open-door system in colonies; prohibition of economic warfare in wartime; joint action by States with regard to independent backward countries outside Europe.

1919

HUTH, W. *Völkerbund und Weltwirtschaft*. Berlin. F. Siemenroth, 1919, 45 p.

An early recommendation for the League of Nations to organize world traffic on new foundations, since economic inequalities have for ages been the cause of wars. The open door principle especially desirable for the colonies.

1921

GINI, C. *Rapport sur la Question des Matières premières et des Denrées alimentaires*. League of Nations, 1921, 257 p.

\*Contents : General Report. Annexes : 1. Cereals; 2. Wool; 3. Cot-

ton; 4. Coal; 5. Petroleum; 6. Iron; 7. Chemical fertilizers. The author asks whether the League of Nations could take the initiative in introducing certain measures for the attenuation or prevention of difficulties of supplies in raw materials and foodstuffs at present existing or likely to arise in the future. If so, should the League take such action?

1922

CARR-SAUNDERS, A. M. *The Population Problem. A Study in Human Evolution.* Oxford, Clarendon, 1922, 516 p.

A general introduction. Views the problem from an historical and evolutionary standpoint. Stresses the connection of the population problem with international relations.

MAURETTE, F. *Les grands Marchés des Matières premières*, 3rd ed., Paris, Colin, 1922, 198 p.

\*Coal; wheat; wool; cotton; silk; rubber; iron; petroleum.

UNITED STATES TARIFF COMMISSION. *Colonial Tariff Policies.* Washington, 1922, 869 p.

Treats in detail the tariff policies of the Colonial Powers and the self-governing Dominions of the British Empire. Although the situation described dates from 16 years ago, the report still contains important data.

1923

EAST, E. M. *Mankind at the Crossroads.* London, Scribner, 1923, 360 p.

The author studies the relation between population and world politics from a biological point of view. "The facts of population growth and the facts of agricultural economics pointed to the definite conclusion that the world confronts the fulfilment of the Malthusian prediction here and now."

SARRAUT, A. *La Mise en Valeur des Colonies françaises.* Paris, Payot, 1923, 656 p.

\*Analysis of French colonial resources and programme for their future development, by a former Minister for the Colonies.

WRIGHT, H. *Population.* London, Nisbet, 1923, 178 p.

Clear and brief introduction to the problem.

1925

CULBERTSON, W. S. *International Economic Policies. A Survey of the Economics of Diplomacy.* New York, Appleton, 1925, 575 p.

Contains chapters on: Protection and preference in the British Commonwealth Nations. The closed door. The open door. Raw materials and fuels. Foreign loans and investments. Competition and combination in international commerce. Commercial policies affecting shipping.

MACLEAN, A. M. *Modern Immigration. A View of the Situation in Immigrant-receiving Countries.* Philadelphia, Lippincott, 1925, 393 p.

Attempt to present in "simple form the main facts concerning large-scale immigration in the modern world": United States, British Empire, South America.

1926

HOBSON, J. A. *The Open Door.* Collection of reports on the various points of the minimum programme. Vol. I, pp. 106-127. The Hague. Organization for a lasting peace, 1926.

"Every people needs access to the produce and the markets of other peoples, the right to buy and to sell abroad on reasonable terms."

JEROME, H. *Migration and Business Cycles.* New York. National bureau of economic research, 1926, 256 p.

Investigations dealing (1) with the character, causes and effects of mass-movements of men, (2) with the character, causes and effects of cyclical fluctuations in economic activities.

LINDLEY, M. F. *The Acquisition and Government of Backward Territory in International Law, being a Treatise on the Law and Practice Relating to Colonial Expansion.* London, Longmans, 1926, 391 p.

MOON, P. Th. *Imperialism and World Politics.* New York, Macmillan, 1926, 383 p.

Analytical and historical study of the manifold interests that the problem of modern imperialism presents. Author finds solutions in more enlightened public opinion and more effective international co-operation. Chapters in his conclusions: The measure of imperialism; does imperialism pay? The problem of marketing surplus goods. Investing surplus capital. "Surplus" population. Raw materials and imperialism. The civilizing mission.

SCHNEE, H. *German Colonization, Past and Future.* With introduction by W. H. Dawson. London, G. Allen and Unwin, 1926, 176 p.

Justification of German colonial administration. The author of the introduction "believes that a great mistake was made in closing the door of Africa to Germany."

WARNACK. *Die Bedeutung kolonialer Eigenproduktion für die deutsche Volkswirtschaft,* Berlin, Kolonial-wirtschaftliches Komitee, 1926, 147 p.

Contains many detailed figures of raw materials.

WEHRSTADT, K. *Die handels-politische Bedeutung der deutschen Kolonien,* Hildesheim, F. Borgmeyer, 1926, 240 p.

Statement on the importance of colonies for the economic life of

Germany before the War and their vital necessity in view of her reduced territory after the War. Figures before 1914 only.

WOYTINSKY, W. *Die Vereinigten Staaten von Europa*. Berlin, J. H. w. Dietz, 1926.

Writer, a well-known author of statistical handbooks, foresees the creation of a customs union for Europe, including the British Empire and Russia; colonies of the States Members to be treated as colonies of the customs union. Bases his arguments on statistical facts produced in their simplest form.

1927

DELAISI, F. *Les Contradictions du Monde moderne*. Paris, Payot, 1927, 520 p.

\*The modern world signifies economic interdependence — The polytheism of sovereignties has become an anomaly. — Politics must be separated from economics in order to arrive at "economic monotheism."

English edition: "Political Myths and Economic Realities."

KEY, H. *The New Colonial Policy*. London, Methuen, 1927, 214 p.

The author sees in the development of colonies and the creation of new markets the only hope for a solution of Europe's ills.

LEWIN, E. *German and Italian Interests in Africa*. (Article in *Foreign Affairs*, vol. V, pp. 472-481, April 1927).

The writer foresees that the clash of European interests in Africa will assume before the end of the next decade a more ugly appearance than it has at present (1927). He does not expect that any of the present colonial powers will release their hold upon any part of the territory they occupy until a real and compelling clash of interests occurs.

REES, D. F. W. *Les Mandats internationaux*. Paris, Rousseau, 1927-28, 2 v.

\*Vol. I. International control of mandatory administration. Vol. II. General principles of the mandates system. — Fundamental work on questions concerning the organization and administration of mandated territories, based on the author's experience as Vice-Chairman of the Permanent Mandates Commission.

1928.

DONALDSON, J. *International Economic Relations*. New York, Longmans, 1928, 674 p.

Contains many well-documented (1928) chapters: Public, foreign and international control of raw materials. The question of world monopoly of essential supplies. Petroleum and diplomacy. Private, foreign and international exploitation of raw materials; the international character of the bases of industry.

FERENCZI, I. *Surpopulation et Politique de Natalité*. (Article in *Revue Economique Internationale* 20: pp. 464-502, July-September 1928).

\*Statement of the problem. Definition of over- and under-popu-

lation. Demographic data, birth-control and family policy. Estimates of human geography concerning the capacity of the world's population. Point of view of economics and conclusions.

GREGORY, J. W. *Human Migration and the Future*. London, Seeley, 1928, 218 p.

Writer believes that widespread consideration of the complex and conflicting issues of migration is needed for their peaceful settlement. "If the conditions of migration can be adjusted, there is ample room in the world for all needful European emigration."

REICHWEIN, A. *Die Rohstoffwirtschaft der Erde*. Iena, G. Fischer, 1928, 539 p.

Handbook containing a complete account of the raw material production of the world.

ROSS, E. A. *Standing Room Only?* London, Chapman & Hall, 1928, 368 p.

Very readable study of the problems of population and international migration. Justifies the immigration restrictions of different countries. Also in German translation (1929).

1929

CULBERTSON, W. S. *Raw Materials and Foodstuffs in the Commercial Policies of Nations*. Philadelphia, 1929. (Special number of the *Annals of the American Academy of Political and Social Science*).

FERENCZI, I. *International Migrations*. Ed. on behalf of the National Bureau of Economic Research by Walter F. Wilcox. New York, National Bureau of Economic Research, 1929-1931, 2 v.

Vol. 1, also published by the International Labour Office, is a fundamental study containing all available migration statistics based on official information; Vol. 2, is a series of interpretations of the figures.

GERIG, B. *The Open Door and the Mandates System; a Study of Economic Equality before and since the Establishment of the Mandates system*. London, G. Allen & Unwin, 1929, 236 p.

Author gives elaborate details about the practice of the Mandates system; customs, loans, postal rates, concessions, monopolies (up till 1929).

KILLOUGH, H. B. and L. W. *Raw Materials of Industrialism*. New York, Th. Y. Crowell, 1929, 407 p.

Approaches the subject from the economic point of view. Contents: 1. Population and the food supply; 2. Textile fibres; 3. Crude products of the forest; 4. Metals and sulphur; 5. Fuel and power; 6. Minor commodities. Detailed bibliography.

LEBÉE, E. *Trusts et Cartels internationaux. Recueil des Cours de l'Académie de droit international*, 1927, vol. IV, Paris, 1929.

\*Exhaustive study of a few international agreements (shipping,

metallurgy, raw materials, oil trusts), whose importance and consequences are analysed from the economic and political standpoints.

**MINERAL RAW MATERIALS.** Survey of commerce and sources in major industrial countries. U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce. Trade promotion series No. 76. Washington, 1929.

1. Survey of countries; 2. Survey of minerals.

**SCHULTZE, G.** *Variationen über das Thema europäische Wirtschaftsunion.* Berlin, Stollberg, 1929, 133 p.

The author advocates a customs union for Europe and a "gesamt-europäische" colonial policy for Africa.

1930

**ABS, P. J. M.** *Der Kampf um unsere Schutzgebiete.* Düsseldorf, F. Floeder, 1930, 382 p.

Series of essays on the history and administration of the former German colonies. Consequences of their loss for German industry and overseas trade. Survey of these territories under mandate administration. Unemployment and colonies.

**ECONOMICS OF WORLD PEACE.** The Annals of the American Academy of political and social science. Vol. 150, Philadelphia, 1930.

Contains a series of essays by specialists on : Population growth and migration of peoples; Foreign investments; Competition for raw materials; Commercial policies and tariffs; Economic tendencies affecting the peace of the world.

**HOSKINS, H. L.** *European Imperialism in Africa.* New York, H. Holt, 1930, 118 p.

Short but clear survey of the history of the partition of Africa. Including chapters on : Africa and the world war. The effects of European imperialism.

**POPULATION.** Lectures in the Harris Foundation, 1920, by C. Gini, Shiroshi Nasu and others. Chicago, University of Chicago Press, 1930, 311 p.

Contains chapters on : Population and the food problem; Population problem of the East and West; Can Japan solve her population problem?

**SMUTS, J. C.** *Africa and some World Problems.* Oxford, Clarendon Press, 1930.

In his second lecture, "African Settlement", General Smuts advocates a vigorous policy of white settlement on the high lands from south to north of East Africa.

**THOMPSON, W. S.** *Danger Spots in World Population.* New York, A. A. Knopf, 1930, 341 p.

Author believes that the differential pressure of peoples on their resources is one of the important causes of friction between nations.

These differential pressures will be more and more keenly felt in the near future. Will the efforts to equalize pressures result in war or will some other method of adjustment be found? The Pacific area, Australia, South Africa and other sparsely-settled regions are viewed from the standpoint of possible colonization.

THOMPSON, W. S. *Population Problems*, New York, McGraw-Hill, 1930, 462 p.

Survey of urgent population questions in Japan, China, India, Italy, etc. Contains chapters on: Population growth and agriculture; Industry and commerce as bases for the support of population; The differential birth rate and international politics; Migration; The optimum population.

WALLACE, B. B. and L. R. EDMINSTER, *International Control of Raw Materials*. Washington, Brookings Institution, 1930, 479 p.

Description of the objects, methods and results of control of exports of certain raw materials by Governments. The authors state that these controls have been an increasingly important source of international friction and they study the relief through national action and the international approach.

1931

CARR-SAUNDERS, A. M. *Fallacies about Overpopulation*. (Article in *Foreign Affairs*, Vol. IX, pp. 646-656, July 1931).

"Most of the discussions of population pressure are based upon an erroneous diagnosis. Territorial ambitions and jealousies abound, but they can seldom be traced to population pressure."

KARSTEDT, O. *Internationale Bekämpfung der Arbeitslosigkeit durch Erschliessung überseeischer Gebiete*. Berlin, Hobbings, 1931, 47 p.

Author suggests a system of international (European) planning for the technical and hygienic opening up of tropical Africa as a remedy for unemployment.

KAT ANGELINO, A. D. A. de. *Colonial policy*. The Hague. Nijhoff, 1931, 2 v.

Standard work : Vol. I. General Principles. Vol. II. The Dutch East Indies.

SARRAUT, A. *Grandeur et servitude coloniales*. Paris, Sagittaire, 1931, 285 p.

\*Fundamental work of recognized value on colonial policy in general. The author urges colonizing nations to protect their colonies against nationalist movements.

1932

DIX, A. *Weltkrise und Kolonial-Politik. Die Zukunft zweier Erdteile*. Berlin, P. Neff, 1932, 346 p.

Author considers Africa as a complement of Europe. He gives a survey of the former German endeavours to secure colonies. He stresses the necessity of colonies for Germany, eventually the extension of the Mandates system for all African colonies.

FERENCZI, I. *Die Krise der Wanderungen und der Geburtenrückgang*. (Article in *Der internationale Kapitalismus und die Krise. Festschrift für Julius Wolf.*, pp. 112-114, 1932).

Importance for the maintenance of peace, of a better distribution of the world's population in relation to that of natural resources.

VINER, J. *National Monopolies of Raw Materials*. (Chapter in *The Causes of War, Economic, Industrial, etc.* London, Macmillan, 1932).

Author states, "the problem of territorial monopolies is essentially a problem of raw materials."

WILLIAMS, J. F. *International Change and International Peace*. London, Oxford University Press, 1932, 79 p.

Author's purpose is "to promote discussion of the reconciliation of the need of modern man for peace, with the imperious necessity of the progress of change."

1933

BAILLAUD, E. *Les Conditions mondiales de la Production coloniale*. (Article in *Les Cahiers Coloniaux*, pp. 33-72, May, 1933).

\*The Secretary-General of the *Institut colonial de Marseille* reviews some of the principal raw materials on which the activity of Northern Africa and the colonies depends (wheat, wine, maize, coffee, cocoa, sugar, rubber, cotton, long fibres, fats).

GOUDAL. *Destin de l'Afrique*. Paris, Valois (1933), 255 p.

\*Dealing particularly with the French colonies, the author examines the conditions of co-operation and collaboration between the European Powers with a view to the execution of extensive works for the installation of plant and the conclusion of international agreements for the organization and management of the production of colonial raw materials. He pictures Africa as a vast workshop of Europe (public health, clothing, housing, food, etc.) that would become an interesting market for the white populations. He admits that such projects would mean a complete change in the colonial mentality of to-day. The second part contains: An international policy for colonial production — Co-ordination of public works — Africa, the workshop of Europe — Social aspects — Political aspects.

GUERNIER, J. L. *L'Afrique, Champ d'Expansion européenne*. Paris, A. Colin, 1933, 283 p.

\*Contains, *i.a.*: Brief study of human migrations. Statistical distribution of the world's populations. Coming European migrations. Relationship between European and African economy. Need for an evolution of European opinion as to the colonial notion and establishment of a European Conference of African Interests.



1934

*AFRIKA, EUROPA UND DEUTSCHLAND.* Stuttgart, Fleischbauer & Spohn, 1934, 166 p.

Seven lectures to revive the German people's interest in African colonies: the fifth lecture gives a survey of the latest development of the former German colonies in Africa. Contains a useful bibliography on colonization in Africa.

EMENY, B. *The strategy of Raw Materials. A Study of America in Peace and War.* New York, Macmillan, 1934, 202 p.

Thorough examination of the economic and strategic aspects of the U. S. A. as to foodstuffs and essential industrial raw materials in the event of war.

FERENCZI, I. *La politique économique mondiale et les changements dans la population.* (Article in: *Revue économique internationale* 26: p. 365-375; April-June 1934).

THE FUTURE OF COLONIAL TRUSTEESHIP. (Article in *The Round Table*, No. 96, pp. 732-745, September 1934).

Cotton quotas, Ottawa preferences, anti-Japanese duties and quotas, airmail contracts considered as examples tending to imperial preferences. Recommendations to consult the inhabitants of colonial territories in the case of proposed changes in the colonial tariff policy.

MICHELIS, G. de. *La Corporazione nel Mondo.* Milan, Bompiani, 1934, 365 p.

In the light of ideas and facts, the author discusses the quantitative possibilities of total economic co-ordination. The redistribution of population and raw materials, the prerequisite of a new order, should be effected within the framework of a mandates system for all African possessions. The corporative system of the Fascist régime having proved to be the most appropriate for a co-ordination of national economic forces, appears to be the most suitable programme for adoption in the world and European field. "World reorganization on corporative lines." London, 1935. English translation of above-mentioned book.

PENROSE, E. F. *Population Theories and their Application, with special reference to Japan.* Stanford, Food Research Institute (1934). xiv, 347 p. (Food Research Institute, Stanford University. Miscellaneous publications. No. 7).

Study primarily concerned with theories of population that have a general application: Part I, Theories of population; Part II, Some aspects of the Japanese population problem; Part III, The distribution of population and the distribution of natural resources; this part is based on the disparity between the distribution of population and the distribution of natural resources.

ROHRBACH, P. *Deutschlands koloniale Forderung*. Hamburg, Hanseatische Verlagsanstalt, 1934, 180 p.

The author discusses the arguments for the return of colonies to Germany; he stresses the injustice of the "robbery" of the German Colonies in the Peace Treaty and the moral claims of Germany for the restitution especially of the African territories.

1935

ALCANDRE, J. *Le Mandat colonial. Analyse juridique et Critique politique*. Paris. Editions Europe-colonies, 1935, 155 p.

\*The author advocates the revision of the colonial clauses of the Treaty of Versailles, rendered necessary by the anti-juridical character of mandates and the danger that they might be the cause of war. He foresees the assigning to Italy of colonial territory formerly in the possession of Germany and the definite exclusion of Germany.

BARNES, L. *The Duty of Empire*. London, V. Gollancz, 1935, 318 p.

Attempt to present material facts and leading ideas relevant to re-thinking the basis of the present British colonial system. The writer condemns, for instance, the Ottawa preferences as new mercantilism, unwelcome to the colonies and aggravating international jealousies.

BAUER, H. W. *Kolonien oder nicht? Die Einstellung von Partei und Staat zum kolonialen Gedanken, mit einem Geleitwort von Hjalmar Schacht*. Leipzig, R. Bauer, 1935, 51 p.

\*Contents: The German colonial tragedy and inner guilt (*innere Schuld*). The affirmation of a colonial idea by the Third Reich. Germany's colonial need. The ideal value of the possession of colonies. Renewed spiritual attitude towards the colonial idea. The colonial stake as a duty.

CONFÉRENCE ÉCONOMIQUE DE LA FRANCE MÉTROPOLITAINE ET D'OUTRE-MER. 1934-1935 *Rapports généraux et conclusions d'ensemble*. Paris, Larose, 1935, 2v.

\*Series of reports by colonial specialists. The subjects dealt with include: International relations of overseas possessions. Preferential system applied to home-country's exports to French overseas possessions. Technique and propaganda of Empire trade. Home products exportable to overseas France. Mining products. Agricultural products overseas. Adjustment of overseas production to the economy of France as a whole.

AN ECONOMIC SURVEY OF THE COLONIAL EMPIRE. London, H. M. S. O. (Last volume published in 1935 covers 1933).

Regular publication of the Colonial Office of Great Britain. The work is divided into two parts: Part I contains a series of memoranda on the economic situation of the individual dependencies in geo-

- graphical order. Part II contains a series of memoranda on the production of the Colonial Empire.
- EMPIRES AND RAW MATERIALS. (Article in *The Economist*, pp. 193-194, October 26, 1935).
- Short tables of figures of population and of distribution of world's raw material production.
- FETZER, F. *Oelpolitik der Grossmächte unter kriegswirtschaftlichen Gesichtspunkten. Das japanische Beispiel.* Hamburg, *Hanseatische Verlagsanstalt*, 1935, 69 p.
- Importance of oil in national and international politics, demonstrated by the example of Japan.
- THE MINERAL INDUSTRY, its Statistics, Technology and Trade. New York, McGraw-Hill. (Last volume published in 1935 covers 1934).
- Yearbook published since 1892 containing production, consumption and distribution statistics of the most important minerals.
- THE MINERAL INDUSTRY OF THE BRITISH EMPIRE AND FOREIGN COUNTRIES. London. Last volume published in 1935 covers the years 1932-34.
- Annual statistical summary, published by the Imperial Institute of Great Britain, of production, imports and exports of 50 mineral products. Contains also lists of statistical sources for the figures published.
- PEACE AND THE COLONIAL PROBLEM (by Lord Lothian, Sir Arthur Salter, Norman Bentwich, etc.). London, National Peace Council, 1935, 52 p.
- Speeches delivered at the conference organized by the National Peace Council (Oct. 1935). Re-examination of the colonial problem in its bearing upon prevention of war and aggression.
- THE PROBLEM OF COLONIAL EMPIRE. (Articles in *New Statesman and Nation*. Vol. 10, pp. 472-474, 550-551, October 12, 19, 1935).
- Plea for a fundamental revision of British Colonial policy.
- ROWE, J. W. E. Artificial Control Schemes and the World's Staples. (Article in *Svenska Handelsbanken*, Index No. 112, April 1935).
- "Artificial control: not a panacea, even if it is a genuine and sound remedy for certain kinds of ill health, and the sooner this is realized by all concerned and particularly by Governments, the better both for producers and consumers and the world's economy in general."
- SCHNOECKEL, P. *Die weltpolitische Lage unter kolonialen Gesichtspunkten.* 2nd. Edition. Leipzig, Hofstetter, 1935, 72 p.
- Illustrated propaganda pamphlet.
- SCHOEN, L. *Deutsche Schutzgebiete unter Mandatsberrschaft.* Berlin, *Berliner Börsen-Zeitung*, 1935, 125 p.
- Description and detailed figures (up to 1933) of all the former German colonies.

WILLCOX, O. W. *Nations Can Live at Home*. London, Allen & Unwin, 1935, 279 p.

Object of this book by an agrobiologist is to furnish a scientifically based answer to the question : What is the maximum number of persons who can exist on the produce of one acre of arable land ?

1936

ANGELL, Sir N. *Raw Materials, Population Pressure and War*. Boston, World Peace Foundation, 1936, 46 p. World Affairs Books No. 14. Clear exposition of facts. "Neither the struggle for raw materials nor for population outlets is normally dictated by any real economic or peace need. Both aims find their motive in military advantage." The efforts to acquire new territory represent that struggle for power which is the sole means of defence available for a nation in a world of international anarchy.

ARNOLD-FORSTER, W. *Peaceful Change*. (Section IX of "The elements of world order", published as Chapter III of "Problems of Peace", 10th series. *Anarchy or world order*. London, Allen & Unwin, 1936).

ASHTON, H. S. *Clamour for Colonies*. London, T. Butterworth, (1936), 192 p.

The author categorically rejects the claims for redistribution of colonial territories. He recommends Australia and South America for European immigration. He admits the unequal distribution of commodities as the "evil." It is Great Britain's task to act as the honest broker and devise a scheme which would facilitate the free flow of raw materials. He proposes the setting up of a "*Commission internationale de ravitaillement*" to provide fresh credits to the nations that lack colonial raw materials.

BARNES, L. *The Future of Colonies*. London, Woolf, 1936, 46 p. (Day to day pamphlets, No. 72).

Short and clear statement. The author thinks that open door conditions will not meet the impending demands : he therefore envisages an extension of the Mandate system.

BENTWICH, N. *Colonies, Mandates and Germany*. (Article in *New Commonwealth Quarterly*, v. 2, No. 3, Dec. 1936, pp. 309-317). Plea for extension to all African colonial territories of the mandatory system as stipulated in Art. 22 of the League of Nations Covenant : 1) well-being of the native inhabitants regarded as a sacred trust; 2) equal opportunity for trade and enterprise for the subjects of the States Members of the League; 3) no establishment of naval or military bases; 4) supervision by a permanent commission.

BILESKI, M. *Der Grundsatz der wirtschaftlichen Gleichberechtigung in den Mandatgebieten.* (Article in *Zeitschrift für öffentliches Recht*, vol. 16, pp. 214-264, No. 2, April 1936).

Study of the theory and practical maintenance of the open-door principle in territories under mandate: customs, tariff, communications, rates of postage, immigration, governmental enterprise, loans, concessions.

BIRCH, L. *The Demand for Colonies. Territorial Expansion, Over-population and Raw Materials.* Prepared for the Economic Committee of the League of Nations Union. London, 1936, 50 p. Up-to-date short study of the different arguments brought forward for colonial expansion by the unsatisfied Powers. The author thinks that the problem of altering the present colonial and raw material situation can hardly proceed without the simultaneous strengthening of the system of collective security.

BUXTON, C. *The Alternative to War: A Programme for Statesmen.* London, G. Allen & Unwin (1936), 176 p.

Clear and concise exposé of the necessity of peaceful change in international relations, and of a substantial change in the distribution of resources and opportunities. The author shows a sympathetic understanding of the arguments of the dissatisfied nations and thinks that Great Britain has a special responsibility for making its contribution to the world's needs.

Contents: I. A *status quo* that cannot endure; II. Japan, Italy, Germany; III. Access to raw materials; IV. Markets and concessions; V. Population-pressure; VI. The true theory of empire; VII. The transfer of territory; VIII. The extension of the mandate system; IX. The contribution of the British Empire; X. Peaceful Change.

CARR-SAUNDERS, A. M. *World Population, Past Growth and Present Trends.* Oxford, Clarendon Press, 1936. 336 p. charts, tables.

Attempts to discuss the causes and consequences of the immense increase in number of the world's population and to indicate the problems from the position as it is now. Arrangements for this study were made by the Royal Institute of International Affairs on behalf of the British Co-ordinating Committee for International Studies. It was submitted as a contribution to the General Study Conference on peaceful change.

CLARK, G. *The Balance Sheets of Imperialism: Facts and Figures on Colonies.* New York, Columbia Univ. Press, 1936, 136 p.

This excellent publication offers in a handy form all the facts and figures necessary for the study of the question of peaceful change. Careful analysis of the record for the past half century of what their colonies actually have meant to the principal colony-holding countries. The author arrives at the conclusion that the three

main claims for colonies are fallacies: the population fallacy, the trade fallacy, the raw materials fallacy. The statistical tables are drawn from official sources. Contains a well-selected bibliography on European colonial expansion.

CLARK, G. *A Place in the Sun*. New York, Macmillan, 1936, 235 p., charts, tables.

Study of the records of the five powers which have been especially active in taking colonies in the past half century: Britain, France, Germany, Italy and Japan. The colonial problem is primarily a problem of their relations with each other and with the oversea territories which they control. Part 1 gives the historical background; Part 2, the analysis of official statistics, etc.; Part 3, the way out; description of the Mandate system and suggestions for a possible extension of this system.

See also the same author's "The balance sheets of imperialism."

COLONIAL RAW MATERIALS. (Article in *The Round Table*. No. 102, pp. 306-314, March 1936).

The struggle for raw materials is largely inspired by a desire for raw materials in time of war. The economic problem is the result of the rise in barriers to international trade (especially imperial preferences).

DEUTSCHER KOLONIAL-ATLAS, *herausgegeben im Einvernehmen mit der deutschen Kolonialgesellschaft*, 20th Year. Berlin, Dietrich Reimer, 1936, 23 p.

This new edition of a handy little atlas of the former German colonies brings, besides, mass figures, old and new (up till 1933) for import and export trade, production of raw materials, etc.

DULLES, J. Foster. *Peaceful Change within the Society of Nations*; extension of remarks of James J. Pope in the Senate of the United States, Thursday, May, 21, 1936; address by John Foster Dulles. Washington Govt. print. off., 1936, 12 p.

Address delivered at Princeton University, March 1936. It is a short sketch of a program designed to organize the society of nations so that national boundaries will not be barriers to the reasonable movement of capital, goods and people; to administer colonial areas under trusteeship, to maintain freedom of the seas.

DURAND-REVILLE, L. *Quelques Aspects du Problème des Colonies*. (Article in *Journal des Economistes*, pp. 569-595, Nos. 4-5, 1936.) Communication to the *Société d'Économie politique*.

\*Critical exposition of arguments on which the "have-not" Powers base their colonial claims. The author points out that political, psychological and strategic (air bases) reasons are of considerable importance. The only practical solution, in his opinion, would be the signing of an international trade agreement

whereby the Open Door policy would be adopted for all colonies and mandated territories.

FLORENTIIS, G. de. *L'Altra Guerra; le Materie Prime e l'Italia*, Milan. V. Bompiani, 1936, 293 p.

\*Study of raw materials needed by Italy in order to reach economic autarky, with a schedule of her industrial resources.

FRIEDENSBURG, F. *Die mineralischen Bodenschätze als weltpolitische und militärische Machsfaktoren*. Stuttgart, Enke, 1936.

A geological, statistical and economic survey of the mineral resources of the world, followed by a study of their importance in world policy, particularly from the point of view of the conduct of war.

FROM AGADIR TO NUREMBERG. (Article in *The Round Table*, No. 105, December 1936, pp. 95-109).

Author draws attention to the striking resemblance between the political situation of 1911 and that of 1936; he does not accept the economic arguments for the return of Germany's colonies; the real motives must be sought in diplomacy, strategy, and prestige. The result would be to hinder rather than to further the cause of world peace.

GRIFFIN, J. *Alternative to Re-armament*. London, Macmillan, 1936, xii, 214 p.

In the second half of this study, full of radical ideas, the author puts the question: If others re-arm, what else can we do? Part of his reply is a recommendation of collective security offering a working means of settling the disputes between nations peacefully. The initiative both towards security and towards peaceful change has to come from Great Britain. Germany must be left in no doubt both that peaceful change will pay her and that aggression will not. The author discusses the different arguments in favour of colonies for dissatisfied nations and stresses the claim to prestige.

KARLOWA, R. *Le Point de Vue Allemand dans la Question coloniale*. (Article in *L'esprit international*, 10th year, No. 39; 355-371; 1st. July, 1936).

\*The author lays special stress on the argument in support of the honour of Germany: "If the present mandatory Powers are earnest about the mandate they hold over the natives, and about the moral interpretation of this mandate, they must relinquish the mandate and restore the colonies unconditionally to Germany."

KEELING, B. S. *Colonial Claims and Economic Realities*. (Article in *Headway*, Nov. 1936, p. 210-211).

The author states that "There can be no real solution of the problem except freer international access to both the raw materials and the markets of self-governing States", and that "The best

hope of all for an expansion of foreign markets lies in agreements between groups of countries for the progressive annual reduction of the tariffs on each other's goods."

KOLONIALDEBATTE. (Article in *Völkerbund und Völkerrecht*, 2. Jahrg., No. 12: 713-719, March 1936).

The economic argument for return of the colonies is not the most important: opportunity for young people to find employment under their own administration and especially the sense of justice and national honour constitute the conclusive arguments.

LABOUR PARTY. (Great Britain). Advisory Committee. *The Demand for Colonial Territories and Equality of Economic Opportunity*. London, The Labour Party (1936), 52 p., tables.

Contains on the one hand a certain refutation of the well-known arguments for the demands for colonies, and on the other a recognition of the existing colonial and tariff discriminations to the disadvantage of the dissatisfied powers. It recommends the re-establishment of the Open Door and equality of trading opportunity, abolition of the Ottawa agreements, guarantees of uninterrupted supplies of raw materials in the form of an international convention, extension of the mandates system, etc.

LIPPINCOTT, I. *The Development of Modern World Trade*. New York, Appleton, 1936, 566 p.

General survey of world trade from different points of view: Trade of the political divisions; Commodities of commerce; Commercial facilities.

LOUWERS, O. *Le Problème colonial du Point de Vue international*. Brussels, Van Campenhout, 1936, 129 p.

\*Survey of the colonial aspirations of a few countries and a dossier of Germany's colonial claims. Discussion of the principal arguments of the "have-not" countries: 1. Overpopulation; 2. Raw materials; 3. Commercial outlets. Solutions suggested: 1. Return to Germany of her former colonies; 2. Redistribution of colonies; 3. Generalization of the mandates system; 4. Extension of the Open Door policy to all colonies. The author strongly recommends the last solution.

LUGARD, Lord. *The Bases of the Claim for Colonies*. (Article in *International Affairs*, vol. 15, pp. 3-25, January-February 1936).

Short and clear exposé and criticism of the grounds put forward for the demands for colonies and of some solutions proposed to meet the demands for equality in the colonial field.

MAIR, L. P. *Native Policies in Africa*. London, Routledge, 1936, 303 p.

After an introductory chapter on Europe's task in Africa, the author discusses the principles of native policy in the White Man's countries, the systems of native administration, the French, Belgian



and Portuguese policies. In her closing chapter, she touches different possibilities in the development of the future of Africa.

- MORESCO, E. Claims to Colonies, Markets and Raw Materials. (Article in *New Commonwealth Quarterly*, vol. 2, No. 3, Dec. 1936, pp. 318-329).

Overpopulation will not be remedied by transfer of colonial territory; reduction of the restrictions on immigration would be more effective. In the domain of economics, the author sees the real cause of complaint in the closing of the colonial markets and the ensuing financial and monetary trouble. Transfer of colonies for the sake of prestige would be felt as a new injustice; transfer of mandates might be possible.

- MORTISHED, R. J. P. The Distribution of the World's Economic Resources. Section II of chapter VII, "The social basis of world order", published as "Problems of peace". 10th series. Anarchy or world order. London, Allen & Unwin, 1936.

- PADMORE, G. How Britain Rules Africa. London, Wishart (1936), 402 p.

Outspoken anti-capitalistic and anti-imperialistic survey of the African territories, which form a part of the British Empire. "Colonization is a socially backward system, retarding the economic development of Africa and the cultural progress of the Africans." "The world economic crisis shows as never before the parasitic character of imperialism." Contains bibliography.

- PEPPER, N. The Fallacy of Conquest. (Article in: *International Conciliation*, pp. 121-131, March 1936).

Criticism of three arguments for territorial expansion: Outlet for population, markets for exports, access to supplies of raw materials. The satisfied versus the unsatisfied countries.

- POLOGNE: *le Thème des Revendications coloniales*. (Article in *Affaires Etrangères*, Nov. 1936, pp. 569-570).

\*Poland, a country overpopulated through the ever-growing surplus of births over deaths, must find new areas capable of absorbing this surplus population. Poland, a country lacking raw materials, must find fresh possibilities of securing them.

- POURQUOI L'ALLEMAGNE N'A PAS BESOIN DE COLONIES (Article in *VN*, 1-30, 25 April 1936). Special Number.

\*Survey of German colonization and analysis of a few arguments in support of the retrocession of colonies to Germany. Paul Reynaud, former Minister for the Colonies, states, in the introduction, that "The claims of these peoples might be expressed as follows: Let us pay for the raw materials which we buy in the colonies with our manufactured goods."

LE PROBLEME COLONIAL SUR LE PLAN INTERNATIONAL. (Article in *Quinzaine coloniale*, vol. 40, pp. 39-33, 49-52, 73-75, 25 January, 10, 25 February, 1936). Series of articles.

RAAB, H. *Raum Ohne Volk*. Brünn, Rohrer, 1936, 143 p.

Author considers the unwise barring of underpopulated areas as a check to the natural extension of the human race. He points to a solution by free emigration to different underpopulated regions: Manchuria, Siberia, Mongolia, parts of India and Dutch East Indies Australia, Canada and South America.

ROWAN-ROBINSON, H. *Sanctions Begone!* A plea and a plan for the reform of the League. London, Clowes, 1936, 244 p.

Contains in the Chapter "Colonies and raw materials" a sharp and clear *exposé* of the arguments put forward for a distribution of territories. Author's five conclusions are very suggestive.

ROWE, J. W. F. *Markets and Men. A Study of Artificial Control Schemes in some Primary Industries*. Cambridge University Press, 1936, 259 p.

The author investigates successively control schemes for coffee, wheat, sugar, American cotton, rubber, tin. He compares the economics of restriction schemes in world prosperity and in world depression as distinguished from valorization schemes.

ROYAL INSTITUTE OF INTERNATIONAL AFFAIRS. *Raw Materials and Colonies*. London, 1936, 74 p

Concise and objective statement for the study of this problem, taking as a starting point an examination of the claims of Germany, Italy and Japan for colonies as sources of raw materials. Summary of solutions proposed.

RUYSSEN, Th. *Sanctions, Matières premières, Surpopulation*. (Article in *Der Völkerbund*, Lausanne, vol. 14, pp. 21-22, 15 February 1936).

\*Proceedings of the Congress for Peace by Law (Marseilles, Dec. 1935) and resolutions voted.

SALVADOR, M. *Des difficultés de la Colonisation italienne en Abyssinie et de la Colonisation européenne en Pays tropicaux*. Article in *L'Année politique française et étrangère*. 11th year, No. 3, Oct. 1936, pp. 210-236.

\*Detailed study of the results so far obtained from European colonization in tropical countries. The author reaches the conclusion that this colonization furnishes no remedy for the demographic difficulties of Italy.

SALVEMINI. *Can Italy Live at Home?* (Article in *Foreign Affairs*, vol. 14, pp. 243-258, January 1936).

Author sees the solution of the overpopulation problem in Italy in land reclamation and improvement in domestic economic development.

SCHOLEFIELD, G. H. The Need for Peaceful Change. Section V of "Peace in the Far East and the collective system" published as Chapter VI of "Problems of Peace", 10th series. Anarchy or world order. London, Allen & Unwin, 1930.

"Of the many problems which face the League to-day none is more urgent than this, of implementing the promise to provide for changing conditions."

SCHWOB, Ph. *La Redistribution des Matières premières*. (Article in *Europe Nouvelle*, vol. 19, pp. 213-215, Feb. 29, 1936).

\*"The war and its consequences have upset the machinery of exchanges. Submitted as an economic problem, it is exclusively political."

SPUHLER, E. *Die wahren Kriegsursachen*. (Article in *Der Völkerbund* (Lausanne), vol. 14, pp. 1-6, January 1936).

Series of Articles. I. Redistribution of raw materials.

STERN-RUBARTH, E. Colonization without Colonies. (Article in *Spectator* 156: 247-248, February 14, 1936).

The establishment of chartered companies is advocated to solve the problem of raw materials, tropical products and foodstuffs for the industrial nations without colonies.

TOYNBEE, A. J. Peaceful Change or War? The Next Stage in the International Crisis. (Article in *International Affairs*, vol. 15, pp. 25-56, January 1936).

The author considers the transfer of territorial sovereignty as the crux of the problem of peaceful change. There remains over and above the concrete claims (*terre irredente*, outlets for emigration, industrial markets and sources of supply) a psychological demand for equality. The discontented Powers want their fair share not only in colonial profits but also in the management of the affairs of the "Pan-European colonial firm." He suggests some innovations under the authority of the League of Nations.

WAIBEL, L. *Die Rohstoffgebiete des tropischen Afrika*. Leipzig, *Bibliographisches Institut*, 1937, 424 p.

General description of tropical countries and detailed study of the raw materials to be found in Central Africa, with special reference to their importance to Europe. Last chapter deals with the question of the German colonies.

DE WILDE, J. C. The International Distribution of Raw Materials. Geneva, 1936, 20 tables. (Geneva Special Studies, v. 7, No. 5).

Short but clear exposé of the different aspects of this problem: geographic distribution, factors of prevention of and restrictions on the utilization of raw materials; factors limiting purchasing power; colonial and imperial preferences; discussion of solutions proposed.

YAPOU, E. *De la Non-discrimination en Matière économique notamment en Pays de Protectorat et sous Mandat*. Preface by A. de Geouffre de la Pradelle. Paris, Recueil Sirey, 1936, 204 p.

\*Study of the influence of industries protected to the detriment of natural industries; recommendation of a general economic principle of non-discrimination applied in particular to the colonial sphere. The author suggests the conclusion of economic agreements, based on mutual concession, open to the signature of all the States Members of the League of Nations under the reinforced control of the Permanent Mandates Commission, or the institution of a two-fold tariff régime; the States Members of the League of Nations would automatically enjoy the minimum tariff on condition that they agree to grant, in their respective countries, similar treatment for goods produced by mandated territories.

1937

AMERY, L. S. The Problem of the Cession of Mandated Territories in Relation to the World Situation. (Article in *International Affairs*, v. xvi, No. 1, January-February 1937, pp. 3-22).

Discussion of cession of mandated territories must lead to disappointments and ill-feeling. Germany's economic difficulties will not be remedied by colonies. Economic nationalism has come to stay; the return to free trade is excluded. Solution proposed by author: conjunction of the West-European countries and their colonies in a system parallel to that of the British Empire and its Ottawa agreements. Contribution of Great Britain must be the waiving of her rights under the "most-favoured-nation clause."

CRUTTWELL, C. R. M. F. *A History of Peaceful Change in the Modern World*. London, Oxford University Press, 1937, 221 p.

Detailed descriptive survey of a number of examples of the alteration of the *status quo* in international relations by peaceful means as opposed to war. The author tries in his introduction to define the expression "peaceful change." Contents: Introduction; Disputes about boundaries and sovereignty; Cession; Creation and extinction of sovereignty; Popular consultations and plebiscites; Changes of status; Conclusion.

EMPIRE ECONOMIC UNION. *The British Colonial Empire and the German Claim*. London, 1937, 32 p.

Short exposé of the military position and trade situation of the British colonial empire and refutation of the claims for restoration of her former colonies to Germany.

HAUSER, H. *La Question des Matières premières et la Redistribution des Colonies et Mandats*. (Article in *Revue économique internationale*, 29th year, v. 1, No. 1, 21-40, January 1937).

\*Summary: 1. The world is at present divided into countries which are amply provided with raw materials and foodstuffs and coun-

tries lacking these commodities, 2. Can this regrettable inequality be remedied by redistributing the mandated colonies? 3. The course to be taken was suggested as long ago as 1919. It is essential that an international apportionment of foodstuffs and raw materials should be determined.

HOSTELET, G. *La Question des Revendications coloniales et la Condition essentielle de la Prospérité des Nations*. (Article in *Revue économique internationale*, 29th year, v. 1, No. 1: 41-68, January 1937).

\*Summary: 1. Argument; 2. Economic value of colonies; 3. Is it a question of life's necessities or of the will of the Powers? 4. Economic colonial concessions; 5. Colonial economic concessions indispensable for the reorganization of monetary systems and international exchanges.

JOHANNSEN, G. K. *Germany's Colonial Problem*. London, T. Butterworth (1937), 96 p., maps.

At head of title: G. Kurt Johannsen and H. H. Kraft. Contents: 1. The present distribution of the earth's surface; 2. The German colonial problem; 3. International discussion of the colonial problem. Author's case is that Germany has a moral and legal claim to the return of her colonies; that assured access to raw materials and foodstuffs would not satisfy her and that for reasons of national honour and dignity Germany cannot consent any longer to be excluded from collaboration in the economic opening-up of the tropical regions of Africa.

MACAULAY, N. *Mandates: Reasons, Results, Remedies*. London, Methuen (1937), x, 213 p.

Critical history of the former German colonies and record of recent German activities therein. Sharp attack on the mandatory system. Author is firmly opposed to any consideration of German colonial claims.

NATHAN, O. *International Economic Action and Peace*. (Chapter in: *Geneva Institute of International Relations. Problems of Peace*, pp. 163-180, 11th Series, 1937).

Analysis of the two main attempts to explain aggressive national policies on economic grounds: The "have and have-not" arguments and the theory of imperialism. Outline of international economic action against imperialistic tendencies.

ORTS, P. *The Claim for Colonies: A Belgian View*. (Article in *International Affairs*, v. xvi, No. 2, March-April 1937, pp. 201-221).

Author is strongly opposed to the restoration of her former colonies to Germany: he states that when signing a treaty Germany is always "mentally reserving her liberty." The solution he advocates is the extension of the open door system to all colonies.

PLUMMER, A. *Raw Materials or War Materials?* London, V. Gollancz, 1937, 144 p.

Author's investigations lead to the conclusion that in time of peace

there are no grounds for the general assertion that the dissatisfied Powers are excluded from raw materials. He recommends as a far-sighted policy: (a) the firm establishment of an effective security system; (b) disarmament; (c) the international control of all combines producing basic raw materials and of all non-self-governing colonial territories with the object of carrying into effect the principles of trusteeship.

POLAND STRIVING FOR COLONIES. (Article in *The Central European Observer*, v. xv, No. 2, January 22, 1937, pp. 20-21).

Short exposé of the three arguments put forward for the demand for colonies by Poland: 1. overpopulation; 2, settlements for a portion of her Jewish population; 3. overseas raw materials for her industries.

SCHACHT, H. Germany's Colonial Demands. (Article in *Foreign Affairs*, v. 15, No. 2, January 1937, pp. 223-234).

Short article especially written to explain the German point of view on the raw materials problem to American readers. Indicates the different changes since the war. France and Great Britain have developed closed national economic domains. Germany cannot buy raw materials because she does not possess the means of paying for them in foreign currencies, and she does not possess the means because foreign countries do not consume enough of her wares. The restoration of the international exchange of goods would help but will in fact not be realized. Author formulates two conditions essential to a solution: 1. Production of her raw materials on territory under her own management; 2. This territory must form part of her own monetary system.

SCHRIEKE, B. *Het grondstoffenproblem*. (Article in *De Volkenbond*, 12th year, No. 5, February 1937).

Short survey of the problem of raw materials and colonies. The author concludes that this problem cannot be solved separately; it cannot be isolated from the expansion of international trade and the renewal of the credit system.

D'SOUZA, V. L. The Quest for Colonies. (Article in *The New Review*, v. 5, No. 25, January 1937, pp. 10-19).

Discussion of the economic benefits of colonies. Author concludes that the economic difficulties of the dissatisfied powers can be solved only to a limited extent by colonial adjustments.

THURNWALD, R. C. *Die Kolonialfrage*. (Article in *Jahrbücher für Nationalökonomie und Statistik*, 145, No. 1, Jan. 1937, pp. 66-86).

Article by a German colonial specialist, reproducing arguments *pro* and *contra* colonial territories for Germany. Gives many technical details about exploitation and settlement of colonial territories.

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