

The Demand for
COLONIAL TERRITORIES *and*
EQUALITY of ECONOMIC OPPORTUNITY



The following examination of the problem of equality of economic opportunity and access to raw materials, with special reference to the demand for colonial territory, was prepared by an Advisory Committee at the request of the National Executive of the Labour Party.

In view of the valuable character of the study, the National Executive Committee decided that it should be published at once. It represents the collective opinion of the members of the Advisory Committee. The National Executive Committee is not bound by all its recommendations.

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Contents

	PAGE
I. THE CLAIMS OF DISSATISFIED POWERS	
Nature and Variety of Claims - - - -	3
Why the Claims are made - - - -	5
Prestige and Status - - - -	5
Strategy - - - -	6
Economic - - - -	6
 II. EXAMINATION OF CLAIMS	
(1) ACCESS TO RAW MATERIALS - - - -	8
Discriminatory and Preferential Export Taxes -	16
Commercial Policy - - - -	16
Monetary Difficulties - - - -	16
Restriction Schemes - - - -	17
Conclusion and Remedies - - - -	18
Synthetic Raw Materials - - - -	19
Substitutes - - - -	20
Synthetic Substitutes - - - -	20
Search for New Sources of Supply - - -	20
(2) COLONIAL MARKETS - - - -	21
(3) CONCLUSIONS AND REMEDIES - - - -	26
(4) POPULATION PROBLEMS - - - -	30
(5) EXPORT OF CAPITAL - - - -	35
Remedies - - - -	38
(6) ADMINISTRATION (INCLUDING JOBS) - - -	39
 III. STATEMENT OF POLICIES AND REMEDIES	41
Raw Materials - - - -	46
Migration - - - -	46
Administration of Colonial Territories - -	47
 IV. METHODS OF PROCEDURE - - - -	52

The Demand for Colonial Territories and Equality of Economic Opportunity

I

THE CLAIMS OF DISSATISFIED POWERS

The invasion of Abyssinia was undertaken by the Italian Government partly with the alleged excuse that she was an "unsatisfied" or "dissatisfied" Power. The claim made can be broadly stated in the following form: that Italy has the right to colonise and the duty to civilise Ethiopia. That there may be cause for dissatisfaction has been to some extent already recognised by the former British Foreign Secretary, Sir Samuel Hoare, who admitted that the colonial territories of the world were unequally divided among the world's Powers and that Great Britain, which is richly endowed, would be prepared to take part in an international inquiry the object of which would be to ensure greater equality of economic opportunity. Sir Samuel Hoare was not entirely explicit as to the scope of the investigation which he had in mind. It is to be noted, however, that he seemed to limit it to equality of opportunity to obtain raw materials of supreme importance to the life of a nation from colonial territories.

The Italo-Abyssinian conflict has thus raised once more the old question of the Imperialist claims of unsatisfied Powers. As it has also been raised by German claims for Colonies and has become a major international question, it is essential that people should understand what the claims are, what their basis is in fact, and what possibility there is of satisfying them equitably. The object of this paper is to help to such an understanding and to frame a policy consistent with the international and socialist principles of the Party.

Nature and Variety of Claims

It is necessary at the start to define and limit the nature of the claims to be considered in the following pages. The causes of dissatisfaction among unsatisfied Powers are almost

infinite. The dissatisfaction of Italy, however, which is alleged as a reason for attacking Abyssinia and which Sir Samuel Hoare had in mind is concerned primarily with possession or access to territory. The unsatisfied Powers, in this sense, are those which in the opinion of their rulers or inhabitants do not possess, or have access to, territory sufficient for their needs, their safety, or their pride, either absolutely or in comparison with other more fortunate Powers. It is obvious that claims based upon such opinions may be and are of almost infinite variety. The following, for instance, are only some of the claims to possession of or rights in territory based upon dissatisfaction by unsatisfied Powers: the German claims to Colonies, control of the Ukraine, and control of or union with Austria; the Italian claim to Colonies generally and to control of Abyssinia in particular; the Japanese claim to control or possess Chinese territory and to immigration into Australia and other countries already under the sovereignty of other Powers. We propose to limit our discussion, so far as possible, to claims to colonial territory in the narrow sense of the word, *i.e.*, claims to possess, control, or enjoy rights in territory, inhabited by (so-called) backward peoples, not at present capable of self-government and not actually self-governing. We exclude claims which could only be satisfied by transferring or limiting sovereignty over territory the inhabitants of which regard themselves already as citizens of a sovereign, independent State, *e.g.*, China or Australia, because to meet such claims would require a complete revolution in international relations and those ideas of sovereignty and national rights which the unsatisfied Powers themselves would be the last to relinquish.

It is necessary to say something about the Powers whose claims have to be considered. For some reason, not immediately obvious, it seems to be assumed that only Great Powers can be unsatisfied or dissatisfied. The idea that such a country as Denmark, Sweden, or Czechoslovakia needs raw materials, markets, prestige, and therefore colonial territories, is not seriously entertained. The population of Czechoslovakia is 267 per square mile, of Italy 358, of Japan 321; but the world hears a great deal of the need of expansion owing to overpopulation in Italy and Japan, nothing of any such need in Czechoslovakia. The reason is, apparently, that Italy and Japan claim to be strong Powers and Czechoslovakia is content to be a weak one, though it is difficult to see why this should influence the effects of overpopulation. However, we can only consider claims as they are actually made, and since it is only the Great Powers which claim colonial territory and equality of economic opportunity, we propose to limit our inquiry to the claims of the dissatisfied Powers: Germany, Italy, and Japan.

It should be noted that the extent of colonial territory inhabited by so-called backward peoples, not at present capable of self-

government, and available to satisfy demands of unsatisfied Powers, is not very large ; except in Ethiopia and Liberia nearly all of it is already in the possession or under the control of some imperialist Power. Countries like India and Ceylon, though not self-governing, are clearly excluded, for the inhabitants are not " backward " and are recognised to be capable of self-government. In fact claims to colonial territory, if they are to be satisfied, must be satisfied largely in Africa or in the Pacific.

Why the Claims are made

Before proceeding to discuss how the claims may be satisfied, it is essential to understand why the claims are made. We propose, therefore, to give a short analysis of the reasons put forward by unsatisfied Powers for claiming to share in the possession or development of colonial territories. This must necessarily take the form of a statement of the accepted views among imperialists and imperialistically minded people with regard to empire or colonial possessions. The alleged reasons for demanding an empire belong to three general categories, for they are based upon either (1) the consideration of prestige, (2) strategic considerations, or (3) economic considerations.

Prestige and Status

It is maintained in many different countries that an empire is essential to the prestige of a great Power. The destiny of a " great and proud " people is to rule over others. The German and Italian, if he knows that the British Government rules over millions of Africans and that his own Government rules over few or none, will feel in a position of unjust inferiority. An empire is " glorious " and something to be proud of. To develop undeveloped countries and to civilise the uncivilised is part of the right and duty of every great and virile nation. All these views have been put forward in Germany and Italy at many different times and have played an important part in the propaganda of the Italian Government at home during the Abyssinian crisis. The same views are not unknown in this country ; they can be traced in the old idea of the " white man's burden " and the school of Rudyard Kipling.

These views with regard to prestige are emotional and not very closely related to facts. Denmark does not own and Holland does own Colonies ; yet it is difficult for a foreigner to observe any difference in nobility between Denmark and Holland, between the Danish Government and the Dutch Government, or between an ordinary inhabitant of Copenhagen and an ordinary inhabitant of Amsterdam. Yet some difference ought to be observable if the imperialist views with regard to prestige had a basis in fact.

It follows that it is extremely doubtful whether claims based upon these emotional reasons can be satisfied imperialistically in a world in which there are so many nations and only a limited supply of backward peoples. The removal of such peoples from this colonial status to that of self-governing Dominions would still further limit the supply, but would reduce the inequality between imperial and non-imperial Powers.

Strategy

The possession or control of colonial territory is alleged to be vital to the existence of a Great Power in time of war for various reasons, the most important of which are (a) communication, *e.g.*, the provision of coaling stations for ships, (b) the security of supplies of essential raw materials and food, (c) recruiting of native troops. Some of these questions will be dealt with in detail below. Two general observations may, however, be made here. First, the mere possession of colonial territories is no guarantee that the raw materials from those territories will be available to the possessing Power in time of war, as was shown in the late war. From 1914 to 1918 the German Colonies were useless to Germany from this point of view, because the safeguarding of supplies in time of war depends not on the possession of Colonies, but on command of the sea. Secondly, the strategical importance of Colonies depends primarily upon the international system actually in existence. Under the pre-war system in which private wars between individual Powers were normal, frequent and inevitable, the possession of particular pieces of colonial territory might be of immense strategical importance. And if that anarchical system continues, the strategical importance of such territories will increase rather than decrease. It is only necessary to mention, for instance, the potential use of them as air bases and as recruiting grounds for large native armies. But with a League of Nations really effective, under which States looked for security to collective resistance against aggression rather than individual armaments, the strategic importance of such possessions would be enormously diminished and would eventually disappear.

Economic

There can be little doubt that, though considerations of prestige and strategy play some part in the aspirations of dissatisfied Powers towards empire, it is economic beliefs and objects which are the most advertised causes of the desire for possession or control of colonial territories. The economic advantages accruing to an imperialist Power from the possession of Colonies and the economic disadvantages to a Power without Colonies will be investigated in detail in the sections which follow ;

here it is only necessary to enumerate briefly and baldly the chief arguments with regard to such advantages and disadvantages which are advanced in order to support the claims of dissatisfied Powers. They may be defined as follows :—

(a) The possession of colonial territories is vital because it ensures access to raw materials and foodstuffs. A great Power without Colonies cannot hope to make itself industrially self-sufficient. The control of colonial territories by a few great Powers enables them at any time to cut off non-possessing Powers from access to raw materials essential to their economic life.

(b) Colonies are essential to a great Power as affording markets for the products of its industries. The monopoly of colonial territory by a few Powers shuts out all the others from colonial markets.

(c) Colonies are of immense economic advantage to imperialist Powers because they provide a closed field for the export of capital and the exploitation of concessions. In practice only nationals of the imperialist Power can hope to obtain these advantages in colonial territories. This has a serious economic effect upon finance and industry in nations which do not possess Colonies.

(d) Colonies are of great economic and social advantage to the "upper" classes in imperialist countries because they provide lucrative and attractive administrative and military jobs for civil servants, planters, military and naval officers.

(e) Colonies are necessary as an outlet for the surplus population of over-populated countries. It should be noted that in the views with regard to the relation between population and Colonies there are usually elements of a sentimental character and often others connected with prestige, but primarily they look to economic advantages and disadvantages.

II

EXAMINATION OF CLAIMS

(1) ACCESS TO RAW MATERIALS

One of the claims of the dissatisfied Powers appears to be this : (1) that it is necessary for the existence of a highly developed industrial country to hold political control over the territories from which at least a fair proportion of its raw materials are derived ; (2) that the satisfied Powers are in this position, while the dissatisfied are not. There are thus two contentions to be examined: one, a theoretical one, about the necessity of controlling certain territories for economic reasons, and the other, a statistical one, about the actual facts of trade in the contemporary world. Examination of the first claim does not necessarily depend on the results of examining the second. The theoretical claim to possess territories may be valid or invalid whatever the statistical facts. Nevertheless, it is probably best to survey the facts in outline first and then consider the question of economic or psychological justification.

There are all sorts of ways in which world production of raw materials could be analysed, with the present purpose in view. The *Economist* recently adopted the method of dividing the world into six areas : (1) British Empire, (2) French Empire, (3) Dutch Empire, (4) U.S.A., (5) U.S.S.R., and (6) the rest of the world, and then ascertaining what proportion of the world's supply of raw materials is produced in each area. The results of this inquiry are shown in the following tables : the first shows the proportions of land in relation to population, which may in a sense be regarded as a raw material.

AREA AND POPULATION OF THE WORLD

	Area in 1,000 sq. Kilometres		Population	
	Total	%	Total in '000's	%
British Empire and Egypt	35,597	27	511,612	25
French Empire	12,540	9	86,110	4
Dutch Empire	2,080	2	69,258	3
U.S.A. and Dependencies	9,682	7	140,632	7
U.S.S.R.	21,274	16	168,000	8
Rest of World	51,766	39	1,069,040	53
Of which : (a) Belgian Empire	2,469	1.9	21,283	1.1
(b) Portuguese Empire	2,187	1.6	15,519	0.8
(c) Spanish Empire	837	0.6	25,005	1.3
(d) Japanese	382	0.3	67,500	3.0
World total	132,939	100	2,044,652	100

The second shows the division of actual raw materials :—
DISTRIBUTION OF THE WORLD'S RAW MATERIAL PRODUCTION, CEREALS, &C.

Commodity and Measure	Total World Production	Percentage of World Production falling to					
		British Empire and Egypt	French Empire	Dutch Empire	U.S.A. and Dependencies	U.S.S.R.	Rest of World
CEREALS, &C.							
Wheat ¹ mill. quintals*	1,312	23.4	9.1	0.3	10.9	21.2	35.1
Barley ²	379	14.6	10.3	0.3	6.9	17.8	50.1
Maize ¹	1,100	5.9	1.4	1.4	55.0	4.3	32.0
Soya bean ¹ 1,000 quintals	67,870	nil	nil	2.7	4.7	1.5	91.1
Vegetable oils ¹	13,550 ⁶	20.6	12.4	9.7	nil	nil	57.3
Coffee ³	24,980 ⁶	2.1	0.9	4.4	1.2	nil	91.4
Cocoa ³	5,800 ⁶	55.0	12.4	0.3	0.2	nil	32.1
Copra ¹	16,260 ⁷	25.0	2.3	34.2	34.6	nil	3.9
Groundnuts ¹	60,700 ⁸	62.8	14.1	3.8	6.8	nil	12.5
Linseed ²	36,000	8.6	0.5	0.1	3.7	21.7	65.4
TEXTILES, RUBBER							
Cotton ⁴ 1,000 quintals	51,000	24.4	0.2	nil	49.2	7.1	19.1
Wool ¹ ... 1,000 metric tons	1,659	50.9	3.5	0.1	12.3	3.8	29.4
Jute ¹ 1,000 quintals	14,605	99.5	nil	nil	nil	nil	0.5
Rubber ² .. 1,000 metric tons	1,031 ⁷	58.0	1.9	37.2	nil	—	2.9
MINERALS, METALS, &C.							
Coal ² .. mill. metric tons	1,100	25.4	4.5	1.2	34.4	8.5	26.0
Lignite ²	178	3.7	0.6	0.1	nil	nil	95.6
Petroleum ²	206	1.8	nil	2.9	59.8	11.7	23.8
Iron ore ²	116	10.0	29.0	0.0	22.1	18.8	20.1
Copper (content) ¹ 1,000 metric tons	1,050	29.8	nil	nil	16.8	3.0	50.4
Nickel (content) ¹	45	94.3	nil	nil	0.2	2.2	3.3
Tin ore ²	122	43.1	1.0	16.4	nil	nil	39.5
Lead (content) ¹	1,180	44.5	0.7	nil	21.2	1.1	32.5
Zinc ²	1,185	34.8	0.6	nil	29.8	1.7	33.1
Chrome ore ¹	409	33.5	nil	nil	0.2	27.5	38.8
Sulphur (content) ¹	2,830	4.8	3.0	nil	3.9	nil	88.3
Manganese ore ¹	1,751	30.4	0.4	0.6	2.2	59.3	7.1
Pyrites ¹	6,592	4.1	2.9	nil	4.4	3.6	85.0
Bauxite ²	1,137	3.9	46.5	9.2	14.1	nil	26.3
Potash ²	1,910	0.2	19.8	nil	6.9	nil	73.1
PRECIOUS METALS							
Gold ¹ 1,000 kilos	794	64.7	1.0	0.4	10.3	11.1	12.5
Silver ¹	5,667	18.5	0.2	0.5	12.8	—	68.0

¹1933; ²1934; ³1933-34; ⁴1934-35; ⁵Production or exports; ⁶Production or net exports; ⁷Shipments. *1 quintal = $\frac{1}{10}$ metric ton.

A negligible proportion of the world output of the following commodities is produced in colonial territories: beet sugar, wheat, wool, coal, cotton, iron ore, nickel, and petroleum. On the other hand a substantial proportion of the following commodities is produced in colonial territories: cane sugar (Java, Philippines, Mauritius, British West Indies); palm and palm kernel oil (French, British, and Belgian Africa and Dutch Indies); rubber (Ceylon, Dutch Indies, and British Malaya); copper (Northern Rhodesia, Belgian Congo); and tin (Malaya and Dutch Indies). Moreover British Malaya and the Netherlands East Indies are the only Colonies which are really important as producers of raw materials. A full list, by commodities, of the countries in which certain principal raw materials are produced will be found at the end of the League of Nations Union pamphlet *The Demand for Colonies*; and further statistics confirming the above conclusions are given in the Chatham House publication *Raw Materials and Colonies*.

How far there may be untapped reserves of minerals in various parts of the world, or how far crops might be grown where they are not grown now, are, of course, difficult questions to answer. It is reasonable to assume, however, that present production is at least a roughly reliable guide to potential production. If goods can be economically produced in certain areas, why are they not so produced?

It will be seen from the above two tables that the British Commonwealth actually comprises one-quarter of the land and population of the world. The largeness of the population might be held to justify the spaciousness of the land if the population were not mostly in India and the land mostly in Canada and Australia. Large areas in Canada and Australia are, however, non-cultivable.

Secondly, it is clear that the territories known as the British Commonwealth are the only political unit, if they are a unit, in which is produced a substantial proportion of the output of more than one or two of the thirty-two commodities. The only cases in which any other of the units produce more than 50 per cent. of the output of any commodity are maize and petroleum, of which the U.S.A. produce 55 per cent. and 60 per cent., respectively; and manganese ore, of which the U.S.S.R. produce 59 per cent. The British Commonwealth, on the other hand, produces 55 per cent. of the world output of cocoa; 63 per cent. of groundnuts; 51 per cent. of wool; 99.5 per cent. of jute; 58 per cent. of rubber; 94 per cent. of nickel; 65 per cent. of gold; and over 40 per cent. of tin and lead. On the other hand, it produces practically no maize, coffee, lignite, petroleum or sulphur. On the whole, however, it is true to say that the British Commonwealth is in a much stronger position than any other political unit, as far as the political control of essential raw materials is concerned, if or when its political unity can be regarded as effective.

The above tables do not distinguish between the United Kingdom and the Dominions and Colonies. It may, therefore, be worth while supplementing it, first, by taking the United Kingdom's raw material imports and seeing from what sources they come, and, secondly, by examining the imports of Germany and Italy in the same way. If we divide Great Britain's imports of each one of several important raw materials into three classes (1) imports from the Colonies; (2) imports from the Dominions, and (3) imports from foreign countries†, we get the following results (India is counted as a Dominion and Ceylon, Sudan, and the Mandates as Colonies) :—

BRITISH IMPORTS, 1934
(Board of Trade Returns)

	Colonies		Dominions		Foreign countries	
	£000	%	£000	%	£000	%
Wheat	—	—	17,287	62·6	10,332	37·4
Tea	220	0·8	24,511	88·1	3,076	11·1
*Non-ferrous metals ..	1,856	18·1	2,093	19·9	6,277	62·0
Raw cotton ..	2,792	7·5	3,288	8·9	30,901	83·6
Raw wool ..	—	—	31,240	83·2	6,346	16·8
Rubber	9,144	77·9	191	1·6	2,404	20·5
Oil	1,807	5·9	593	1·9	28,448	92·2†
* Of which tin ..	1,227	—	199	—	940	—

† Iraq and Iran are treated as foreign countries, though it might be argued that Great Britain has political influence over them.

It will be seen that, in the case of all these commodities, except rubber and tin, the Colonies are much the least important of the three classes of countries. No wheat or wool came from them at all, and practically no tea, flax, hemp, or jute. Only in rubber are the Colonies of dominant importance. The Dominions, on the other hand, are practically as big suppliers as the whole class of foreign countries. It is accordingly evident that if the British Empire were to be divided up in order to furnish the dissatisfied Powers with important sources of raw materials, a mere share-out of the Colonies would not be enough.

Whence on the other hand, do Italy and Germany now get their raw materials? The following table shows the amount of eight separate commodities imported by Italy from certain leading suppliers in 1934. The remainder of the supply of each commodity comes from a collection of small suppliers.

ITALIAN IMPORTS, 1934 (MILLION LIRE)
(Italian Trade Returns)

Wheat	U.S.A. 89.4 48.3%	—	Hungary 28.6 15.4%	—	Total 185.6
Cotton and cotton goods	U.S.A. 454.9 58.3%	Germany 25.0 3.2%	Egypt 138.8 17.6%	India 108.8 13.8%	790.6
Wool and woollen goods	U.K. 100.7 16.4%	Germany 28.4 4.6%	Argentina 82.4 13.4%	S. Africa 56.3 9.2%	615
Iron and steel goods	Germany 85.5 23.4%	France 89.7 24.6%	U.S.A. 41.8 11.4%	—	362.7
Coal	Germany 360.1 46.5%	U.K. 297.9 38.4%	Poland 71.4 9.2%	—	775.4
Oil	Roumania 78.2 26.3%	U.S.S.R. 53.6 18.0%	U.S.A. 62.5 21.0%	—	297.4
Wood and timber	Austria 54.1 19.9%	U.S.A. 40.1 14.7%	Jugo Slav 101.1 37.2%	U.S.S.R. 34.5 12.7%	271.9
Copper	Germany 18.3 11.7%	U.S.A. 39.8 25.4%	—	—	156.5
Rubber	India 29.8 46.4%	Holland 28.0 43.5%	—	—	64.3
Tin (quintals) ..	Strait Settlem'ts. 30,672 72.5%	India 3,835 9.0%	U.K. 2,432 5.7%	—	42,258

This table shows that in practically no cases do Italy's supplies of raw materials come from the colonial territories of other Powers. In fact they come almost entirely from other sovereign states. If we regard the British Dominions as sovereign states, the only cases in which Italy imports raw materials in large quantities from territories which can by a stretch of imagination be called colonial, are cotton which comes fairly heavily from Egypt and India, copper which comes partly through Portuguese East Africa from Rhodesia, and tin and rubber from Malaya.

The chief countries from which Germany imported food and raw materials were as follows in 1934 (owing to the method of compilation of the German Trade Returns it is difficult to elaborate a table exactly comparable with the above): the remainder of the supply comes from a number of small suppliers.

GERMAN IMPORTS, 1934 (IN 1,000 MARKS)
(German Trade Returns)

		Amount	%	Total
	Food and Drink			1,066,873
Denmark		62,611	5.9	
Italy		93,321	8.8	
Holland		140,516	13.2	
Spain		63,147	5.9	
U.S.A.		148,870	14.0	
Raw Materials and Semi-Manufactures				2,600,346
Belgium and Luxemburg		89,944	3.5	
France		102,611	3.9	
U.K.		110,400	4.2	
Italy		54,650	2.1	
Holland		79,973	3.1	
Norway		55,945	2.2	
Sweden		95,360	3.7	
U.S.S.R.		150,799	5.8	
South Africa (including British Rhodesia, but not S.W. Africa)		59,491	2.3	
India		104,506	4.0	
China		106,458	4.1	
Dutch East Indies		114,195	4.4	
U.S.A.		278,968	10.8	
Argentine		124,955	4.8	

Here again it will be seen that a very small proportion of imported raw materials comes from colonial territories, though there are certain technically important raw materials that have to be obtained wholly outside Germany.

Japan's imports of raw materials may be analysed in detail as follows (here again the remainder of the supply comes from a number of small suppliers) :—

JAPANESE IMPORTS IN 1934 (IN 1,000 YEN)
(Department of Overseas Trade Report on Japan)

Raw cotton ..	U.S.A. 400,919 54.7%	India 252,435 34.5%	China 15,693 2.1%	Egypt 39,787 5.4%	Total 731,425
Wool	Australia 159,241 85.6%	S. Africa 5,781 2.9%	Argentina 7,553 4.1%	—	186,455
Wheat	Australia 22,033 54.1%	Canada 8,120 20.0%	U.S.A. 9,869 24.2%	—	40,749
Coal	Manchuria 30,544 64.7%	French Indo-China 7,106 15.0%	China 6,818 14.4%	U.S.S.R. 2,670 5.6%	47,193

JAPANESE IMPORTS IN 1934 (IN 1,000, YEN)—Cont.
(Department of Overseas Trade Report on Japan)

Mineral oil ..	Dutch E. Indies 18,717 55.5%	U.S.A. 10,107 30.0%	—	—	33,684
Rubber ..	Straits Settle- ments 37,818 66.0%	Dutch E. Indies 14,384 25.1%	—	—	57,338
Flax, hemp, and jute	Philip- pines 10,914 39.7%	China 10,170 37.0%	India 4,884 17.8%	—	27,462
Ores (iron, zinc, &c.)	Straits Settle- ments 8,743 31.4%	China 6,804 24.5%	India 2,356 8.4%	—	27,806
Tin ..	Straits Settle- ments 10,163 69.2%	China 2,731 17.7%	Hongkong 1,281 8.3%	—	15,317

Colonial territories appear a little more frequently among the sources of Japan's raw materials than Italy's or Germany's, but they are still relatively unimportant. It might be argued that though Italy, Germany, and Japan do not at present buy from British Colonies, or those of other countries, they might do so if these Colonies were under their control. This would be true if they were somehow prevented from buying now; but in fact, as is shown later, obstacles to the free export of raw materials from colonial territories during peace time are exceptional and not normal. The conclusions of this brief factual survey seem to be:—

- (i) That an important proportion of certain raw materials is produced in the British Commonwealth.
- (ii) That Great Britain herself does not draw her raw materials mainly from colonial territories, but from the Dominions and foreign countries.
- (iii) That the dissatisfied Powers do not, except in a few cases of which rubber and tin are the most important, draw the bulk of their raw materials from colonial territories under the control of other Powers.
- (iv) That consequently whatever the merits of those Powers' claims to sources of raw materials, they cannot in fact be satisfied by an exchange of colonial territories.

The claim to access to raw materials may now be considered on its economic and psychological merits. It may either refer to access during war or access during peace: and the problems raised in the two cases are quite different.

During War. In the world of collective security which we wish to establish, it is not desirable to enable aggressors to secure at any rate those raw materials which are the subject of sanctions. It is desirable to prevent them. It is consequently only necessary to consider the accessibility of raw materials to the aggressee. What possibility is there of a nation declared the aggressor by the League being able to prevent the aggressee from obtaining raw materials? The ability to do so will depend not on political control of colonies but on command of the sea and air. And as we can, for this purpose, limit ourselves to the case in which Germany, Italy, or Japan is the aggressee nation blockaded by the aggressor, the possibility can be seen to be distinctly limited. What likelihood is there of Germany, Italy, or Japan being successfully blockaded by an aggressor nation? In so far as the command of the sea is decisive, it could only be done if Great Britain and the United States were the aggressors. It is possible, however, that an air blockade might be established, at any rate against Germany and Italy, by various combinations of powers such as Russia, France, and the Little Entente; though it is pertinent to point out that Italy, with complete command of the air, has been unable completely to prevent Abyssinia from importing arms and supplies. In so far, however, as such blockades are possible, Germany, Italy, and Japan may have a justifiable grievance. They also have a real, if not just grievance in so far as they secretly contemplate themselves as aggressors. For both these grievances, however, the remedy would be to secure, not Colonies, but command of the sea and air.

During Peace. The complaint of inaccessibility to raw materials during peace is wholly different. In general it is, of course, fair to say that the difficulty with raw materials in the world to-day is not to buy them but to sell them. Denmark, Sweden, and Switzerland do not complain of any difficulty in securing raw materials. The producers of every country in the world are longing to sell their goods to anyone who will pay the market price. And they are likely to continue to do so as long as peace is preserved.

To this general truth, however, there are certain exceptions, which may be classified under the following four headings, but an almost infinite number of petty discriminatory practices might be added:—

- (i) Discriminatory and Preferential Export Taxes.
- (ii) Commercial Policy.
- (iii) Monetary Difficulties.
- (iv) Restriction Schemes.

Discriminatory and Preferential Export Taxes

Actual discriminatory taxes, *i.e.*, taxes varying between different foreign countries according to the destination of exports, have not commonly been imposed on exports from Colonies. On the other hand preferential taxes, *i.e.*, taxes giving preference to the ruling imperialist Power, but to no other Power, have on occasions been imposed. Such taxes have been used in the British Commonwealth on at least three occasions :—

- (a) Preferential duties were imposed for a time after the war on raw hides and skins exported from India.
- (b) Similar duties were imposed on palm kernels exported from Nigeria and the Gold Coast, Sierra Leone, and Gambia.
- (c) Preferential duties on tin ore exported from Nigeria and the Malay States are, in some instances, still in force.

Italy, Spain, Portugal, and France also maintain preferential export duties in Colonies. Such discriminatory and preferential duties are imposed to give an advantage to the manufacturer of a single industrial country. They are obviously a gross misuse of political control and an occasion for genuine grievance among the dissatisfied Powers. They cannot, of course, be effective unless a very substantial proportion of world output of the commodity is in the Colony concerned. And if this is so, a mere undiscriminating revenue duty will be itself a form of monopolist exploitation.

The conclusion seems to be that all discriminatory and preferential export taxes and any revenue tariff on a commodity preponderantly produced in a single political unit should be abandoned by the imperialist Powers.

Commercial Policy

To some extent the dissatisfied Powers are prevented from obtaining raw materials by the obstacles put in the way of their exports by the protectionist policies of other Powers. Being prevented from exporting, they cannot import. The dissatisfied Powers, however, have been as protectionist as the others. This particular difficulty will not be removed by a transfer of territories, but, if at all, by a general world movement towards free trade.

Monetary Difficulties

Dr. Schacht, as well as Italian spokesmen, has complained that Germany and Italy are unable to buy raw material imports because they have not the foreign exchange to purchase in the sterling area. This complaint needs rather careful examination. The reason why Germany has not the necessary foreign exchange is that she cannot export sufficiently heavily: and the reason for this is partly foreign protectionism, partly Germany's own

protectionism, and partly the devaluation of sterling. It is easy to retort to Dr. Schacht that Germany's difficulties are of her own making; that if she had had the sense, like the British Empire and most of the raw material producing countries, to devalue her currency she would have been able to import just as easily as anyone else; and that if she persists in pursuing an eccentric monetary policy, based on peculiar political and psychological motives, and condemned by almost every economist in the world, she should not blame other people for the consequences.

There is much force in this retort. But it does not dispose of the matter entirely. It would, of course, be absurd to pretend that in the long run a country can secure more imports by any devices of monetary policy. In the long run, imports must be paid for by exports, whether they come from France, Abyssinia, Australia, or the moon. Moreover, Dr. Schacht often defends Germany's perverse monetary policy on the very ground that it enables her to buy more raw materials in the short run. If the mark were devalued, Dr. Schacht constantly affirms, Germany's ability to buy raw materials would suffer. Yet if this were the whole truth, Germany must have become more favoured, and not less, than Great Britain as a purchaser of raw materials, in consequence of the devaluation of sterling. Germany's present predicament is in some respects little more than a pointed proof that you cannot secure more imports by holding your currency above its true economic value.

In fact, Dr. Schacht might perhaps admit that Germany could both import and export more easily if the mark was devalued and free. Now if we accept, as we must, the reality of German conviction that the mere satisfaction of believing (erroneously) that the mark has a certain gold value, and that the cost of living is being kept down, is worth years of economic suffering, then we must admit that Germany is prevented by the ubiquity of sterling from the simultaneous pleasure of feeling this satisfaction and purchasing all the imports she might. If, in fact, it is believed necessary for internal non-economic reasons to pursue a certain monetary policy, then it is certainly an advantage in the short run to have political power to impose that monetary policy on those countries with whom one trades. It may be pointed out, however, that not merely the Colonies, where Great Britain had political control, followed Britain in depreciating their currencies. The Dominions, Scandinavia, and about three-quarters of the world did the same thing independently and in their own interests. Most of these considerations apply to Italy as well as to Germany.

Restriction Schemes

International schemes for the restriction of raw material production are undoubtedly of great importance. There are restriction schemes in force to-day affecting the following commodities: tin, rubber, copper, tea, lead, tinplates, wheat, sugar,

jute, and nitrate. Of these schemes, those affecting tin, rubber, tea, and jute are enforced by Government powers. The most famous of restriction schemes was, of course, the Stevenson Rubber Scheme, organised by the British Government and the Colonial Governments of Ceylon and Malaya. This scheme, started in 1923, raised the price of rubber from 7½d. to 4s. per lb., infuriated American purchasers, led to world over-production of rubber, and was abandoned five years later to the accompaniment of a calamitous fall in prices. Government powers were used to prevent the natives from producing.

The tin scheme was initiated by the British, Dutch, and Bolivian Governments in 1934. It reduced production and raised prices from £105 to £240 a ton, which was above the costs of the most efficient producers, who are themselves able to supply the whole world demand. There were protests from other countries, including a Government inquiry in America; and the existence of private speculative pools, personally associated with the official advisory committee, were frequently alleged. The rigour of the scheme has now been relaxed in deference to public opinion; and consumers' representatives have been admitted to the controlling committee.

It would probably be a mistake to condemn all international restriction schemes as such. In some circumstances over-production of particular commodities certainly occurs and may be prevented with advantage. And, even where restriction is carried beyond the point necessary to correct genuine over-production, restricting countries do not discriminate between purchasers of different nationalities. The British and Dutch tin control exploited British, Dutch, and foreign consumers with indiscriminating fervour. Nevertheless, whereas losses are fairly distributed all round, the gains accrue to the producing countries only—or rather to whoever holds the shares of the companies operating in those countries. A restriction scheme which thus extorts monopolistic profits is obviously unjustifiable. Its existence provides a non-participatory state with a genuine grievance and it may well become a cause of serious international friction.

Conclusion and Remedies

What is the remedy? On the initiative of the League, countries should be invited to sign a convention in which each country would undertake that a place will be given to consuming countries on the controlling body of any future restriction scheme. The adoption of this plan would at least be a step forward. It presents many difficulties in itself, but it is hard to conceive of any more effective alternative. The plan would probably have to be limited to schemes in which Government powers were involved. Otherwise a Government would have no power to enforce its observance on monopolists trading in its country. Some schemes would be left out as a result of this provision,

but they could only be brought in if radical alteration were made in the laws of many countries, the United States, for instance. Moreover, it would seem necessary to limit the plan to schemes in which more than one Government was participating. If the British Government cartelises the coal industry, for instance, or the United States Government the cotton industry, it is not likely that representatives of importing countries would be allowed on the Board of Control. Any such suggestion would probably prevent the adoption of the plan as a whole. It may be objected that a minority of consumers' representatives will always be voted down on a committee of international monopolists. This may be so. But it is better to have a weak safeguard than none. Consumers' representatives would form a focus for the sort of public opinion that has succeeded, though at long last, in bringing the tin control to their senses.

There is the additional and more ambitious suggestion that a permanent body at Geneva should be given power to control or, at least, supervise such schemes.

In general, therefore, in so far as the dissatisfied Powers have a legitimate claim to access to raw materials during peace time, it seems that it must be met by ensuring a supply free from discriminatory or monopolistic practices, *i.e.*, by the "Open Door" rather than by any exchange of territories. The claim to greater access to raw materials during war seems to have substance only in so far as the dissatisfied Powers are right in contemplating the probability, either that they themselves may become the aggressor, or that the system of collective security may collapse, or that some large combination of aggressors or Powers may obtain control of the sea or air and establish an effective blockade.

Synthetic Raw Materials

Before passing on from the raw material position it is necessary to refer briefly to developments in synthetic and substitute raw materials, for such developments may obviously affect the relative positions of the various nations.

One of the chief features of industrial science in the last few generations has been the attempt to produce substitutes for goods hitherto obtained in the natural state. In some cases the chemist has been conspicuously successful. Rayon was originally produced as a substitute for silk, though now regarded as a fibre with distinctive properties; the manufacture of nitrates from the nitrogen of the air has severely hit the Chilean industry; synthetic dyestuffs have ousted the natural products; synthetic resins have found innumerable uses in furniture and ornament; and now petroleum oils are being produced in increasing quantities from coal or coal products. These are all great industries, and any review of the balance of raw materials must take this tendency into account.

The ways in which the balance of raw materials is being continually altered by scientific discovery may be summarised as follows :—

Substitutes

Iron and steel were substitutes for brick or stone as the material of bridges, and for wood as the material of ships' hulls; to-day steel is taking the place of brick or stone as a building material. Margarine was originally a substitute for butter, but is now also a new source of edible fat. Rayon was originally a substitute for silk, but is now a new source of supply of textile fibre.

Synthetic Substitutes

With Different Chemical Composition. These are substances prepared in the laboratory and fulfilling the same function as the natural product though differing in chemical constitution. Saccharine, for example, is a synthetic substitute for sugar, in as much as it fulfils the same function of sweetening tea, though it differs chemically.

With Same Chemical Composition. These are substances prepared in the laboratory and having the same chemical constitution as the natural product. For example, modern indigo has the same chemical composition as natural indigo.

Search for New Sources of Supply

Sugar beet was, historically, a new source of sugar which previously had been obtained exclusively from sugar cane. Petrol made from coal is generally looked upon as a synthetic substitute, but it is more accurate to regard coal as a new source of supply for petrol which is at present obtained by distillation, cracking, or hydrogenation of crude petroleum.

Of man's physical needs the most fundamental is food. Knowledge of what constitutes a healthy diet is growing so rapidly that in the next few decades the synthetic preparation of foodstuffs should meet with much success. Other ways in which the balance of Nature is being altered are :—

(a) Improvement in the quantity and quality of yields, notably of grass and cereals, by the use of synthetic fertilisers.

(b) Preservation of foodstuffs by storage in carbon dioxide and other ways.

(c) Development of the factory ship, which makes proximity to fishing grounds less important than formerly.

After food come clothing and fuel. Rayon is the only great new fibre perfected, but repeated attempts have been made, with some success, to find a substitute for wool. Much attention is being given to the production of motor spirit and other petroleum oils from coal, and distinct progress has been made with coal-gas as a motor fuel. Alcohol is made from waste

agricultural products in many countries, and its admixture with motor-fuel is compulsory in a number of codes. Among miscellaneous materials, the synthetic production of rubber is now being actively developed. There is, however, one field where no progress is likely to be made, at least for a long time, by the synthetic chemist, that of minerals. Sir Thomas Holland has summed up the position in a sentence: "Minerals, unlike vegetable products, cannot be transplanted, cannot be reproduced synthetically, and cannot be reproduced by artificial substitutes." But scientific research is altering the balance of Nature in this respect by making it possible to use grades of ore which formerly had to be left unworked, *e.g.*, the phosphoric iron-ore of Northamptonshire.

Apart from the metals, most of the substances needed by modern nations are compounds of carbon, hydrogen, and oxygen. The problem before the synthetic chemist is to make these elements combine in the required proportions, and though the practical difficulties are generally great, there is no theoretical limit to what can be done. The work of the chemist therefore tends to redress the balance of Nature in favour of those countries with large supplies of carbon, hydrogen, and oxygen. Every country has access to hydrogen in water and oxygen in the air. The chief sources of carbon are coal and wood, and so the work of the chemist tends to give the advantage to countries with large supplies of these materials.

Of the "dissatisfied" Powers, Germany alone has large reserves both of coal and wood, and she has long led the world in the search for synthetic substitutes and domestic sources of supply. Italian reserves of coal are negligible, and Japan is on balance an importer of coal.

One other fact deserves to be mentioned. Except for special purposes where price is a secondary factor, synthetic materials are not likely to compete economically with the natural product. The chemist is ultimately vieing with solar energy, a formidable rival. In fact, there is no clear case where a synthetic material has proved itself economically superior to the natural product. Even in the case of dyestuffs it has plausibly been argued that scientific methods of cultivation would have saved the indigo industry. The chief stimulus to the search for synthetic and substitute materials is undoubtedly the fear of war or the intention of waging war.

(2) COLONIAL MARKETS

Colonies are said to be valuable, not only because they provide easier access to raw materials, but also because they offer a favourable market for the exports of the mother country. The dissatisfied Powers claim that because they have few or no Colonies they are excluded from such markets and are thereby unjustly condemned to a lower standard of living.

As in the previous section, it will be best to examine the validity of this argument later and to see first of all what are the facts about the British colonial market.

We set forth below five tables.

Table I indicates the total imports in 1932, 1933, 1934, into British Colonies, the imports to British Colonies from the United Kingdom, and the imports into British Colonies from the three dissatisfied Powers—Germany, Italy, and Japan.

TABLE I
TOTAL IMPORTS INTO BRITISH COLONIES (IN £1,000)
(Classified *c.i.f.*)

	Total Imports	Imports from U.K.	Imports from Germany	Imports from Italy	Imports from Japan
1932	151,593	40,583 26.5%	5,098 3.3%	1,261 0.8%	6,106 4.0%
1933	141,753	37,471 26.5%	5,241 3.5%	1,321 0.9%	8,137 5.7%
1934	159,382	39,323 25%	5,169 3.2%	1,189 0.75%	11,558 7.5%

(Owing to the absence of adequate statistical material it was necessary to exclude the following Colonies: North Borneo, Brunei, Papua, Sarawak, Gilbert and Ellice Islands, Leeward Islands, and two mandated territories, Nauru and South-West Africa. It appears that the total imports from the United Kingdom to all those areas would not amount to more than £1 million. Our conclusions are, therefore, not affected by the omission.)

It will be seen that the proportion of the total imports into British Colonies secured by Great Britain is rather more than 25 per cent.; that the proportion secured by each of the dissatisfied Powers is very much less, but that the actual value of imports from Great Britain is only about £40 million per annum.

These figures do not, however, give a very complete picture. Actually more than half the total imports into British Colonies go to three colonies—Ceylon, Hong Kong, and Malaya. Moreover, in the case of these three colonies the proportion of imports from the United Kingdom is very much smaller. If we exclude these three territories, the total imports into British Colonies fall to approximately £70 million and the imports from the United Kingdom to £26 million. The percentage of total imports into British Colonies secured by the United Kingdom rises to nearly 40 per cent.

It will be noted that the Ottawa Agreements do not appear to have improved the position of Great Britain in the colonial market. On the contrary, there is a marked fall in the percentage of imports into British Colonies secured by the United Kingdom between 1932 and 1934. This fact together with the high percentage previously obtained points to the fact that advantages

in colonial markets do not depend upon the existence of preferential tariffs alone; although such tariffs existed in certain Colonies before the Ottawa Agreements, they were not as a whole of any great importance.

TABLE II
IMPORTS INTO BRITISH MANDATED TERRITORIES ONLY (IN £1,000)

	Total Imports	Imports from U.K.	Imports from Germany	Imports from Italy	Imports from Japan
1932	10,674	2,230 21%	990	340	308
1933	14,251	2,701 19%	1,493	460	417
1934	18,624	3,757 20%	1,993	418	523

It will be seen that the proportion of imports into British mandated territories secured by the United Kingdom is definitely smaller, while the proportion secured by Germany is larger than in the case of the total colonial market. Here again, however, the aggregate figures are misleading. Between 70 per cent. and 80 per cent. of total imports into mandated territory goes to Palestine. German imports into Palestine have been increasing rapidly—having more than doubled in these three years.

It is to be presumed that this increase is associated not so much with the existence of an "Open Door" as with the Jewish emigration from Germany and the conditions imposed on emigrants about removing money from that country.

TABLE III
IMPORTS INTO BRITISH INDIA (IN £1,000)

	Total Imports	Imports from U.K.	Imports from Germany	Imports from Italy	Imports from Japan
1932-33 ..	99,438	36,598	7,790	2,963	15,358
1933-34 ..	86,518	35,690	6,664	2,185	12,266
1934-35 ..	99,220	40,298	7,579	2,264	15,597

It will be seen that the United Kingdom secures 35 per cent.—40 per cent. of the Indian market and that here the proportion has increased in recent years. It will also be noticed that the value of the Indian market is equal to that of the whole of the Colonial Empire.

TABLE IV
TOTAL BRITISH EXPORTS (IN £1,000)
 (f.o.b.)

				IMPORTS INTO COLONIES
1932	..	..	365,024	40,583
1933	..	..	376,909	37,471
1934	..	..	395,985	39,323

The purpose of giving the figures of total British exports is to show the comparative value of the colonial market to Great Britain.

It will be observed that the total exports are approximately ten times the value of the United Kingdom imports into British Colonies. The figures, however, are not strictly comparable, because the import figures mostly include freight charges while the export figures do not. For a correct comparison it would be necessary to add something to the export figures. When this is taken into account it can safely be said that less than 10 per cent. of our exports go to the Colonial Empire.

Two conclusions seem to emerge from the tables as a whole. (1) That whatever the theoretical validity of the argument that Colonies provide good markets for the mother country, the quantitative importance of such markets is not so great as is sometimes thought. (2) That the colonial market, such as it is, is, in the case of most Colonies, more accessible to British than to foreign exporters.

How far is this apparent accessibility a net advantage to Great Britain—an advantage denied to the dissatisfied Powers? The answer must largely depend upon the causes of the greater accessibility.

As we have already pointed out, the substantial share of the colonial market obtained by Great Britain does not apparently depend on the existence of actual preferential duties; it existed before these duties were imposed and has not been increased by them. Most probably it depends upon three other factors. (1) It may be associated with the export of capital to these Colonies. (2) It may be due to a demand for British goods on the part of British residents. (3) It may be due to certain "invisible" preferences enjoyed by British exporters because the colonial government is British.

The Export of Capital. Since this subject is dealt with in another section of the report, only a few words are needed here. Although the investment of British capital in a British Colony need not necessarily be associated with an increased demand for British exports, there is a strong probability that it will be. There may be a condition of this kind attached to the loan or there may be trade connections between those undertaking the investment and British exporting firms. Such conditions or connections are more probable where capital is exported to the Colonies than when it is invested in foreign countries. It may be

objected that some Colonies are no longer importing capital, but actually repaying it. Even here the original capital export may have created trade connections and these may still constitute an advantage.

Government Orders. There is no doubt that among such advantages to Britain from the possession of Colonies, Government orders take a prominent place. The Colonial Governments, when importing materials or finished articles, give an almost exclusive preference to British producers or manufacturers.

*The Demand of British Residents.** In so far as the income of these residents is derived from Great Britain (*e.g.*, pensioners living in Malta or wintering in Kenya) there is probably no net increase in the demand for British goods. Had the persons concerned remained at home they would probably have spent at least as high a proportion of their income on British products.

But if the income is derived from the Colony itself either through the payment of salaries procured by taxing the natives or through trading profits, there may be some net advantage to British producers. For the incomes will probably be larger than the same persons could have obtained had they been forced to stay at home: hence the demand for British goods is also likely to be larger.

"Invisible" Preferences. These are certainly important. Language alone is a major factor. The native population buys British goods because the Government encourages them to do so or because they think that the Government will approve if they do so. British traders are continually assisted and favoured by the Government in many small ways. Export credits and other factors of the kind play their part. Whatever the precise nature of the favour, its effect will be exactly the same as if an actual preferential tariff were imposed.

What are these effects and how far will they be beneficial to Great Britain? Providing there are no corresponding preferences—visible or invisible—given to colonial products in the home market, considerable benefit to Great Britain is likely to accrue. The benefit will take the form either of higher prices for exports while import prices remain unchanged, or of larger export sales and production.

This increased production may be associated with a diminution of unemployment, in which case the gain is clear—or a transfer of labour and capital from less profitable industries, in which case the gain is smaller but, nevertheless, also quite definite.

It is, indeed, not certain that such benefits will always follow. The existence of preferences in the colonial market may lead neither to higher export prices nor to increased total exports. If the commodity protected is produced by competing British exporters and the protected market is too small to absorb their

* Imports and Government orders may be classified under this head.

whole output, then the price in the Colonies cannot for long exceed the world price. For if it did, British exporters selling in the world market would naturally prefer to sell in the Colonies and the price in the Colonies would fall. At the same time the foreign exporters, driven from the colonial market, may themselves drive the British producers from the world market.

For example, if Lancashire cotton goods are given a preference in a colonial market against Japanese products, they will secure more of that market. They will not obtain higher prices so long as the industry is competitive and British cotton goods are being sold in the world market. But even the gain in exports to Kenya may be offset by losses in China or India due to increased Japanese sales there.

This is, however, an extreme case. The probability is, we believe, that there will be some net gain. British exporters may well agree on a higher price in the colonial market and suspend competition there: for a number of products there will be no "export surplus" outside colonial (and Dominion) markets and hence, in spite of competition, export prices will be higher as a result of the preference: increased sales to the Colonies will very likely make the British producer more rather than less qualified from the standpoint of costs to maintain his sales in the world market.

The probable result of the preference is, then, to increase the total value of British exports through higher prices and larger sales. This is beneficial in the first instance to exporting firms, but so long as import prices remain unchanged will also increase the national income. The volume of imports can increase because the value of exports has gone up.

If, however, preferences are given to colonial products in the home market, there will probably be a rise in the price of imports which will offset the increase in the value of exports. Thus a distinction must be drawn between reciprocal and non-reciprocal preferences: it is only in the case of the latter that a gain to the mother country is likely to occur. In actual fact it seems that the Colonies do not receive many reciprocal preferences in the home market of either the visible or invisible variety. Many of the colonial exports are on the free list, and they are not to be found among those articles on which anti-foreign discriminating restriction has been imposed.

(3) CONCLUSIONS AND REMEDIES

The colonial market is, therefore, of substantial value to Britain, even if it is not of so great a value as many suppose. It is more accessible to British than to foreign exporters. This greater accessibility is not always an advantage but sometimes simply replaces a demand which would have been felt at home. Sometimes it is a definite advantage both to the export trade and the national income. Even here, however, if we expressed it in

monetary terms, the gain would only be a small fraction of the total exports to Colonies.

We have now to consider whether and by what means additional colonial markets can be made available to the dissatisfied Powers and whether such markets would remove their economic difficulties.

The following remedies may be considered :—

(1) The abolition of all preferential duties and other discriminations within the Colonial Empire.

(2) The acceptance of the supervision of the Mandates Commission for certain Crown Colonies together with the principles of the "Open Door" and equality of trading opportunity.

(3) The handing over of certain Colonies to the dissatisfied Powers.

Both (1) and (2) are practicable, but if the invisible preferences referred to above continue to exist they would not much improve the position of foreign exporters. (3) Is not likely to be accepted in this country on anything but a small scale, a scale which would not appreciably increase the exports of the dissatisfied Powers. Even if half the whole British Colonial Empire were handed over, the net gain to the German national income would probably not amount to more than a few million pounds.

It does not, therefore, appear that the difficulties under which the export trades of the dissatisfied Powers are said to be working can be materially removed by even fairly considerable colonial concessions on our part. The fact is that these difficulties are due far more to other causes.

TABLE V
IMPORTS INTO COLONIES (IN £1,000)

		Imports from British Empire	Imports from U.K. only	Imports from Germany	Imports from Italy	Imports from Japan	Total Imports
Cyprus	1932	553	386	67	95	—	1,347
	1933	499	400	75	114	—	1,257
	1934	647	495	81	94	—	1,418
Malta	1932	1,169	941	177	480	—	3,308
	1933	1,188	992	191	494	—	3,472
	1934	1,191	960	162	330	—	3,469
Gambia	1932	194	149	5	—	2	293
	1933	292	219	8	—	28	436
	1934	212	139	17	—	16	327
Gold Coast	1932	3,395	3,168	386	—	—	5,350
	1933	3,103	2,825	431	—	—	5,096
	1934	2,819	2,491	209	—	—	4,390

TABLE V.—IMPORTS INTO COLONIES (IN £1,000)—Cont.

		Imports from British Empire	Imports from U.K. only	Imports from Germany	Imports from Italy	Imports from Japan	Total Imports
Nigeria	1932	5,569	5,355	454	91	122	7,194
"	1933	4,656	4,391	525	63	317	6,339
"	1934	3,546	3,150	268	69	392	5,364
Sierra Leone	1932	889	822	65	—	—	1,220
"	1933	572	485	34	—	—	817
"	1934	593	442	22	—	—	776
St. Helena	1932	28	25	—	—	—	32
"	1933	26	23	—	—	—	30
"	1934	28	21	—	—	—	33
Kenya and Uganda	1932	3,034	1,862	127	—	536	4,816
"	1933	3,031	1,816	153	—	633	4,819
"	1934	3,354	2,056	198	—	856	5,583
Nyasaland	1932	507	409	24	—	49	735
"	1933	396	341	16	—	77	629
"	1934	288	250	9	—	115	518
N. Rhodesia	1932	1,394	597	50	—	—	1,934
"	1933	1,483	647	50	—	—	1,973
"	1934	2,243	1,168	72	—	—	2,999
S. Rhodesia	1932	2,973	1,873	88	48	108	4,028
"	1933	3,403	2,152	106	44	109	4,434
"	1934	4,009	2,472	109	32	114	5,271
Somaliland	1932	191	52	—	—	—	264
"	1933	218	68	—	—	—	284
"	1934	205	65	—	—	—	269
Zanzibar	1932	582	190	—	—	81	922
"	1933	479	114	—	—	86	810
"	1934	406	130	—	—	85	707
Mauritius	1932	1,485	484	—	—	—	2,081
"	1933	1,582	707	—	—	—	2,225
"	1934	1,719	646	—	—	—	2,291
Seychelles	1932	51	20	—	—	—	76
"	1933	41	19	—	—	—	63
"	1934	44	22	—	—	—	62
Ceylon	1932	9,802	2,781	244	—	992	14,704
"	1933	8,544	2,319	204	—	962	13,286
"	1934	9,940	2,989	266	—	1,411	16,275
Hongkong	1932	8,841	5,087	1,701	—	1,408	41,284
"	1933	6,631	3,519	1,286	—	1,706	33,739
"	1934	4,676	2,475	1,029	—	2,788	31,628
Malaya	1932	14,255	6,426	690	171	1,986	29,702
"	1933	13,198	5,912	637	109	3,103	27,664
"	1934	15,064	7,825	695	211	4,375	37,757

TABLE V.—IMPORTS INTO COLONIES (IN £1,000)—Cont.

		Imports from British Empire	Imports from U.K. only	Imports from Germany	Imports from Italy	Imports from Japan	Total Imports
Fiji	1932	738	251	—	—	30	855
"	1933	890	330	—	—	39	1,031
"	1934	781	353	—	—	30	985
Solomon	1932	126	16	—	—	—	164
"	1933	118	18	—	—	—	157
"	1934	110	22	—	—	—	143
Tonga	1932	74	10	—	—	6	80
"	1933	66	11	—	—	10	86
"	1934	39	8	—	—	4	49
Bahamas	1932	467	228	—	—	—	940
"	1933	539	251	—	—	—	930
"	1934	357	183	—	—	—	725
Barbados	1932	1,295	750	—	—	—	1,643
"	1933	1,325	820	—	—	—	1,719
"	1934	1,428	812	—	—	—	1,913
Bermuda	1932	1,205	717	—	—	—	1,892
"	1933	823	506	—	—	—	1,397
"	1934	683	386	—	—	—	1,339
British Guiana	1932	1,417	1,078	—	—	54	1,689
"	1933	1,494	1,115	—	—	77	1,801
"	1934	1,406	983	—	—	73	1,748
British Honduras	1932	329	119	—	—	—	647
"	1933	185	98	—	—	—	393
"	1934	142	93	—	—	—	379
Jamaica	1932	3,172	1,887	—	—	—	4,751
"	1933	2,952	1,695	—	—	—	4,365
"	1934	3,181	1,798	—	—	—	4,765
Cayman Isles	1932	9	3	—	—	—	21
"	1933	18	5	—	—	—	32
"	1934	12	3	—	—	—	23
Turks and Caicos	1932	9	5	—	—	—	22
"	1933	8	5	—	—	—	22
"	1934	7	3	—	—	—	21
Trinidad and Tobago	1932	2,427	1,583	—	—	—	3,692
"	1933	2,606	1,780	—	—	—	4,002
"	1934	2,582	1,746	—	—	—	4,486
Grenada	1932	215	116	—	—	—	260
"	1933	190	105	—	—	—	231
"	1934	203	111	—	—	—	255
St. Lucia	1932	133	90	—	—	—	165
"	1933	140	97	—	—	—	167
"	1934	142	93	—	—	—	169

TABLE V.—IMPORTS INTO COLONIES (IN £1,000)—Cont.

		Imports from British Empire	Imports from U.K. only	Imports from Germany	Imports from Italy	Imports from Japan	Total Imports
St. Vincent	1932	113	65	—	—	—	149
"	1933	114	66	—	—	—	148
"	1934	126	71	—	—	—	163
Falklands	1932	95	95	—	—	—	311
"	1933	95	95	—	—	—	270
"	1934	105	105	—	—	—	296
Cameroons	1932	32	32	49	—	—	103
"	1933	28	27	65	—	—	117
"	1934	34	25	48	—	—	111
New Guinea	31-32	492	97	29	—	—	779
"	32-33	595	126	37	—	—	912
"	33-34	—	111	56	—	—	924
Palestine	1932	1,741	1,522	775	340	—	7,769
"	1933	2,402	1,950	1,193	460	—	11,123
"	1934	3,437	2,961	1,659	418	—	15,153
Tanganyika	1932	976	567	137	—	308	1,872
"	1933	953	567	198	—	417	1,947
"	1934	1,107	646	230	—	523	2,343
W. Samoa	1932	133	32	—	—	—	151
"	1933	130	31	—	—	—	151
"	1934	76	14	—	—	—	93
Sudan	1932	1,147	710	30	36	434	3,133
"	1933	1,208	820	32	37	573	3,242
"	1934	1,545	998	46	35	773	4,046
New Hebrides	1932	45	3	—	—	—	82
"	1933	57	4	—	—	—	86
"	1934	51	2	—	—	3	76

(4) POPULATION PROBLEMS

In examining the claim that colonial adjustments would solve the over-population problems of Germany, Italy, and Japan, it is necessary to ask whether in fact these countries have an over-population problem; whether, if they have such a problem, emigration offers the only or best solution of it; whether, if the problem does exist and emigration is the best solution, Colonies are the best or only outlets for potential emigrants from these three Powers, and finally whether political control of territory is necessary for migration.

In dealing with question one we immediately come up against the fact that no easy measurement of population pressure exists.

The arithmetical measure whereby population pressure is decided simply by taking the number of persons to the square mile is unscientific and misleading and the refinement of this rough system which consists in taking the number of persons to the square mile of arable land is little less so.

They are unscientific and unreliable because they completely ignore what is obviously of much greater relevance and importance than the number of persons in a given area, that is the standard of living at which the people in that area are able to maintain themselves.

The question of over-population is relative entirely to that of standard of living, and as a consequence the population pressure of various countries can only be compared by considering at the same time their actual and potential industrialisation, since a highly industrialised country can obviously maintain an arithmetically heavy population at a higher standard of living than it is possible for an undeveloped country to maintain an arithmetically light population. Moreover, if it is made possible for the second country to undertake rapid commercial and industrial development, it will be able to support a much greater population than formerly at a higher standard of living, although by the purely arithmetical measure of population pressure its position will have deteriorated.

There is indeed, as Sir Arthur Salter has pointed out, "no such thing as a surplus population anywhere in the world, except one that is relative to and caused by the existing commercial and economic system. There is no reason why a country should not develop a population as thick upon the ground as in a highly industrialised area and still maintain itself if it could draw freely upon the resources of the rest of the world."

It is necessary to bear this in mind when examining the claim that Germany, Japan, and Italy suffer from over-population problems.

On an arithmetical basis their position relative to that of other countries is shown by the following figures, giving the population per square mile of arable land: Japan, 2,418; Netherlands, 2,233; Belgium, 1,793; Great Britain, 596; Germany, 578; Italy, 447; France, 294; United States, 100.

It will be seen from these figures that, although on this basis—and it must again be emphasised that it provides an unreliable test of real population pressure—Japan's population pressure, though high, is approached by that of the Netherlands and, although not quite so closely, by that of Belgium, while the population pressure in both Germany and Italy is less than in Great Britain.

These facts alone might create some doubt as to relevance of Colonies in considering population questions, since both the Netherlands and Belgium own Colonies, and Britain has the greatest Colonial Empire in the world.

Moreover it seems that neither the relation of population to area of territory nor the possession of Colonies can be regarded as of primary significance in unemployment problems, since the United States, with a relatively light population, has the highest unemployment total of any country and the possession of a Colonial Empire clearly did not save Great Britain from an unemployment problem. Indeed so far from the colonies providing an outlet for the unemployed home population, 20,000 more British people returned from British overseas territories in 1934 than went there to seek work. Nor did the existence of wide open spaces in Canada and Australia act as a cushion against depression and unemployment among the people of those countries, both of which have been badly hit by economic depression, and both of which have had high unemployment totals. Nor, although both Japan and Italy are to some extent colony-owning Powers and have been so for a considerable period, have their Colonies provided an outlet for emigration from the home country.

Thus Japan, which acquired Formosa in 1894, Port Arthur and the southern half of Sakhalin Island after the Russo-Japanese war, and Korea in 1910, and has thus been a colony-owning Power for more than forty years, has certainly not found those Colonies of any substantial value in solving whatever population problem she may have, for during the whole of those forty years Japanese colonial territories have absorbed less than one year's increase of the Japanese population.

Italy's experience is equally illuminating in this respect, for although Italy has owned Eritrea for about half a century, the total Italian population in that Colony is only 4,560, of which the majority are Government officials and their families and out of which only eighty-four families earn their living in agriculture.

Experience in Libya, which was secured by conquest from Turkey, has been similar, despite efforts to encourage emigration to that Colony from Italy, and an indication of the extent to which Libya has provided an outlet for Italian population is obtained by the fact that in 1934 the total Italian emigration to the Colony was ninety families.

In Italian Somaliland, where, with the assistance of the Italian Government, attempts have been made to develop a cotton-growing industry, the Societa Agricola Italo Somali, which is a company undertaking development, employs on its plantations only fifty Italians as compared with 6,000 natives. Nor was Germany's pre-war experience as a colony-owning power any more favourable to the theory that tropical Colonies provide an outlet for population, for in 1913 the total white population in German Colonies was only 28,000, of which only 18,000 were Germans, less, as has been pointed out on numerous occasions

recently, than the number of Germans earning their living at that period in Paris.

There is no evidence that the control of tropical Colonies by these powers would provide any greater outlet for population in the future than in the past. The non-self-governing areas in the world to-day are almost all in tropical districts which provide an extremely limited outlet for white races, as is evidenced by the fact that the white population settled in all the Colonies of tropical Africa over the last twenty-five years does not equal the increase in Italian population in a single year.

Consideration makes clear, indeed, that backward countries, even apart from climatic difficulties, are unlikely to offer substantial opportunities for settlement, for the very reason that they are backward and that as a consequence of that backwardness there exists within them cheap native labour with which the European settler is in competition and with which he can only compete by descending to the native standard of life, which is lower than the standard to which he has been accustomed in his home country.

As has been pointed out in the World Economic Survey of the League of Nations, the great migration of European people which carried across the seas 50,000,000 between 1850 and 1914 was not to tropical countries, but to North America, Australia, New Zealand, and South America. Moreover the pre-war absorption of European peoples by the United States was due primarily to improvement of communications, agriculture, and the rapid industrialisation of the United States which allowed of the absorption of emigrants and at the same time a rapid increase in the general standard of living.

It is important to note also that out of the average exodus of nearly 630,000 people from Italy before the war, some 40 per cent. went to the industrialised countries of Europe and not across the seas, while the great proportion of the rest went to participate in the development of the United States.

It is, indeed, true to say that, in the main, industrialisation, either within the home country or in other self-governing countries, provides the most successful means of absorbing an increasing population. It was industrialisation, not emigration, which in the main absorbed in pre-war days the expanding populations of Great Britain and Germany, and it is significant that whereas in the middle of the nineteenth century there was a substantial emigration from Germany to non-European countries, as Germany entered upon a phase of rapid industrialisation at the beginning of the twentieth century, the numbers of emigrants drastically declined.

It appears true to say, therefore, that not only is political control of colonial territory unnecessary for the purposes of emigration, since in the past the main movements of emigrants have been to self-governing countries, but that in any event the

Colonies do not offer an outlet for large numbers of European or Japanese people. And it is true to say further that so far as population pressure is a problem in any country, it is due to a slowing up of the normal process of absorption of population through greater industrialisation as a consequence largely of the general economic depression.

It must, however, be agreed that Italy, whose economy in the past was based on the expectation of a substantial overseas income from remittances by emigrants and which for various reasons finds industrialisation difficult, may not find it easy to maintain her population at a reasonable standard of living for some years, though the actual birthrate, while still high, is now falling.

Emigration might, therefore, in the case of Italy, make possible an increase in the standard of living, both of the emigrants themselves and of those remaining at home, but only if emigration were possible to countries where the standard of living is already high and where industrialisation is proceeding. The same is true of Japan.

Fundamentally, a return to the movement of population which once took place and which made possible a reduction in the population pressure upon those countries which could not maintain their populations at a reasonable standard of living without a more intensive industrialisation than it was possible for them easily to obtain with the resources at their disposal, is largely dependent upon measures to improve international trade. To-day restrictions upon emigration are imposed by all those countries which once freely offered opportunity to emigrants, and as those restrictions have been imposed as a consequence of economic depression within those countries themselves, they will not be removed until recovery from depression takes place.

Moreover, while the South American Republics, Canada, Australia, and the United States, amongst others, could support at a reasonable standard of life larger populations than they at present have, there can be no solution of the problem of population by a mere dumping of emigrants into the open spaces of these countries irrespective of their qualifications or of the financial resources behind them.

The Premier of Queensland has recently pointed out that during the peak period of migration to Australia the Australian Commonwealth and State Government borrowed overseas at least £500 per migrant, and it is obvious that a necessary accompaniment of a resumption of migration will be a resumption of the international flow of capital.

The International Institute of Agriculture is at the present time studying the problem of bringing together idle men, idle land, and idle capital, and it is along such lines as this, together with general measures for improving world trade, that the problem of transferring peoples from such genuinely over-crowded

countries as exist to countries capable of absorbing them will be found, and not by the transfer of colonial territories.

(5) EXPORT OF CAPITAL

How far is the possession of Colonies advantageous in providing a secure outlay for investment capital ?

In examining this question it is necessary first to state that for the purpose of this survey the premise that foreign investment is in fact advantageous has been accepted. That premise is debatable in so far as the whole population as compared with the comparatively small investing section is concerned, but this is clearly not the place for a discussion of that sort. It is perhaps sufficient to point out here that the opportunity of foreign investment is in practice regarded as desirable by the capitalist class and that the dissatisfaction of the "Have-not" Powers, all of which operate according to a capitalist conception of economy, will, therefore, certainly not be satisfied by an assertion that foreign investment is not in any event beneficial, so that the advantage of colonial channels of investment does not arise.

On the premise that an export of capital is advantageous the possession of Colonies is clearly beneficial to the capitalists of the possessing Power.

Such possession offers particularly the advantage of political control over borrowers, for the lurking fear haunting investors in foreign securities is that of default which they will be powerless to prevent. Defaults by borrowers have been a commonplace, for example, of the present economic crisis and the investor in colonial securities is obviously at an advantage in that default on colonial obligations cannot take place without the approval of the home Government which the investor, and particularly the large investor, is in a position to influence more directly than he can hope to influence a foreign Government.

This factor of political security is an important one for the investor and provides an obvious and financially valuable advantage accruing from colonial possessions, more especially to the investors in Government Bonds. There is, it must however be recognised, a comparable financial advantage to the borrower in that the investor pays for security by the acceptance of a lower yield on his investments than he would otherwise be prepared to accept from a borrower at a similar stage of economic and financial development.

It is obvious for example that Abyssinia, if she had desired to raise a foreign loan, would—quite apart from the present war risk—have had to pay a substantially higher rate of interest than, say, Kenya. The colonial umbrella, therefore, while it provides the home capitalist with a secure outlet for investment, does thus make it possible for backward territories to obtain finance for development more cheaply than they would otherwise be able to do.

This aspect of the matter will be referred to again later.

It is sometimes argued that the possession of Colonies, although in theory advantageous from the investment point of view, is in fact not important, the large British investments in South America over which we have no political control being cited in support of this argument.

But it must be pointed out that such investments were only possible because of the advanced organisation of the London foreign capital market. That advanced organisation was due to a number of factors, and more particularly to the start obtained by Britain during the industrial revolution and the accumulation of large amounts of capital in a comparatively few hands in consequence of industrialisation, full examination of which does not come within the scope of this paper. But the stimulus provided by the possession of a Colonial Empire available for capital development and the experience gained by colonial investment also played its part.

Thus, while on the one hand the existence of a highly organised foreign bond market does away to some extent with the necessity, from the investors' standpoint, of colonial possessions, an organised bond market both enables the investor to compete successfully with the investors of other Powers in securing new channels for remunerative export of capital, and at the same time increases the influence which he is able to exercise over borrowers, the possession of Colonies on the other hand undoubtedly assists in the creation of a highly organised bond market of this character.

Moreover, even where there exists a highly organised foreign bond market capable of securing a very large share of foreign investment in many fields of capital development, the possession of Colonies is nevertheless advantageous since the Colonial Empire provides what may be described as a steady source of bread and butter business during times of general financial upheaval. Colonial investment represents indeed a monopolistic basis of finance business upon which more competitive business can be built up. This monopoly is particularly valuable to banking and issuing houses who receive from it a valuable revenue in commissions both through the issuing of colonial Government bonds and the flotation of companies for developing colonial concessions.

The advantage offered by Colonies as channels of investment is relatively much greater where a highly organised foreign bond market does not exist and it must be remembered as an important practical point that in fact none of the principal so-called dissatisfied Powers—Germany, Japan, and Italy—does possess machinery for foreign investment comparable with that of London. Though it should also be remembered in considering their claims in this connection that none of them with the possible exception of Japan to a minor extent is in a position to invest abroad.

Germany for example is notoriously a defaulting debtor and not a creditor country.

Colonies offer to the capitalists of these countries therefore a substantial attraction in that they may provide a closed market for capital which is at a disadvantage in the open market because it has there to meet a much more highly organised competitor than itself.

In this connection the Japanese developments in Manchuria are particularly interesting. Political control of Manchuria by Japan was followed by the early repayment of the £6,000,000 of South Manchurian Railway Company $4\frac{1}{2}$ per cent. Sterling Bonds and their replacement by Japanese investment. Moreover, according to statistics published recently by the *Oriental Economist*, military aggression in Manchuria has been accompanied by a substantial flow of Japanese investment capital.

It is estimated that new Japanese investments in Manchuria reached a total of close on £20,000,000 in 1934 and around £18,000,000 in 1935, and although those totals are not large by British international investment standards they represent a relatively extremely important extension of Japanese financial influence.

Throughout the Manchurian adventure, indeed, finance has followed the flag even if it has not inspired its advance.

The control of Colonies in fact, in addition to providing a comparatively safe outlet for investors in foreign bonds, offers, what probably excites the envy of the capitalists of nations without Colonies even more, very substantial opportunities for profitable speculative investment through the obtaining of private concessions which practically always go to the nationals of the colonial Power.

A recent example of this is the Kenya gold mining ramp in which the interests of the native population have been sacrificed to that of British concessionaries and company promoters.

Between July, 1934, and February, 1936, ten Kenya gold mining companies were floated in London with a total capitalisation at par of £3,626,500, and a capitalisation on the basis of issue price of £4,800,000. These flotations, it is estimated, yielded an immediate promotion profit to those concerned in their flotation of well over £1,000,000.

The attraction to the capitalist of colonial possessions can thus readily be perceived.

An equally important aspect of the subject is the advantage to home industries. In the majority of cases where finance for developments is obtained in the London market the contracts to be financed by such issues are placed in Britain. This is an aspect of colonial ownership which must obviously have a considerable appeal to the "Have-not" Powers particularly where, as in Germany, industrialists are having difficulty for a number of reasons in maintaining export markets.

Remedies

Clearly in considering capital exports, as in considering other aspects of the colonial problem, the simple solution of handing over Colonies for exploitation by the capitalists of the present dissatisfied Powers cannot be accepted. We must abandon the whole idea of exploitation, not merely hand over the right to exploit.

So far as the more advanced Colonies are concerned, they aspire to some form of self-government and would resent either the imposition on them of a mandate or control of their borrowing powers. In these Colonies, moreover, there are political leaders quick to object, *inter alia*, to any unfair exploitation, while in addition to this safeguard these Colonies generally have, in Legislative Councils, elected representatives with power to influence financial and economic policy and legislation and to criticise the Executive.

Moreover, the granting of concessions to capitalists and the raising of loans must be approved by the Secretary of State, who can be criticised in Parliament.

In Colonies suitable for administration under mandate, the safeguards available in more advanced Colonies are lacking. Here it appears to be necessary to give to the Mandates Commission or to the Financial Section of the League or other appropriate League Authority considerable advisory and supervisory financial powers.

The most suitable machinery, it is suggested, would be through the setting up of a Colonial Development Board under the auspices of the League of Nations to supervise and to co-ordinate development in colonial territories subject to different mandatory authorities and having, as a sub-department, a Colonial Loans Board which could undertake to arrange the international issuing of colonial loans and which would also be available to advise, when requested, the more advanced Colonies referred to above.

The Colonial Development Board should be closely associated with the strengthened Mandates Commission and contain representatives of the Commission amongst its members as well as experienced colonial administrators and financial experts.

The duties of the Board would be :—

(1) The scrutiny for approval or disapproval of official projects of colonial development in any territory subject to the mandatory principle from the point of view of the application of that principle.

(2) Consideration of the proposals made for financing official projects of development from the point of view of ensuring that equality of opportunity for tendering or for the underwriting of any issue, under conditions equally applicable to all concerned, is given to all members of the League.

Such a system should prevent advantage being taken of a cheapening effect of the Colonial Stock Act upon the cost of finance.

(3) The scrutiny for approval or disapproval of new private projects, involving development in the colonial territories, including concessions of all kinds from the point of view of native interests.

The establishment of a uniform scheme for the collection of economic and social statistics from the colonial territories of different countries and the publication of these statistics annually.

Further it is suggested that the mandates system generally should be reinforced to secure greater equality of opportunity by a provision which renders compulsory the scrutiny by the Mandates Commission or a Colonial Development Board of contracts for the public services (*e.g.*, official engineering schemes) to ensure that, in contrast with the present position, there is equality of opportunity for firms in any State-member of the League to tender for the contract.

The Board should further have the power to hear interested parties and to conduct investigations in the territory involved.

In so far as official projects for development have been approved by the Board and finance provided under official Government guarantees by one or more governments, the Board should have powers to ensure that the proceeds of a guaranteed loan are expended effectively on the purpose for which it was raised.

As it is desirable that the present system whereby the financial interests of the mandatory power have a virtual monopoly in the commissions, &c., obtainable on colonial issues and in view of the fact that in many cases Colonial Government loans are too small to make an international issue very practicable, the possibility might also be considered of block issues on the same lines as is done at present in the financing of small Local Authorities in Britain by the Public Works Loans Board which issues blocks of Local Loans stock and then relends the proceeds to a number of Local Authorities.

(6) ADMINISTRATION (INCLUDING JOBS)

The suzerain power and its nationals undoubtedly enjoy certain special advantages both in Colonies and in mandated territories, even when the "Open Door" principle is in operation.

These advantages, in so far as they relate to markets, raw materials, investments, and migration, have already been examined.

There is also the fact that the suzerain power appoints the whole administrative and technical staff in every Colony and

mandated territory. The staff are selected, with very few exceptions, from citizens of the home country, and they tend naturally to favour the trade and other material interests of that country. Moreover, where the official population is, *e.g.*, British, the unofficial immigrant population tends to be predominantly British, too, a fact which in turn reinforces the sentimental preference for buying and selling in British markets. The effect is to canalise the general trade of the Colony in channels of which the native producer and consumer are often obliged to avail themselves, whether they share the sentimental preference or not.

The present method of staffing colonial administrations also places at the disposal of the home government a considerable and very useful body of patronage. The administrative staff even in mandated territory is in fact composed of nationals of the Mandatory Powers. The number of European British subjects serving in India and the dependent Empire to-day is approximately 20,000, made up as follows :—

India (Civil)	6,055
India (Military)	3,635
Colonies, &c. (Civil)	9,000
Colonies, &c. (Military)	500
	19,190

The emoluments of all these posts are paid from colonial or Indian revenues. They are all between £250 and £1,000 a year, except some hundreds which are above the latter figure. In the United Kingdom the numbers who command incomes between these limits are stated to be just under two millions. India and the Colonies therefore furnish a reinforcement of about 1 per cent. to this group in our society.

The above figures do not include those who draw pensions from colonial or Indian funds. Nor, of course, do they include the far larger numbers who are in unofficial employment in India or the Colonies.

Historically it is clear that the influence of British colonial expansion on the development of the class-structure in Britain has been important. This may or may not excite the envy of other nations. In any case, in future, as the dependencies move towards autonomy, the influence will presumably diminish, and administrative staffs, it may be hoped, will be drawn more and more from the indigenous peoples concerned. Everything, indeed, should be done to encourage that process. But there will certainly be an interim period during which a large field of employment will still have to be filled by imported personnel.

III

STATEMENT OF POLICIES AND REMEDIES

Before we bring together and amplify the remedies suggested in the preceding sections, it may be worth while briefly to examine the alleged economic grievances of the dissatisfied Powers as a whole, in order that they may be seen in their true perspective. The preceding section has shown that colonial territories are of some importance as producers of raw materials, markets for exports, fields for investments, and outlets for immigrants. Although, however, the economic value of Colonies is quantitatively small, the fact of discrimination exists in many instances: and discrimination is highly vicious in principle even if negligible in quantity.

However, the fact of discrimination must not delude us into thinking that the Colonies are quantitatively important. It must also not delude us into the still worse error of thinking that discrimination of this kind is a major, or even substantial, cause of the present economic troubles of Germany and Italy. These troubles must be seen in the whole context of world economic events in the last ten years: and in that context general tariff policy is more important than colonial policy, and monetary policy is more important than tariff policy. If the condition of the various relevant countries is examined in turn, it will be found that there is no correlation whatever between the possession of Colonies and either unemployment on the one hand or a shortage of raw materials on the other—Great Britain had acute unemployment in 1932, and has much reduced unemployment to-day, although she has possessed Colonies throughout. The United States had little unemployment in 1929, and acute unemployment in 1932, though she had practically no Colonies throughout. Germany had little unemployment in 1929 and no raw material shortage; very heavy unemployment in 1932, and little unemployment to-day, and an acute raw material shortage. She has had no Colonies throughout. Italy had no unemployment and no shortage of raw materials in 1927-29. In 1934 she had acute unemployment; and a shortage of raw materials appeared in 1935. Her colonial possessions were the same throughout. The Scandinavian countries are without unemployment to-day, though they have no Colonies. Holland, which possesses Colonies, has a far higher unemployment percentage than either Italy or Germany. Above all Japan has practically no Colonies, has overcome her unemployment problem since 1931, and has never experienced difficulties in obtaining raw materials.

It is clear that the possession of Colonies is not the major factor in avoiding either unemployment or a shortage of raw

materials. And tariff policy, though much more important, is also not the major factor. The exports of countries in the sterling area, including those of Scandinavia and Japan (which have few if any Colonies), have been increasing for the last four years. The exports of Germany (who has no Colonies) and Italy (whose Colonies are of little importance) and those of France and Holland (who have important Colonies) have all been decreasing or stagnant. Yet the world tariff situation has remained very much the same throughout those four years. And it is clear that Ottawa was not the main cause of the difference, since Scandinavia and Japan have increased their trade as well as the Empire. Japanese exports actually doubled between 1931 and 1934. If it is asked: "What is the main cause of the economic troubles of Germany and Italy?" the true answer must be that the immediate cause of their unemployment and falling exports is the overvaluation of their currencies, and the main cause of their raw material shortage is on the one hand overvaluation and on the other expenditure on armaments. Exchange clearings, bilateral trade agreements and so forth, are themselves largely symptoms of overvaluation. If any one doubts this general conclusion, they should compare the present situation in Germany and Japan. Germany, as a result of trying to maintain an over-valued currency and finance military expenditure out of loans, experiences acute difficulty in both importing and exporting. Japan, who freed her currency in 1931, is able to finance very large military expenditure out of loans and rapidly to increase her imports and exports at the same time, without any clearing agreements, bilateral agreements, or exchange restrictions.

Although, however, colonial and tariff discrimination are not the main cause of the present economic difficulties of Germany and Italy, they nevertheless play a very important part in diminishing world trade; and they are a source of just grievance in principle. Moreover, their removal is the one important contribution which the satisfied Powers can make to alleviate the troubles of the dissatisfied. For these reasons every possible effort should be made to remove them.

It has to be recognised, moreover, that, although the economic advantage of Colonial Empires is commonly exaggerated, nevertheless the control of Colonial Empires has certainly been of some advantage to colonial Powers during the depression, while in addition the chief colonial Powers where they had to draw upon outside, had, as creditor countries, no insuperable difficulties in acquiring the foreign exchange necessary to finance their purchases.

The case was different with the dissatisfied Powers, Germany and Italy; it so happens that a variety of circumstances has aggravated for them the economic difficulties in which the whole world has involved itself. In the first place, they were debtor countries, and in the second they were obliged for the most part to buy outside their own currency areas. The abandonment of

the old system of multilateral trade, and the growing tendency to substitute for it bilateral trade agreements, has been in some respects peculiarly unfavourable for them. Bilateral trade requires that the industrial countries should exchange their products for the raw materials and food stuffs required by them, but it so happens that the dissatisfied Powers, particularly Germany, in the main send their exports to countries which do not produce the raw materials required by them. The re-orientation of their trade from a multilateral to a bilateral basis presents, therefore, peculiar difficulties. These difficulties they have themselves, as we stated above, enormously aggravated by their own internal policies, particularly rearmament, and their clinging to the gold standard. Their decision to spend vast sums upon armaments and therefore to import immense quantities of raw materials necessary in the manufacture of armaments has been a primary cause in their difficulty of acquiring the foreign exchange necessary to finance those purchases, and the unfavourable exchange situation thus created has forced them to restrict the imports of raw materials and commodities not immediately required for their armaments programme.

It is true that the dissatisfied Powers, had they possessed a Colonial Empire, would have had the advantage of buying some colonial products within their own currency areas. But Section II has shown that colonial possessions are in no case of primary importance, either as sources of raw materials or as markets, in the economic life of any existing great industrial Power, satisfied or unsatisfied, and it is certain that if all the African colonial territories now in the possession of one of the imperial Powers had been in the possession of Germany or Italy during the last five years, the economic plight of those two States, given their present domestic economic policies, would not have been appreciably alleviated.

Bilateral trading agreements, however, may reduce the capacity of certain countries to purchase supplies of raw materials in so far as the agreements provide for concessions exclusively confined to the parties and, in their application, cause a diversion of trade. In this connection the Ottawa system is open to the most serious criticism, and so is any regional agreement which is exclusive in character and which in practice causes a diversion of trade. The number of regional agreements has multiplied since 1933, but by far the most important is based on the revised Rome Protocol of March 2, 1936, between Italy, Austria, and Hungary. Others have been concluded between the countries of the gold bloc (October, 1934), the Little Entente (October, 1934), the Baltic Succession States (September, 1934), the Scandinavian Countries and Finland (September, 1934), and the Balkan Entente (February, 1935). In practice these regional arrangements, with two exceptions, have had either no effect, or a negligible effect on trade between the participating countries

themselves and between the participating countries and third powers. Indeed the economics, particularly for export purposes, of the countries participating in each group are mainly competitive and not complementary. The two exceptions are the system of the Rome Protocol and of the economic Little Entente. But the former specifically permits bilateral agreements to be reached with other Danubian countries, and, in spite of the effect given to it, has not prevented an expansion of Germany's trade with Hungary in recent years. The latter has resulted in an increase of Czechoslovakian trade with both Yugoslavia and Rumania, in each case by about 50 per cent. in the last two years. But there has been no corresponding development in the trade between Yugoslavia and Rumania, while it must not be forgotten that trade between members of the group represents only a very small percentage of the total foreign trade done by the three countries. Moreover, in spite of the economic Little Entente, Germany's trade with Yugoslavia has markedly increased in recent years.

The fact is that the position of Germany and Italy in the great majority of the countries participating in such agreements is fairly effectively secured against unfair treatment by the existence of the most-favoured-nation clause in the majority of German and Italian commercial treaties.

The boot is rather upon the other leg in the case of Germany. The ruthless commercial policy of the German Government, particularly since the return of Dr. Schacht, is based on the manipulation of foreign exchange control to force barter-agreements upon countries which have accumulated a balance in Germany through the sale of their goods and services to Germany, and is proving one of the most disruptive influences in international economic and political relations to-day.

We may summarise the economic part of this survey in the following six propositions:—

- (1) Colonies are of some but not of great economic importance.
- (2) The non-possession of them is only really injurious in so far as discriminatory practices are adopted by the "possessors."
- (3) The abolition of discrimination rather than the exchange of territories should consequently be our aim from this point of view.
- (4) This abolition of preferential and discriminating practices will not remedy the dissatisfied Powers' principal economic troubles; the real remedy of those troubles is in their own hands.
- (5) Nevertheless the removal of discrimination, both for its modest economic and its general moral importance, should most emphatically be undertaken.

- (6) Such return to multilateral trade as is possible in present circumstances is desirable not only on general grounds but also because of the great dependence of certain of the so-called dissatisfied Powers upon a multilateral system.

We suggest that the most effective part which the British Empire could play in averting the threats to world peace implied in the present strangulation of international trade would be (a) by re-establishing the principle of the "Open Door" and equality of trading opportunity in all the dependencies, and (b) by freeing ourselves from the Ottawa Agreements and working towards the formation of a low tariff group open to all countries on equal terms, subject to the requirements of planned international trade through Import and Export Boards.

The first of these proposals would, we believe, best be linked up with the mandate system, and we recur to it below in discussing the possible extension of that system. The second proposal would have the advantage of avoiding the familiar difficulties which have arisen in connection with the most-favoured-nation clause, since it would not permit any country to benefit unilaterally from the lowering of barriers within the low tariff group. All countries wishing to benefit would have to give as well as take. Such a scheme would, it is true, call for the abandonment not only of the Ottawa Agreements but of the whole principle of imperial preference. But it has been made sufficiently clear in the earlier sections of this report that from the standpoint of world needs imperial preference is an anti-social principle, of doubtful advantage even to its supposed beneficiaries, and calculated gravely to prejudice any peaceful solution of the problems now confronting the dissatisfied Powers. The Labour Party should denounce it while opposing imperial preferential trading agreements. A distinction must, however, be made between such agreements and barter agreements made by Colonies themselves, primarily in their own interests, which may in some circumstances be justified by trading conditions.

We regard the removal of trade barriers on the above lines as one of the most important contributions which the British Empire could make to-day to the cause of peace.* It would, however, be desirable to supplement this by further specific action in co-operation with the other Colonial Powers in relation to (a) raw materials, (b) migration, and (c) the administration of colonial territories.

* The Party's policy on beet sugar and wheat is in accord with these proposals.

Raw Materials

We suggest that guarantees for uninterrupted supply should be given in the form of an international convention. The convention should provide :—

- (1) For the supply of raw materials on equal terms to all purchasers at all times, except when withheld by collective action as a penal sanction for the enforcement of international covenants. A reminder should be given here of the important distinction between economic and military sanctions. Recent experience in connection with the Abyssinian dispute has revealed the tendency of nations to be willing to apply sanctions that take the form of prohibitions on their own subjects, but reluctant to apply any which demand positive acts of hostility towards the offending country. For a country to interfere with supplies to an aggressor from its own territory, including its Colonies, is an economic sanction ; but similar interference with supplies from Colonies belonging to the aggressor is a military sanction. In this distinction no doubt lies one reason why dissatisfied Powers feel that, even without command of the sea, their position would be less insecure if they had Colonies of their own. But it is also a reason why under the proposed convention the withholding of supplies, when it takes place as a collective sanction, should from the first and equally cover all Colonies whether belonging to a sanctionist or to an offender.
- (2) The convention should also provide that, whenever arrangements for the restriction or control of supplies in which two or more Governments are involved are made by any country or countries as producers of raw materials, the interests of consumers should be safeguarded by governmental supervision and that consuming countries as such should be associated with that supervision.

Migration

Reasons have been given in the section on population problems (p. 30) for the view that little or nothing can be done to meet the demands of dissatisfied Powers with regard to population by means of colonial territories. No transfer of colonial territory would appreciably affect pressure of population in any of these states, and the possession of Colonies would not raise the standard of living of their citizens in so far as that standard is affected by over-population. The right lines for dealing with these problems are through international action directed to bring together idle men, idle land, and idle capital, to transfer peoples from such overcrowded countries as exist to those countries which are capable of absorbing them, and finally to improve world trade.

Administration of Colonial Territories

The possibilities here can be summed up under five general heads :—

- (1) Transfer of sovereignty in colonial territory from satisfied Powers to dissatisfied Powers, *e.g.*, some British or other Colonies might simply be ceded and become German or Italian Colonies.
- (2) Transfer of territory, which is at present colonial, as a mandated territory to one of the dissatisfied Powers which would then be answerable to the League of Nations.
- (3) Similar transfer of existing mandates.
- (4) Administration of existing Colonies, &c., to be undertaken no longer by the old imperial owners, but by an international authority acting for the League and representing the dissatisfied Powers as well as others.
- (5) Extension of the mandate system—a phrase the meaning of which is explained below.

Heads (1), (2), and (3) all involve the substitution of one nation for another as the governing authority in charge of the colonial populations concerned. Any of them, but particularly (1), might offer at least some temporary satisfaction to the *amour propre* of Germany and Italy—an advantage, if it is an advantage, which either (4) or (5) would clearly be less likely to secure. It happens, however, that there are grave objections to (1) on a number of grounds too obvious to need elaboration here, and the Labour Party, in our opinion, should reject it.

It should never be forgotten that the colonial populations have not only a claim but actually a paramount claim to consideration in any revisional scheme which may vitally affect the conditions of their social development, and that therefore Britain should only be a party to such a scheme if it carries their full and spontaneous consent.

In general, it may be said that any proposals for transfer either of sovereignty or mandatory responsibility are open to grave objections. They represent in effect an attempt to keep dissatisfied Powers quiet by paying blackmail. They are, moreover, based on a false psychological approach, since they perpetuate the notion that colonial "swag" is a legitimate possession, only needing fair distribution among the "robbers." The influence of the Labour Party should be used to secure Britain's final break with this tradition. The desire for equality of status with their peers, which underlies and explains the cry of the dissatisfied Powers for more prestige, must in general be met by endeavouring to make an end of all imperial domination, not by sharing its privileges and cares with those who now have neither.

Transfers of territory under present conditions, then, should be resisted and it follows that (2) and (3) are both lines of change which should not be followed. But if the changes were part of

a general settlement, including disarmament, collective security and the return of the dissatisfied Powers to a real League, and if the consent of the population were obtained, they should be considered. It might perhaps be argued that, so long as observance of the terms of a mandate is secured, it matters little, even to the subject peoples concerned, by what country the mandate is administered. But changing the nationality of the mandatory Power may mean changing also the official language of the mandated territory (with all the consequential upheavals in the system of education), changing the wonted principles of administration and the currency, and changing the type of native policy. Such changes might well put back the clock of advance for the indigenous population for a generation, and that population has a moral right of veto over them which the Labour Party should uphold.

As regards (4), the administration of colonial territories by an international authority under the League of Nations has attractions as well as difficulties. Ideally it is no doubt the right solution though its weakness is that in small instalments it would go very little way towards mollifying dissatisfied Powers. The analogies to be drawn from past experience are often assumed to prove that it would not be workable, at least at first. These analogies are, however, not really in point. Direct administration of colonial territories by the League would be international administration answerable to and controlled by an international organ of authority. International government of this kind has never yet been tried, except in restricted fields such as the control of international rivers, and there it has met with considerable success. The failure of various types of condominium, *e.g.*, that of the New Hebrides, is not relevant, for in those cases control has been divided between two or more jealous imperialist Powers with the not unnatural result that the territories have enjoyed all the evils and little of the efficiency of imperialism. There is much to be said for a real experiment of direct League administration in some selected area, even though it is not yet capable of wide application. The whole colonial problem to-day is ultimately caused by the acceptance of a system which necessitates colonial territories being administered by a single sovereign state, either as its "possession" or under a very shadowy mandate from the League. The belief that there is no alternative to this system is the excuse of Colonial Powers for retaining their Colonies and mandated territories, but in the eyes of dissatisfied Powers it is also a justification for their claim to share in the white man's "swag" or burden. If these colonial territories could be and were transferred from national to international government, the problem would be solved, for the distinction between satisfied and unsatisfied Powers would cease to exist. There is no evidence to show that such international government is unworkable, and it is eminently desirable that this question, which is at the root

of the colonial problem, should be settled one way or other by an experiment in international government under the League.

There remains (5), the extension of the mandate system. In this term two distinct proposals are comprised: (a) that Colonial Powers should accept the supervision of the League, acting through the Permanent Mandates Commission, in respect of territories now held as Colonies or Protectorates, and (b) that the present supervisory powers of the League should be made wider and more strict.

The first proposal contemplates that certain dependencies should be given the status of mandated territories and that, while Colonial Powers should continue to administer them, they should do so, not in exercise of the old arbitrary imperium, but as agents for the League and in accordance with provisions defined in a League mandate. Those provisions would include, among others, the four key-provisions of the present "B" mandates, *viz.*, that the well-being of the native peoples should be treated as a primary trust, that the "Open Door" should prevail for members of the League, that there should be no fortifications or military and naval bases and no military training of the natives for other than police purposes and the defence of territory, and that there should be an annual examination of the mandatory by the Permanent Mandates Commission.

The question arises: which dependencies should be treated in this way and be brought under the mandate system? The question has been considered in detail by the Conference of the Party at Hastings and the policy has been laid down in the statement on our Colonial Empire.* In that statement it was laid down that the more advanced Colonies should be assisted to self-government, and that the mandatory system should be accepted for all Colonies inhabited mainly by peoples of primitive culture. This phrase was further explained in a later paragraph, where our Colonies were divided into peoples of a European culture, such as the West Indies, peoples of an Oriental culture, such as Ceylon, Malaya, and the Straits Settlements, and peoples of a primitive culture, such as certain African and Pacific territories.

There are at present three classes of mandates: A, B, and C. The "A" class covers territories such as Palestine and formerly Iraq, nearly ready for independent status; the "B" mandates cover territories held to be somewhat less advanced, such as Tanganyika, where control of administration by a more advanced power is considered necessary; and the "C" mandates which cover backward territories which it was held could best be administered as integral portions of the territory of the mandatory Power.

In the main the territories which should be brought under mandates would be those of tropical Africa and the mandates would roughly correspond to the present "B" class. The mandate system in action should be inspired by the determination

* *The Colonial Empire*. October, 1933. The Labour Party. 2d.

that each mandated territory should make the quickest advance to self-government which its capacities permit ; the goal should be their admission as autonomous units to full membership of the League, carrying with it full political freedom including the right to secede.

In bringing colonial dependencies under the mandate system, the clause with regard to fortification, &c., may cause some difficulties, though, as the territories would be mainly African and they happen generally to be unimportant as military or naval bases, the difficulties should not present insoluble problems. The question of islands and other pieces of territory held specifically for their strategic value, *e.g.*, Gibraltar, is not raised by the claims of dissatisfied Powers which we are considering here, and their future status must be determined not by the economic claims and considerations with which we are mainly concerned in these pages, but by the whole international system, and the strategy of war or of peace which the system adopted by the world will impose upon individual states. The ultimate internationalisation of purely strategic bases is part of the Labour Party's policy, but it depends upon the establishment of a real international authority and a real system of collective security. It is, however, important to observe that even in the territories which we have been considering as suitable for transfer to the mandates system strategical importance depends entirely upon the international system which the world chooses to adopt. The colonial settlement contemplated in this paper is part and parcel of an international system based upon a real League and real collective security. It cannot be separated from such a system and would be quite impracticable in a world of rival, imperialist, armed Great Powers. On the other hand, once a League system of collective security were really established, colonial territories would lose their strategical importance.

In offering to bring her African tropical Colonies under the mandate system, provided that such a League system of collective security is accepted and established, Britain should take steps to see that other imperial Powers were invited to deal with their Colonies on similar lines. Even if that invitation were not immediately and universally accepted, Britain should declare that it accepted the mandatory system in principle for all Colonies inhabited mainly by peoples of primitive culture and would accept the scrutiny of the Mandates Commission in such cases, if it could be arranged.*

The offer should also be conditional on an extensive reform of the mandate system being carried into effect at the same time. At present the Permanent Mandates Commission is a mere group of auditors who certify to what extent the terms of a mandate have been observed by the mandatory during the year under review. This is extremely inadequate, and the need

* See *The Colonial Empire*.

for machinery giving the League direct control over policy at certain key points is clear. The main heads of reform calling for consideration are as follows :—

- (a) The mandatory in raising loans should do so in consultation with the League and under conditions which afford any Member of the League an opportunity to invest and to share in the economic possibilities resulting from the loan. The best way to ensure this would probably be the creation of a League Loans Authority (such as is suggested above in Section II, Export of Capital), which would ensure equal opportunity for investors of all League members.
- (b) While private enterprise cannot, of course, be ruled out, Government development should be used, wherever financial and administrative circumstances permit, so that the natural resources may, as far as possible, be kept under social ownership for the benefit of the native inhabitants and that in particular native ownership of land shall not be alienated. The development should, in fact, wherever possible, be undertaken either by co-operative methods among the native inhabitants or by State-controlled agencies on their behalf.
- (c) Members of the Mandates Commission should undertake periodic tours of inspection in the mandated territories.
- (d) There should be the closest co-operation between the Mandates Commission and the I.L.O. The mandates should contain a clause requiring the mandatory Power to adhere to and ratify all conventions passed by the I.L.O., if required by the Mandates Commission.
- (e) Representatives drawn from African and other populations concerned should be eligible for membership of the Mandates Commission.
- (f) Aggrieved parties in mandated territories should have the right to appear before the Commission and be heard.
- (g) The Commission should be invested with the duty of seeing that, so far as possible, equality of opportunity is secured for the nationals of all League members to enter the Public Services of mandated areas and that there is no discrimination on national grounds in securing the best man for appointment in the Public Services of such territories.
- (h) Mandates should be held in trust from the League and the League should be recognised as the ultimate authority over mandated areas; the League should not recognise the assumption of sovereign powers by any mandatory Power in respect of mandated territory, and in the event of a mandatory leaving the League, the mandate or mandates held by him should revert to the League.

IV

METHODS OF PROCEDURE

The first question, and the most important question of all, to determine is whether the subject dealt with above, or any part of it, should be made the subject of inter-Governmental discussion immediately, or should be held up until there is what is described as a "calm atmosphere." It is highly improbable that such a calm atmosphere will prevail for a very long time to come, so that a postponement of this kind might very well mean a postponement for ever. There is every reason for hurrying on the discussion of these problems. It is a matter of common experience that the best chance of getting a subject discussed is at the time when it is, for whatever reason, in the public eye, and is being mentioned frequently in the newspapers. Ideally, it might be better to discuss it when no emotions and no prejudices were aroused, but, as a matter of fact, that would mean that it would not be discussed at all.

The next problem is the order in which the various subjects which are dealt with above should be brought up for discussion. On many grounds it would be desirable to leave the questions of territorial change and the mandate system for subsequent discussion, and to deal first with the questions of (a) raw materials, (b) access to markets, (c) migration.

An International Conference, to deal with some at least of these questions, has now been officially put forward as one of the Proposals of the Locarno Powers (other than Germany) of March 19, 1936, and the suggestion is also discussed in the French Government's Proposals of April 8, 1936.

The great advantage of such a Conference would be that those Powers which have grievances would be called upon to state their case, and would be given a fair opportunity of doing so.

Such a Conference should be preceded by an International fact-finding Commission, which would utilise all the resources of the League's Economic and Financial Committees and the International Labour Organisation. These bodies have already accumulated much information bearing on the subjects to be discussed.

The British Government should put forward a definite scheme of re-settlement, on the lines indicated in this paper, for consideration by the Conference.

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