

RAW MATERIALS,
POPULATION PRESSURE
AND WAR

SIR NORMAN ANGELL.

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PUBLICATIONS

World Affairs Pamphlets printed on fine book paper and bound in cloth. Annual subscription \$4.00.

World Peace Foundation books printed on fine book paper, bound in maroon cloth, fully indexed. Two to four books per year. \$2.50 each.

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By

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WORLD AFFAIRS BOOKS No. 14

1936

WORLD PEACE FOUNDATION
BOSTON NEW YORK

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January, 1936

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Raw Materials, Population Pressure and War

I.

PREVAILING OPINIONS ABOUT THE FACTS

IN RECENT TIMES certain economic explanations of war have become all but universally accepted. It is commonly assumed, almost without question, that the root of modern war is to be found in economic necessity or economic greed. War is believed to grow out of the need of industrial peoples for raw material or for outlets for expanding population; or out of the desire of capitalists for the expansion of profits, for opportunities of exploitation; or out of the need to dispose of surplus production which the home market cannot absorb. Perhaps the commonest of all generalizations about the existing international situation is that its fundamental characteristic is a struggle of the "have nots" against the "haves." We are assured that the crises of the last few years, alike in the Far East, in Central Europe and now in East Africa, have arisen from the efforts of the "have nots" to correct an inequitable and unfair distribution of the world's resources. Japan's conquest of Manchuria, Germany's determination to have done with the shackles of the Treaty of Versailles, and now Italy's invasion of Ethiopia, are all held to be plain confirmation of this theory. War is regarded as a manifestation either of an old historical phenomenon—the pressure of population upon the means of subsistence—or of the effects of modern capitalism.

It is not a new theory. Even before the war one or other version was commonly stated as the ultimate explanation of the

conflicts which were then seen to be impending. "The same struggle for life and space which more than a thousand years ago drove one Teutonic wave after another across the Rhine and the Alps," wrote a pre-war commentator, "is now once more a compelling force. Colonies fit to receive the German surplus population are the greatest need of Germany." And the implied conclusion was that Germany was fighting to obtain space for expansion, as so many assume that she will fight once more to the same end, or as Japan is fighting in China, and Italy in Africa. The case was put by a popular pre-war writer (Mr. Robert Blatchford) in these terms:

"Why should Germany attack Britain? Because Germany and Britain are commercial and political rivals; because Germany covets the trade, the Colonies, and the Empire which Britain now possesses. As to arbitration, limitation of armament, it does not require a very great effort of the imagination to enable us to see that proposal with German eyes. Were I a German, I should say: "These Islanders are cool customers, they have fenced in all the best parts of the globe, they have bought, or captured fortresses and ports in five continents, they have gained the lead in commerce, they have a virtual monopoly of the carrying trade of the world, they hold command of the seas, and now they propose that we shall all be brothers, and that nobody shall fight or steal any more." (Germany and England, pp. 4-13.)

Indeed Mussolini leaves us in no doubt that this is the impelling motive of Italy's policy today. Again and again he has declared that Italy is doing late what other European nations, like Britain, did early; the Italians are asserting their right to "a place in the sun," to their due share of the resources of the world—resources and space adequate for an expanding population. He and his spokesmen keep reminding us of the density of the Italian population, of Italy's poverty in essential materials of industry. How is Italy to live unless she seizes the means of life?

Says SIGNOR GRANDI:

"Ours is a vital problem that involves our very existence and our future, a future of peace, tranquillity and work for a population of forty-two million souls, who will number fifty million in another fifteen years. Can this population live and prosper in a territory half the size of that of Spain and Germany, a territory lacking raw materials and natural resources to meet its vital needs, pent up in a closed sea beyond which its commerce lies, a sea the outlets of which are owned by other nations, while yet others control the means of access—the Caudine Forks of her liberty, safety, and means of livelihood—and while all the nations of the world are raising barriers against the development of trade, the movement of capital, and emigration, denationalizing whoever crosses their frontiers to enter, I do not say their own homes, but even their protectorates and colonies?"

Even the Pope seems to have joined his voice to demands of this character. An International News Service despatch dated from Vatican City on October 19, 1935, reads:

"Pope Pius is aiming at persuading England to make both territorial and economic concessions to Italy to settle the European and East African war crisis. . . . The idea underlying the Vatican's peace efforts was that the territorial and economic concessions by England would give Italy her 'needed expansion'. This expansion was considered not a right but a necessity."

Messrs. FRANK H. SIMONDS and BROOKS EMENY explain the purpose of their book *The Price of Peace* in these terms:

"It undertakes to prove that precisely as a century ago European peace was impermanent because of political inequalities existing between the nationalities of the Continent, so to-day, world peace is similarly precarious because of the economic disparities existing between nations. . . . The aim of the authors is not to prove that new wars have already become inevitable, but simply to demonstrate that no viable system of organized peace can be founded upon the contemporary status quo of material inequality. . . ."

In the conclusion of the book the authors state that "in the absence of the assurance of economic security to the peoples of all the great powers,"

"the world will presently be condemned to witness new struggles between the great powers, some seeking to acquire, others to retain, those resources in raw materials and minerals essential to modern industrial life. . . . Patently this price of peace must be paid by those nations, of which the United States is the most striking example, whose material resources bestow the largest measure of economic self-sufficiency."

The purpose of the pages which follow is to inquire how far this diagnosis and its underlying idea are sound—to examine the real nature of the raw materials and population problem, in order to establish a dependable basis for the type of remedy for which the situation calls. It is not always very clear to what remedy the diagnosis just indicated is presumed to point. Does it imply that we must secure, or allow to take place among nations, a redistribution of territory so that the "have nots" shall get their share? Does it mean that expanding populations like the Italians, the Germans, the Japanese, the peoples of India (where pressure of population is perhaps greater than anywhere else in the world) shall in some way enter into possession of territories not now theirs? Is the implication that we should attempt to re-draw the map of the world with a view to general national self-sufficiency? Are we, that is, to attempt to make autarchy, economic nationalism, workable? Or does solution lie in the opposite direction of economic internationalism? Is the remedy to attempt to change frontiers or to make them of less economic importance?

It is necessary to ask these questions at the beginning in order to know what it is we want to find out in the maze of economic and political phenomena which confront us.

As will be seen from some of the above quotations the problem is very often, usually indeed, stated in terms which quite clearly imply that solution of the war problem is only to be found in the redistribution of territory, by taking something from the "haves" and giving it to the "have nots" in re-drawing the map of the world. Thus, in a passage typical perhaps of general or popular interpretation of the situation, a writer whose article appears in the Hearst Press of August 29, 1935, says:

"Formerly there was a large-scale emigration from Italy to the United States. This cared for Italy's excess population. To-day, as the result of new restrictions, immigration is practically nil. Indeed Italian immigrants in some cases are returning home. Italy must have more lands for her people. Either that or birth control. She does not take to the latter."

The same writer's interpretation of Mr. Frank Simonds' thesis (from which interpretation, however, Mr. Simonds himself would probably differ) indicates also what is almost certainly a prevailing view. The Hearst commentator continues:

"Most of the international troubles facing the world can, Mr. Simonds says, be traced to the clashing interests of the 'haves' and 'have nots'. . . . Content with their present possessions the 'haves' are peace-loving, abhor thoughts of war, label campaigns of conquest as flarebacks to barbarism and excoriate the war-makers. Possessing ample lands for teeming populations, they look upon nations that seek additional territory by force of arms as highwaymen and robbers. The 'have nots' are by no means content with things as they are. They need land. And they propose to get it in one way or another. They have no use for pacifism except as pacifists may be used to induce the 'haves' to disarm. With growing populations hammering at narrow frontiers, they look forward to the day when their field marshals and admirals will lead them to victories that will win the territories they covet. . . . Ultimately the 'haves' must give the 'have nots' the land they need or in the end they must fight to prevent them from taking it."

Such comments could be multiplied literally by the thousand. The above, typical of so many, have been given at some length because they all agree in one conclusion indicating one type of cure for war—redistribution of territory. The "haves" must give up part of their land to the "have nots." The map of the world must be re-drawn.

II.

AN OUTLINE OF THE ACTUAL FACTS

IF REDISTRIBUTION were indeed the necessary condition of peace—if the choice were between war and persuading the United States, let us say, or Canada or Australia to allow part of its territory to become an Italian, or a German or a Japanese colony—we might feel that the cause of peace was indeed hopeless. For we know that this country could never be persuaded to "hand over" California to Japan or Pennsylvania to Germany; and what Americans are not prepared to face themselves they could hardly urge upon Australians, or Canadians or the British.

The implication of these pages is that solution does not lie along the lines of territorial redistribution of that kind at all. There is indeed a raw materials problem and a population problem. But the solution is not to be found along the lines of re-arranging frontiers. That would immediately bring ethnic and national claims into irreconcilable conflict with economic need, since none of the "have-not" nations could be made even relatively self-sufficient without including foreign elements within its borders and so doing violence to the principle of nationality and self-determination.

Before any intelligent discussion of the remedy is possible we must be clear as to the nature of the disease. We cannot be clear as to the nature of the disease without weighing certain facts commonly ignored—facts which it is the purpose of this paper to outline. Among them are these:

(1) Experience—notably perhaps the experience of the United States—proves that self-sufficiency, even of a degree not possible with most states, does not solve the characteristic economic troubles of our time; is no guarantee of prosperity.

(2) Self-sufficiency is not necessary to a high degree of prosperity.

(3) The trouble with raw materials is not scarcity, or the fact that nations tend to keep them to themselves—not difficulty of access, that is; the trouble is to find the means of payment for raw materials desired.

(4) If one could re-arrange the map of the world so as to make each nation relatively self-sufficient to-day, it would probably cease to be so in a few years' time owing to changes of invention or changing need. Coal, for instance, might be a predominant need at one time, petroleum or rubber at another.

(5) The inequalities of the Versailles Treaty are frequently quoted as standing in the way of peace. Yet we know that if the treaty could be so completely revised as to put back Germany into the position it occupied in 1914 this would be no guarantee of peace, because when Germany was in that position peace was not kept.

(6) Population problems in the modern world cannot be solved by the conquest of colonies: the results in the case of German, Japanese, and Italian experiments as well as British experiments reveal this abundantly.

These points are worth examination in a little more detail.

II.

RAW MATERIALS

THE FIRST FACT to note is that there is abundant raw material. So much so, indeed, that our main efforts are directed to restricting the quantity produced. Raw material is available to the user, of any nation, who can pay for it. The claims about the "needs for sources of raw material" would seem to imply that nations producing raw materials can keep, or desire to keep, those raw materials to themselves. But the outstanding fact about the producer of material anywhere is that above all he desires to get rid of it.

Is there in fact a single state producing raw material which desires to keep that material to itself? Is the problem really one of any difficulty of access? Is not the difficulty rather that of paying for it? Will not the Kansan sell his corn as readily to an Italian as to a Californian if the Italian has the money wherewith to buy? And can the Californian obtain the corn unless he has the money wherewith to buy? He cannot get it for nothing just because that corn happens to be grown on territory which as an American citizen he "owns."

Nations have had in the past, indeed have today, great industries and a large measure of prosperity based upon raw materials which are not found within their own borders. Take the case of the British cotton trade. During the nineteenth century Britain based her greatest single industry—the export trade in which was greater than that of any other British product whatsoever—upon raw material derived from a foreign state. There was no need for Britain to "conquer" Louisiana or Texas in order to avail herself for a hundred years of the products of those states, basing thereon an amazingly prosperous industry.

And just as it was not necessary for Britain to go to war with the United States and conquer Texas and Louisiana in order to have raw material for her Lancashire cotton industry, neither was it necessary for the United States a century or so later to go to war with Britain or Holland in order to get one of the main raw materials required by the automobile industry, rubber. If automobile manufacturers desired to own rubber plantations under Dutch or British political control, it was open to the American manufacturers to buy rubber shares in the open market. The most serious difficulties of the American automobile industry have not been due at all to the fact that one of the raw materials was produced abroad. The attempts made by the rubber industry to prevent a suicidal collapse of prices by restriction of output, were in fact, nothing like as drastic as might have been the restrictions had the rubber-growing industry, situated under the American flag, been subject to such restrictions as the year 1935 has familiarized us with in the case of actual home grown materials.

The mention of rubber is a reminder that, if it were possible so to distribute the raw materials of the world that each nation "got its share," the distribution which would be equitable today would be inequitable and quite unworkable tomorrow. As late as the beginning of this century coal was deemed to be the one basic overriding need, since it was the one source of industrial energy. There were theorists who drew maps to prove that coal was at the bottom of all modern wars. But coal today is no longer king. Oil and water-power have largely supplanted him. Having re-drawn the map of the world in terms of coal in one decade or generation, are we to re-draw it again in the next in terms of some new need, like rubber—a need which did not exist half a century ago?

And if it were possible to get national self-sufficiency by means of territorial re-arrangement, by shuffling frontiers about and handing African or Asiatic territory from one rule to another as though the inhabitants were cattle, what prospect is there that that would even touch the characteristic economic difficulties of our time?

The world is going through dire economic troubles at this moment, unemployment, monetary chaos, uncertainty and insecurity of all kinds. But often these troubles are most severe where self-sufficiency is most complete, and have plainly little relation to lack of natural resources. For great nations like the United States that have vast resources and are as self-sufficient as any civilized nation ever could be in a world that needs rubber and coffee and cocoa and nickel and asbestos and quinine and about a thousand other things—suffer about as much from the characteristic economic troubles of our time as nations which are not at all self-sufficient, like Britain, like the Scandinavian nations.

It is a suggestive fact that some of the most prosperous states of the world—those, that is, which have evolved the highest standard of living and of civilization—are among the least self-sufficient; while those abounding in natural resources, like some of the Central and South American nations, have an extremely low standard of living and an unstable civilization. Compare the standard of living and civilization in the Swiss Republic, one of the least self-sufficient states of the world, with the standard of certain South American republics, which have immeasurably greater resources and come very much nearer to complete self-sufficiency. Compare the standard in the Scandinavian and Baltic nations—Norway, Sweden, Denmark, Finland—with that of some of their larger and more powerful neighbors. These countries are deficient in some of the most

vital of materials; their soil is in large part poor. Yet they do not feverishly build up their military power, nor make threatening demands for "outlets"—and do not seem to need them. They clamor for no "place in the sun," but they are prosperous, highly civilized and stable. They have recovered first and recovered most from the Great Depression without any question of "expanding" their frontiers, or engaging in military adventure.

It is true that in certain cases to-day we find great industries that were dependent upon foreign raw materials (like the cotton trade of Lancashire) declining, and in large part moribund, with hundreds of thousands of operatives unemployed. But this is not from any lack of raw materials (now being plowed under and their production limited), but broadly because other raw materials which others produce—in Argentina, in India, in China, or other parts of the East—cannot be sold, so that those producers cannot buy. It would not have helped the Lancashire cotton trade appreciably, nor prevented any of the difficulties which the industry has encountered, for Lancashire to have drawn its material from territory within the confines of the Empire. The hardly less stricken woollen textile industry of Yorkshire does draw its raw material from within the empire.

But the unmistakable experience which most conclusively condemns efforts at mere territorial re-arrangements as an adequate cure for war, is precisely the most overwhelming and tragic experience of our time—that of the Great War itself. We know by the proof of that unique event that a very great degree of revision of territorial boundaries, like those demanded by protagonists of the revision of the Treaty of Versailles, would not necessarily give us either peace or the solution of our economic problems.

The Treaty of Versailles is assuredly a bad treaty and needs revision. Few writers have criticized it more severely perhaps than this present one. But that no revision of itself could possibly secure peace is demonstrated tragically by the fact of the Great War itself.

Let us suppose that the treaty could be so thoroughly and radically corrected that Germany could have restored to her everything which she possessed in 1913—not only her African colonies but all the territories in Europe now under other rule—the rule of France, of Denmark, of Belgium, of Poland, of Lithuania. Such revision is probably beyond even German dreams. It could never be as complete as that. But supposing it were actually effected, to that thorough-going extent, why do we know, by unmistakable experience, that it would not ensure peace? Because when Germany did possess all that territory and all those resources she was a gravely disturbing factor in Europe and the peace was not kept. How then can we argue that "satisfaction" in the matter of resources falling far short of her circumstances in 1913 would keep the peace?

The suggestions, often made so casually, that "revision is the road to peace" imply that there is general agreement among those concerned as to what is "fair." But there is no such agreement. Everyone who has ever been in close touch with the main territorial disputes in Europe knows that what one side believes with passion and conviction to be most elementary justice, the other side with equal passion and conviction and sincerity believes to be an outrage upon justice. Yet in the presence of such a situation a very common conclusion is that anything in the way of an international institution like the League of Nations should be postponed until there is "a fairer status quo," which means that we should not attempt to repress war, that we should leave loopholes for it, until the nations get justice,

for fear that institutions of international order should stereotype injustice. It is like arguing that there should be no courts of law until our social or economic system is completely just. But absence of courts or constitution would not make justice easier. They are not the alternative to justice; they are the means by which gradually it may be realised, and exist largely because injustice is so rife. Changing the status quo by war means changing it at the will of the victor, and that will certainly not mean justice; it will mean merely that the injustices will be on the other side of the fence. These disputes never can be settled satisfactorily until the disputants are prepared to accept some method of third-party judgment, and until, by international arrangement, frontiers become of less importance economically and strategically—as a factor, that is, of defense. To say that there can be no peace till we get a better status quo is to invert the true order. We shall never get a satisfactory status quo except through the method of peace.

If remedy is to be along the line of territorial rearrangements, how are we to reconcile the national aspirations of one people for independence with the economic needs of another? Were the Germans right to annex Alsace Lorraine in 1872? They were a rapidly expanding people in great need of coal and iron for their industry, while France, already fairly self-sufficient and with a declining population, did not need those mineral resources to anything like the same degree as did the Germans. There were the wishes of the population of Alsace Lorraine itself to be considered too. Should they be the deciding factor? Again, did Britain betray her unemployed of two or three million when she disturbed the British economy—already deeply disturbed—by giving Ireland and India the right to fix their own tariffs? And does Mr. de Valera betray Southern Ireland economically when he desires Ireland to remain outside British

political frontiers which include mineral resources—particularly coal and iron—which the Irish certainly need and which as citizens of the British state they would "possess" equally with the British?

It is strange to hear this talk of difficulty of access to raw materials at a moment when almost every nation in the world is trying to get rid of its raw materials at something less than cost price, or is engaged in measures designed either to limit its own or keep out, not take possession of, the raw materials of others.

A certain American experience throws light on the matter of raw material and the question of how far conquest of territory helps to solve the market problem which is at the root of the difficulty. It is now nearly forty years since America herself entered upon an "expansionist" policy in the conquest of the Philippines. Among considerations promoting the venture were the economic argument for the conquest of markets, of areas of capitalist expansion, as well as for sources of certain tropical raw materials entering more and more into modern industry. But note what has just happened. The Philippines have been *dis*-annexed and almost the whole "economic interpretation" of the dis-annexation can be summed up in the fact of the "glut" in certain raw materials throughout the world.

The Philippines are particularly adapted to the production of sugar, vegetable fats (which are a substitute for butter and for animal fats used for culinary purposes) and fibres that are the raw material of many industries. With those materials, produced under favorable natural circumstances, the beet sugar of the great American concerns could not compete; while the producers of lard, and the dairying interests, found themselves badly hit by the competition of the cheap vegetable fats. With

dis-annexation the Philippine product becomes a foreign product, to be excluded by high tariff from the American market.

That is to say, the main economic tendency, the pressures which economic need sets up, were in the direction, not of the seizure of raw material, the acquisition of new areas for its production, but of its exclusion, its limitation.

And this, in the day of "glut," far from being an exceptional and abnormal case running counter to general tendencies, is characteristic of tendencies in every case dominated by economic and not political motives.

The terms we so often use in the discussion about this or that nation "possessing" territory producing raw materials, implies a grave confusion between the political and the economic functions. We talk commonly as though a change in political frontiers involved a change of ownership in land or mines. It is impossible to discuss this subject with any clarity of thought if we accept at face value the words and phrases commonly employed. We must realize how inaccurate and misleading much of this terminology is—realize that it is so inaccurate as grossly to distort our thought.

At the root of the proposal to remedy the economic difficulties of nations in the modern world by transfer of territory, there usually lies a confusion of thought due to this inaccuracy of terms. We talk of the British "ownership" of Canada or the French "ownership" of Algeria. But of course there is no ownership. Not a single Englishman owns a single thing in Canada by virtue of whatever may remain of the shadowy political relationship between Britain and Canada; nor a Frenchman a single thing in Algeria. We speak commonly as though when a province or colony passes from one government to another there is an actual transfer of property or material from one

group of owners to another. But when Germany conquers Alsace or France takes it back, there is no transfer of "property," since the real owners are transferred with the property. The farms, factories, houses, shops, shares, furniture, remain in the same hands after conquest that they were in before. There has been a change of political administration, of government, which may be good, bad or indifferent, worth dying for—or dying to resist—but there is not, properly speaking, a change of ownership.

When Britain entered upon what so many Englishmen regarded as an utterly unjust and unnecessary war against the Boers, foreign observers commented usually that "Britain was tempted by the gold mines." But not six pennyworth of mining shares were transferred as the result of the change of government which took place at the end of the war. And today, of course, the British government has no sort of control over the mines, the acts of the British House of Commons having no validity in the South African Union.

These are not academic distinctions prompted by pedantry; they go to the very root of things when we begin to discuss cures for our troubles. The difficulties in connection with raw materials and the utilization of the world's resources for man's welfare are real and great enough in any case. It is of the utmost importance not to add to those difficulties. A problem already refractory enough must not be made altogether insoluble by complications which are gratuitous and which a little clarity of thought and care in the use of words would avoid.

Some commentators, in the attempt to explain the drift of German policy before the war, made exactly the case which Mussolini now makes. One critic wrote in 1912:

"Germany *must* expand. Every year an extra million babies are crying out for more room; and as the expansion of Germany by peaceful means seems impossible Germany can only provide for those babies at the cost of potential foes. . . . She needs the wheat of Canada, the wool of Australia. . . ."

It was of course open to her to get that wheat and wool on exactly the same terms as a Britisher gets them. The Britisher cannot get them without paying for them, and if the German could manage to change places politically with the Britisher, the former would still have to pay. And the point is that he would have to pay just the same price at which he could obtain the wheat without having to conquer the country at all. The change of political situation would not alter the fundamental economic situation in the least. Before the war had smashed the international apparatus by which industrial populations were fed, a state like Germany lived largely by the "exploitation" of territory of which it did not own and did not need to own a foot. Argentina, Brazil, Australia supplied Germany with food and raw materials in exchange for manufactured goods, quite irrespective of the fact that they were not German colonies, not part of a German empire. Australia supplied Germany with wool on exactly the same terms as it supplied Britain. The Bradford manufacturer could not get wool for nothing because in the very misleading terminology employed in this connection Britain "owned" Australia. The word "own" in this connection is, of course, meaningless. British law does not run in Australia, or any other British Dominion, and the Australian fiscal arrangements — tariffs, currency, immigration laws, subsidies, quotas, are all settled at Canberra, not London. Australia—also like other Dominions—imposes on British manufacturers tariffs which are in many cases much steeper, much more injurious to British trade than the tariffs of many a foreign state like

Denmark or Argentina. India has now won a similar fiscal independence.

Those who believe that to "own" territory means owning its market, might compare the extent of the trade of Britain with the Scandinavian countries, and the extent of British trade with some of the Dominions. Is it generally realized that the Scandinavian countries—lesser foreign states, regarded politically as so very negligible—are a much better market for Britain than, for instance, Australia? And that they are nearly as good a market as India, which would remain a market even if it were as independent as the Scandinavian countries? In 1933 Australia took 5.8 per cent of Britain's total exports; but the northern countries (Norway, Sweden, Denmark, Finland) took 7.4 per cent, a percentage only exceeded in the case of Empire countries by India's 9.1 per cent.

The London *Economist* in its issue of June 1, 1935, says:

"It will be seen that Britain's trade with the countries of Northern Europe is improving, in consequence mainly of our recent trade treaties with them. But it will also be seen to what extent all of them, especially Denmark and Finland, are dependent on the British market, which, in 1934, took respectively 63 and nearly 47 per cent of these two countries' exports. All these countries have trade agreements with Great Britain, negotiated and signed by each of them separately in 1933, but undoubtedly forming links in one long chain. The agreements have secured for England definite export coal quotas, and have given the Northern countries certain guaranteed outlets for their staple exports in return. These countries are carrying out the agreements scrupulously; England is now the largest supplier of both Denmark and Norway; and her sales, especially of coal and textiles, have increased in all of them.

"But while the four countries have gone almost as far as they

can go in the circumstances of today in expanding their imports from us, they do not feel that they have always received full recognition of their efforts or a great deal of encouragement on the British side."

Great Britain sold to Canada in 1929 \$182,303,460 worth of goods, but the United States sold Canada \$948,446,000 worth of goods. Yet the United States does not "own" Canada. It does, however, "own" the Philippines (or did in 1929). It is a colony having a population rather larger than that of Canada. To this colony the United States sold \$85,530,000 worth of goods in 1929. That is to say to Canada, a foreign state, it sold more than ten times as much as to its own colony with a population even greater than Canada's.

The real difficulty about raw materials is to be found in the obstinate fact that Canadian wheat or Australian wool is only available to the British miner or textile operative if he can sell his coal or his cloth, as the case may be; and both in Canada and Australia British textiles are all but excluded.¹

We shall miss the signposts altogether unless we grasp the elementary fact in relation to raw material that the difficulty is not any tendency on the part of the producer anywhere to withhold it. The difficulty is to get rid of it at a price (measured by the cost of other goods) which makes that production economically feasible. We shall see presently, moreover, that this difficulty lies at the root of the population difficulty.

Raw materials are wealth only if the producer can get rid of them. Neither the Pennsylvania miner nor British miner, nor the Texan cotton grower can eat his product, nor build his house with it. If it is to mean food, shelter, a civilized standard of living, he must get rid of it. Get rid of it to some one who has money; who can get money by one means only in the long run—by getting rid of *his* material (or services) to someone

else who has money. But this other person can in turn get money only by getting rid of *his* material . . . and so on around the world.

Wealth in the modern world is vitally dependent upon the maintenance of a certain process, upon keeping the traffic moving, as it were, upon the commercial highways of the world. From the moment that that traffic becomes blocked by the sort of dislocation that always follows upon war, material ceases to be wealth; the Brazilian has to burn his coffee, the Kansan his corn. But neither burns the coal of the Pennsylvanian miner, who goes without the coffee and the corn.

The truth therefore about raw material is usually turned upside down. The implication of these demands for territorial rearrangement is that the problem is scarcity, or the fact that those now possessing raw material won't surrender it, so that their territory has to be taken in order to compel them to do so. The real problem, however, is not scarcity but glut; not a disposition for the producer to keep his produce but to dispose of it too readily, too cheaply. That is why every nation is perennially raising its tariffs or devising quotas or exchange restrictions to keep out the product of others.

Our problem is not to overcome any difficulty of access to raw materials arising from the refusal of the foreign producer to sell them; it is to find the means of paying for them. And that problem is not going to be solved by rearrangement of frontiers, by intensifying economic nationalism. The trouble, indeed, has arisen from dislocations in the machinery of exchange, the dis-

³Herr von Schnee makes the point that it would be easier to purchase materials from colonies because the exchange difficulties would then be avoided. Which ignores two points: First, that "colonies" are apt very rapidly to develop fiscal independence. Dominions like Australia and colonies like Hong Kong have their own currencies, liable to a varying rate of sterling exchange. The exchange restrictions in Australia were for a considerable period extremely severe. Secondly, to limit the purchase of raw material to that produced in colonies or artificially stimulate the production of the latter must mean in the end a loss of foreign trade, which ample experience has proved is unlikely to be compensated for by colonial markets, particularly those of tropical colonies unsuited to the white man.

organization of monetary exchanges, the breakdown of the financial apparatus generally—usually brought about by devices of economic nationalism which only make worse the condition they are intended to cure. This fact is vital because it helps us to understand something which at first seems to defy common-sense—namely, that the possession of colonies is in fact no solution for pressure of population, as certain figures to be examined in a moment abundantly prove.

The fundamental difficulty of markets—that is, of exchanging our particular produce for the general goods and services which make up civilization—is certainly not to be solved by the conquest of territory. Markets cannot be conquered by military means. And again the history of the American adventure in the Philippines and of the British in India illustrates the point. If a colony is to furnish a market for the goods of the metropolis, the productivity of that colony must be developed. Again, the only means by which the inhabitants can find money wherewith to buy the goods of the metropolis is by selling their own. In which case there happens sooner or later what has happened in the case of the Philippines and India. The development of production overseas, particularly in the case of countries having a low standard of living, runs counter to the interests of producers at home.

The case is put in somewhat different form by Mr. WARREN S. THOMPSON in these terms:

"It is obvious that natives in tropical countries with very low standards of living and very low productive capacity cannot be larger purchasers of manufactured goods from northern countries. This being so, but very little trade can be expected between these regions. The common expectation that the northern lands can get great quantities of food from the tropics in exchange for manufactured goods is not likely to be fulfilled. The very conditions

necessary to increase considerably the productive capacity of natives in the tropics also make inevitable a rapid increase in their numbers. These grow very rapidly until they are again up to the limits of the means of subsistence, and the surplus available for the exploiters is but little. At least, the surplus they can export is not large. If the number of exploiters is not too large, as for example, with the Dutch in Java and the British in India, these exploiters may make a very good living, but they cannot send out food and other things that are needed to maintain the native population."¹

And note certain factors not included in that survey. Britain conquers India "as a market." Thereupon British capitalists establish cotton mills in (say) Bombay, where labor can be obtained for ten cents a day; and thereupon mills in Lancashire are ruined. (Lancashire has suffered very much more from the industrialization of India than from the competition of Japan. For every five yards of cotton it has lost to overseas competition Japan has taken only one.)

There is one important sense indeed in which, from the industrialist point of view, development of trade with imperial territories has disadvantages as compared with development of trade with foreign countries—again illustrated by the Philippine experiment. When British capital develops a low standard of living area like India, and there begins in that area production in competition with the producers of the home country, it is extremely difficult for the industrialist at home to secure tariff "protection" against competition of trade within the Empire. So long as India is part of the British Empire or the Philippines part of the American, the products of these low-wage areas must be accepted without tariff discrimination. It is infinitely more difficult to secure a tariff against "empire" products than against foreign. And one of the peculiar features

¹"Danger Spots in World Population," by Warren S. Thompson. (Knopf, 1929. pp. 30-40)

about it is that, in the British Empire at least, the Dominions and India impose tariffs against Britain much more quickly and much more thoroughly than Britain imposes tariffs against them, as the history of the Dominions for fifty years and of India for fifteen very clearly show.

Japan is already facing the same dilemma in Manchuria. A correspondent in Manchuria writing to the London *New Statesman and Nation* says:

"Considerable uneasiness has been caused in Japan by the growth of Manchurian industries directly competing with corresponding Japanese industries. Among these are the coal, iron, steel, wood pulp, cement, wheat milling, brewing, aluminum, and chemical industries, all of which have been greatly stimulated by the investment of Japanese capital. As their labor costs are even cheaper than in Japan, and they are favored by low taxation and abundant raw materials, they have already begun to underbid their Japanese rivals. The question was recently discussed in the Tokio Diet when the government was urged from all sides 'to check the growing evil.' General Hayashi, who is Secretary for Manchukuo as well as Minister of War, replied coolly that strategic reasons demanded the development of certain industries in Manchukuo and that interference for the benefit of Japanese industrialists was at present impracticable."

Well may Mr. THOMPSON remark:

"Today Canada, Australia and South Africa are for all practical purposes separate nations. . . . Is there any reason to suppose that after several generations the Japanese immigrants to New Guinea or Borneo will be more disposed to follow blindly the statesmen in Tokio than the Canadians or Australians are to follow the statesmen in London? When British and Australian interests coincide, they work in full harmony; when they are divergent, Australia goes its own way, witness the present tariff and immigration policies in Australia. Colonies that have gained strength and wealth have always been ungrateful upstarts in the eye of

parent countries and Japanese colonies would probably be no exception."

Sometimes the argument for political expansion takes other forms. A powerful nation must conquer territory, we are told, in order to have fields for the investment of capital. But obviously it is not necessary to conquer a country in order to invest in it. During most of the nineteenth century Britain invested far more capital in the United States than in any country of the Empire: British investors own the greater part of the railway system of Argentina. Americans can and do invest in Canadian enterprises without finding it necessary to annex Canada in order to do so. As a matter of simple fact the financial centre of Canada is not London but New York; not Threadneedle Street but Wall Street. American investors, for various reasons, often show a preference for Canadian investments over those of the United States; Canadian municipal bonds sell more readily than the bonds of many of the American State governments (as distinct from Federal Bonds).¹

Indeed there is one economic aspect of annexationist policy which would seem to show quite clearly that its motivation is not economic at all. This is illustrated by one feature of the history of Alsace Lorraine:

Before the war the textile industry of Northern France used to complain bitterly of the competition of Alsatian textiles, and kept demanding ever-increasing tariffs. Came the war and victory, and Alsace was made a part of France. Whereupon the same textiles, made in the same mills, by the same hands began coming into France without let or hindrance; all tariffs were

¹American investments in Canada as of January 1, 1931, amounted to \$3,841,693,000 which is very many times the amount invested in America's own "empire." American investments in the Philippines on the same date totalled only \$152,000,000. More has been invested in Mexico even than in American "possessions."

removed, and the textile manufacturers of northern France have not had a word to say.

A still more suggestive illustration perhaps is to be found in the relations of Ireland and Britain. At the moment of writing there is a strong protectionist section of the public in England demanding a stiff tariff against foreign foodstuffs—especially bacon and dairy produce. The free entrance of such things is ruinous, we are told, to British farmers; the foreign imports throw British workers out of employment.

But what is "foreign?" If Mr. de Valera can manage to avoid the oath and call the Free State a "republic" then Ireland ceases to be "empire," with its bacon entitled to free entry or to "empire" quotas. Thus, *with* the oath the butter, bacon, eggs are good butter, bacon, eggs that do no harm to British farmers and throw no British out of work; but without the oath the same butter, the same bacon and the same eggs immediately become economically bad, depriving British workers of their livelihood. This is indeed economic magic. The oath would seem to be a very powerful economic incantation.

SUMMARY

The general truths indicated above have been summarized by the present writer,¹ thus:

1. *Conquest of territory is not necessary to ensure adequate supplies of raw material.*

A state possessing raw material has one purpose—to sell it. It is quite unnecessary to go to war to get it. Britain did not need to "capture" Louisiana in order to build upon its raw cotton the greatest of all British industries. As things are, the

¹In his "Peace and the Plain Man" (Harpers, New York).

problem of capitalism is not shortage of raw material, which has to be politically "captured" by wars that dislocate fatally the whole economic and financial system, but the far greater problem of over-production, surplus.

2. Successful war does not enable a nation to dispose of the surplus that cannot be sold at home.

Military force, latent or active, the power to dominate another country in a military sense, does not enable a capitalist state to "force" its goods on that country in defiance of economic or financial difficulties, such as those indicated below. The nations of the Empire, including India, which Britain is supposed to dominate, have a fiscal autonomy which they employ to exclude British goods, to compete with British trade and industry, just as though they were foreign states. Their tariffs are often no less damaging to British trade.

The fact of investing capital abroad does not solve that dilemma with which the capitalist is faced. Interest on investments—the dividends on the railroads or the harbor works—can only be paid by the production of goods. And this accentuates the general world glut of goods, just as much as if the investment were made at home. Indeed, the dislocations caused by the glut of wheat, wool, cotton, coffee, coal, obviously is not to be overcome by conquering more territory for the purpose of producing more of these things. Insofar as the theory put forward assumes that the purchasers in the markets so conquered are to be required "to pay in money not goods," it is merely a new manifestation of the old mercantilist illusion. Payments simply cannot for long be made in "money" by a country which is not exporting goods, and the attempt to compel payments creates devastating exchange and monetary dislocations more rapidly and more surely than ever before in history.

Assume that a capitalist nation, with a view to increasing its trade or capturing that of a rival, goes to war and is victorious, as Britain, for instance, has been victorious over Germany. How then does the victor nation proceed to carry out its purpose—of increasing its trade, “unloading its surplus”? What is the *modus operandi* by which a victorious Britain can compel a defeated Germany to take the former’s surplus goods, or compel the markets Germany once served to take them? The method has never been explained. And why did not Britain employ it, why does she not employ it in view of the desperate crises she has faced and still faces? Why, after the elimination of her greatest commercial rival is her trade less than it was before victory was achieved? If the interests of capitalism push to war why is the position of capitalism weaker after victory than before?

Immediately after the war measures were taken by the victorious powers to destroy German trade in the interests of that of the Allies. But very soon, as the result of experiencing its effects, that policy was completely reversed; London began to lend money to Germany for the purpose of *preventing* German collapse, of re-establishing German trade. If a nation is to buy, it must sell. Victory in war does not alter the fact. The experience of the war itself proves that victory cannot be used as a means of extending the victor’s trade, enabling him to dispose more easily of his surplus production.

The reasons for this, the underlying forces which explain the economic futility of victory, have been elaborated by the present writer elsewhere.¹

3. *War is not necessary for the purpose of opening new areas of investment.*

¹See “Great Illusion” (Putnam’s Sons, New York); and “Peace and the Plain Man” (Harper’s, New York)

Investment normally does not require military action. It is not necessary for investors to press their government to conquer a particular territory in which they desire to invest. This is illustrated by the very heavy investments of Great Britain in countries like Argentina, Brazil, the United States, and by the heavy investments of the United States in Canada, the South American states already mentioned, and in Europe. The shares of colonial or Dominion enterprises (e.g. South African Gold Mines) can be purchased by capitalists of any nation on any stock exchange.

4. *Successful war does not enable a nation to collect debts.*

Military force does not enable a capitalist state to collect the interest on its bonds or investments, despite certain isolated cases which occurred in the pre-war era.

III.

THE POPULATION QUESTION

LET US NOTE in what way the raw material question is related to the population question.

As we have seen, the real difficulty about raw materials is not any scarcity, any desire of producers to keep their products to themselves, but the difficulty of selling products in a world criss-crossed with all sorts of barriers to sale. And it is in this fact of glut, largely, that we find an explanation of that truth which at first sight seems to defy commonsense—the truth, namely that colonies are in practice no solution of the population problem.

When it is pointed out that the density of population in

England and Wales is nearly twice the density of population in Italy,¹ the common retort is that "Britain has all the Empire to send her population to." But she has not. First, because the immigration laws of the Dominions are settled, not by the British government but by the Dominion governments. The British government has no more control over the immigration restrictions of Canada, Australia, New Zealand or South Africa than over those of the United States. That statement is often received very incredulously by Americans, but it is a simple statement of the position. The acts of the British Parliament have no validity in the Dominions. A situation which has been a practical and political fact for a quarter of a century has become a legal one since the passing of the Statute of Westminster. The rights of exclusion possessed by the Dominions are at times exercised with very great severity.

But even if there were not the statutory bar, it would be economically impossible as things are at present for any considerable proportion of the two or three million British unemployed to emigrate to, say, Canada, which has its own severe unemployment problem. If they went "back to the land" in Canada or Australia, the only occupation they could engage in would be the production of materials of which there are already more than can be sold. This would merely help to undo the efforts being made to restrict the quantity of such materials now being produced.² All of which helps to explain the significant fact that in the year 1934 20,000 *more* Britons returned from the overseas territories than went thereto. How, in the face of such facts can the "possession" of overseas territory be described as "an outlet for British population pressure?"

¹The figures are: Italy 344 per square mile, England and Wales (excluding Scotland and Northern Ireland) 649 per square mile.

²Thus Italy's very expensive attempt to develop a cotton-growing industry in Eritrea was quickly ruined by a rapid fall in the world price of cotton.

Even where it is possible to impose emigrants upon a colony, as in the case of African crown colonies, the relief which this affords a congested nation, even in the best circumstances, is in fact like a drop in the ocean.

Some who discuss this problem seem to part company with the simplest arithmetical sense and all comprehension of reality. Italians talk of planting ten million Italians in Abyssinia. Test such expectations in the light of past Italian, German or Japanese experience.

While Japan, like Italy, has talked of the needs of expansion she has possessed for forty years colonial territories of relatively sparse population. Yet in those forty years those sparsely populated territories, parts of which are far better suited for emigration than Manchuria, have taken a total of less than one year's increase of the Japanese population. The reasons that have dissuaded Japanese from a real colonization of Korea and Formosa (the presence of a native population of a low standard of living) will operate still more powerfully in the case of Manchuria.

As with Japan, so with Germany. Despite intense propaganda (which had gone on for a generation) about the need for a colonial outlet for Germany's redundant population, there were, on the eve of the war, more Germans earning their livelihood in the city of Paris than in all the German colonies in the whole world combined. Properly to appreciate that fact will help to get the colonization problem in its right perspective.

The Italian showing in the matter of colonization is even worse. After fifty years of ownership there were at the last census, in the 2,000 square miles of territory in Eritrea most suitable for European residence, just about 400 Italians. Of the whole Italian population, numbering less than 5,000, over 3,000 were returned as residents of the capital. When we have de-

ducted government employees and children under ten, we find the total Italian population engaged in agriculture in Eritrea to be 84 persons.

Libya was conquered as the result of a costly war with Turkey in 1911-12. Guerrilla fighting went on intermittently for twenty years—pacification was completed only in 1932. Vast efforts to encourage emigration from Sicily have been made by the Italian government. In twelve months in 1934 the emigration consisted of ninety Italian families—hardly an appreciable relief for "population pressure."

It has often been observed that Italians, like Germans and Japanese, go much more readily to certain foreign countries—to the United States, to Canada, Argentina, Brazil—than to their own colonies. Where in the case of Germans and Italians the emigration to the countries mentioned is counted in millions, emigration to the national colonies is counted barely in hundreds, or at most totals a few thousand.

It is sometimes stated that the reason is to be found in the desire of Germans and Italians to escape from home jurisdiction, owing to military or other burdens which German and Italian citizenship involves. But the chief reason is likely to be economic. African colonies are for the most part inhabited already by native populations that are potential reserves of cheap labor. In a country of high wages the Italian immigrant's capital is his body, his capacity to labor. He may be penniless but he has at least that wealth. But that wealth—his capacity for work—is immediately reduced in value when placed in juxtaposition with native colonial populations. To build a home in a country of abundant cheap native labor means either "going native," descending to the native standard of life, or employing

that labor as a capitalist. But the Italian emigrant is not usually a capitalist. The same difficulty confronts the Japanese in Korea, and in Manchuria.

The prospects of emigration where a low-standard native population already exists may be gathered from this fact: Large-scale efforts at cotton growing and sugar production have been attempted in Italian Somaliland and have been a little more successful than in Eritrea. One large company, the *Societa Agricola Italo-Somala* permanently employs six thousand natives—and fifty Italians. Yet this is the type of development which the Italian government has encouraged in every way in the existing Italian colonies. On the face of it, it cannot possibly provide any considerable outlet for Italian population. Moreover, to the extent to which the products of Italian colonies are given a preference in the Italian market, it does violence to the economic beliefs which lie at the root of all tariffs. This type of exploitation, furthermore, involves a heavy capital expenditure. Will Italy, financially exhausted by the attrition of native guerilla war, be in a position to stand the strain? Writing in 1935 of the Japanese position in Manchuria, a correspondent of the *New Statesman and Nation* (London) says:

“Even at this early stage of Imperialist expansion, her capital reserves are strained to breaking point, and she has no hope of economic succour from anywhere except the very territories which she is trying to colonize. With her teeming abundance of population, Japan may be able to bear the drain of man-power inevitably involved in the conquest and maintenance of an overseas Empire. Whether or not she will outlast the accompanying claims on her economic and financial resources is a question no historical oracle can answer.”

If Italy manages to plant in Abyssinia the same proportion of whites to natives that exist on the best-administered of Afri-

can territory, she might manage to find room, at the most, for 20,000 Italians.

Practically all experts who have studied this subject—men like Carr-Saunders in Britain, or W. R. Crocker or Warren Thompson in America—are agreed that colonies for the purpose of emigration offer no permanent solution of the population problem. It may be wise to change frontiers but, as Mr. Carr-Saunders has so well put it, that is "a political remedy for a political disease" and does not touch the core of the economic problem. Mr. W. R. Crocker, in his book, *The Japanese Population Problem*, remarks in this connection that nearly every serious authority who has studied the subject has agreed that "emigration is futile as a means of solving over-population."

This view is completely confirmed by Mr. Warren Thompson in his book, *Danger Spots in World Population*.¹ Mr. THOMPSON writes:

"Colonial expansion is no solution of the problem of population pressure in Japan, or any other country, if it is not accompanied by the practice of birth control.

"It should also be recognized in connection with emigration as a solution of problems of population pressure that almost never does emigration actually reduce the numbers of the homeland. Ireland is the only example of a European country in which the population has decreased since emigration set in on a large scale."

Mr. Carr-Saunders, the English authority, agrees broadly with this. "The fact is," he says, "that the relief which emigration can afford to over-crowded countries is hugely exaggerated in the popular estimation. Ireland is the exception which proves the rule." He adds:

"Much of the discussions of population pressure are based upon an erroneous diagnosis. Territorial ambitions and jealousies abound, but they can seldom be traced to population pressure."

¹(Knopf, New York.)

If we face these facts, together with those brought out in the quotations made above, we arrive at these conclusions:¹

(1) Emigration can never be anything but at best a temporary palliative of the population problem, as practically every authority who has studied the question (including Japanese authorities) admits.

(2) The Japanese have not even begun to utilize the opportunities for emigration now provided them by the conquests already achieved. Japan has owned Korea for twenty-five years and Formosa for nearly forty. They are territories of relatively sparse population. In 1925, there were 180,000 Japanese in Formosa or less than 5 per cent of the population and 400,000 in Korea, of whom a large proportion were officials and traders. Japanese cultivation of the soil is practically nil. In Manchuria itself, to which Japan has had free access for many years, there are only 185,000 Japanese, over half of whom are in the city ports. That is to say, there are less than a quarter of a million Japanese as against over thirty million Chinese.

(3) In nearly forty years, therefore, Japanese colonies, though still sparsely populated, have taken less than one year's increase of the Japanese population.

(4) But while the conquest of further territory cannot solve the population question, nor ease Japan's economic plight, the attempt at conquest can and almost certainly will make that plight worse. It will even render the solution of the population question impossible by blocking alike the political and non-political remedies which alone can be effective. For it can only render more difficult the creation of conditions favorable to industrialization and foreign trade, stable finance, a sound

¹The remainder of this section has been abstracted from the author's "The Great Illusion, 1933" (G. P. Putnam's Sons, New York).

monetary system, free access to the Chinese market as a whole, and to that of America.¹

(5) What Japan does need in China proper and in Manchuria is not "ownership" through conquest, but order, and freedom of economic movement. It requires the absence of the sort of hostility on the part of the Chinese as a whole which, existing in the case of the inhabitants of India, has rendered "ownership" of India by Britain of no avail as a means of ensuring a market for, say, Lancashire cotton goods. China can be helped towards the restoration of order more easily by League than by Japanese intervention. It is quite clear that China would accept from the League in the matter of financial advice and control, for instance, what she would certainly not accept from Japan.

A few major considerations remain to be added. Owing to the cheapening of transport it is much less important than it used to be from an economic point of view, where a given industrial population performs its daily tasks. The Lancashire population did not need to emigrate to Louisiana in order to build upon that state's main product one of the greatest trades of modern times. The Lancashire workers could remain at home, import raw material from a foreign state and the British industry so created find means of feeding millions of Britons with the foodstuffs imported from other foreign states. The maintenance of that process has not been appreciably aided by "empire." The "ownership" of India by Britain has proved quite useless as a means of compelling the Indian to buy Lancashire cotton. Japan is likely to duplicate this experience. The Chinese are not likely to prove less capable of organizing boy-

¹Nearly three-fourths of Japan's exports consist of raw silk and cotton cloth, and China and the United States between them take two-thirds of the total amount.

cott than the Indians have been, nor more docile in accepting the rule of an alien power.

It is extremely significant that one of the reasons why the Japanese have not emigrated to Korea and Formosa or Manchuria is that, in each case, they would have to compete, as workers or agriculturists, with a lower standard of living. Which means that the more densely populated country has done better for its people—produced a higher standard of living—than the less densely populated. It has done this, of course, by industrialization. Now the urbanization which goes with industrialization, together with the better standard of living, creates those conditions in which conscious restriction of population begins to take place, in contrast to peasant populations, in whose case increase is apt to be unchecked. That particular phenomenon is world-wide. If industrialization, instead of being purged of its defects and civilized, is simply allowed to break down as the result of international chaos, and if there is reversion to the peasant condition, emigration—for this as for all other reasons advanced by the students of the problem—could offer no solution. Furthermore, if territory for the purpose of emigration is to be gained by conquest, military control must be maintained there. For that, man-power is indispensable, and any tendency on the part of a population consciously to check its population growth is bound to be opposed by the state so far as it can oppose it. The military state must obviously favor not limitation of births but their increase to the utmost.

But emigration, even if it were effective, could never be put into operation on a scale commensurate with Japan's present population increase save by the command of vast capital—a stability of the financial structure, that is, which the conquest and the continuance of the military method would be certain to destroy. Japan adds a million souls a year to her population.

To settle them on the land in empty territory would require every year vast sums. Where, with the waste and economic upheaval of war, or—what is nearly as disastrous financially—the prospect of war, are such sums to be found? Furthermore, a war by Japan, which would at one and the same time provoke the deep hostilities and nationalist passions of China, the fear and hostility of Russia and of the United States, and of many European states as well, would set up “irredentist” problems in Manchuria. We can get some idea of what Manchurian “irredentism” would mean when we recall the fact that while the Japanese number less than a quarter of a million in Manchuria, the Chinese thirty million. Continued political unrest in Manchuria would involve financial disturbance and uncertainties and boycotts like those which India has organized against British trade. This would not help the future economic development of Japan. It would deplete the capital necessary for any plan of mass migration, even if that were not impracticable on other grounds. The Japanese adventure, as a means of solving the fundamental Japanese problem, is quite certainly doomed to failure; and those parties in Japan mainly responsible for it do not defend it mainly on economic grounds. It finds its impulse in that type of semi-mystic nationalism of which Hitlerism in Germany may be taken as an European counterpart.

IV.

THE LINE OF SOLUTION

IN OTHER WORDS, neither the struggle for “raw material” nor for “population outlets” is normally dictated by any real economic or peace need. Both aims find their motive in military advantage. While raw materials situated in a foreign state are in normal times just as available to foreigners as to

the nationals of that state, this is not the case in war time. And if the real desire of the Caesars were to solve the population problem, and avoid the difficulties of too great a population pressure, they would not be offering premiums and advantages to big families and penalizing small ones. As soon as the population problem in one of the military states shows a tendency to solve itself by decline of the birth-rate, there go up resounding lamentations and demands for the cessation of such calamitous tendencies. This reveals clearly enough the nature of the real impulse behind "expansion."

These efforts for new territory, the vast risks and costs undertaken in these military adventures, do not represent any carefully thought out plan of economic advantage, welfare, wealth, prosperity; they represent that struggle for power which is the sole means of defense available for a nation in a world of international anarchy.

It does not avail much to dismiss this motive as merely wicked militarism to be met with moral invective. The first law of life, the deepest instinct of any organism, political or physical, is self-preservation. If that instinct cannot be satisfied by social and orderly means, by those processes of organized society, of law, by which we meet the need within the confines of the nation, then it will try to meet the need of security by the method of anarchy, by individual power, which means that each must try to be stronger than the other.

To face this truth is to realise that we cannot solve the economic problem if we disregard altogether the problem of defense, that the political and economic problems are interdependent. For, as long as nations feel themselves to be at the mercy of others they will struggle for territory, for empire, whether it

is to their economic advantage or not. To ease the problem of defense for nations will be immensely to ease the struggle for territory on the alleged ground of needing "sources of raw material."

Our first task should be to get at the facts authoritatively and bring them home vividly to the public mind. Whatever else comes out of this present crisis, it is to be hoped that the British government will, in accordance with the terms of the offer made by Sir Samuel Hoare, move for the holding of an international investigation into the whole "raw material" situation. It should be known to the world whether or not, and to what extent, nations in the position of Italy or Germany are at a disadvantage in not having certain colonial products within their political control. Such an international conference should be asked to answer questions such as this: "What advantage does a British user of raw materials, produced say in Nigeria, have over an Italian user of those materials?" These are matters of ascertainable fact. The British Secretary of State for Foreign Affairs is already pledged to cooperate in such an inquiry. As it is, vague general statements are made about "exclusion from a place in the sun," which give rise to deep passions of resentment, largely because the facts are ill-understood. It is certainly time we knew whether these wrongs are imaginary or real. Otherwise the world may drift to war under sheer misapprehension.

If such an inquiry should prove, as it would prove, that the real difficulty is not lack of raw materials, or any denial of access thereto, or any need of bringing them within the borders of each nation (a physical impossibility in any case), but the creation of so many barriers to effective international co-operation and international trade that raw materials cannot be paid for, then the nations would be brought nearer to grasping the

first indispensable truth. Grasping that truth more fully, they might be more disposed to take the right road out of depression and out of war.

It is a physical impossibility to make all nations, or even most nations, economically self-sufficient if we are to give them a civilized standard of living. Peace and economic security are not to be found in attempts to make economic nationalism workable, but in the introduction of enough economic internationalism to make possible that degree of political nationalism which we all desire for non-economic reasons.

In working out the solution we must not ignore the legitimate desire of nations for self-preservation, defense. This cannot be made to rest upon the preponderant power of each, since it is physically impossible to make each stronger than the other. Defense in the future must rest on the general power of civilization to uphold such law as will give to each, to the weak as well as to the strong, minimum rights of life, of existence. If nations cannot secure those things constitutionally, by a law of peace, they will continue to try to get them by their own power, by force, by war.

As bearing upon actual policy, steps to be taken by the United States and other countries, it is well to remember—what is so frequently forgotten—that to refrain from doing the wrong thing is often just as important as discovering the right; and that it serves no purpose to point out the right course if the public, the voters who in the last resort make and unmake policies and governments, do not see why it is the right course and are persuaded indeed that it is quite wrong. The whole post-war period is littered with perfectly sound plans and proposals for the amelioration of the international chaos, plans and proposals which experts, those in close contact with actual

facts and conditions, have drawn up, often after infinite labor, but which parliaments and congresses have rejected in favor of contrary policies more in keeping with popular prejudice and ignorance. To undermine prevailing misconceptions is an indispensable preliminary condition to the adoption and working of any sound policy.

Once we recognize that the essence of the difficulties in the matter of raw materials or population is markets, and that better markets mean merely an increase in the exchange of *goods* or services to mutual advantage, certain clear lines of policy are indicated.

We must face the fact that a nation's tariff, monetary policy, exchange restrictions, have ceased to be purely its own affair. After all, if a tariff which we make will have the effect of doing great damage to a neighbor, ruin possibly some hundreds of thousands of his people, we cannot say that he is not concerned. It is surely therefore part of neighborliness, of decent behavior, to consult with him about it; to try to discover whether the protection of our interests cannot be achieved in such a way as to do as little damage as possible to his. This does not mean immediate world wide free trade, which would be disastrous even if it could be achieved. But it does mean that consultation with those affected by any change we contemplate should be recognised as a basic principle of international good behavior. These consultations should aim at a measure of stability in tariffs (constantly changing tariffs are even more destructive of international trade than high tariffs) as well as at their reduction.

But tariffs are not to-day the main obstacle to the restoration and development of international trade. The main obstacle is monetary instability, the wide fluctuations in the values of the

national currencies and the restrictions by which attempts are made to meet the difficulty. Here again, individual action by each nation separately has usually the effect, ultimately, of worsening the conditions which it purports to remedy. Not only must there be concerted action towards monetary stability, but it is in the long run impossible to separate the tariff from the monetary question, for it is precisely the refusal of creditor states to accept payment in goods which is the main cause of the exchange dislocations.

It is easy enough to suggest World Economic Conferences to deal with these problems. We have had such conferences and they have failed, failed precisely because governments dare not stand for policies which run counter to prevailing ideas of national interest, however fallacious those ideas may happen to be. Furthermore World Conferences are not the only form, nor perhaps the best form of machinery for this purpose. Policy may move in the right direction in very many different ways: through the International Labor Office, through working agreements between Central Banks, through Bi-Lateral Commercial Treaties. But steady movement in the right direction will be impossible if public opinion, expressing itself in pressure upon politicians and governments, continues to be dominated by certain misconceptions which have hampered sound policy in the past.

The purpose of these pages has been to help clear away at least one group of those misconceptions.