C O N T E N T S.

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2. A Declaration of Tory Principles. Essays by Undergraduates of Oxford & Cambridge. 1929. pp.24-43.

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COASTAL RESERVATION

A TREATISE ON INDIAN COASTAL RESERVATION WITH PARTICULAR BEARING ON PROPOSED LEGISLATION

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CONTENTS.

INTRODUCTORY.

PAGE.

An unwise Diversion of Capital - - - - - 10

Financial Needs of Primary Industries - - - 15

Potential Advantages of Coastal Reservation in terms of Employment, and Profit to Investors - - - 17

Effect of Reservation on Coastal Trade; and the prices of Foodstuffs - - - - - - - 20

Confiscation without Compensation? - - - - 21

The " Call " on the Indian Investor - - - - 23

State Steamship Services? - - - - - - 24

The Cost of State Subsidies - - - - - - - 25

Subsidies for Shipbuilders - - - - - - - 26

The Experience of Japan - - - - - - - 29

The Australian Analogy - - - - - - - 35

APPENDICES.

Profits of the British India S. N. Co., Ltd. - - - 37

The Japanese Mercantile Marine - - - - - 38

The World's Shipping - - - - - - - 39

Resolution passed at the Second General Conference on Communications and Transit, Geneva, 1923 - 40

Resolution on " Unity of Economic Defence " passed by The Imperial Economic Conference in London on the 23rd October, 1923 - - - 41

Flag Discrimination : Resolutions adopted at the Annual Meetings of the British Chamber of Shipping - 42

Cost of State Subsidies to Shipping - - - - 44

Introductory.

PERHAPS the most remarkable aspect of the Bill for the reservation of Indian coastal shipping traffic to Indian-owned vessels, now under the consideration of a Select Committee of the Indian Legislative Assembly, is that the desirability and opportuneness of such a step has not yet formed the subject of an authoritative enquiry. The Report of the Mercantile Marine Committee is quoted in favour of the proposed legislation, but the terms of reference to that Committee, which begin with the words "To consider *what* measures can usefully be taken," etc., indicate that the issue referred for consideration was, in effect, pre-judged, and this interpretation is borne out by para. 31 of the Committee's Report which reads: "Judging from the tenor of the debate which took place in the Legislative Assembly on the 12th January, 1922, we assumed at the outset of our enquiries that it was no part of our responsibility to examine the necessity for an Indian Mercantile Marine and that all that we were required to do was to consider what measures could usefully be taken to this end under the six headings mentioned in the Resolution, which was adopted by the Legislative Assembly and which forms our terms of reference." It is a reasonable inference, from these carefully-phrased observations, that had the terms of reference charged the Mercantile Marine Committee "to consider *whether* measures can usefully be taken," etc., the recommendations of the Committee might have taken a different form.

In the following pages an endeavour will be made to prove that, in reality, although certain sectional interests might benefit, the diversion, at this period, of a considerable percentage of India's small annual surplus of capital into the shipping business would not react advantageously on the economic interests of the population as a whole; but that, on the contrary, the practical result would be that much more important

industries, which are in urgent need of new capital, would be prevented from satisfying their requirements in that respect for an indefinite period. In India, in view of her limited stores of capital, the importance of a careful choice of investments can hardly be overrated.

The propaganda in support of the scheme for coasta reservation is not difficult to explain.

In India, as in certain other Protectionist countries "nationalism" functions, far too frequently, as the last resource of the inefficient industrialist. Instead of an unresting pursuit of technical and commercial efficiency, we have the resort to political propaganda, and the "appeal to patriotism." Industrial development is certainly desirable and it is too late in the day to object, in certain cases, to a modicum of State-aid; it is, however, too often overlooked that unless, in the familiar phrase of the Indian Fiscal Commission, protection, or any other form of public assistance, is applied with the utmost "discrimination," the aggregate outlay involved may easily exceed the profit secured. In accordance with that advice, applications from several important industries for tariffs or bounties have, after examination, been rejected—without deleterious effects either to the industries concerned or to the country generally. Indeed, in more than one industry that might be named, the refusal of public assistance has been the starting-point of the internal reforms necessary to place the industry on a sound technical and financial basis, and on the road to restored prosperity.

The Coastal Shipping Bill, now under the consideration of a Select Committee of the Indian Legislative Assembly, is peculiar in that, in addition to demanding public assistance for an Indian industry, it proposes, by rigidly excluding non-Indian owned vessels from the Indian coastal trade, to resort to the vicious new principle of racial discrimination in order to confer upon Indian-owned vessels a legal, and commercially-unassailable, monopoly. It is a testimony to the complete impartiality of the British Administration in India that such legislation is, in this country, entirely without precedent. In so far as British Shipping Companies monopolise the Indian coastal trade, their supremacy is the product exclusively of the attributes of technical and commercial competence which

have given primacy to British vessels as the marine carriers of the world. The availability of the world's greatest commercial fleets has been of incalculable service in developing Indian trade, and the very smoothness with which this wonderful machine has worked has—like the protection accorded to India by the British Navy—probably tended to disguise from superficial observers the greatness of the service rendered. The force of the Indian criticism that Great Britain exploited the disappearance of the wooden ship to destroy Indian shipping and shipbuilding and reduce them to permanent subordination is somewhat weakened by the fact that the mercantile marine of the United States declined at about the same time and for the same reason. It is plain that since the sailing vessel ceased to be an important factor in international trade, India has not been favourably circumstanced to build up her own mercantile marine, the unavoidable delay in developing the steel and associated industries in India rendering the emergence of an economically-sound shipbuilding industry in India, equipped to produce sea-going vessels at competitive costs, problematical even to-day. The ability, within so short a period as is prescribed in the Coastal Traffic Bill, to acquire and put into operation ships adequate to cope with the trade available along 4,500 miles of seaboard, is equally problematical, inasmuch as fulfilment of so ambitious a programme necessitates not only large capital, but, what is more difficult to obtain, experienced management—and in India, outside the British shipping offices, the latter essential is not available. The absence of such experience, it may be conceded, cannot be put forward as a permanent bar to the development of an indigenous mercantile marine; it may, however, quite reasonably be advanced as a very practical and powerful argument in favour of relying on the normal processes of evolution in preference to resorting to the drastic, and indeed revolutionary, expedient, embodied in the Coastal Reservation Bill, of excluding all non-Indian vessels from the coastal trade within the short term of five years. Indeed, it is difficult to view the five-year programme seriously. The acquisition of the requisite number of vessels, new or second hand, would present no insuperable difficulty—subject to Indian investors being prepared to put twelve crores of rupees, into

inexperienced hands, to effect the purchases. In this analysis it is proposed to make an endeavour to sustain the view that the programme formulated in the Coastal Reservation Bill would prove unprofitable alike to the investor, the trader, and the tax-payer: to the investor because inexperienced management would probably result in many miscalculations; to the trader, because Shipping Companies relying solely upon the coastal trade could not guarantee as regular and adequate services as are available under the present regime; and to the tax-payer, because, sooner or later, he would be called upon to subsidise, and subsidise heavily, if not coastal vessels, then certainly the development of ship-building yards, and probably the establishment, as in Japan, of services connecting India with all parts of the world.

The greatest asset of the Protectionist propagandist is the jargon of nationalism. The point overlooked by the average citizen is that, in such propaganda, " patriotism " is merely the code-word for " profits." In all Protectionist countries the Nationalist drum is beaten solely to absorb the attention of the electorate while the accomplices of the drummer are picking their pockets. The louder the patriotic drum is beaten, the more reason there is to suspect political trickery to foist on the country an enterprise incapable of standing analysis on its merits as a purely business proposition. The utilisation of the Central Legislature as an advertisement hoarding for Indian shipping is a case in point. There is no lack of data to support the view that the creation of an Indian Mercantile Marine, as conceived by the author of the Coastal Shipping Reservation Bill, would represent a premature birth—misbegotten, stunted, and lacking the potentiality of a healthy maturity.

The case for the retention of British shipping on the Indian coast is not exhausted by the statement that its expropriation would be inequitable and establish a very dangerous precedent. Experience in other industries testifies that European competition and leadership make a definite and valuable contribution to the maintenance and steady raising of the standards of technical efficiency in industries enjoying Indian ownership and control. The latest evidence on this point will be found in the allusions of the Tariff Board to the stimulating influence exerted by the competition and example

of the Swedish match factories in India in forcing improvements in the technical processes employed in the match factories under Indian management. At this stage of her industrial development India is essentially imitative rather than creative, and close and constant contact with European knowledge, energy and efficiency cannot be abandoned without reactions perhaps not yet fully realised. Such competition may often be hard to combat, but that is the price of progress. At present Indian shipowners are content to say, in regard to the coastal trade : " The victory will be ours —immediately the enemy are ordered to quit the field of battle." Competitive efficiency is neither acquired nor sustained by such meretricious triumphs.

The Coastal Shipping Bill is also open to challenge on the ground that the capital required to implement it could be invested, with greater advantage to the country, in other forms of enterprise. As the actual amount of Indian capital available for investment each year is comparatively small, this aspect of the problem requires the most careful and unbiased consideration.

An Unwise Diversion of Capital.

THERE are many and reliable indications that the industrial structure in India, owing to disproportionate development in recent years, has become top-heavy—a view reinforced by the familiar fact that several important industries have increased their productive capacity considerably in excess of current demand for the commodities manufactured—and, if this interpretation of the situation be accepted, then, the diversion, at this period, of a large percentage of the available new capital to shipbuilding and shipowning, instead of relieving this situation, would probably intensify it. It is not difficult to adduce convincing evidence that the supreme economic need of India at this juncture—the most urgent requirement of the many and important urban industries which are now operating well below their productive capacity—is the great increase in purchasing power which can ensue only from a concerted endeavour to modernise Indian agricultural methods, and the great results such an effort would yield in improving the economic status of the rural communities, and their readiness, and ability, to purchase manufactured goods, local and imported. Now, if there is one point upon which all competent authorities are agreed it is, as pointed out by the External Capital Committee, " that there is sufficient potential capital in India to meet the larger part of India's industrial requirements, but that it is timid, conservative, and requires to be drawn out." The amount of new capital available each year for investment in commercial and industrial venture being so extremely limited, the importance of making a careful allocation of these relatively small financial resources can hardly be over-rated, and the soundest policy is, quite clearly, particularly at this period, to concentrate all the available investment money in those spheres of economic activity from which external capital has always held aloof, and will continue to hold aloof in the future. At present, the chief aim of certain sections of the Indian commercial community appears to be to secure, not the maximum development of India's economic resources, only a very small percentage of which are yet being exploited, but the maximum

degree of conflict in those spheres into which, British traders and industrialists having acted as pioneers, their Indian competitors would now like to step and, by legal measures, appropriate the profits. Such an attitude betrays not only a lack of appreciation of the not inconsiderable benefits conferred upon India by British capital and energy, but, what is much more important, a lack of appreciation, in another sense, of the directions in which India's capital resources can be most profitably utilised, in her present stage of economic development. When the Government of India, and the various local bodies, have raised their yearly loans, the surplus available for other economic enterprises is, let it be reiterated, very small indeed. In such conditions, an examination of the *relative urgency* of the many new enterprises awaiting capital for development is all-important. In a word, it is not enough to claim, for any new line of business: "This is desirable, and urgent." The question must be asked and answered: "Are there not other outlets for Indian capital, *not less desirable, but even more urgent?*" Concerning coastal shipping, and State-aid to ocean shipping and local shipbuilding, which would involve a very heavy drain on the resources of the tax-payer as well as on the savings of the investor, the question to be asked would be: "Admitting that these forms of enterprise are legitimate, and ultimately essential, *are they so urgent that it is necessary to place them at the top of the list*, giving them priority over demands from all other quarters? "The present writer is disposed to think that an impartial analyst of Indian economic conditions, after considering the many calls for capital *which only Indian investors can satisfy*, would place ship-ownership and shipbuilding, not at the top of India's list of desirable new investments, but at the bottom. In support of such an attitude the aforesaid impartial analyst would not need to look beyond the testimony of that singularly authoritative document, the Report of the Indian Industrial Commission. A warped perspective, fostered by clever and persistent propaganda, has forced the problem of marine transport to the front of the political stage, but a little reflection should yield the admission that sound economics, like charity, begins at home; that, while the commercial conquest of the Seven Seas may be important, the application of the triumphs of scientific research

to secure greater wealth from the soil of India may be still more important; and that while the seafaring population may be large, and may be capable of increase, the rural population, most of whom never have seen, and never will see the sea is considerably larger, and is, at present, increasing much more rapidly than the means of subsistence—so rapidly, indeed, that the Agricultural Adviser to the Government of India has recently uttered the warning that, unless vast improvements occur, requiring an immense inflow of new capital, there will be, in the rural areas, a deterioration even in the present low standard of living. *It is necessary to face the hard economic fact that, unless India invests, not all, but most, of its spare capital in modernising the industry on which over 70 per cent. of its population is dependent, the economic situation of the rural population will go from bad to worse. External capital is not available for investment in co-operative and land mortgage banks, or to finance the numerous other measures of economic betterment formulated by the Agricultural Commission,* and the reminder is necessary that India does not command the capital resources required for these purposes, and *at the same time,* to replace external capital in shipping, shipbuilding and ancillary industries.

The Coastal Traffic Bill cannot be viewed as an isolated measure; it is merely the initial step in a general programme the objective of which is the complete replacement of external capital in every sphere of economic activity. There is no endeavour to disguise the fact that the capture of the ocean trade would be the next objective, and that this triumph could not be achieved without generous subsidies from the public revenues. To avoid dependence on imported ships, a considerable and rapid expansion of Indian shipbuilding is demanded, and, in this section of the enterprise, also, it is admitted that the assistance of the patient tax-payer would be required. It is also admitted that the assistance would have to be on a very generous scale. Not without justification, coastal and ocean shipping, and the industry of shipbuilding are described as closely inter-related, and, in some measure, inter-dependent. Concerning the point of view of the promoters of the Coastal Traffic Bill on the implications of that measure, three short quotations will suffice.

In his oral evidence before the Mercantile Marine Committee, the representative of the Scindia Steam Navigation Company, Ltd., the chief protagonists of the coastal reservation programme, when asked " In respect of the development of the Indian mercantile marine, may I ask in what order you will take it? " replied without hesitation : " I attach the first importance to the development of the coastal trade.....The next important step will be to train the Indians in the mercantile marine and to subsidise the shipbuilding. Then the ocean-going trade and the mercantile marine will follow if some aid is given in the shape of bounties. I also want bounties for the coastal trade for the first five years."

In its written statement to the same Committee, the Indian Merchants' Chamber, Bombay, the leading Indian commercial organisation, observed : " It is the considered opinion of my Committee that serious attempts should be made to establish a Government line between India and Europe primarily for the carrying of mails but also to make available proper conditions of freight for the Indian trade. Such an attempt on the part of the State is fully in keeping with the policy of State ownership and management of transport facilities which has been successfully employed in the past and the principle of which has recently been accepted by the Indian Legislature in the matter of Railway transport. In view of the financial conditions of the Government of India (July, 1923) my Committee cannot recommend any immediate action on these lines, but they are of opinion that this goal should be kept in view to be attained within, say, five years. In the meanwhile efforts must be made to encourage and develop private shipping and ship-building industries." Concerning shipbuilding, the Chamber declared that " if this industry, of so vital an importance to this country as a whole, is to be resuscitated, State aid is absolutely necessary."

Writing in *New India* (1st August, 1927) Mr. S. N. Haji, M.L.A., the principal protagonist of the new programme, observed *inter alia* : " One important aspect of the Indian shipping question was very unsatisfactorily dealt with by the (Mercantile Marine) Committee, namely, the participation of Indian ships in the ocean trade of the country. Its importance may be appreciated from the fact that, of the total shipping earnings during a normal year in India of over Rs. 57 crores,

coastal freight represents an item of 12 crores, while seaborne freight amounts to no less than 43 crores. The Committee seems to have come to the extraordinary conclusion that the development of ocean-shipping should be considered only after Indian ships have proved their merit and efficiency in the coastal trade. The experience of countries like Japan should have been sufficient to prove that coastal and overseas trade are closely inter-related."

In its financial, as well as in its purely commercial, aspect, therefore, the scheme outlined above must be taken as a whole, support of coastal reservation committing the Indian Legislature inescapably to development of shipbuilding facilities and ultimately either to the establishment of State Shipping Lines to compete for ocean traffic or, what would amount to more or less the same thing from the point of view of the tax-payer, the grant of heavy and continuous subsidies to oceangoing ships under commercial management. It will be advisable therefore, before taking the first step, to calculate, at least approximately, the total expenditure to which the country will be thereby automatically committed in order to carry out the full programme.

Before passing on to consider how heavy this expenditure would be it may be of interest to return to our earlier point, and endeavour to determine whether, in any event, the capital required could not be invested, more profitably, in financing industries which, if not financed by Indian capital, will never be developed at all. On this aspect, it is fortunately possible to quote the Report of the Indian Industrial Commission.

Financial Needs of Primary Industries.

INDICATING the immense, almost unlimited, scope in India for irrigation by mechanical methods, the Indian Industrial Commission (Para. 88) observes: "Even if in no more than five per cent. of the wells now used for irrigation the use of small mechanically driven pumps were practicable and the area under well irrigation developed to the extent the Irrigation Commission anticipated, this would mean the employment of about 300,000 pumping sets at an initial capital outlay of something like 50 crores of rupees, with annual working expenses of probably not less than six crores, and with the results of very large gains to the cultivators. The manufacture of this immense amount of plant, with adequate provision for renewals and repairs, should give employment to many large mechanical engineering establishments, which would undoubtedly grow up to supply so vast a market. Steam, oil, gas and petrol engines, and electric installations could all be appropriately used as sources of motive power, each on more or less standard lines, which would greatly facilitate their manufacture. Similarly a great variety of pumps would be required, and for each there would be a large demand. Where conditions are favourable, central generating stations might be established and the motive power for driving the pumps distributed electrically, while incidentally the demand for belting would keep several large factories fully occupied."

Dealing (Para. 89) with the great cost to India of imported sugar, and "the results likely to be obtained by the introduction of central power-driven cane-crushing plants," the Industrial Commission point out: "Roughly, of the sugar consumed in India, three-fourths is grown and one-fourth is imported. Roughly also, of that grown in the country, one-third is wasted owing to the inefficiency of the primitive methods of extraction. Nearly one-half of this loss might easily be avoided, and, if it were, the profits of cane cultivation would be greatly increased.....The universal adoption of power plants for cane crushing would cost about 30 crores of rupees;

this expenditure would be justified by the consequent reduction of the present cost of cane crushing and by the increased yield of sugar. The indirect gains to agriculture would also be of the highest importance. Large numbers of cattle, whose work must be equivalent to many hundreds of thousands, probably millions, of horse power, are employed in lifting water and crushing cane. It is hardly realised how heavy is the burden thus entailed upon the farmer's cattle, and how severe the resulting deterioration of their working power for purposes of cultivation. It will, therefore, be seen that even under the present conditions of Indian agriculture, an expenditure of 80 crores of rupees upon machinery for well irrigation and cane crushing alone would be highly remunerative, and it is probable that thereafter a further, and possibly greater, outlay would prove profitable. Rough figures only have been given to convey some idea of the scale on which operations might ultimately be conducted, but they suffice to show that in this direction alone a vast mechanical engineering industry and many others subsidiary to it would inevitably spring up throughout the country."

As the Industrial Commission added: "Even from the point of view of Indian industrial development, the necessity for increased efforts for the improvement of agriculture is clear. The ideal before the Department of Agriculture is the production of a larger output of more valuable crops, with smaller demands on human and animal labour. This will result in a greater creation of wealth and an increase in the raw materials for industries; will ease the difficult problem of the supply of cattle; and will liberate additional labour for industries."

Potential Advantages of Coastal Reservation in Terms of Employment, and Profit to Investors.

THE potential advantages India might derive from the reservation of the coastal trade to Indian-owned vessels fall into two broad divisions; the gain in terms of employment, and the gain in terms of profit to investors in Shipping Companies established to engage in the coastal trade. In regard to employment, it is not denied that 90 per cent. of the personnel of steamers plying on the Indian coast are Indians, though it is quite true that these employees do not occupy the executive positions. As, however, the total number of executive appointments available on coastal vessels, *after complete Indianisation*, would not exceed approximately 2,000, the gain under this heading, in view of the heavy capital outlay involved, cannot be regarded as very substantial. Taking the total capital required to finance coastal shipping at a minimum of 12 crores, this would be equivalent to an investment of rupees sixty thousand for each additional educated Indian employed! This is apart from the cost of the training vessels paid for by the tax-payer! If additional employment for the educated classes is the main objective, it is clear that the 12 crores to be diverted to coastal shipping could be invested much more advantageously in other industries.

In relation to the potential financial profits, it must be stated at once that the actual yield obtainable will fall considerably below the fanciful figures adduced to win support for the Reservation Bill. It has been already indicated that to replace present British coastal tonnage fully 12 crores of rupees would be required but it is not on this figure that Mr. Haji's calculation of 9 per cent. dividend and 9 per cent. depreciation, etc., is based. Owing to the conservative policy pursued by the present Companies the actual value of their fleets is far and away in excess of the capital on which dividends are payable. Moreover, part of this capital is in the form of 4½ per cent. debenture and 5 per cent. preference stock

so that the 9 per cent. paid (which includes war years) is actually on a very small capital—in the case of the British India Co., it is on £957,200. This represents a dividend of £86,148 at 9 per cent. which together with the debenture and preference payments makes a total of £195,722 or 26 lakhs of rupees based on the capital as at December, 1926. If the same amount is allowed for depreciation, etc., which are really to cover reduced value of assets *the total profit comes to just over half a crore—not ten crores as has been misleadingly stated.* To earn this it may be assumed that the British India's proportion of the Rs. 12 crores is Rs. 10 crores so that the profit is only 5 per cent. (or 2½ per cent. after allowing for depreciation, etc., in accordance with Mr. Haji's calculation). This, however, is an over-estimate as the dividend paid by the British India is not only earned on the coast of India but on other trades and on investments. It would probably be correct to treat the Indian coastal trade as yielding only one-third of the total, thus reducing the figure to Rs. 8-2/3rd lakhs—a big difference from Rs. 10 crores.

If and when the coastal trade of India is reserved to Indian-owned vessels, it may be hoped that the new Indian Shipping Companies floated to take advantage of the new conditions will include the above figures in their prospectuses, as constituting the only reliable statistical data available, based upon the operations of coastal shipping companies enjoying the full advantages of experienced British management. Indeed, to omit these figures would be to mislead the investor. The risk is, of course, that to *include* them might have the unfortunate result of inducing investors to adhere to gilt-edged securities, in which event the Coastal Shipping legislation would prove effective only to the extent of excluding British vessels, without Indian vessels being made available to preserve the continuity of trade uninterrupted. Certainly this is by no means an imaginary risk, for we are confronted with the highly significant fact that although the Scindia Co., the principal Indian Shipping Company, are parties to the present coastal conference and quote rates, etc., in conjunction with the British Companies, yet they do not make large profits. It may not be irrelevant to add that one-third of the steamers this patriotic Indian Company do run on the coast are British or foreign owned, being on time charter. It appears that, in spite

of this Company being members of the alleged monopolistic combine, they cannot secure the capital to buy the steamers they require to maintain their position in the trade. They are chartering British and foreign ships the owners of which make no effort to help Indian youths in their laudable desire to find careers at sea. In fact in some instances the crews of these steamers are mainly British and/or foreign. In brief, while the prospect of a legal monopoly of the coasting trade may appear at first sight a tempting bait to the Indian investor, he is not likely to overlook the possibility that the advantages thus offered may be more than offset by defects in operation deriving from inexperienced management. For many years there have been and still are a number of indigenous craft engaged in the coastal trade of India. At various times Companies have been formed with a large proportion of Indian capital and under Indian managements to run steamships on the coast, but after a few years, not entirely in consequence of the greater resources and higher level of competitive efficiency of the older-established concerns, they have disappeared. At the present time, in addition to the Scindia Company, the following Indian Companies or individuals are running steamers on the coast, some of which are chartered vessels :—Bombay Steam Navigation Co., Ltd., (under British management but with a majority of Indian shareholders); Eastern Steam Navigation Company, Ltd.; Merchant Steam Navigation Company, Ltd; Bombay Steamships, Ltd; Malabar Steamship Co; Mr. R. Assaria; and Bengal Burmah Steam Navigation Co. In addition there are a number of small Indian-owned craft trading on the coast. The Scindia Co., it may be recalled, commenced business on the coast about 1920. In 1924 the capital was reduced, the original share-holders receiving, for each Rs. 30 share paid-up, one share of face value Rs. 15. For the year ending 30th June, 1927, the dividend was Re. 1/- per share (free of income tax). On the original amount invested this represents 3-1/3 per cent. (i.e., Re. 1 on Rs. 30). A large proportion of this small profit moreover was derived from investments and interests on loans and from chartered British and foreign tonnage.

Effect of Reservation on Coastal Trade and the Prices of Foodstuffs.

INVESTIGATIONS made by Sir Charles Innes when Commerce Member of the Government of India, and confirmed by the Bengal Chamber of Commerce, indicate that of the total coasting trade more than two-thirds consists of oil, coal, rice and other food grains. Oil carried from Burma to other parts of India is taken in the oil company's own vessels, and the company is thus able to control the retail price at which the oil is sold; but if it were compelled to send the oil by vessels belonging to an independent carrying company this control would be at once removed. Coal is already hard put to it to compete on the west coast with the foreign product, and the carrying trade is open to all comers; reservation would, by restricting the number of vessels that could compete for the trade, and by the resulting increase in freights, complete the ruin of a trade that already finds it difficult enough to earn dividends. Similarly, reservation, in the interests of a small group of capitalists, would necessarily increase the price of food grains, accentuating the handicaps already imposed upon the urban population by the all-round increase in the cost of living. It may be asserted, therefore, without fear of contradiction that the dividends of Indian Shipping Companies, relying for existence on the establishment of a legal monopoly of the coasting trade, would be derived pre-eminently from what would amount to a new tax on food. Salt is already taxed, in the interests of the public revenues. The Coastal Traffic Bill proposes to levy a tax on rice, in the interests of Indian shipowners.

Confiscation without Compensation?

ALTHOUGH the Mercantile Marine Committee recommended the "eventual reservation of the Indian coasting trade for ships the ownership and controlling interests in which are predominantly Indian," it indicated its acceptance of the principle of compensation by proceeding to urge that "it would facilitate the growth of an Indian Mercantile Marine if, in combination with the licensing system which has been proposed above, arrangements could be made for the Government of India, by means of a loan, to purchase one of the existing British lines operating on the coast as a going concern and appoint directors to control it, a majority of whom should be Indians. The present management should be retained until such time as there are sufficient Indians available with the necessary experience to undertake complete management. The ownership of the vessels in this line should be transferred by sale from time to time to approved Indian owners with a view to the above concern ultimately being placed in the hands of Indian Companies. Such an arrangement would furnish an immediate opportunity for Indians to extend the Indian Mercantile Marine with a ready made fleet of proved efficiency and as the existing management would be retained it would have a definite commercial value offering a fairly safe return for the capital invested in its purchase. The possession of such a fleet of ships of the approved type would provide also immediate opportunities for the training of Indian apprentices and the employment of Indian officers, as well as opportunities for the training of Indians in the business management of shipping concerns by European shipping experts. We have not sounded any of the existing British owned lines as to whether they would be willing to sell out but we think it is not unlikely, under the changed conditions which, if approved by Government, the reservation of the coastal trade on the lines indicated will bring about, that one or more of these companies might be willing to consider the matter if a suitable offer is made to them. In our opinion this proposition is a feasible one, provided it is combined with

the licensing system which we have recommended, and we commend it as worthy of serious consideration by the Government of India."

In contrast with this not inequitable proposal, the Coastal Traffic Bill recently referred to a Select Committee suggests exclusion of British shipping Companies from the Indian coastal trade,—which they have developed over a long period of years by the consistent provision of regular and efficiently run services in good times and bad—without compensation in any degree or in any form. The assumption which could form the only possible justification for this attitude, viz., that the British vessels so excluded could immediately, or within a reasonable time, secure equally profitable employment elsewhere, is erroneous for two main reasons (1) such vessels have been built with a view to meeting the special requirements and peculiarities of the Indian deck passenger traffic and to comply with Indian official regulations in this regard, and there is no other trade in the world except on the Indian coast and to and from India in which they could be satisfactorily engaged and (2) even were structural adaptations effected, the world surplusage of tonnage renders the profitable utilisation of these expropriated vessels exceedingly improbable, as assuredly as it would render superfluous the construction of new vessels for the coastal trade by the Indian Shipping Companies legally empowered to appropriate the trade built up by British capital and enterprise. Most business men, and even some of the better-informed among the politicians, are vaguely aware of the extent to which world shipping has expanded in excess of the immediate requirements of world trade, but probably very few are aware of the exact extent of the increase that has occurred. It will suffice to state here that according to Lloyds' List (included in the Appendices to this pamphlet) the merchant shipping of the world has increased from 45,404,000 tons in 1914 to 65,159,000 tons in 1928 without any corresponding increase in world trade.

In view of the enormous surplusage of world shipping indicated in these figures, any suggestion that vessels excluded from the Indian coastal trade would encounter no difficulty in securing profitable employment elsewhere is evidently based upon complete ignorance, or alternatively on a desire to disguise the indisputable facts of the international shipping situation.

The "Call" on the Indian Investor.

HAVING analysed the probable reaction of the new shipbuilding and shipowning programme on the interests of the trader and the tax-payer, we may now endeavour to calculate the probable extent of the " call " this ambitious scheme of development may be expected to make on the limited resources of the Indian investor—bearing in mind the certainty that, in view of the legal stipulation concerning 75 per cent. Indian capital, in practice, Indian investors would be expected to supply the whole of the money required.

Only approximate estimates are possible, but, on a conservative calculation, it may be safely assumed that the triple programme of coastal reservation, establishment of subsidised ocean-going services, and full development of Indian shipbuilding yards, could not be financed for less than fifty crores of rupees, spread over ten years; and it rests with the Indian Legislature to determine, by its decision concerning the Coastal Traffic Bill, whether India is to be committed, irrevocably, to invest this not inconsiderable sum, in the immediate future, in the various sections of the shipping business.

State Steamship Services?

AT this stage very little is being said about the establishment of State steamship services to compete for the foreign traffic, but that this is part of the programme which the Bombay interests are endeavouring to foist upon the country is indicated in the representation of the Indian Merchants' Chamber to the Mercantile Marine Committee already quoted. State-owned and State-managed shipping services, it will be argued, are the natural corollary and reinforcement of State-owned and State-managed Railways, but here again it is necessary to count the cost. Once the Government of India are committed to State-aid to shipping on the lines contemplated by the sponsors of the Coastal Traffic Bill, the further step to State-owned ocean-going boats will follow almost automatically.

The high cost of State Shipping Lines to the countries misguided enough to engage in such enterprises is well-known; and a period when there is so much idle tonnage does not represent the most opportune moment for adding to these extravagant ventures. According to a writer in a recent Monthly Circular of the Baltic and International Maritime Conference :

> The sea-borne traffic of to-day is only 5 to 10 per cent. higher than that of 1913, when the total floating tonnage of the world was 37 millions deadweight tons; and an aggregate tonnage of 39 to 41 millions would thus suffice to meet all freightage requirements. Excluding sailing vessels, oil-tankers, lake and coasting ships, the world now possesses 48 million tons, or nominally seven to nine million tons in excess; but when the greater speed of modern ships and the improved facilities for loading and discharging are taken into account, it may be estimated that the transport facilities in shipping have been augmented by 40 per cent.; in other words, we suffer from a superfluity of tonnage amounting to about 13 million tons, a truly formidable total.

It need only be added that, to whatever uses India may ultimately devote her hoards of gold and silver, she certainly cannot afford to throw them into the sea.

The Cost of State Subsidies.

IN considering proposals involving large calls upon the resources of the Indian tax-payer in the interests of particular industries, a reference to the financial position of the Government of India is unavoidable. While the era of deficit budgets has terminated (for the nonce) demands for additional expenditure are numerous, one item to which Government are already definitely committed being the subsidisation of civil aviation companies, the establishment of which may, incidentally, possibly result in the curtailment of the mail subsidies payable to coastal shipping, *e.g.*, on the Calcutta-Rangoon Service. The cost of implementing the important recommendations of the Agricultural Commission is estimated at a minimum of one crore of rupees per annum; and, if there is one aspect of the problem of Constitutional Reforms on which there is complete agreement, it is that, by further allocations from Central revenues, the new Provincial Executives must be placed in possession of larger financial resources than have been available under the present regime.

The only financial suggestion made by the sponsors of the coastal shipping, and associated, schemes, is that the money required should be obtained by a tonnage tax on vessels coming to Indian Ports, say at the rate of 8 annas a ton on cargo cleared; this impost being estimated to yield about 60 lakhs per annum or 3 crores in five years. In other words, by a new tax on the unfortunate " consumer "!

Subsidies for Shipbuilders.

ASSUMING that full development of the Indian shipbuilding industry would be the logical sequel to the reservation of the coastal trade, and, in any event, an essential preliminary to the capture of the ocean trade, it may be reasonably assumed that the aggregate subsidies indented for to secure the requisite equipment and standard of efficiency would run to many crores of rupees. Indeed a 25 per cent. construction bounty, on the 100 vessels required for the coasting trade, would involve an expenditure of 3 crores on this item alone excluding replacements. Actually, of course, the majority of the first hundred vessels would be purchased from foreign owners or yards.

In its written representation to the Mercantile Marine Committee, the Indian Engineering Association, Calcutta, the organisation best qualified to discuss the technical and financial aspects of shipbuilding in India, epitomised its conception of the position and prospects of the Indian shipbuilding industry in the following terms:

> Its extent was well defined by the Stores Purchase Committee, 1919-20, in paragraphs 128 and 129 of their Report as follows: 'The shipbuilding industry in India is centred chiefly in Calcutta, although shipbuilding yards also exist in Bombay, Karachi, Rangoon, and Madras, and to a lesser extent at some of the smaller ports round the coast. The industry relies principally on private firms, companies, and *quasi*-public bodies for its support, as, hitherto, very few orders for river, or sea-going, craft have been placed by Government on private firms.'
>
> '.....Firms in India are now engaged in building all classes of vessels required for river service, such as cargo boats, jute flats, motor boats and steam launches, also sea-going vessels, such as fishing boats, pilot vessels, and cargo ships; a sea-going passenger ship of over 200 feet in length has recently been launched.'

After emphasising that, as there has never been an industry in India engaged in the building of modern iron or steel steamships beyond what is now in existence, Indians have not the technical and scientific knowledge which are essential for the building of modern steamships, the Indian Engineering Association proceeded to state, tersely, that "the industry has to be created," and that the way to create it is "to develop and to extend the nucleus of a ship-building industry which is at present in existence"; and it added, quite frankly,

that direct State aid in the form of construction bounties will prove necessary if Indian ship-builders are to construct large ocean-going ships in competition with builders in other parts of the world.

In order to enable Indian coastal shipping companies to maintain freights at reasonable levels, freedom to buy their ships in the cheapest market would be vital, and at present, taking all factors into consideration, the cheapest market is Great Britain whose long experience and avoidance of tariffs on shipbuilding materials enable costs of construction to be reduced to the absolute minimum. It follows that the difference in costs of construction as between Indian and British shipbuilding yards must fall on the Indian tax-payer, not on the Indian shipowners; otherwise, either freight rates would be forced up or the Shipping Companies' profits would disappear. No precise calculation can be made of the dimensions of this threatened new burden, but that it would not be light may be deduced from the admission of the representatives of the Indian Engineering Association (Evidence, Mercantile Marine Committee, page 379) that the cost of shipbuilding labour in India, in terms of efficiency, is about three times as high as in Great Britain (quite apart from the higher cost of shipbuilding materials) and that there are no signs at present of any reduction in these costs. As this calculation was supplied by men with practical experience of shipbuilding on the Hooghly, its accuracy is not open to effective challenge. In the experience of Calcutta shipbuilding firms: "There is a lot of work spoiled in India on account of the ignorance and bad attendance of the workmen. A man works at a stretch for two days and then absents himself and another man has to be put at it. This does not happen at Home.....Some of them remain for three months and then go away to their country on account of sickness. They have not got the stamina.....Possibly the climate is against them." Such handicaps, of course, tend not only to high costs but to poor workmanship, and it may be doubted whether conditions in India are yet ripe for development of shipbuilding in terms of ocean-going vessels. "It has to be remembered," as pointed out by the Bengal Chamber of Commerce, "that marine shipbuilding is a highly specialised and technical industry which in western countries has been slowly evolved and developed.

It may be considered to be the result of many generations of experience acquired by the maritime peoples. It is largely dependent on numerous other industries, and in particular on the manufacture of steel and the component parts of marine engines." Asked in oral examination whether India should not make a beginning, the Bengal Chamber's spokesman declared: "If they can do it on an economic basis, if they extend the present yards in which they build small craft, no one would have any objection, but you cannot suddenly come and say that a country should become a shipbuilding country. It is not a question of years, it is a question of centuries."

As already noted, if, notwithstanding these hindrances and handicaps, it is determined to force a quick development on the shipbuilding industry in India, clearly *the cost will be high, and the tax-payer (presumably the income- and/or super-tax payer) will be invited to settle the account.*

The Experience of Japan.

AS Japan is extolled as the country India should emulate in all matters affecting shipowning and shipbuilding, it may be useful to recall the estimate of the financial aspects of this policy included in the survey of the Japanese mercantile marine by Mr. Yonejiro Ito, President of the Nippon Yusen Kaisha, embodied the Minutes of the Evidence recorded by the Indian Mercantile Marine Committee. In the propaganda launched in support of the Indian Coastal Traffic Bill the ultimate cost of the programme outlined to the Indian tax-payer has either been obscured or greatly under-estimated. In the view of the President of the Nippon Yusen Kaisha :

> Anyone who makes an inquiry into the necessity of granting a State subsidy to the shipping trade must bear in mind the following three points, considered from the characteristics inherent in it :
>
> (*a*) The shipping trade is an undertaking wherein capital is liable to be locked up.
>
> (*b*) As it is always in a position of competing with that in other countries, it ought to be prepared to bear considerable losses at times.
>
> (*c*) In order to safely establish the right of navigation, it is called upon to keep up regular services in which ships should be operated punctually according to schedules previously laid down, irrespective of the number of passengers and the quantity of the cargo to be carried by them.
>
> If considered as a profit-making enterprise, the shipping trade does not return large enough profits to meet its expenses except when the movement of cargo is brisk, and the supply and demand of bottoms is well balanced. Further, the shipping trade, being a public organ of communications, cannot stop or suspend its services according to its convenience. This is especially the case with its regular services. Therefore, it is but right for the State to subsidise it in some degree.

Japan faced the heavy expenditure involved in building up its mercantile marine in order to preserve its political independence, and under the stimulus of successive wars which forced the Japanese Government, at various times from 1871 onwards, to subsidise the purchase and running of ships required to carry out the transportation of troops and military supplies. India, growing to economic maturity under the shelter of the British Navy, has been spared this enormous outlay and may count herself, in view of her low taxable capacity, fortunate in her immunity. The President of the Nippon Yusen Kaisha, harking back to the Japanese war with China

in 1894-95, recalls that " the result of the endeavours made by the authorities and the people in replenishing our shipping during the war was evidenced by the fact that, whereas the steamships owned by Japanese companies at the end of 1893, or the year immediately preceding the outbreak of the war, numbered 680 aggregating 110,000 tons, they were increased to 827 with a total tonnage of 213,000 tons at the end of 1895. During the war, our ships carried more than 520,000 men, some 40,000 head of horses and 320,000 tons of cargo. The speedy growth of our merchant marine brought on the opening of various lines to foreign countries as its natural outcome, and this was aided a great deal by the elevation of our national prestige in the world after the successful conclusion." A decade later the Russo-Japanese War exerted a still greater stimulus, the Japanese mercantile marine during that tremendous crisis being augmented by the addition of about 50 ships of 140,000 tons which were either newly built, purchased from abroad, or taken from the enemy while the war was in progress, with the result that the number of ships in Japan at the end of 1906 stood at 1,492 of 1,034,456 tons, showing a gain of approximately 380,000 tons as compared with 1,088 of 657,269 tons at the corresponding period of 1903. The lapse of another decade, and the opportunities provided by the World War, brought another period of rapid expansion in Japanese shipping, particularly shipbuilding. Prior to 1914, the tonnage of ships constructed in Japan was negligible, not exceeding 50,000 tons a year. Under war conditions Japanese shipbuilding " became almost as important as the cotton spinning industry which ranks first among all the industries in Japan." The lesson attaching to this recital is so plain that even he who runs may read, and, reading, understand. India can hardly rely on a succession of great wars to assist her to repeat the achievement of Japan. It must also be stressed that, in addition to these inadvertent stimuli, the growth of Japanese shipping is traceable to " generous State subsidies " dating from as far back as the year 1875. The generous State subsidies cannot be dissociated from the fact that the Japanese " merchant marine gives help and assistance to the navy and army as one of their auxiliary institutions in times of emergency." British ships carrying the Indian coastal traffic have been, and remain, available for the

same purpose without any subsidy beyond the small acknowledgment received for carrying the mails.

To Japan, for economic as well as political reasons, a strong Mercantile Marine is vital, whereas to India, at the present stage of her economic development, and in view of her complete dependence in respect of naval defence on the British Navy, a mercantile marine can only be regarded as a needless and expensive luxury. That will not always be the case, but we are concerned with the immediate position. In "The Japan Year Book" (1928) it is stated: "The Japanese, it must be admitted, were well qualified from olden times as seafarers in adventurous spirit, the art of navigation and shipbuilding and business organization, and it is not to be wondered at that with the removal in 1862 of the ban on ocean voyages, the carrying trade of the country should have made a marvellous development, as to-day bears witness." India, too, has reason to recall with pride the achievements of an earlier era in respect of shipbuilding and shipowning, and when the conditions are again favourable these traditions may well be invoked to inspire a revival and adaptation in these spheres in conformity with the needs and requirements of a new era. A premature revival, however, could only result in a costly failure.

Unlike India, Japan, with a population exceeding sixty millions crowded into a relatively limited area much of which is infertile, is dependent, for bare existence, on imported foods and raw materials. To quote "The Japan Year Book": "Japan is scantily gifted by nature, and, limited as to resources and territorial area, is obliged to depend upon foreign countries even for supply of the necessaries of life. First, as regards rice, the staple foodstuff of Japan, we have to make good the shortage with what can be imported from Burmah, French-India, China and even California; for textile materials, raw cotton and wool, we have to depend almost exclusively upon foreign supplies, while more recently building materials, especially timber, are brought from America. Needless to say that for chemical stuffs wanted in various industrial purposes and for machines and machinery Japan is still largely dependent upon foreign countries. All these imports mean for us islanders ship-bottoms, which is of course inseparably associated also with what we ship abroad to

balance the international trade account." In this concise statement we have the economic facts required to justify the contention, formulated above, that while to Japan a mercantile marine is a necessity, to assure food and employment to her congested population, to India, which is not dependent to any important extent on imported food or raw materials, shipowning and shipbuilding, in so far as these would be dependent on State-aid, would constitute a needless and expensive luxury. While there are countries, *e.g.*, the United States, which can afford to develop their mercantile marines more or less regardless of financial considerations, India, it would be dishonest to ignore, is less fortunately circumstanced. While there is no ban on private enterprise, which has its own advantages in stimulating competitive efficiency, State subsidies, which could only be financed by additional taxation, would be impossible to justify.

Reference has already been made to the adventitious aid given to Japanese shipping by successive wars, and in calculating the relative cost of equal development of State-aided Indian shipping services, the importance of the stimulus thus obtained can hardly be over-rated. According to one calculation (Economic Statesmanship, by J. Ellis Barker, published by John Murray) in 1904 one-half of Japan's exports was carried in British steamers, and only one-seventeenth of Japan's exports was carried in Japanese steamers. In 1909 British steamers carried only one-fourth of Japan's exports, and Japanese carried one-half of these exports. In 1913, the year preceding the War, England's share in the Japanese export trade was still one-fourth, as in 1909, and Japan's share was still approximately one-half. In 1917 nearly nine-tenths of Japan's exports were carried in Japanese steamers, and the insignificant remainder was shared fairly equally between British and other steamers. *The War gave to the Japanese merchant marine virtually a monopoly in the Japanese trade.*

In the judgment of the same writer, the Japanese have managed their merchant marine with consummate skill and wisdom, and with wonderful energy. Instead of distributing their war earnings in the form of dividends, the Japanese invested their profits partly in new tonnage, partly in creating a vast reserve fund which has proved extremely useful in the

subsequent years of depression. In 1917 the principal Japanese shipping company possessed a reserve fund exceeding £12,000,000.

Furthermore :

Japan has a number of very great advantages in the shipping trade, and especially in the shipping trade of the Far East. Owing to the lowness of wages paid in the Japanese yards, Japanese shipping is far cheaper than European shipping. Moreover, the Japanese ships can be handled far more cheaply than European ships, because sailors' wages are exceedingly low. Lastly, Japanese shipowners enjoy Government support, and they are willing to work with little profit, even at no profit, if they can thereby increase the strength of their shipping and the prestige of their country. The competition of Japanese shipping will prove as successful as Japanese competition has proved in the cotton trade. The Final Report of the Departmental Committee of the Board of Trade on the Shipping and Shipbuilding Industries after the War stated :

'In the Eastern trades (including the Indian coastal trade) the heavy subsidies paid by the Japanese Government to the Japanese lines have rendered the competition of the latter very formidable. It must be recognised that the competition of American, Japanese and neutral flags, in all the trades of the world will be much accentuated after the War. We wish to draw special attention to the position of Japanese shipping. It appears to us that geographical and economic conditions favour a considerable expansion of Japanese sea-power throughout the Pacific and the East, and we think that developments in this part of the world should be watched by H. M. Government in the years following the conclusion of peace.'

The extent to which these expectations of a considerable expansion in Japanese shipping have been fulfilled may be judged from the following statistics concerning the number and tonnage of registered vessels in Japan, the figures including vessels registered in the jurisdiction of Kwantung, Korea and Formosa :

JAPANESE STEAMSHIPS.

Year	Number	Tonnage
1915	2,132	1,604,900
1926	3,547	3,995,195

The following figures concerning Japanese coasters of 10 years old (averages of actual results for 1925, 1926, and 1927) published by the Japan Shipowners' Association indicate the

losses in yen incurred on these vessels in the above three years :—

D/W Tons	Income	Capital Interest.	Depreciation.	Wages	Victualling
2,000	69,460	14,000	12,000	22,152	6,000
1,500	60,202	12,000	11,000	19,200	6,000
1,000	40,135	8,400	7,000	18,000	5,000

Insurance.	Repairs.	Office Ex's.	Sundry Ex's.	Stores	Total Ex's.	LOSS.
8,600	19,000	6,000	3,600	6,000	98,444	28,984
7,700	18,000	5,400	3,600	5,400	88,400	28,198
5,150	15,000	5,000	3,000	4,800	71,683	31,548

It should, perhaps, be added that, although restrictions are placed upon the nationality of the Directors of any Japanese Steamship Company there is no similar obstacle in the way of the major portion of the capital being in the hands of foreigners, provided, of course, that such Companies are not subsidised by the Japanese Government. As no subsidies are given in respect of the coastal services of Japan there is, therefore, no legal obstacle to Europeans or Indians owning the major portion of the capital of a Japanese Shipping Company. Another point is that when Companies are subsidised by the Government of Japan the senior staffs of their steamers must be Japanese, but this only applies to subsidised Companies and there is nothing in the Japanese Act debarring Indians or other nationals manning Japanese steamers.

The Australian Analogy.

WITHIN the British Empire there is no precedent for legislation embodying racial restrictions of the character disfiguring the Indian Coastal Traffic Bill, either as regards capital or management. The relevant provisions of the Australian Navigation Act read as hereunder :—

" PART VI—THE COASTING TRADE.

284. This part of this Act shall, except where otherwise expressed, apply to all ships (whether British or foreign).

288 (1) No ship shall engage in the coasting trade unless licensed to do so.

Penalty (on master, owner, or agent) : £500.

(2) Licenses to ships to engage in the coasting trade shall be for such period, not exceeding three years, as is prescribed, and may be granted as prescribed.

(3) Every license shall be issued subject to compliance on the part of the ship, her master, owner and agent, during such time as she is engaged in the coasting trade, with the following conditions :—

(*a*) That the seamen employed on the ship shall be paid wages in accordance with this part of the Act ; and

(*b*) That, in the case of a foreign ship, she shall be provided with the same number of officers and seamen, and with the same accommodation for them, as would be required if she were a British ship registered in Australia or engaged in the coasting trade.

(*c*) That in every ship registered in Australia or engaged in the coasting trade where a library is provided for the use of passengers, every seaman and apprentice shall—where no library for their special use is provided—be entitled to obtain books therefrom under the same conditions as may regulate the issue of such books to the passengers.

Penalty (on owner) : £10.

The terms of the Australian Navigation Act indicate, in short, that it must be classified primarily as an advanced form of labour legislation, in harmony with the general social and political ideas and aspirations of a semi-Socialist Commonwealth possessing, and exercising, the power to impose any regulations or restrictions it likes on commercial enterprise. That external capital is not excluded from engaging in the Australian coasting trade is evidenced by the participation therein of the Australasian United Steam Navigation Company, Ltd., financed exclusively by British capital and controlled by a London Board of Directors under the chairmanship of Lord Inchcape, the largest single holder of shares being the British India Steam Navigation Co., Ltd.

As criticised by *Capital*, Mr. Haji's Bill " is cast in a different mould. It is inspired by a spirit of racial exclusiveness, it is concerned solely with the interests of small groups of shareholders, it would not foster any Indian industry, and, except shipowning, it would not benefit any Indian trade. Its immediate effect would be to establish a monopoly in the utilisation of imported ships captained and officered by imported men."

If the Australian Act is conceived solely in the interests of the worker, the Indian measure is conceived solely in the interests of one small group of Indian capitalists regardless of the interests of Indian investors in other groups of trades and industries whose narrow margin of profit would disappear entirely, in the event of any interruption or deterioration in the present system of cheap and efficient transport.

Incidentally it should not be forgotten that, as a partial offset to any loss occasioned to British shipping by advanced labour legislation, Australia finances a Dominion Navy available for the defence of Empire shipping in time of war. It was, in fact, an Australian battleship which terminated the disastrous activities, during the World War, of the *Emden*.

India cannot expect to share the ownership of the Mercantile Marine, without making a proportionate contribution to the cost of naval defence.

Appendices.

Profits of the British India S. N. Co., Ltd.

The published accounts for the last eight years show the following figures :—

Year.	Profits.
1920	£237,285
1921	£186,183
1922	£ 85,056
1923	£187,253
1924	£187,679
1925	£186,757
1926	£186,007
1927	£239,500
Average	£186,965

The share capital of the Company and the Debenture Stock is as follows :—

5% Cumulative Preference Stock	£700,000
19,144 Ordinary shares of £50 each (fully paid) ...	£957,200
4½% Debenture Stock	£1,657,200
	£3,314,400
5½% Cumulative Preference Stock (issued in 1927)	£2,000,000
	£5,314,400

Last year's profit of £239,500 was equivalent to 4½ per cent. on the present capital of the Company.

The Japanese Mercantile Marine.

The following figures indicate the expansion, since 1915, in the number and tonnage of registered vessels in Japan, the figures including vessels registered in the jurisdiction of Kwantung, Korea, and Formosa:

	Steamships.		Sailing Vessels.	
	Number.	Tonnage.	Number.	Tonnage.
1915 ...	2,132	1,604,900	8,656	542,579
1920 ...	2,931	3,011,634	14,415	973,286
1922 ...	3,001	3,254,962	13,997	930,058
1923 ...	3,049	3,322,764	13,842	904,312
1924 ...	3,143	3,520,748	13,891	891,135
1925 ...	3,187	3,496,262	14,084	883,353
1926 ...	3,547	3,995,195	14,902	899,233

According to an investigation made by the Japanese Department of Communications, at the end of October, 1927, vessels over 1,000 tons engaged in the near sea and ocean voyages numbered 1,016 with 3,780,149 tons classified as follows according to the service:—

Lines.	No. S.S.	Gross tons
Coastwise	378	718,070
Vladivostok	34	101,673
Korea	67	135,982
N. China	88	265,595
Central China	65	243,596
Formosa	52	162,785
S. China	20	67,535
Oceania	6	58,974
Java	13	93,593
Straits Smts.	8	50,865
India	42	229,980
Australia	20	119,225
Europe	50	356,299
E. Africa	4	23,213
N. America (East Coast)	50	333,778
„ (West „)	89	615,929
Central America	3	21,092
S. America (East Coast)	6	50,143
„ (West „)	6	54,443
In foreign charter	2	6,808
Otherwise employed	13	70,571
Total ...	1,016	3,780,149

The World's Shipping.

Lloyd's annual figures relating to the ownership of the world's shipping have recently been brought up-to-date, and the following table shows the distribution at various dates :—

MERCHANT SHIPPING OF THE WORLD.*

(000 omitted)

Country	June 1914 Gross tons	1914 % of total	June 1921 Gross tons	1921 % of total	June 1928 Gross tons	1928 % of total
Great Britain & Ireland	18,892	*41.6*	19.320	*32.8*	19,754	*30.3*
British Dominions ...	1,632	*3.7*	2,269	*3.9*	2,750	*4.2*
United States ...	4,287	*9.4*	15,674	*26.6*	13,608	*21.0*
Denmark	771	*1.7*	883	*1.5*	1,042	*1.6*
France	1,922	*4.2*	3,299	*5.6*	3,256	*5.0*
Germany	5,135	*11.3*	654	*1.1*	3,738	*5.7*
Holland	1,472	*3.2*	2,208	*3.8*	2,809	*4.3*
Italy	1,431	*3.2*	2,467	*4.2*	3,349	*5.1*
Japan	1,708	*3.8*	3,355	*5.7*	4,140	*6.4*
Norway	1,957	*4.3*	2,371	*4.0*	2,954	*4.5*
Spain	884	*1.9*	1,112	*1.9*	1,138	*1.7*
Sweden	1,015	*2.2*	1,086	*1.8*	1,412	*2.2*
Other countries ...	4,298	*9.5*	4,148	*7.1*	5,209	*8.0*
Total abroad ..	26,512	*58.4*	39,526	*67.2*	45,405	*69.7*
World's total ...	45,404	*100.0*	58,846	*100.0*	65,159	*100.0*

* Sailing ships and vessels under 100 tons are excluded.

Resolution Passed at the Second General Conference on Communications and Transit, Geneva, 1923.

"WITH a view to ensuring the widest possible extension of the principles of freedom of communication, of equality of treatment, and of reciprocity, which are the basis of the Convention and Statute relating to the International Regime of Maritime Ports, adopted by the Conference held at Geneva on December 9th, 1923, and which govern, in accordance with the principles of the Covenant and also in conformity with the resolution of the Economic Conference held at Genoa in 1922, the rights laid down in the above-mentioned Statute.

" Considering that the critical conditions in all countries are mainly due to the restrictions which have been set up and have become recently accentuated in regard to passenger and goods traffic.

" The Conference recommends that all States, including those which are not members of the League of Nations, should accept the fundamental principles of the above-mentioned Statute, and should refrain from inequitable economic measures, such as, in particular, an abusive extension of the scope of the maritime coasting trade.

" More especially, the Conference recommends to the States signatories to the Convention on the International Regime of Maritime Ports, or adhering thereto, and under the same sovereignty as other States whose territory is situated overseas, or States which have such territories under their sovereignty or authority, to apply, in all circumstances, in their ports or in the ports of the above-mentioned territories, and in the conditions laid down in Articles 2, 5 and 6, the same treatment to their own ships carrying on trade between their territories and such States or overseas territories, and also to their cargoes and passengers, as is applied to the ships of other Contracting States utilising the aforesaid ports and carrying on other trade than the trade specified above."

Resolution on "Unity of Economic Defence" passed by the Imperial Economic Conference in London on the 23rd October, 1923.

1. "That it is their established practice to make no discrimination between the flags of shipping using their ports, and that they have no intention of departing from this practice as regards countries which treat ocean-going shipping under the British Flag on a footing of equality with their own national shipping."

2. "That, in the event of danger arising in future to the overseas shipping of the Empire through an attempt by a foreign country to discriminate against the British Flag, the Governments of the Empire will consult together as to the best means of meeting the situation."

Flag Discrimination.

RESOLUTIONS ADOPTED AT THE ANNUAL MEETINGS OF THE BRITISH CHAMBER OF SHIPPING.

1921-22.—

"That His Majesty's Government be urged to direct the attention of foreign Governments who have recently adopted or threatened measures of flag discrimination to the prejudicial reaction of such measures on the trade of the world and to the unreasonableness of expecting a continuance of the free navigation and equal trading rights hitherto accorded by the British Empire in the face of measures hurtful to its shipping."

1923-24.—

1. Having regard to the increasing conflict of ideas and aims in international politics resulting in continued depression of trade and serious injury to commerce, the Chamber of Shipping welcome the movement for international co-operation among business organisations believing that sustained co-ordinated effort on the part of all sections of commerce and industry is needed to secure due weight being given to business views in the consideration by Governments of different countries of economic and commercial questions.

2. They therefore note with satisfaction the progress which has been made in such co-operation which has resulted in commerce obtaining representation at International Conferences dealing with the second instalment of International Conventions on the freedom of communications and transit and the equitable treatment of commerce provided for by the Peace Treaty.

3. In particular they approve the Convention on the International Regime of Maritime Ports agreed by the Second General Conference on communications and transit of the League of Nations and express the hope that all countries represented at that Conference will sign and ratify the Convention and those not so represented will accede to it without delay.

4. They note with particular satisfaction that this Convention provides both for equality of treatment of vessels of all flags in all ports and reserves the right of retaliation

against any signatory State which fails to afford such treatment to foreign vessels.

5. They therefore call upon His Majesty's Government to take steps to effect, in conjunction with other signatory States, a working system of co-operation to support the Convention.

1924-25.—

" The Chamber of Shipping of the United Kingdom takes note of the widespread and growing desire on the part of maritime countries for freedom of the seas and of ports enunciated by the unanimous voice of the commercial community throughout the world in the resolutions on Flag Discrimination of the International Shipping Conference and the International Chamber of Commerce and embodied in the Maritime Ports Convention of the League of Nations. The Chamber trusts that in the near future by measures of retaliation international commerce in all civilised countries be freed from the handicap of the remaining vestiges of flag discrimination."

Cost of State Subsidies to Shipping.

A BRIEF summary of the cost of direct subsidies to shipping in other countries is contained in the publication concerning shipbuilding submitted at the International Economic Conference at Geneva in May, 1927. The following data excludes reference to the direct provision of shipping in the circumstances of the World War in the United States, Australia and Canada, and which involved the Governments of those countries in such heavy outlay in running these vessels in the post-war period. In most cases the subsidy is given to shipping, though in this way the shipbuilding industry may be indirectly benefited.

In Belgium, the Lloyd Royal Belge Line receives an annual credit of about 6,000,000 francs, certain shares being allotted to the State, while certain undertakings are entered into by the Company. A small subsidy is also given to the Congo service as was the case before the war.

Certain Brazilian shipping lines receive subsidies, the total annual provision for the subsidies for 1925 being fixed at 7,625,000 milreis paper.

The bounties given to shipping and shipbuilding in France before the war have been abandoned. No bounties are given to shipbuilding, though the shipyards enjoy the advantage of reduced railway rates on the State railways for their material.

No direct or indirect subsidies are now given to the German shipbuilding industry, and the State loans available for productive unemployment relief do not appear to have been taken up to their full extent. Of the Government credit of 50,000,000 marks set aside in 1924 for assistance in shipbuilding, only 30,000,000 marks had been taken up at the end of 1925. Local municipal assistance has been given in certain instances. In the years immediately after the war, the German shipping lines received an indemnity from the Government in compensation for the surrender of ships under the Treaty of Versailles to an amount estimated variously at £30,000,000 and £40,000,000. Payments ceased in 1923, and the activity of the shipyards in replacing the German

mercantile marine was immediately curtailed. A further source of assistance to German shipbuilding may be mentioned here, although it is not of the nature of a Government subsidy. A direct relation between the principal iron and steel engineering concerns and the shipbuilding industry was established, ensuring preferential treatment in the supply of fuel, raw material, semi-manufactured material and, in certain cases, motors, auxiliary engines and electrical work. This arrangement assisted the shipbuilding industry during a difficult period.

According to the statement of October 1926 of the Italian Treasury, the sums allotted to the Ministry of Communications for the assistance of shipping and shipbuilding were as follows for the financial year 1926-27 : In aid of shipbuilding 60,000,000 lire; in aid of shipping services 45,600,000 lire. The subventions granted by the Italian Government to shipbuilding are not of the nature of subsidies, but represent primarily the refunding of Customs duties imposed on raw materials purchased within the country itself by the shipyards. The subventions made to the mercantile marine are in return for services rendered to the State.

The Spanish Government, by a decree issued August 20th, 1925, provided an annual subsidy of 10,000,000 pesetas for the shipping industry and of 8,000,000 pesetas for shipbuilding, these sums to be extended over a period of ten years. These take the place of earlier and smaller grants provided under a law of June 10th, 1909. At the same time fiscal measures were adopted for the protection of the industry. Coastal trade is reserved for Spanish ships of Spanish construction.

In Japan, the Oversea Navigation Subsidy Law was radically revised in 1917. The law is principally concerned with payment for mail services, which entail further obligations on the carrying companies. But a special subsidy is paid to certain shipping companies for maintaining regular services to the South Seas, China and near seaports. The subsidy covers the mail contract. The total amount allocated to subsidised lines in 1924 was 2,543,000 yen. There is no direct subsidy to shipbuilding.

In the Netherlands, State assistance is given to three lines. No subsidies are given in respect of shipbuilding.

The only assistance given to shipbuilding since the war has been a small subsidy to unemployment relief at a period of severe unemployment to seven yards, only two of which were engaged on sea-going ships. The total sum amounted to about 500,000 gulden and the measure was a purely temporary one.

The Norwegian Government gives certain subsidies, but only to coastal services, and that on account of the physical difficulty of providing inland communication. In Sweden, State loans are in some cases available for overseas shipping, but direct shipping subsidies have been abolished.

The fleet constructed and operated by the United States Shipping Board was built primarily, during the war years, to maintain communications between the Allied countries and to provide for the transport of men, war material and food supplies to Europe; it has been maintained with the idea of strengthening American maritime power and promoting the transport of American goods in American bottoms. American building (dead weight tonnage) was 519,232 tons in 1913 and 5,694,567 tons in 1920, an increase without parallel in ship-construction records. During the course of the fiscal year 1925, the United States Shipping Board met with a net loss of over 30 million dollars on account of its shipping operations. There are no direct subsidies to privately owned ships, but preferential rates for the conveyance of mails by American boats are paid.

In Great Britain, the Cunard Steamship Company receives an annual grant for the maintenance of a ship of approved speed, the Government retaining rights of pre-emption or hire of all the Company's ships. In their conclusions on the condition of the British Industry, the Joint Enquiry Committee of the Shipbuilding Employers' Federation and the Shipyard Trade Unions reported in June 1926 that, in view of the depression in the industry, they had considered the question of inviting Government temporary assistance, whether by subsidy or direct monetary aid, but they concluded that such assistance would not in the long run be in the interest of the industry or the country. They protested, however, against the discontinuance of the Trade Facilities Act as regards shipbuilding, and urged that the facilities hitherto available under that Act should be continued and even enlarged.

A DECLARATION
of
TORY PRINCIPLES

Essays by Undergraduates of Oxford and Cambridge

"In the future, as in the past, we shall look to the vigorous intellectual life of the Universities from which to draw new strength and gain fresh inspiration."—*Stanley Baldwin.*

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Contents

PAGE

REASON AND INSTINCT IN THE CONSERVATIVE PHILOSOPHY —RALPH PARKER (Corpus Christi College, Cambridge) 3

CONSERVATISM AS A SOCIAL POLICY—R. GRESHAM COOKE (New College, Oxford) - - - - - - 12

THE PRINCIPLES OF TORYISM—J. H. BLAKSLEY, M.C., M.A. (New College, Oxford, Hon. Secretary, Coningsby Club) - - - - - - - - - 18

Quo Vadis? A QUESTION FOR SOCIALISTS—QUINTIN HOGG (Christ Church, Oxford, President of the Oxford Union Society) - - - - - - 25

THE PHILOSOPHY OF CONSERVATISM—A. R. M. MURRAY (Trinity College, Cambridge) - - - - - 28

A CASE FOR CONSERVATISM—W. J. K. DIPLOCK (University College, Oxford, Secretary of the Oxford Union Society) - - - - - - - - - 35

Edited by

A. R. PARKER

R. GRESHAM COOKE

FELIX GREENE

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Reason and Instinct in the Conservative Philosophy

"But I do say my conception of a great statesman is of one who represents a great idea—an idea which may lead him to power; an idea with which he may identify himself: an idea which may develop; an idea which he may and can impress on the mind and conscience of a nation. That, Sir, is my notion of a great statesman."—*Disraeli*, H. of C., Jan., 1846.

THIS collection of essays has been put together because, in the opinion of the writers, the time is ripe for a determined effort to enunciate the fundamental principles of Conservatism. Three reasons may be given for this opinion. First, it is certain that there are many among those who support the Socialist Party who would be attracted to Conservatism if it were presented in a more definite manner. The Socialist Party has no unique title to represent the labouring classes of the nation, nor does it in fact do so. "The Labour Party," writes Mr. Rosslyn Mitchell (Socialist M.P. for Paisley), ". . . has not yet converted to its philosophy the workers of the nation . . . . It is working people who put the Government in, it is working people who keep the Liberal Party alive, it is working people who make the Labour Party possible. But the British people vote as politicians—not as a class. There are purely industrial constituencies which send Conservative members to the House of Commons, and the platform claptrap about working people who vote Conservative being 'traitors to their class' is a repudiation of democracy." Secondly, Socialism is by its very nature inimical to the institutions of this country. If the Socialists are returned to power, we may anticipate a breach of the traditional and essential continuity of foreign and domestic policy, and legislation that will enanger the foundations of our society. These attacks must be met with a well

organised defence. Thirdly, the country is rapidly approaching a situation in which great decisions will have to be made by its leaders. The reconstructive work of the last ten years is almost completed, and as soon as industry gains the full benefit of recent legislation, a more adventurous course will be open to the nation. Success will be achieved only if the leaders, supported by the electorate, are directed by consistent principles. Little more has been demanded of recent governments than an honest, business-like endeavour to repair the damage of the War. But we are at a point when this appeal begins to mean less and less as prosperity returns. The electorate wishes to know more of a Party than its policy with regard to particular questions under existing circumstances. It wishes to know the philosophy by which such policy is, and is to be, determined.

If the Conservative Party is prepared to make a general but explicit statement of its principles—principles grounded in instinct (which is distilled experience) and refined by reason; if it is prepared to go to the country with faith in these principles, and with the energy that is associated with convictions that are both rational and passionate; it will, with greater facility and with greater honour, establish its proud title to guide the destinies of this realm and empire.

It is the weakness of our Party that it takes for granted and habitually neglects to illustrate the intellectual basis of Conservatism. In consequence, people who are accustomed to describe Conservatism as "an attitude of mind" frequently mean no more by that description than that they regard Conservatism as an attitude. The proper emphasis rests on the word "*mind.*" The intellectual case for Conservatism is in point of fact unanswerable, and it is the height of folly to neglect it. Conservatism comprises, in the words of Burke, a disposition to retain combined with an ability to improve. It is neither obscurantist nor iconoclastic: its memory of the past does not distort its vision of the future, nor its vision of the

future obscure its memory of the past. It is opportunist only in the sense that it is not doctrinaire: it is reactionary only when, as is so frequently the case, the road of progress leads through reaction. It distrusts visionaries, but it believes in vision. It respects tradition less for its own sake than as a guide to progress. It appeals to instinct, not against reason, but against impulse: it appeals from an irrational instinct to a rational. It is for this reason that, alone of the contending parties the Conservative Party has the quality of permanence. Its principles are sufficiently rigid and sufficiently flexible to serve the needs of every generation: the past, the present and the future are inevitably on its side.

The Conservative philosophy is in an unique degree attuned to the national character, because it is its product. The Conservative Party, even in its dangerous reticence as regards its intellectual convictions, is peculiarly British. But such reticence is bound to lead to misconceptions. There are even Conservatives who claim that their Party believes in instincts and in feelings rather than in reason and in intellect. If this contempt of reason is taken at its face value it must appear that Conservatism is nothing more than an expression of the unschooled fickle impulses of the particular will, that its statesmen can never identify themselves with great ideas, or if they do so, that they must abandon them as the times change, that government is only a vague muddling through, saved from disaster by a strong Civil Service. It is clearly recognised by all that man is lazy, timid and distrustful of all change, but that there are certain individuals who, because they are either very unhappy or great optimists, do attempt to bustle the ordinary man into uncomfortable positions. Is the Conservative Party to be nothing more than the organised reaction to these brilliant but misguided individuals; is it the party of the sleepy, congenitally complacent ordinary man? Are its statesmen to cry "Why take the risk? Why take the risk?" until some clever reformer has put sufficient sugar on the pill to induce the people to take it?

It is obvious that if this is Conservatism it can make but few appeals to a post-war generation, and that it will alienate the experts. Must the economist always abandon his conclusively proved statements because they shock the man in the street? The obstinacy of Lancashire manufacturers has been the despair of inventors and economists, and has gone far to ruin a great industry. One feature at least of modern habits is noticeable, that there is an increased distrust of taking things for granted. There is a general scepticism which may develop into a more energetic and a more self-conscious faith. But in its process of development it is not going to make compromises with the object of defending nebulous institutions. If Conservative leaders cry "Is it worth the risk?" there are many who will reply that any risk is worth taking to prevent war and to cure distress, and there are others who will claim that it is the privilege of youth to rebel, especially as old age is so naturally and safely conservative. "Tout ce pauvre monde est à la recherche de sa personalité," wrote M. Maritain in 1925. To defend a whole important school of thought by saying that it appeals to instinct and not to reason is to alienate all those who to-day are seeking a rational basis for their lives. For this general scepticism is mitigated by an extraordinary passion for enquiry. In consequence, we find ourselves deluged with a flood of instructive and inexpensive booklets, illustrating the varieties of religious inexperience and of scientific experiment. Some prophets lead their followers into the wilderness, rejecting all fixed standards and proving all things by their own, somewhat limited, experience. Others, weary of wandering without direction, announce the rigid formulæ of their principles, and associate themselves with the most positive and stable institutions of the world. It is sufficiently evident that, against this background, the old-fashioned antithesis of reason and instinct is as meaningless as it is irrelevant.

Moreover, it is both dangerous and misleading; and

scarcely less so is the opposition of intellect to feeling. Any man who draws a conclusion, and acts freely, whether he is a statesman voting for a bill, or an elector voting for a candidate, is taking up a rational position; that his ultimate decision has not been influenced by his instincts and his feelings is another matter. By this false distinction between reason and instinct the words of the wisest have been misunderstood. When Disraeli said "You have nothing to trust to but your own energy and the sublime instinct of an ancient people," he did not mean by "instinct" a blind irrational impulse; set beside it his "A great decision was arrived at by the unerring instinct of the House," and it is evident that he is referring to something past and above reason, but arrived at through reason and not opposed to it; the feeling which, after long discussion and logical debate, impels the auditors to vote for or against a motion; something which has meant the life of the party system and which has saved the country from riots and from revolutions. Disraeli is contending that the ultimate appeal is made to the whole character of the man, of the nation, to the natural genius of the people. And it is indeed true that in those important questions of our lives the whole of man is involved; distinctions between conscious and sub-conscious, between reason and instinct break down and man as a unity decides or rejects, and suffers or gains by his decision.

The ultimate appeal is therefore supra-rational: that is to say, it involves a unity in which the reason has its function. Man seeking for Truth must face everything and hide nothing. The claim of Conservatism is that it is resigned to the mysteries and the muddles of human nature, and that it recognises that most of the light and shade of life depends on them.* It claims that it has a more truthful and a more comprehensive regard for life. That is not to say that Conservatism is quietest, or that it idealises life as it is, rather than aiming at life as it should

* The strange paradox of life is that only when the worst is known does true enjoyment of life become possible. Fortunately we are born to hate evil and a recognition of its function in life does not cause us to resign ourselves to it.

be. On the other hand it will always hold up to man the ideal life, it will always defend the Church and ask for a national recognition of the Church; but to show man the ideal is to educate him and to encourage him, it is not to govern him. Men live, they must not be experimented with; the government must recognise that its function is not to force men into the better life, for quality cannot be forced. Neither the cynic, who is obsessed by man's most apparent capabilities for doing evil, nor the sentimentalist who is dazzled by his undoubted genius for doing good, can find a place among Conservatives. Conservatism is the most reasonable of faiths, because it is the most realist. It studies history because it is interested in what man does, it expels idealogues because they tell only what man should do (they are indeed most useful people in the community, but not in the government, which deals with men in the flesh who live 70 years only, and not with man on paper who lives as long as the creator wishes). In short, Conservatism is a method of using natural resources, rather than a system for forcing men along lines laid down by men. It questions the capabilities of Radicals to judge the direction to be taken in the future without a careful study of the past: it doubts the power of pseudo-psychologists to prove man's nature by experiment.

It values history, not only because it is in the past that the natural resources of a people can most conveniently be studied and appreciated, but also because the State, as Burke rightly and properly conceived it, is not merely a partnership between the living, but a partnership between the living, the unborn, and the dead. "Our political system is placed in a just correspondence and symmetry with the order of the world, and with the mode of existence decreed to a permanent body composed of transitory parts; wherein, by the disposition of a stupendous wisdom, moulding together the great mysterious incorporation of the human race, the whole, at one time, is never old, or middle-aged, or young, but in a condition of unchange-

able constancy, moves on through the varied tenor of perpetual decay, fall, renovation, and progression." The proper study of mankind indeed is man: but man is nowhere better studied than in the institutions which, from the best of reasons, he has created. What man has done, and what has lasted of his works, has significance, and is, in fact, an extension of his ethical nature. We are not like those unfortunate ants, which, if they wander from the community, have no direction or impulse in their lives; but, detach man from his institutions, from his home, his country, and he is a miserable and inexplicable creature. He lives, and ultimately his life is as valuable as before: but his solitary existence is of little use to the political philosopher who plans a system of government for society.

And so, when Conservatism claims to have the largest and most comprehensive view of human nature it means that it is thoroughly realistic and that it recognises that in the sphere of Government every side of man's nature must be taken into account, that a nation is not an army which represses certain instincts during some hours and allows them liberty in others. The citizen is always free, but never irresponsible: it is the business of the Government to recognise his freedom and his obligations, and to afford him every facility and every proper encouragement to enjoy his liberty and to discharge his duty.

It remains only to apply these maxims to the conditions of our time. As Conservatism is chiefly employed in interpreting the life of the nation, finding out what it requires, testing its quality, it must always be fully aware of life. There are certain obvious facts about England that people often forget. Thus some people deny that we are an insular race, whereas it is palpably obvious that we live on an island; others are so perturbed about our rights in India, that they forget that we are in most busy occupation of that country. We must understand that we are at the moment at the centre of the most remarkable Empire which has ever been established, that most of

the nations are envious of this empire and would be pleased to see its disintegration although they are impelled by fear or by respect for peace-sentiments from forwarding the process. We must remember that England will probably remain an important country for many centuries, and that, most certainly, it will be inhabited for considerably longer. At the same time it must be understood that so highly tensioned are national differences that any foolhardy tampering with our institutions may very easily alter the whole nature of England's life in 2929. And we must interpret the nature of Englishmen; we must laugh at their curious habit of grumbling when they are happy, at their extreme humility towards recognised genius and their cruelty to unrecognised genius; we must remark their singular love of their country, and of their homes; we must deplore the distorted desire for independence which is the reason for the scattered bungalows in our suburbs. Their genius for intelligent compromise, so frequently illogical; their stoicism and their piety; their love of liberty and their desire for order; their calm obedience and their genial cynicism; their sober reverence for institutions and their ready sympathy for the victims of an existing system: all this farrago of national characteristics the statesman must take into account. For it is the duty of every ministry to preserve, improve, and fortify the inherent quality of the nation, everything that goes to make and to determine the sublime instinct of this ancient people. It is the quality of the people—all that is best and purest in our national character—that has made England what she is. But it is not difficult to debase quality; squalor and misery will destroy it in the poor, idleness and neglect of responsibilities in the rich. Conservatism has no quack remedy for the destruction of poverty or for the moral strengthening of the rich. But it has for many years pursued a policy of improving the conditions of the working classes: it has consistently endeavoured "to educate the unlearned, to support the feeble, to raise the humble, to ameliorate the conditions

of the oppressed, to teach the English people the lessons of a steady and graduated progress. . . ."* At the same time it has continued to rely on those who have greater opportunity than most, to use their wealth well, and it has refused to use any compulsion. So long as Conservatism upholds the rights of property, it recognises that private ownership entails social obligations, which in practice are, for the most part, not ungenerously discharged.

It is of the essence of Conservative policy that it is devoted to the maintenance and amelioration of the quality of the nation, whether by action or by abstention from it. This "quality," and this "instinct," are in fact inseparable: the latter, imbued with a wisdom born of long historical experience, a wisdom which is as far above mere reason as it is beyond it, is but the intellectual expression of the former. It is thus—to quote Hooker from a somewhat different connection—that the being of the nation is in a manner a law to its working. There is no mysticism in this, beyond the mysticism perpetually inherent in common sense. The genius of Conservative philosophy is sufficiently realist to recognise in this connection a factor which all successful policy must take into account. There is thus an element of truth in the contention that the Conservative Party believes in instincts and in feelings rather than in reason and in intellect. But this belief is by its very nature supremely intellectual, and the policy begotten by it is supremely rational. By an easily intelligible paradox, the Conservative philosophy is more intellectual than pure intellect, and more rational than pure reason. The intellectual case for Conservatism, when the practice of the Party is consistent with its philosophy, is more than arguable: it is unanswerable. For Conservatism is, in the highest sense of that misleading phrase, an attitude of *mind*.

RALPH PARKER.

* Lord Curzon, 1884.

Conservatism as a Social Policy

Mr. Aldous Huxley has said "All politicians are equally anxious to take us to hell and are only squabbling about the means of taking us there." By hell he means the Industrial State. Lenin, Mussolini, Mr. Henry Ford and Lord Melchett, he says, are all making for the same objective, the grouping of industrialised workers for the most efficient production of wealth. Likewise the Labour Party also by wedding itself to Socialism, to nationalisation, proposes to submerge the individual in the interests of an economic unit. Socialism, Communism, and Fascism have in common the subordination of the individual to the economic state (the state I suppose meaning the ruling bureaucracy!). Being a re-hash of the materialist philosophies of the eighteenth century, they deny that the individual can be an end in itself. Is the Conservative Party, as Mr. Huxley claims, slipping into the same inferno? Is it clinging precariously to the coat-tails of Socialism, or is it marching independently in a different direction?

Examining Conservative policy, we find three things. Firstly, the Conservative Party does not recognise the absurdity that every man is equal, but affirms the Christian ethic that every man is equally worth realising to his fullest. Just as the natural aristocrat is privileged to be developed to the limit of his physical, intellectual and spiritual powers, even so is the half-wit to the extent of his half-wittedness. This recognition disposes of the feudal idea that a worker exists only to further the ends of his economic over-lord and of the Socialist idea that he is a cog-wheel to make the industrial state run more smoothly. But this idea that neither a privileged class, nor the state, but the individual is an end in itself does not preclude a government from caring for the quality of its citizens. For the ability of an individual to live well is dependent on the quality of his neighbours;

therefore the undesirable elements in a nation must not only be improved, but also must be prevented from dragging down the standards of the others. Scope for individual development without injury to the interests of others is the key-note.

Secondly, the unconditional individualism of the old Liberalism, to which the Tories were never a party, has definitely disappeared. The old "devil take the hindmost" spirit of the early nineteenth century has been rejected by all three parties. The idea that every individual must work out his own salvation as best he may has been superseded by the Tory notion that it is the function of government to encourage and foster the development of its citizens.

Thirdly, Conservatism achieves its ends by taking into account the mystic and instinctive side of man's nature as opposed to materialist or logical conclusions about man's so-called rational aims. This emphasis on the spiritual nature of men is borne out by modern philosophy and modern science. It is now admitted that it is improbable that there can be a science of human behaviour based on rigid and predictable uniformities. Nor is it possible to reduce all events to the strictly quantitative and measurable aspects of human experience. From this belief in a non-materialist philosophy Conservatism derives its respect for continuity and for tradition. The instinctive and emotional sides of man's nature are permanent. Whereas the rational aspirations, aims, and processes of man are transitory, his nature is constant and continuous. This is the justification of the Conservative's opposition to sudden changes based on logical suppositions and of his hereditary objection to the encompassing of human beings in abstract political systems.

The Conservative mind, therefore, as opposed to the Whig-Socialist mind lays emphasis on the following things. It believes not in the state but in the individual as an end in itself: not in the equality of men but in the equal value of developing men: not in *laissez-faire* but in

paternalism: not in logical abstractions but a knowledge of human nature: not in idealogues but in a recognition of man's instincts: not in man's rational motives but in man's mystical nature: and not in sudden change but in the continuity of life. In short, we may say that Conservatism aims at the development of the potentialities of every individual by a paternal care for their bodily, mental and spiritual welfare by methods based not on logical abstractions, but on instinct, experience, and tradition.

Having essayed a definition of modern Conservatism, we must next try to apply it to the problems that face any government to-day. To be able to apply it correctly we must make a diagnosis of these problems.

The first thing to admit is that Socialism is not merely a party but a movement—an urge towards articulate expression by those to whom expression has been partially denied. It is a sincere but misguided effort on the part of those who have won political and legal recognition in the last century, but who have not inherited a full social and economic life. This eager desire for a larger life cannot be arrested, nor indeed do we wish to resist it. To do so would drive it more surely into the hands of irresponsible demagogues and unstable romanticists. As it is it has been hopefully attracted by the superficial arguments of romanticists into the first coherent body of thought that presents itself, Socialism.

But this impatience of the working-classes for a larger life has sprung from and been fostered by circumstances. It has found a twisted expression in Socialism. It is not the fault of the working-classes that they have been forced to accept an optimistic but unworkable economic creed as the mould for their aspirations. It is the fault of three things: the lack of anything more superficially attractive, the energy of its half-educated advocates, and the apparent hopelessness of their environment. It is environment which is the coercive cause of the growth of Socialism. The unhealthy symptoms noticeable in the country—

the degeneracy of the character and physique of urban populations, the acceptance of parasiticism rather than independence and the materialism of industrial workers—are largely the result of conditions. If a man has only time to work, to eat, to sleep and to breed, he will remain an inefficient toiler and nothing more. But arouse his self-consciousness and give him leisure and he will make an effort to better himself, and rise superior to the conditions in which he lives. Dispiriting surroundings induce a lack of spirit, unhealthy environment causes diseased bodies, and morbid conditions breed morbid thoughts: out of such a nursery it would be absurd to expect healthy stock with sound characters and with noble ideas. We do not have any such expectations.

We have then to realise that Socialism and the unhealthy type of mind that goes with it are the reaction to unfortunate industrial conditions. We have to admit that we cannot combat Socialism by persecution. How then can we resist it and implant in its adherents the national virtues of self-reliance and independence?

The answer is this: only by improving conditions and securing the economic autonomy of the worker. This is our reply to Socialism. We cannot and of course, would not aim at economic equality but we do aim at economic security for every individual. By economic security is meant the earning of such a wage as would allow the worker to do for himself what the government now does for him in the way of housing, insurance, pensions and the like. Make the working-classes property-owning classes and they are given a reasonable chance of development. Given higher wages they will not only improve themselves in every way, but will be a stable instead of disturbing element in the nation. Thus the problems of degeneracy, of mental morbidity and, paradoxically enough, of materialism are chiefly economic.

How can a government ensure higher wages? Not by nationalisation, which as a system is as unmindful of human nature as it is economically futile. A man, however, can

increase his earnings by bringing more energy, application and intelligence to bear upon his work. It is common sense and economics alike that a labourer must be worthy of his hire. Increase a man's ability to earn more and he will earn more. A government can improve a man's capacity for work by bettering his health, the conditions in which he works and his education. Good health means vigour in attacking work, better working conditions mean less fatigue and increased output and better education (not mere book-learning, but the exercise of the reason and technical training) means work done more efficiently and more quickly. Therefore, a government can help a worker to obtain economic security, to strengthen his character and to realise his wider aspirations by caring for the material conditions of his life.

More specifically a government can achieve this end by vigorous slum-clearance, by hastening the improvement of factory conditions, and by caring for the quality as well as the quantity of education: for education in the form of craft-training is more valuable to many individuals than a smattering of the more recondite R's. In detail, a government, and more particularly a Conservative Government, has a duty to attend to such things as provision of games for the people, the adulteration of food and drink, smoke abatement, factory legislation, and the reform of the Poor Law. The Conservative programme already includes slum clearance, factory legislation, smoke abatement and Poor Law reform.

It will be objected that this Conservative policy is in fact disguised Socialism. This is not so for three reasons. Firstly, this Conservatism has nothing to do with nationalisation of industry. Secondly, whereas the Socialists care only for advancing the interests of one class, the Conservative Party has in mind the happiness of every individual. It will not brook the retrogressive act of curbing the political, economic and social freedom of those who have won it for the sake of those who have not. It will make the utmost endeavour to secure economic security for those

to whom it has been denied, but not at the expense of plunging the others back into poverty. Thirdly, the Socialist party planning the enrichment of its followers by doles and subsidies out of the public and private purses takes no thought for the national character. The Conservative Party by helping its protegées, the working-classes, to achieve their ends by their own efforts, encourages the national characteristics of thrift, self-reliance, and independence. This is the justification of the Conservative emphasis on contributory rather than non-contributory schemes. If the national virtues were more predominent in the urban populations no government insurance and pensions schemes would be necessary. But the industrial populations are (and under the present conditions always will be) so thoughtless for the future that government systems have to be devised for their benefit.

Naturally any policy of social reform is repugnant to the less enlightened capitalist: it will appear to him as a snobbish socialism. But as his self-interest rejects it, so must we appeal to his self-interest to accept it. Just as the American employers of labour voted blindly for prohibition as calculated to increase the efficiency of their workers, so the English capitalists must support social reform on the same grounds.

To sum up, the ethical basis of Conservatism is the physical, mental and spiritual improvement and progress of every individual as long as that expression is consistent with the progress of other individuals. To achieve this, the Conservative Party is on the one hand opposed to the *laissez-faire* policy of the old liberalism, wherein harmful interests are allowed to dominate beneficent interests indiscriminately: and on the other hand it is opposed to the regimentation of individuals in a Socialist Commonwealth wherein economic freedom is sacrificed. It realises that Socialism is not only the fantastic construction of minds made morbid and diseased by unhealthy conditions, but is also symptomatic of a desire for a wider

and larger life. To give scope for the expansion of this natural and healthy urge, Conservatives aim at economic security for every worker by pursuing a policy of social reform. But in doing this they do not forget that as Conservatives it is their duty to preserve the soundness of the national character, to encourage man's spiritual nature over the forces of materialism and to treat individuals not as abstract rational entities but as human beings. Finally, the Conservative is opposed to sudden change because he realises the continuity of life, but he is ready to adapt his aims on Conservative principles to meet the needs of his time. It is the task, therefore of the modern Conservative to breathe a new spirit into the old forms.

R. GRESHAM COOKE.

The Principles of Toryism

"Nothing is more certain, than that our manners, our civilisation, and all the good things which are connected with manners, and with civilisation, have, in this European world of ours, depended for ages upon two principles, and were indeed the result of both combined; I mean the spirit of a gentleman, and the spirit of religion."—*Burke.*

UNFORTUNATELY the words "Tory" and "Toryism" are used in two quite different senses. Many people find a perfect example of Toryism in the remark of the famous Duke of Cambridge: "Any change at any time for any purpose is highly to be deprecated." In other words they regard a Tory as an obscurantist and a reactionary. No doubt extreme Conservatism, bequeathed by the writings of Burke, was the predominant characteristic of most Tories during the first half of the nineteenth century, when the influence of the French Revolution was shattering all accepted standards. But this was really a passing phase. Toryism in its true sense, as used by Bolingbroke and Disraeli, is an attitude of mind towards the problems of

public life: and although the value it attaches to tradition makes it generally conservative, it is not incompatible with violent change if such change is necessary to establish true principles.

Toryism is more difficult to analyse than Liberalism or Socialism, because it is a spirit rather than an *a priori* dogma. An unifying principle, however, for its various means of expression, lies in the conception of Authority. The nature of man is such that if it be admitted that he exists on earth to fulfil a certain destiny purposed in the mind of the Creator, it follows that he must live in close association with his fellows. Otherwise he becomes the "tribeless, lawless, hearthless" being of Homer, compared in the well-known phrase of Aristotle to the isolated piece in the game of draughts. Society organised politically is what we call the State. The function, therefore, of the State is to secure for every individual the opportunity of fulfilling his intended destiny, and this function endows it with *authority*. Thus the State in the eyes of Tories has its roots *in montibus sanctis*. Authority, which is a moral conception, must not be confused with Power, which is a physical conception; and Power does not become Authority merely because it is legalised. For example, a policeman during the war had the highest authority (the safety of the State) for making us draw our blinds down after dark. When he tries now to stop us from getting a drink "after hours," we are quite pleased if we can dodge him. It is on Authority, as opposed to Power, that the Tory conception of government has its basis.

Emphasis on Nationality follows logically from the above. "The Tory Party," said Disraeli, "unless it is a national party, is nothing"; and he laid down its three great objects as the maintenance of our Institutions, the upholding of our Empire and the elevation of the condition of the People. These phrases were exceptionally well chosen and they are exceptionally comprehensive. By "our Institutions" we mean the Establishment of the

Church, as the expression of our national and corporate recognition of religion, the Crown and Constitution, our judicial system, our system of local government, the general framework of society, which in Disraeli's day was still based upon the land, and the whole mass of tradition, political and social, upon which the greatness of England depends. Obviously we must be prepared to adapt our Institutions to the changing conditions of life; but as Burke said: "Some very unusual appearances of wisdom ought to display themselves in the face of the designs of those who appeal to no practice, and who copy after no model" .... "I would not exclude alteration neither; but even when I changed, it should be to preserve." Disraeli's dictum is the modern offspring of the Conservatism of Burke and the Throne and Altar Toryism of the Cavaliers.

Imperialism is an enlargement of the idea of Nationality, and it owes its place in modern Tory thought to Disraeli and Joseph Chamberlain. No greater political incentive for hope exists throughout the world than the possibilities of the British Empire, bound together, as it is, by "the crimson tie of blood and the golden link of the Crown." It is in the words of the author of *National Revival** :—

> "A peerless achievement, Asia's light, the safeguard of the world's best hope, of all earthly politics the one most living for, the most worth dying for .... It is the embattled home of an ethical idea, of history's greatest achievement, of the future's noblest possibility."

The "Condition of England" question sprung from the Industrial Revolution. Readers of Sybil are only too familiar with the awful degradation of the industrialised poor in the first half of the nineteenth century. No doubt white slavery (failing black slavery) was for the time being the cheapest basis for industrial development; but Toryism could never accept the hypothesis that the life of one English citizen should be not an end in itself, but a mere means to the life of another. The Christian

* Published by Herbert Jenkins, Arundel Place, Haymarket.

and best feudal traditions of the responsibilities attaching to property were in direct contradiction to the theories of *laissez-faire* which were so convenient for the Liberal upstarts of the day; and if only the principles of Sybil and Coningsby had been applied at the time those books were written, we should very largely have escaped the horrors of our industrial slums and all the evils that they have engendered in our national life.

In the half-century that has elapsed since Disraeil was Prime Minister, conditions have changed more rapidly than at any other period of our history. Changing conditions, however, do not affect the underlying principles of statesmanship, any more than changing armaments affect the underlying principles of strategy. In both cases it is the application of the principles, which needs to be brought up to date.

The conflict between the Tory and rebel minds is as old as history. In England it assumed something of its present form at the beginning of the seventeenth century. From then onwards the strength of English Toryism has always lain in adherence to national principles, and its weakness in allowing itself to become associated with outside encumbrances.

The policy of Queen Elizabeth was essentially national and Tory in its resistance both to Philip II of Spain, who looked to the Papacy, and to the Puritans at home who looked to the Church of Geneva; and throughout the forty-five years of her reign there was probably not a day when she need have feared a plebiscite of her people. The theory of absolutism de jure, which brought unpopularity on James I and Charles I, was essentially foreign to England, but Charles II, in spite of his weak foreign policy, was the most popular king we had between Henry V and Edward VII, simply because he stood for the national tradition as opposed to the Cromwellian usurpation. James II identified the cause of the national monarchy with the foreign influence of the Papacy, and thereby alienated the Toryism, which had rallied

round his father and his brother. For the half-century following the accession of the House of Hanover, Toryism was in the wilderness; but this was the time when Bolingbroke poured forth from his incomparable genius *The Spirit of Patriotism* and *The Idea of a Patriot King*. "He desired," says Mr. Hassall, "a National British State, which should safeguard the Crown, the Church, and the landed interest, and which should adopt a foreign policy wholly British." He inspired the depressed Toryism of the eighteenth century, much as Disraeli inspired the Conservatism of the nineteenth. The writings of Burke at the close of the eighteenth century rallied the forces of order and tradition against the poison of Rousseau. They served their purpose most effectively, but they served it too long. The Tories held office for half a century, but Toryism sank into a soulless Conservatism, contented to live on negations and out of touch with the national life. It was for Disraeli to recall first principles from the tomb, and his thought is still the inspiration of Toryism to-day.

The appeal of modern Toryism lies, as it did in the past, in an enlightened and deep-rooted patriotism, in the conviction, that is to say, of the unity of England and the Empire, and of the right of every Englishman to a share in the privileges of his inheritance. The readiness of democracy to follow the guidance of unpatriotic leaders must not bring us to the conclusion that the great mass of our fellow countrymen is unpatriotic at heart. The Tory tradition still lies deeply rooted in our national life, and however weak it may be in Parliament, it has a vast reserve of strength throughout the manhood of the country. Toryism indeed is the expression of the attitude of mind, which is associated with John Bull throughout the world, and it is restricted to no political party, social class, or religious creed. The cockney 'bus conductor, or the ploughman who hulloas a fox, is often just as good a Tory as the squire or the man in St. James' Street, whether or not he votes for the Conservative candidate at the poll.

The need of the hour is leadership. The destruction by the Radicals in 1911 of the effective power of the Upper House has greatly added to our dangers, and the debased and debasing influence of Mr. Lloyd George on our public life has greatly added to our difficulties. But increased responsibilities bring increased opportunities; and leadership in a democracy, though it needs to be patient and sympathetic, must be none the less definite and confident in itself. "In such exigencies," said Bolingbroke, "it is not enough that *genius* be opposed to *genius*; *spirit* must be matched by *spirit*." It is foolish as well as wrong to try to play down to our opponents. They will always beat us at the game simply by going one better. Tory leadership must appeal, like the immortal message of Nelson, to all that is best in human nature, and trust, as Disraeli said, that "the sublime instinct of an ancient people" will respond. The appeal is frankly aristocratic, if we agree with the late Lord Willoughby de Broke that "a real Tory aristocrat, be he prince or ploughman, is he who realises that the privileges of British citizenship are derived from the performance of duty, and who throws his whole capacity of hand, heart, muscle, brain, character and soul into his daily task." And leadership must be many-sided. It is not just a question of Parliament, or of political organisations. There are all the lesser loyalties of county, village and borough, with their multitude of civil and social activities, which constitute the nurseries, as it were, of the larger loyalty to the State. Leadership and confidence are needed too in every-day social life. Suppose, for example, a man in a theatre deliberately puts his hat on for the playing of "God Save the King." The thing to do is to knock it off. The fear of embittering him simply does not matter; obviously he is embittered already. What does matter is to show the people round how to treat an act which everybody knows to be wrong. Nor does it matter in the least that people who pride themselves on intellectual superiority will have something to say about "methods of violence." High

brows are always lacking in backbone, and people whose learning is in excess of their common sense are sure to have plausible arguments for doing the wrong thing.

On the contrary, it is perfectly right that popular patriotism should express itself in popular forms, like the waving of flags and the singing of "Rule Britannia." It is sheer nonsense to call this jingoism, or to suppose that it will hurt the feelings of foreigners. The Germans had a genuine respect for Lord Roberts as an honest and straightforward foe; and the tributes they paid to his memory were very different from the utterances of Liberal politicians, who sneered at "his average Tory mind"—until he proved to be right. It is also a great mistake to suppose that democracy dislikes strong leadership. The strongest acts of the present Government were the handling of the General Strike and the passing of the Trades Union Act; and these two achievements are about the most popular in its record. It is also significant to observe that in spite of the fulsome flattery showered on the heads of the democracy by every candidate for Parliament, the one really popular element in our constitution is, not the House of Commons, but the Crown.

"*Patriotism,*" said Bolingbroke, "must be founded in *great principles*, and supported by *great virtues.*" "Toryism," said the author of *National Revival*, "is more than a reasoned creed: it is and must be a way of life." It is for the leaders of National Toryism to have faith in the truth of their message to resist "the tawdry temptations of a low ambition,* to trust to their own energies, and to dare to be great."

J. H. BLAKSLEY.

* See the concluding paragraph of Coningsby by Lord Beaconsfield.

Quo Vadis? A Question for Socialists

THE People's party, the saviours of the poor from the oppression of the rich, flying the flaming banner of democracy . . . . How is it that anyone can possibly refrain from voting Socialist?

It is not my object to call in question the good faith of most Socialists when they ask for the suffrages of the people on the grounds that they are members of the most democratic party, that they alone in fact "carry Democracy to its logical conclusion." I simply want to ask whether there is not something in the very nature of Socialist proposals which utterly precludes the possibility of a long adherence to the principles implied in a democratic constitution. And yet it is, I suppose, this faith in democratic principles which makes Socialism very popular at the moment among our young men and women.

There are many also who give their adherence to this party because they think that in themselves the changes it proposes would be beneficial. If I succeed in proving my point I hope that I shall give them pause, for I wish to prove that the price which we should have to pay for this very doubtful benefit would be the loss of those very principles of political freedom which it is our especial pride to have attained.

The party system in this country or anywhere else only survives by mutual consent. When a party comes into power and brings in certain measures, it does so knowing that in the ordinary course of democratic opinion it will only stay in power for about five or ten years at the most, and that at the end of that time it will most probably be superseded by the very opponents who are at the moment most bitterly attacking its programme. This means that in about ten years' time at the most, there will be in power a government declaredly hostile to its schemes and able to repeal them if it cares to do so.

Hitherto it has not been the custom in this country to repeal the schemes of one's predecessors, but that is only because those schemes have fructified immediately, and if beneficial have become matters of universal acceptance.

Now, however, the case is different. The Socialist schemes, even if put into effect immediately, would take at least ten years of hard legislation to complete, and their effects would hardly become noticeable for some time after that. In Socialist language, "You cannot expect the result of years of Capitalist mismanagement to be swept away in a moment." Those schemes among other things would involve the abolition of private property and the complete reorganisation of Society. They would be opposed to the death by the Convervative Party, and opposed on principle because the Conservative Party believes that private property is a right and just institution, and that the present order of Society, although no doubt a proper subject for reform, is on the whole, devised upon the right lines.

The Conservative Party will inevitably, therefore, pledge itself to repeal the enactments of such a government, if it were ever returned to power. The mutual consent on which the party system and even the whole system of representative government rests would have been destroyed, and Socialists would indeed be optimistic if they thought that the Law of the Pendulum would suspend its operation for them.

The Socialist Party would then be faced by an unpleasant dilemma; either they must see their cherished schemes destroyed before they could fructify, by nothing more permanent or logical than the inevitable swing of the political pendulum, or else they must suspend the working of democracy at any rate for as long a period as would be necessary to train a new generation in unswerving loyalty to Socialist principles. There can be no doubt which of these alternatives the Socialist Party would choose.

This may seem a far-fetched theory. But it is supported by the history of, I think, any country where there

has been an effective opposition ready to take over the reins of government, and where there has been a party in power which was anxious at any cost to pass certain far-reaching reforms. It has happened in Italy, where a system has been devised for preventing the opposition from taking over the reins of government which Mussolini knows very well would have happened already but for this precaution; it has happened in the Russian Revolution, where until the proletariat has been sufficiently "educated" to know what a lucky proletariat it is to have thrown off the shackles of tyranny, there has been set up a governing class—the Communist Party—which effectually prevents any opposition there may be from taking any active part in politics at all. In both these countries the reforming Governments knew perfectly well that left to itself Democracy would never give them a sufficiently long and continuous spell of power to carry their reforms into effect.

As a matter of fact, this is quite clearly recognised among the clearer-headed of our own English Socialists. Whatever the official spokesmen of the party may say on the hustings the real issue is being faced by the more far-sighted of their followers. Mr. G. D. H. Cole—always one of the most candid of his party—speaking recently said that Socialism was using Democracy to attain its end. Then, one may suppose, democracy would have to make way for more efficient control by the "experts"—always so dear to all brands of Socialists thought. Do we really wish to pay this price for this very problematical blessing?

Personally I believe that all the most radical of reformers use democracy to gain power, but that after they have gained it they prove the bitterest of the enemies of democracy. Democracy is after all the most conservative institution in the world as long as there is an effective opposition to which it can turn for an alternative government.

QUINTIN HOGG.

The Philosophy of Conservatism

CONSERVATISM has often been associated with a policy of reaction as distinct from one of progress and reform. But the record of any Conservative administration in modern times shows that such a contrast is no longer just. Conservatives have, for example, played an important part in the extension of the electorate, and no reactionary party could have done this. And the present Government has even been accused, from more than one direction, of promoting more extensive reforms than are consistent either with its traditions or its ideals. The fact is that no reactionary party would be tolerated by a free and educated electorate. Conservatism cannot, therefore, any longer be distinguished from the opposing factions as a party of reaction. It is to be distinguished in virtue of the motives which inspire, and the principles which govern, the reforms which it indubitably makes.

And the contrast consists essentially in this: that Conservatives distrust Reason as a guide in the practical life. They reverence Authority and Tradition and Instinct, and are opposed to any violent change in human institutions, however "rational" such change would, at first sight, appear to be. For they do not believe that the ratiocination even of a whole life-time can hope to challenge the collective experience of the ages.

Socialists (and, to a less extent, Liberals) are, on the other hand, the rationalists *par excellence*. They have little respect for tradition or authority or unreasoning instinct. They see no reason why history should repeat itself. They believe that the evils of society are the consequences of crimes and follies in the past, and could easily have been averted if men had been actuated by motives of justice and reason. And they believe that, by a belated application of "rational" principles, the old order can be destroyed, and all things made new.

An excellent illustration of the contrast is afforded by

the respective attitudes of the Conservative and Socialist Parties to the Principle of Inheritance. In an article on the Financial Policy of the Labour Party, contributed to the *Morning Post*, Mr. Snowden stated that "the drastic treatment of the question of inheritance is a main plank in Labour's financial policy." "Society has the moral right to relieve itself from this intolerable injustice."

Now such an attitude appears at first sight to be eminently "rational." It appears irrational and unjust that, of two children equally without responsibility for their birth, one should inherit a fortune which enables him, if he so desires, to spend his life in idle luxury, and the other should be faced with the continual necessity of hard and unremitting toil. But (to parody one of Bacon's famous aphorisms) while a little thinking makes men Socialists, a great deal must surely bring them back to common sense. To attack the Principle of Inheritance is to attack one of the basic principles of biology. There is every reason to suppose that a child's character, i.e. what he is potentially capable of becoming, is absolutely determined by the characters of his parents, combined in some mysterious, but perfectly definite, manner. He inherits their qualities and their defects, physical and mental. His birth does not mark a new beginning, but only a definite stage in a continuous process. And if this be so in respect of *himself*, why should it not also be so in respect of his *environment*? Why should he not also benefit from the external fortune which the industry and intelligence of his parents may have acquired? It may seem *a priori* desirable that every individual's success in life should depend entirely upon himself; but since this is not so in the case of the most essential factor—the individual's own personality—no good purpose can be served by attempting to realise it in other respects.

Indeed, the attack upon the Principle of Inheritance, developed to its logical conclusion, is an attack upon family life itself; and it would culminate by taking children from their parents at birth, and rearing them

according to a uniform plan in national institutions. In so doing it would destroy one of the most powerful motives to enterprise, industry, and thrift; and the ultimate consequences of destroying so ancient and permanent an institution as the family are, indeed, incalculable.

Thus, while the ideals of Socialism are inspired by the dream of a "rational" society, those of Conservatism are based upon a reverence for the immemorial traditions of the past, and the elemental laws of nature to which submission is ultimately inevitable.

Let us consider the contrast from a somewhat different point of view. Mr. Snowden tells us, in the article already quoted, that "the existence of a rich class is responsible for the poverty of the mass. . . . The Labour Party is determined that the cost of removing these evils shall be paid for by the people who are responsible for them, and who are the only people who have the financial means to do so." Here again it appears eminently "rational" to tax those who have more money than they know how to use to provide for those who have less than they require. But Conservatives are strongly opposed to more than an extremely moderate application of this principle; in the first place, because a "rational" case can be made out *against* the policy just as easily as in favour of it. It can be argued that private capital is mainly invested in productive industry, and that nearly 70 per cent. of the cost of all production is spent in wages; so that a growth of capital will tend to raise the level of real wages. And, in the second place, because history and experience show that this is what actually takes place, e.g. the history of this country during the decade just before the War, and the history of the United States since its conclusion.

The fact which has just been illustrated—that plausible *reasons* can be given both for and against any policy—is what makes Conservatives distrust rationalism in all its forms. We can never be certain that we have before us all the relevant arguments in favour of, and in opposition to, a given policy; and we may easily have overlooked a

consideration which condemns a proposal that is in other respects eminently plausible. And even if we *were* possessed of all the relevant considerations, how could we decide whether the pros or the cons were the more weighty? The fact is that human reason is incompetent ever to analyse fully the extreme, and perhaps infinite, complexity of any actual situation. Reason succeeds only in so far as it abstracts, and in so far as it abstracts it does not apply to the concrete situations of human life. So-called "scientific laws," from the laws of kinematics to the laws of psychology, are true only of hypothetical situations which are never more than *approximately* realised in practice.

These reflexions constitute a warning against the worship of Reason. We tend to-day to belittle traditions, and disdain authority, and disbelieve the maxim that "History repeats itself." We behold the vast powers over the forces of nature which science has placed in the hands of man, and confidently anticipate that, if he can but acquire a like understanding of, and a like power over, the laws of social life, all will be well. But the problems which await solution are likely to baffle our minds by their extreme, and perhaps infinite, complexity. Despite all the researches from the time of Hippocrates onwards, we are still ignorant of the laws governing our bodily economy. The physician can do nothing to cure disease: he can only ensure that nothing impedes the free play of the *vis medicatrix naturae*. And it is unlikely that the laws governing our mental life, and the still more complex organisation of society, will be any easier to find, or understand.

If this indeed be so, we shall do well to eschew Reason as an instrument of practical guidance, while continuing to delight in its disinterested employment; and to develop our intuitive faculties by the study of history, rather than our ratiocinative faculties by the study of science. In the practical life the latter are but a cumbrance: we must be able to respond to a given situation by a sort of instinct,

without first embarking upon the infinite—or else superficial—analysis which the rational justification of our action would require. And if our instincts are at a loss in respect of a decision then let us abide by the experience of our forefathers as preserved in the traditions which we have inherited.

There are two important applications of these general principles which we have yet to notice. In the first place, Conservatives are strongly opposed to any attempt to obliterate class distinctions. Class distinctions have been the basis of every civilised society as hitherto constituted, and their abolition would mark an absolute break with the continuity of history. There is, indeed, one precedent for such a policy—Soviet Russia; and the present state of that unhappy country should constitute a sufficient warning to such as would worship its ideals. It is, of course, at first sight eminently "rational" to make the poor richer by making the rich poorer, and so (presumably) placing everyone in a position approximating to the middle class. But what does history—the history of Russia—prove as to what *actually* takes place when such an attempt is made? It proves that the condition of the workers is, if anything, made worse; that the middle and upper classes are entirely obliterated; and that the functions of government are assumed by a small dictatorial bureaucracy.

Nor do Conservatives consider class distinctions an unfortunate necessity. They realise that the prosperity of any one class depends upon the prosperity of the rest; that all have essential duties in maintaining the stability of social life; and that there is nothing intrinsically better in one class than in another. Each has its traditions, its customs, and its ideals; and the worth of a citizen ought to be judged, not by the extent to which he can imitate the customs of a so-called "higher" class, but by the extent to which he realises the ideals, and is a good member of, the class to which he actually belongs. The vulgar and tasteless extravagance of some of the *nouveaux riches* who emerged from the Great War fully confirms

the opinion that, when the material standards of a class are artificially raised, it is unable—being ignorant of the traditions of its new status—to conduct itself in a manner befitting human dignity. Hence the ideal state (to employ approximately the words which Disraeli used of the Tory Party) is not a confederacy of nobles, it is not a democratic multitude; it is a combination of all the numerous classes which exist—classes alike and equal before the law, but whose different conditions and different aims give vigour and variety to our national life.

And, finally, Conservatives, in their insistence upon the teaching of history, do not forget that, although man has transformed his environment, he has not succeeded in transforming himself. They recognise that evolutionary change is an extremely gradual process, and that any proposal to modify the conditions of social life must therefore reckon on the fact that, since the dawn of civilisation, human nature has undergone no appreciable change. Socialists completely ignore this elemental fact. Their ambition, as we have seen, is to rationalise society; whereas man, in spite of the continued reiteration of the logic text-books, is *not* a "rational animal." He would be more accurately defined as a "sentimental animal." Reason, in the words of that acute psychologist, David Hume, is (save in the case of a select few) "the slave of the passions." And if—whether we like it or not—a man's life is primarily directed by sentiment, is it not better to imbue him with sentiments such as those of loyalty to King and Country, and pride in individual enterprise, than with those of class-hatred and co-operative sloth?

Again, Socialists are singularly blind to the aesthetic side of human nature. They entertain an unconcealed dislike for the glitter of pomp and ceremony and festivity, and grudge any expenditure upon what are not strictly utilitarian purposes. They forget that man does not live by bread alone, but has aesthetic instincts which must be, and ever have been, provided for in civilised society.

And, most important of all, they forget the essential part played by the competitive instinct in human life. This instinct has been the mainspring of all action, and the means of all progress, throughout the countless ages of evolutionary advance; and it cannot be extirpated within the space of a few years. Yet Socialists would, alike in the international and inter-personal spheres, altogether stifle this instinct, which—dislike it as we will—remains a necessary inducement to human activity. They would have us all live in a state of co-operative bliss. And so they would, within the space of a few years, create an environment to which the human organism could hardly adapt itself within as many centuries.

It may be said that any form of international rivalry must lead to war. Conservatives, as much as anybody else, regard war as both cruel and hateful; but they realise that it is a logically distinct question whether, human nature being what it is, war can ever be abolished. For war never arises from a conflict between what is obviously right and what is obviously wrong—public opinion would soon put an end to it if it did. It arises from a conflict between the interests of two parties, each of which sincerely believes itself to be in the right. And how, so long as man is fallible, can such conflicts be averted? And is it likely that either party will surrender unless compelled to do so by force in one form or another?

Conservatives, therefore, view the prospect of universal peace with chastened optimism; and, while supporting with enthusiasm all schemes for the general reduction of armaments, they refuse to reduce the national defences to a level which, in the opinion of their technical advisers, endangers the security of the realm. And they refuse, further, to commit themselves, by any agreement like the Protocol, to participation in quarrels which do not affect the interests of the country or the Empire.

Conservatives, therefore, are not Utopians. They do not believe it possible, by an application of seemingly "rational" principles, to create a Heaven on earth. They

realise that, in human nature, they have to deal with a force which may not be as "rational" as we should like. They suspect that there may be an element of truth in that memorable utterance of the greatest English philosopher of recent times: "This world is the best of all possible worlds, and everything in it is a necessary evil." And they believe it a mistaken policy to strive after absolute perfection in an imperfect world; since, if we do so, we are likely to forfeit that which contains least evil in a vain attempt to secure that which contains none. But they believe that it is better to admit and recognise these facts, and undertake to realise the "best possible" state of affairs in an imperfect world, than (like Socialists) to make idealistic promises which, from their very nature, can never be fulfilled. And they are confident that, in the approaching trial, the common sense of the British electorate will not be deceived; and that it will return to power the Party whose policy has ever been directed by three eminently practical ideals—the maintenance of our Institutions, the preservation of our Empire, and the promotion of the well-being and happiness of all classes in the Realm.

A. R. M. Murray.

A Case for Conservatism

It is one of the prices that we pay for democracy, that we must suit our philosophy to our party rather than our party to our philosophy. For every philosopher, and for the philosopher hidden away in every man, there is somewhere in his dreams the ideal state. Plato is not unique with his Republic. Mr. Smith, walking down the High Street, has vaguely at the back of his mind, that is at the moment occupied with the price of beer, or with schedule D, a nebulous Utopia.

Yet Mr. Smith cannot set out to realise his vision; he

must perforce adapt it to present circumstances, and rest content with taking what few steps he can along the right path, that the programmes of the political parties can offer him. If perchance the Lord that has created Mr. Smith different from all other human beings, has also granted him the wit to realise his differences, then his task will be a hard one. He will be an individualist. And if that same Lord has given him the ability to realise that every other man is as different from him as he is from his fellows, Mr. Smith is on the path towards an economic philosophy. He has established himself as an individualist. It remains for him to find a party.

There can be no such thing as an individualist party, for such a name would merely be a contradiction in terms. For the true individualist the ideal state is one that has no government, but is an anarchy. For every individual must use those gifts that he has in him, for the good of himself and of the rest of humanity, unfettered by restrictions and by laws. That such a state would lead to chaos does not escape his notice. It is the penalty of the imperfection of human nature. But as an end to be striven for, not in this nor in the next hundred generations, it does seem worth his while. That he should seek a party that will work towards an end that involves the ultimate perfection of humanity is not in itself a valid criticism of his reasoning. Any party that aims in the end at Socialism is open to the same criticism, yet that has never prevented that party from having the hearty support of many intellectuals. Mr. Smith who has a desire to think of men as individuals working out their own salvation rather than as cogs in the machine of State, has as much reason in keeping this ideal before him as has any Socialist in longing for and working for the socialistic state.

Where Mr. Smith differs from his socialistic neighbours is that he has realised that he must keep his eyes upon the ground as well as on the stars, and must be content with what is feasible, even if it is only one step upon the path that he would tread.

Mr. Smith, the fact can be concealed no longer, is a Conservative. But he is a Conservative, not by tradition, not by the attraction of party slogans, not even because of the personal rectitude of the party leaders, but fundamentally by deliberate choice. The choice of parties was to him, as to any other individualist, a choice of evils, and of those evils he has chosen the least. There are two reasons that have guided him. The first is the ideal or the stars; the second is the practical or the ground at his feet.

Per ardua ad astra—to deal with the second first. Mr. Smith may be an individualist, but he is not an individualist of the *sauve qui peut*, or "The devil take the hindermost" school. He has a very deep desire for the well-being of his fellow subjects, and he intends to choose a party that he thinks will serve them best. In the Socialist Party he sees, besides their very fundamental differences from him in philosophy, a recklessness in promising benefits that seems to him to argue that they are either fools or knaves (though in reality they are only politicians). He sees furthermore that this party to provide itself with money to fulfil its pledges must make more depredations on private enterprise, and though he has no prejudice against the taxing of private enterprise within reason, provided that the benefits that accrue are equal to the disadvantages, yet he has come to the conclusion that private enterprise has already shouldered more burthens than it can safely bear. He has seen the export trade of his country diminishing by reason of the underselling of foreign firms, and he has realised that every penny on the taxation of private enterprise must tend to raise the home manufacturer's price again.

He has furthermore an uneasy suspicion that the object of this taxation would be the final abolition of private enterprise, and he has seen that this, besides being contrary to his conceptions of freedom, has failed lamentably in every country that has tried it. Though Mr. Smith, being an idealist, is by nature an optimist, he does not

feel that the moment is entirely propitious for his own country to embark upon an irrevocable experiment that has failed so repeatedly elsewhere.

He therefore turns to the Liberal Party. Here his ideals hardly come into the question at all. To begin with, he finds it a little difficult to disentangle the differing ideals held by different leaders at different times, and he has a, doubtless unworthy, suspicion that these ideals vary with the way the political wind is blowing. He therefore judges the Liberal Party on practical grounds alone.

The judgment does not take him long. There is clearly no chance of the Liberals coming back into power, their only chance is to hold the balance in the next Parliament.

Mr. Smith exercises his discretion as to whether they would do that well. He has read Lloyd George's election programme, and he has doubted its practicability. He further suspects that Lloyd George himself suspects its practicability. He has seen the somewhat changeable record of the party in the last five years, and he doubts whether there is any fixed purpose in it save a thirst for power at any price. In short, Mr. Smith rejects the Liberals.

There is left the Conservative Party. To Mr. Smith it has a number of practical advantages. In the first place, it has an excellent chance of coming back into power; its policy is therefore framed with a view to fulfilment. In the second, its past record is good. It has worked under trying conditions at home and abroad, but the country has pulled through. It has, it is true, brought in some legislation that has been contrary to the individualistic spirit. It has given great benefits in pensions, but that was a measure that both humanity and present expedience dictated. It has done its best to foster the trade of the Empire, and the trade of the country, by preference and by safeguarding. It has struck a blow for the liberties of the individual in the Trades Union Bill.

It has of course done a very large number of things that Mr. Smith would not have done himself, but on the whole it has been steady, reliable, and honest, and has fulfilled the promises that it made, and most of all has not conflicted grossly with Mr. Smith's views.

His practical judgment being satisfied, Mr. Smith must now reconcile his Party with his ideals, to find if it is really moving along the path to the stars. He has before him the picture of a man, master of himself, and shaper of his own destiny. A man with abilities that it is his trust to foster and to use. A man worthy of the divine within him, living his life to the utmost of his powers. And to do this he must have the maximum of liberty. It is not his rightful heritage to be bound and fettered by useless laws that cramp his being. By ordinances which insist that he work, when, where, and how the state allows him; by rules that force him in the common mould to be the twin image of his fellow man. It is his heritage to be as free a man as the equal freedom of his fellows will allow, and to live his life as independently as the common weal permits.

Yet while there must be freedom for himself, there must equally be freedom for others: freedom from unnecessary control, and freedom from want that is so much more enslaving than outside control. His ideal must be a compromise between himself and others, but a compromise in which the guiding light is Freedom.

Mr. Smith (the repetition is justifiable), Mr. Smith is a Conservative.

W. J. K. Diplock.

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GERMAN REPARATIONS

BY

SIR GEORGE PAISH

Financial and Economic Adviser to the Chancellor of the Exchequer, 1914-16.

ONE SHILLING.

Published by

THE NATIONAL ASSOCIATION OF MERCHANTS AND MANUFACTURERS

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The object of the National Association of Merchants and Manufacturers is

"To Resist State Interference with Trade,"

and since Reparations threaten to interfere with International Trade to a degree which can hardly be exaggerated, we reprint the following article with the permission of the *Contemporary Review*.

This country needs markets for its own products; it does not want markets deluged with German Reparation goods with which it will be compelled to compete.

H. FISHER,
Secretary.

1929.

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GERMAN REPARATIONS.

IF it be accepted that the purpose of the Committee of Experts was to draft a more workable plan than the one now in operation for continuing to collect from Germany the largest possible sums for reparations, their recommendations should receive universal approval.

The Dawes Plan, which also had this object in view, has been highly successful. Under it Germany has paid, with commendable regularity, annuities rising to £122½ millions per annum. But in doing so she has had the financial assistance of the international money markets, and it has been this assistance which rendered the task assigned to her within her powers of performance. The time is within sight, however, when it will be no longer desirable or possible for Germany to transfer her reparation annuities by recourse to foreign lenders in order to obtain the necessary supply of foreign exchange, and when it will become impossible for the Committee set up under the Dawes Plan to transfer " mark " payments into foreign currencies.

Consequently a new plan was called for which gave greater promise of enabling whatever annuities were demanded from Germany to be transferred into foreign currencies and thus effectively paid to the creditor nations. After several months of investigation and negotiation this purpose has at length been accomplished.

Under the Dawes Plan Germany has to pay for an unlimited number of years 2,500 millions of marks per annum, the amount to be increased according to an index of German prosperity. Nevertheless the payments were subject to a safeguarding clause which provided that the annuities were not to be transferred if their remittance imperilled the maintenance of the mark at its full gold value. This safeguarding clause rendered highly doubtful the payment in foreign currencies of anything like as much as the annuity specified. Conceivably it meant the payment in foreign currencies of no more than the proceeds of the deliveries in kind and of the Reparation Recovery Acts, which together yielded but a relatively small portion of the total.

Under the plan now proposed the annuities are substantially reduced. They amount to 1,708 millions of marks per annum in 1930-1, rising by stages to 2,429 millions in 1965-6. From 1966-7 to 1984-5 they are reduced to between 1,600 and 1,700 millions of marks per annum. In 1985-6 they fall to about 900 millions per annum. They do not cease altogether until the end of March, 1988, thus covering a period of fifty-eight years and seven months, and being conterminous with the allied debts to America.

But the important matter concerning these smaller annuities is that the German Government is to pay the whole of them in foreign currencies—not in German currency that cannot be transferred if the mark is at a discount as under the Dawes Plan.

It is true that for the first ten years the creditor nations are to accept deliveries in kind amounting to 750 millions of marks in the first year and declining to 300 millions of marks in the tenth year, and that the transfer of a part of the annuities may be postponed for a maximum period of two years and a smaller part for one year. But these concessions do not alter the fact that the German Government is to be entirely responsible not only for their payment in German currency but for their transfer to the creditor nations in foreign currencies. Thus the difficulties of transfer, which under the Dawes Plan might have proved insuperable to the Transfer Committee, are apparently overcome by the burden being placed entirely upon the shoulders of the German Government.

Moreover, with regard to a sum of 660 million marks per annum of the total payments, it is agreed that no postponement whatever shall occur. This sum is a direct charge upon the German railways and thus offers a special guarantee for any loan which the creditor nations may desire to issue on the security of their reparation receipts. The German Government is thus giving facilities to the creditor nations to commercialise without delay nearly one-third of the annuities due to them, and thus to redeem as soon as a loan can be issued something like £500 millions of their existing debts.

It should be noted that the unconditional annuity of 660 millions of marks per annum is to be charged with the service of the German External Loan of 1924. After this is provided for, however, it should be possible to capitalise the balance at the amount calculated.

In agreeing to this plan the German experts have given further proof of Germany's desire to do everything in her power to perform her obligations under the Treaty of Versailles and to afford no excuse whatever for the continuance of the existing foreign supervision of her financial policy or for the continued occupation of the Rhineland by foreign troops. It is, therefore, to be hoped that the acceptance of the plan by the Creditor and the German Governments will be at once followed by the restoration of complete liberty of action in financial as well as in other matters to the German people.

If the plan is to be successful there will require to be not only a large measure of co-operative action between Germany and her creditors but most strenuous effort on the part of the German nation. Indeed, the effort needed can be made only by a nation that is fully trusted to do all that is physically possible to meet its obligations.

From the standpoint of the statesmen who appointed the experts and gave them their instructions, the report is all that can be desired. On the one hand it will give the creditor nations the utmost they can hope to obtain from Germany, and on the other it will reduce the amount to be paid to a lower figure than the German people ever deemed possible having regard to the sum fixed at Spa or even to the sums agreed upon under the Dawes Plan. Its acceptance by the Governments of the interested nations may therefore be expected with confidence.

There is, however, a wider point of view than that from which the experts have approached the matter at the instance of their various Governments. Is it desirable that Germany should be required to pay the largest sums for reparation of which she is capable? Is it desirable in the interest of the creditor nations themselves, and more especially is it desirable in the interest of world economy and world well-being?

The creditor nations, together with the other nations of the world, are suffering from the disorganisation which the war has caused to world economy. Will the proposed settlement reduce or increase that disorganisation? If it will reduce it and will help the nations again to make steady progress as in pre-war days, then it is to be warmly welcomed. But, on the other hand, if it will increase the disorganisation and make the difficulties in the way of progress still greater, it is not to be welcomed even though it may appear to contribute to the well-being of a single country or of a number of countries.

One of the results of the war has been to stimulate the whole world to devote itself to manufacture in a manner never witnessed before. During the war the capacity of Europe to supply the rest of the world with manufactured goods largely disappeared and outside countries were compelled to manufacture for themselves. Since the war Europe has applied itself to the restoration and expansion of its manufacturing powers with feverish activity, and has borrowed large sums from the United States in order to accomplish its task with the least possible delay. Moreover, those European nations which in pre-war days were mainly agricultural have sought to become industrial.

The consequence of all this activity is that almost every nation is much more self-contained as regards manufacturing power than in pre-war days, and is seeking to increase its capacity by every available method, including the resort to high protective tariffs.

Were the disorganisation confined to this manufacturing development the situation would be sufficiently difficult, but when, in addition, Europe has incurred a heavy debt to the United States instead of being a creditor of that country for a very large sum,

and is able to meet her obligations not by the sale of her products but by fresh borrowing, the disorganisation is still more complete.

At the moment that the United States is showing signs of inability to make fresh loans to Europe either to enable the latter to purchase the produce it needs for the support of its dense population or to meet its obligations, and also of still greater unwillingness to buy Europe's products, a plan is devised which involves the sale abroad by the second greatest manufacturing nation of Europe of a greatly increased quantity of her products.

As the matter is one of far-reaching importance it is essential to arrive at some clear idea of what the new plan involves in this respect.

In 1928 the corrected figures of Germany's foreign trade show the following results:

Her imports were 13,715 million marks, her exports were 11,786 million marks. Her imports thus exceeded her exports by nearly 2,000 million marks or £100 millions. Beyond this she paid abroad for interest 735 million marks against which she received a net sum of somewhat over 200 million marks for shipping services and tourists. Her total deficiency was therefore about 2,500 million marks or 125 millions sterling. The sum payable for interest has since increased substantially. To this sum must now be added an annuity of about 1,700 million marks per annum for reparations, making a total adverse balance of upwards of 4,200 million marks. If allowance be made for 750 million marks of deliveries in kind against 658 million marks in 1928 the net sum to be provided to cover the trade balance and the reparation payments in foreign currencies would be some 3,500 million marks or £175 millions. If Germany could continue to borrow abroad on the scale of the years since the introduction of the Dawes Plan, these payments could be made with the same ease as they have been made hitherto. But are such further borrowings feasible having regard (1) to the capacity of the nations to lend to her, and (2) to the fact that the German Government will be liable for the reparation payments in foreign currencies on a gold basis, and no longer in German marks which have not to be transferred unless the foreign exchange is available with the mark at par?

If Germany cannot raise additional foreign loans to meet her payments for imports and reparations then she must reduce her imports or expand her exports or both. There can be no doubt about the German Government and the German people being prepared to take the measures necessary to enable Germany to meet whatever obligations they undertake. But will not such action on the part of Germany to meet the obligations imposed upon her increase rather than rectify world disorganisation? A contraction

in German imports will not only reduce the standard of life and the rate of wages in Germany, it will tend to create a corresponding reduction in the countries from which Germany is now buying or with which she is competing. On the other hand, an expansion of German exports to the required extent will further intensify the difficulties which her competitors as well as Germany experience already in selling enough of their manufactures to pay for the products they need to buy or the obligations they have to meet.

Thus, as matters stand at present, a plan under which the German Government will be under obligation to pay £85 millions a year of reparations in foreign currencies to commence with is likely to render the present disorganisation of world markets still more complete.

This disorganisation is entirely apart from that caused by deliveries in kind. The experts recognise the drawbacks to this form of payment, for they state it is "open to many objections of a practical as well as a theoretical nature." But it is evident they do not think it possible for Germany to pay the stipulated annuities during the first ten years without these deliveries. The truth is that these deliveries in kind are intensifying the disorganisation of the business of Europe in a manner that cannot easily be exaggerated. The goods are offered for sale under conditions that not only prevent other goods from competing with them but tend to render business quite impossible. Buyers are offered by the receiving Governments terms of credit and delivery so favourable that markets are completely demoralised.

Were it possible to induce the nations to remove their tariff barriers and thus to permit trade to expand as it does expand when unhindered, the difficulty of selling each year an additional £175 millions of German goods would largely disappear. But the knowledge that Germany needs to sell a greatly increased quantity of goods is one of the causes of the world's present tariff policy. It is most unlikely that that policy will be changed until the German reparation problem has been finally settled, not by theoretical plans and proposals, but by actual payments without the assistance of foreign loans, or by readjustments which would limit the quantity of German goods offered for sale in foreign markets to the amount that the world would willingly and freely buy.

The plan of the experts provides for the creation of a "Bank for International Settlement" into which the reparation payments in foreign currencies will be deposited for distribution to the respective creditors. The average annual sums to be received by this Bank on behalf of the Creditor Powers for the first period of thirty-seven years from 1929 to 1965 are as under :

	Millions of Reichsmarks.
France	1,046.5
British Empire	409.0
Italy	213.7
Belgium	115.5
Rumania	20.1
Yugoslavia	84.0
Greece	7.0
Portugal	13.2
Japan	13.2
Poland	0.5
U.S.A.	66.1
Total	1,988.8

The purpose of the new Bank is to provide machinery for the removal of the reparation obligation from the political to the financial sphere. The authorised capital of the Bank is to amount to the round equivalent of $100,000,000. It is proposed to issue the whole of this sum but to call up only 25 per cent., so that the paid-up capital will be $25,000,000 or £5 millions.

The institution will take over such functions of the existing agencies as it may be necessary to continue, and will perform the whole work of external administration, including the commercialisation of those parts of the annuities which are susceptible of being commercialised.

This new institution will provide valuable machinery for the efficient working of the plan, and it may ultimately develop into a Central Bankers' Bank and so greatly facilitate the transfer of funds from one country to another without the shipment of gold. Nevertheless, its immediate purpose is to act as intermediary between the German Government and its foreign creditors.

The great value of the present plan is that it gives every possible incentive to Germany to pay and every possible hope to the creditor nations that they will receive the reparations. It may be found, however, that after the creditor nations have had experience of what these payments involve when they are paid by Germany's exports and not out of her foreign loans, another expert committee may be required in order to consider the question of how the annuities may be reduced to a much lower figure.

Probably the most effective method of securing the reduction of the annuities, and possibly their termination, in a much shorter period than nearly sixty years will be for Germany to carry out the proposals with the utmost determination in order that the creditor nations may fully realise the effect of their demands both upon German and upon their own welfare.

GEORGE PAISH.

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Department of Agriculture,

Gold Coast.

STUDIES IN CO-OPERATION

IN

INDIA AND CEYLON.

BY

A. W. PATERSON, N.D.A., N.D.D. (Hons.).

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Studies in Co-operation in India and Ceylon.

INTRODUCTORY.

The need of an organized system of Agricultural Credit on the Gold Coast was brought into prominence in 1925 by certain African gentlemen in Accra who placed a proposal before Government for the establishment of an Agricultural Bank. The whole subject was fully discussed at a General Meeting of the now defunct Gold Coast Agricultural & Commercial Society when counter proposals for the establishment of a system of co-operative societies as in existence in India and Ceylon were put forward by Mr. G. G. Auchinleck, now the Honourable, the Director of Agriculture. This scheme he clearly enunciated in an article in Vol. VI. No. 2 of the Journal of the Gold Coast Agricultural & Commercial Society and which was afterwards reprinted as Leaflet No. 13 of the Department of Agriculture. Later, a draft Co-operative Societies Ordinance based on that of Ceylon was submitted to the Gold Coast Agricultural & Commercial Society, fully discussed and duly received its approval. The proposed Ordinance was to be submitted to the Legislative Council during this year and in order to benefit by the experience of other countries, the writer was sent to Ceylon and Madras in order to examine the systems there and to obtain a first-hand knowledge of the methods employed, difficulties encountered, etc.

The writer landed in Ceylon on 19th April and between that date and 23rd June visited practically all parts of the Island and was afforded every facility to study the basis of the whole co-operative movement, namely, the primary credit society of unlimited liability. Ceylon, although, co-operatively speaking, only in the early stages of development, afforded one of the best possible fields for study as so far practically only primary societies are in existence and these are beginning to blossom out, after a period of stagnation, in an improved form modelled on the experiences of Europe and India. This is a result of study in these countries by the Joint Registrar of Co-operative Societies and his staff, of the conditions there, methods adopted, etc., and their adaption to local conditions. From 24th June until 14th July was spent in the Madras Presidency where again every assistance possible was rendered by the Registrar of Co-operative Societies and his staff; special attention was paid to the higher organizations of the co-operative edifice there and the methods adopted to tackle all sorts of problems by co-operative methods. The writer was also fortunate in being able to examine on the spot the conditions which gave rise to the appointment of

the Townsend Committee on Co-operation in Madras and to see the steps being taken to put the recommendations of that Committee into practice. As the writer sailed from Bombay on the 25th June, advantage was taken of the opportunity so kindly afforded by the Registrar there to examine the co-operative marketing societies and the system of higher co-operative institutions in the Bombay Presidency from the 15th July until he embarked.

The problem being tackled there and the conditions giving rise to it differ so much from those on the Gold Coast that it would be as well to briefly review these before going further. At least 80 per cent. of the peasant cultivators in India and Ceylon, it can be safely said, are in debt ; some of them so deeply that they can never hope to be free from this burden unless there is a revolution in the local system of rural economy. Before considering how this problem of the peasants' indebtedness is being tackled by means of a system of co-operative credit societies, the causes of this indebtedness might be briefly considered.

PEASANT INDEBTEDNESS IN THE EAST.

Ceylon and India are very old countries, their history showing that they had attained a high degree of civilization even before the Christian era and this has had a great effect on the present economic position of the village cultivator. The natural increase of population through these centuries has led to the more fertile parts of these countries, which may be interpreted to mean the better watered, either by liberal and regular rainfall or by irrigation, becoming densely populated and any communal or feudal ownership of the land has given place to individual ownership.

There has been no Industrial Age as occurred in Europe in the 19th Century to attract the rural population to the towns and a peasant will not sell his land if he can possibly avoid it, as it is not only his only means of livelihood but it gives him a social status far above its value and this has led to over-population and a great inflation of land values.

These factors, combined with the Hindu law of inheritance that each son shall inherit equal portions of his father's land have led to the division of holdings to such an extent that even with the most careful and intensive methods of farming these holdings are not of an economic size.

The peasant, owning and working such a holding, leads a hand to mouth existence ; at harvest time he is forced to sell, at whatever price is offered him, as much of his crop as he can spare in order to clear off the debts he has incurred whilst his crop was growing. Before another crop can be harvested he will have to borrow again and he finds the local moneylender is always willing to give him advances on the security of his crops and land although generally a high rate of interest is demanded. This circle of borrowing before

and repaying after harvest for personal needs continues until something occurs to break it, there may have been a bad season, one of his work bullocks has died or one of his family has got married. Expenditure in connection with marriage ceremonies is one of the chief causes of the indebtedness of the ryot, ridiculous amounts are spent by even the poorest in order to maintain their local status, and resort has to be made to the moneylender who again obliges, either a pro-note or mortgage being given. The peasant is now in a position where he can seldom hope to repay the principal but the moneylender does not press him for that so long as the interest is paid regularly. The moneylender knows that his principal is safe enough and if he receives the interest regularly he has no need to look for another investment. A time comes, due to bad seasons perhaps, when the interest cannot be paid and it is then compounded with the principal and this is repeated until the peasant is in a hopeless position. The moneylender has then two options, firstly, he may seize the land, cultivate it himself, rent or sell it—in many parts of India legislation has had to be introduced to stop the alienation of land to non-agriculturists in order to prevent the wholesale eviction of the peasant owners after a series of bad seasons—or secondly, he may permit the peasant to go on cultivating the holding but bringing all the produce to him and he merely allows the ryot sufficient to live on, the remainder being interest on his loan. This practically amounts to slavery. This is a common state of affairs as has been recorded in the Reports of various Commissions that have considered the subject; the Famine Commission of 1901 reported that " We think it probable that at least one-fourth of the cultivators in the Bombay Presidency have lost possession of their lands, that less than a fifth are free from debt and that the remainder are indebted to a greater or less extent."

THE NICHOLSON REPORT.

For the past 50 years the Government of India has been deeply concerned about this problem of rural indebtedness and towards the end of the 19th century the position had become so acute that scheme after scheme including Agricultural Banks subsidised by Government was considered, sometimes tried, but never was any degree of success attained. In 1892 the Government of Madras directed Mr. (later Sir) F. A. Nicholson to furnish a report on the possibility of introducing a system of Agricultural or other Land Banks. This officer took immense pains in examining the agricultural credit organisations of Europe and America and the results of his labours are embodied in his voluminous " Report on Land and Agricultural Banks " 2 volumes—published in 1894 and 1895—" a monument of research and a perfect storehouse of information." Sir Frederick Nicholson in that report strongly recommended the creation of a system of co-operative credit societies based on the plan of the Raiffeisen societies of Germany. He summarised his report into two words: " Find Raiffeisen."

As a result of this report numerous Government officers and some civilians, notably Mr. H. Dupernex in the U.P., did some very valuable pioneer work in establishing co-operative credit societies. In 1901, the Government of India impressed by the importance and future possibilities of the co-operative movement appointed an influential committee under the chairmanship of Sir Edward Law to consider the question of the establishment of Agricultural Banks in India. This committee confined its attention to banking on the basis of co-operative credit, because the "Agricultural Banks" which had been so successful in improving the poorer classes in European countries rested on co-operative credit. The committee therefore accepted the establishment of co-operative credit societies as the object in view and considered the lines on which such societies should be worked, the privileges that should be accorded them and the extent to which they should be aided by Government funds and subjected to Government control and finally embodied the result of their deliberations in a draft bill which after consideration by the Provincial Governments was passed and came into force as the "Co-operative Credit Societies Act of 1904."

FIRST INDIAN ACT, 1904.

This Act permitted the registration of Co-operative Societies by Government, without any registration fees, provided that their object was the promotion of the economic interests of its members in accordance with co-operative principles, that they consisted of at least ten persons above 18 years of age resident within the area of operations of the society, that no individual could hold a controlling interest in the society and that shares were only transferable subject to certain restrictions. In addition to registration the Act conferred the following privileges on co-operative societies :—

1. Audit and inspection of the accounts of societies by Government Officers, free of charge.

2. Exemption of societies from the payment of income tax and of stamp duty and registration fees on instruments executed by or on behalf of societies.

3. Priority of claims of societies against certain forms of property when created or acquired by means of a loan from them, over other creditors, until the loan is repaid.

4. Freedom from attachment or sale of shares or interest of members under any decree for their private debts.

5. Societies entitled to adjust towards their dues any amounts available to the credit of a member or past member.

6. The acceptance as "*Primâ Facie*" evidence of certified entries in the books of a society.

7. Provision for the easy settlement of disputes by the Registrar without referring to the courts.

8. Summary methods of cancellation and liquidation of societies.

9. Exclusive right to the use of the term " Co-operative."

10. The right of the majority of the committee, one-third of the members or of a creditor, under certain circumstances, to apply to the Registrar, who also has this power of his own motion, to hold an enquiry into the constitution, working and financial condition of a registered society.

The Act, whilst granting so many privileges to Co-operative Societies and making the Government responsible for the statutory duties of registration, audit and liquidation, enacted that societies should only lend to members or to other societies with the sanction of the Registrar who also could restrict the amount a society could lend to its individual members, the amount it could borrow from external sources and its transactions with others than its own members. So that, for all practical purposes, it can be said, that the Government assumed the responsibility for the soundness of the whole co-operative movement in India.

SECOND INDIAN ACT, 1912.

The passing of this Act gave a wonderful impetus to the movement and within two years over 800 societies were in existence. With this rate of development continuing it was found that the provisions of the Act—which was necessarily of an experimental nature—were in some respects faulty and in others inadequate. It only provided for the creation of primary societies which it divided into two classes, Rural and Urban, dependent on the proportion of agricultural members, the former to be on the basis of unlimited liability and the latter of limited liability. No provision was made for any form of co-operation other than co-operative credit; the establishment of Central Banks or the Federation of Societies was not legalized. In 1912 another Act—The Co-operative Societies Act II of 1912—was passed, which remedied these defects and removed this arbitrary classification of societies, substituting for it a scientific distinction based on the nature of the liability adopted.

CEYLON ORDINANCES OF 1911 AND 1921.

Ceylon, having similar problems, followed India's lead, and in 1911 the Co-operative Credit Societies Ordinance was passed. In 1921 it was repealed and replaced by the Co-operative Societies Ordinance No. 34 of 1921, on which the proposed Gold Coast Bill is based.

DISTINCTIVE FEATURES OF CO-OPERATIVE CREDIT.

Before proceeding to examine the working of the Raiffeisen system of co-operative credit societies in India and Ceylon, the writer feels it would be unfair to proceed further without making some endeavour to make it clear what is meant by "co-operation" and "credit" and how a co-operative society differs from a joint stock or capitalistic organization. The writer delved into numerous books to find some definition of co-operation and feels that he cannot do better than quote the following authorities. C. R. Fay opens the introduction to his "Co-operation at Home and Abroad" as follows:—"Economics is the study of mankind in the ordinary business of life; and co-operation is one way of conducting certain parts of this business." That is not enough, but H. Calvert, B.Sc., in his "The Law and Principles of Co-operation" is more elaborate and completes the requirements by stating that: "Co-operation is a form of organization in which persons voluntarily associate themselves as human beings on a basis of equality for the promotion of the economic interests of themselves." "Credit," says C. R. Fay in his book referred to above, "is the provision of ready capital, usually money, by one party, the lender, to another party, the borrower, in return for security of repayment given by the latter."

The members of a co-operative society in its simplest state, form a *union of persons* who at the same time are the shareholders and the workers, capital is paid at a fixed rate of interest and the profits go to the workers; whereas a joint stock company is a *union of capital*, the workers being paid a fixed rate of wages and the profits go to the shareholders (Capital). Thus, in the capitalist system, the capitalist employs the workers and undertakes the risk, whereas, in the co-operative system, the workers employ the capital and take the risk. The allotment of power of control in a capitalistic organization is in accordance with the number of shares held by the individual, *i.e.*, one share, one vote; whereas in a co-operative organisation, the individual power is equal, one person, one vote, no matter the number of shares held. A company's sole object is profit and all profit to be divided in ratio to shares held, whereas the object of a co-operative society is not profit, but to render a special service to its members on the best possible terms.

THE RAIFFEISEN SYSTEM.

Co-operative credit as an organized system had its origin in Germany about the middle of the 19th century. Two men—Raiffeisen and Schulze—started independently about the same time to work out a system of credit on co-operative lines, the former chiefly for poor peasants, the latter for artisans and small tradesmen. As we are concerned with the rural system, we shall examine the Raiffeisen system at present and will refer later to the Schulze system in connection with other co-operative organizations.

The basis of the Raiffeisen system of co-operative credit was to collect together and form into societies small bodies of men who live and work in close proximity and who were fully cognizant of each other's circumstances and character and to enable these persons to obtain credit by pledging their unlimited liability. The application of the credit was to be strictly supervised by an elected Committee in each society and the administration of the society was to be entirely gratuitous.

UNLIMITED LIABILITY.

Agriculture is a business undertaking and every business requires capital which, if it is to be utilized to the best advantage, must command credit. The supply and regulation of credit is the function of what we know as Joint Stock Banks but these organizations find that Agricultural Credit is a type of credit they are unable to supply because they have been evolved to deal with industrial and mercantile credits which are given on immediately realizable security for definite periods, whereas the agriculturist is unable to furnish such security and even if he were granted such credits he cannot undertake to repay these advances with the punctuality demanded by the Joint Bank System. The inability of the ordinary type of Joint Stock Bank to grant credits to Agriculturists is not due to their unwillingness to do so, other than it cannot be fitted into their system of business. These banks accept huge monetary responsibilities and they cannot undertake to finance in duty bound, to their shareholders and depositors, any type of business in which the returns are uncertain and at the mercy of such variable factors as climatic conditions without the deposit of very tangible security which the individual peasant cultivator does not possess.

This is where the Raiffeisen system comes in : it creates that security required, as has been stated above by grouping individuals into societies, all members agreeing to pledge their unlimited liability individually and collectively for the debts of the society. This means that the members put into a common pool all their assets, each accepting liability to the full extent of his real or immovable property, his chattels or movable property and his personal credit or general reputation for thrift and honesty. This aggregation of resources creates a source of credit whereas individually the members could command none.

The acceptance of unlimited liability is a very serious step to take and it would not afford a practicable solution to the problem unless it was hedged round with such powerful safeguards that given good management and the close supervision required to secure such management, there need be practically no risk and unlimited liability should never have to be called upon. The writer made particular enquiries on this question in Ceylon and in the Madras and Bombay Presidencies, covering an aggregate of some 16,500 Agricultural Credit Societies, and was informed that in no case had it been found necessary to sell up the assets of a Society.

SAFEGUARDS OF UNLIMITED LIABILITY.

The principal safeguards of unlimited liability are the knowledge of the members of its dangers, since if a person realises a danger, he will take especial care that it does not become a reality. Then, the area of operation of a society is restricted to such a size that all the inhabitants are not only well known to each other, but all know each others' affairs intimately. New members are elected and only the applications of honest and trustworthy persons are considered. The penalty of dishonesty is expulsion. Loans are granted to members, only for productive purposes to the amount actually necessary in each case and the actual application of the loan to the purpose for which it was given is closely supervised by the sureties, officers and fellow members. The General Meeting of the Society has absolute power over its affairs, election and removal of committee, fixing of limits up to which the society and its members may borrow, etc. An indivisible Reserve Fund is created out of profits to absorb the first shock of loss in the case of liquidation. Lastly, the keeping of careful accounts, records of membership, minutes of meetings, etc., are insisted upon.

ADVISABILITY OF LIMITING MEMBERSHIP.

We will now consider these safeguards in detail and endeavour to show the reasons for them and how they actually work out in practice. The whole Raiffeisen scheme of co-operative credit societies is based on mutual knowledge and mutual trust and in order to attain these it is essential that the area of operations of a society be restricted to the smallest possible unit and that membership be strictly limited to persons resident within that area. This enables the members to know one another intimately, to attend meetings regularly, to know the needs of their neighbours, how much and when they can repay and to see they do so. Moreover, before accepting unlimited liability a member must be certain that his fellow members are honest and trustworthy and this is impossible without that intimate knowledge which can only be got by living and working together in a restricted area. A large membership is neither necessary nor desirable as that too frequently leads to the general body of the members taking little or no interest in the working of the society and to the duties of the honorary office bearers becoming too onerous. 20—40 members is probably the best number, 100 the utmost limit, although 12—15 members knowing one another intimately can form a very useful society. The generally accepted unit is the village. If very large, however, it is better that there be two or more societies rather than a large unwieldy one where the degree of intimate knowledge required would be impossible.

In Ceylon, the writer had an excellent opportunity of seeing the results of societies being founded with too large an area of

operations. This action, for which no one could be blamed, was brought about by the inadequate nature of the Staff engaged on Co-operative work, by the fact that at that time none of the officers engaged on it had had any opportunty of studying the movement in other countries and benefiting by their experiences, and the mistaken belief that large societies covering a wide area would spread the co-operative movement quicker, and serve as parent societies, budding off smaller village societies by acting as centres of co-operative education. These societies practically all eventually proved complete failures, as the Headman of the Division—Ratemahatymaya—was generally President, the Headman of a Korala, Vice-President, the Head Teacher in the Government School, Secretary, the Assistant Secretary, another Teacher and the Treasurer—a Village Headman. To the ignorant cultivator this was purely a Government organization—in Ceylon, all Headmen whether of Divisions, Koralas or Villages, are Government officers—and he only too frequently joined this so-called co-operative society and contributed a certain amount of share capital, not because he understood what it was for, but because it was the thing to do. Others joined these societies purely under the impression that this was a cheaper and easier method of borrowing money devised by the Government for their benefit and that there would be no particular necessity to repay. The result of all this was that the average member saw no need for his taking any interest in the Co-operative Society, the office bearers were much more capable of looking after its affairs than he was. How could he, an ignorant cultivator, be expected to take his share in the work with all these Headmen in positions of authority? Interest flagged, meetings were poorly attended and loans became difficult to collect as members often only knowing one another by sight could not be expected to supervise and see that the money loaned was being properly utilized and repaid out of the proceeds at the proper time, thus these large unwieldy societies gradually became moribund.

OFFICE BEARERS.

The General Meeting of the members is the supreme power; it elects annually the Managing Committee, fixes the rates of interest on loans and deposits, the amount the society may borrow—subject to the approval of the Registrar—the maximum credit of each member, prepares and revises the Statement of Property owned by members, adopts the annual report and balance sheet and deals with the divisions of any profits made, subject always to the provisions of the Ordinance, Rules and the By-Laws of the Society. The election, number and duties of the Office Bearers of a Society, as distinct from the Committee, varied in each part visited. In Ceylon, the model by-laws provide for the election of a President, Vice-President, Secretary, Assistant Secretary and a Treasurer by the General Meeting and are ex-officio members of the Committee. In Madras, the General Meeting of the members elects the Committee who appoint from amongst themselves a President, Secretary and

an Assistant Secretary; the President being ex-officio Treasurer. Whereas in Bombay the General Meeting elects the Committee and appoints a Secretary who is also ex-officio Treasurer; the Committee appoints its own Chairman but the members present at a General Meeting have the right to elect a President for that meeting.

There is no doubt, in my opinion, that the Ceylon by-laws are better in this respect, always provided that sufficient members are available, capable of performing these duties. The provision of separate officers for the posts of President, Secretary and Treasurer has much to recommend it besides the distribution of duties, as the Secretary and Treasurer automatically provide a check on the accuracy of each other's work and as the checking of the cash balance in the hands of the Treasurer is insisted upon at each meeting, this very materially reduces the chances of errors creeping into the Society's books and escaping detection possibly until the Annual Audit. The Madras system with the duties distributed between the President and the Secretary affords a similar check to the Ceylon one, but there is always the danger that the distribution of the power of government of the Society will become largely restricted to these two individuals.

In Bombay, the secretary usually receives some remuneration either by means of an honorarium of a certain percentage of the profits or more generally, directly by a percentage of the working capital of the society. This is necessary as very few people can be found to undertake such a volume of work as these combined jobs without some reward. The finding of suitable secretaries has been found very difficult and now the experiment is being tried of having a group secretary—a full time officer who has undergone and passed a secretary's course at one of the District Co-operative Institutes in the Presidency—for each three to five societies. He receives as remuneration one rupee for Rs. 1,000 of the working capital of each society per month.

Persons of standing and authority in the area make useful officers at the inception of a society, but after it has been established, can perform the most useful work by acting as patrons, assisting and advising rather than doing the executive work. A wealthy member of the community who desires to assist his less fortunate brethren, but who is naturally unwilling to join the society and pledge his unlimited liability, can overcome that difficulty by becoming a patron. He can then give the society the benefit of his advice and, by depositing any funds he may have to spare at reasonable rates of interest, be of great assistance to the society.

The village schoolmaster makes an ideal secretary in so far as he can conduct the correspondence and keep the books of the society without great difficulty, but he is too prone to become the dominant personality and run the society rather than permit or force the members of the committee to take their full share of the work and responsibility. Moreover, unless he happens to be a

native of the village, his interests, outlook and needs differ greatly from that of the village cultivator and he is always liable to be transferred, generally, at short notice so that a society dependent on the services of a schoolmaster as secretary may collapse at any moment unless an assistant secretary has been trained to replace him. The general standard of education for office-bearers need not be high so long as they can read and write in any language, the book-keeping is so simple that they can be taught all that is required in a few lessons. The business of the society can be conducted and its books kept in any language understood by all its members.

THE MANAGEMENT COMMITTEE.

The business of a society is conducted by the committee which exercises all the powers of the society except those reserved for the general meeting of the members, subject always to any instructions or restrictions laid down by the society at such a meeting. The committee which should meet at least once a month, checks the accounts and the balance on hand at every meeting, authorizes any necessary expenditure subject to the limits imposed by the general meeting and admits new members, although it would be better if such admissions were subject to the approval of the general meeting. It deals with applications for loans and the renewal of loans, scrutinizes overdue loans and contracts loans on behalf of the society subject to the limit fixed by a general meeting. Enquires into non-payment and mis-application of loans and takes the necessary steps to recover same, also, into breaches of the by-laws and misconduct of members, takes necessary action and makes recommendations to the general meeting which retains the right of expelling a member. The committee decides by whom the various books of the society shall be kept, prepares statements of accounts and annual report and frames by-laws for submission to the general meeting.

PROVISION OF SHARE CAPITAL.

We have dealt with the area of operations, qualifications for membership and duties of the general meeting, committee and office bearers, so we can now consider the "*modus operandi*" of a society, taking it for granted that the necessary conditions for registration have been complied with. The aims of a credit society are to raise funds by issuing shares and receiving deposits and loans, to grant loans to members at reasonable rates of interest and to encourage in the members, the practice of thrift, mutual help and self-help. The first requirement of any business—it must always be remembered that a co-operative society is a business concern and not a philanthropic or a charitable institution—is capital. This is raised at first by issuing shares, each member on joining the society requiring to subscribe a certain amount of share capital within a fixed time according to his means. These shares, which are actually a paid up portion of the members' unlimited liability,

together with any entrance fees, comprise the working capital of a society until it can attract deposits or receive a loan.

As soon as a society has sufficient funds it starts to issue loans to its members and it is here that the distinction between a moneylender's methods and those of a co-operative credit society become very evident. The former will grant loans, but does not concern himself with the purpose for which the money is wanted, whereas a society will only lend for productive purposes and a member desiring a loan must submit an application stating not only the amount wanted but the purpose for which it is required, how he proposes to repay it and the names of members who are willing to act as sureties for him. Sureties must be members of the society and they undertake to be responsible for the loan in the event of the borrower defaulting. Their responsibilities to themselves and to the society are to see that the loan is expended on the purpose for which it was asked, to know when instalments of repayments are due, to remind the borrower of these, to put pressure on a defaulting borrower and eventually to pay if he defaults. The committee consider each application, and as they all live in the same village as the applicant and his sureties and know them intimately, they are able to decide whether the loan is required for the purpose stated, whether it is for an extravagant amount or not, and if the applicant will be able to repay it within the time stated. The committee may refuse the application, reduce the amount asked for, or alter the date and amount of instalments or the time of repayment. On the loan being granted, the member and his sureties sign a bond (promissory note) stating the amount received, when and how repayable.

SHORT TERM LOANS TO MEMBERS.

The success or otherwise of a co-operative credit society depends on the work of the committee and more particularly on the care which they exercise in the granting of loans. The aim is to provide the financial facilities actually required by members for such purposes as will be profitable to the member and to have such machinery that provided nothing unforeseen occurs, the loans will be repaid when due. The committee may grant an extension of time to a borrower who cannot repay owing to no fault of his own ; most societies provide for the imposition of a penal rate of interest on overdue loans if an extension has not been asked for and granted. Penal interest usually means an increase of 50 per cent. to 100 per cent. on the rate charged, but this is not so severe as it would appear, as there is no compounding of principal and interest, the common practice of the moneylender. Interest is the first charge on all repayments, any balance going to the reduction of principal. The rates of interest charged by agricultural co-operative credit societies are not low ; the object is not so much to supply cheap credit as to provide controlled credit at reasonable rates. 9¾ per cent. is charged by societies to members in Bombay and Madras

and 12 per cent. in Ceylon. These rates were adopted in order to simplify the calculation of interest, 9⅜ per cent. being 1½ pies per rupee per month and 12 per cent., one cent per rupee per month.

The function of a primary agricultural co-operative credit society is to supply the seasonal financial requirements of its members, repayable out of the proceeds of their next harvest. It is not a suitable agency for the granting of long term loans for such purposes as the redemption of prior debts, clearance of mortgages, purchase and development of lands or the sinking of wells as these are normally repayable in instalments over a series of years out of the savings of the borrower. This is the function of a Co-operative Land Mortgage Bank, a type of institution it is proposed to refer to later. The reasons why only short term loans should be handled by the village society are, firstly, it must rely on personal security and surety, as the mortgage on the property of a member is wrong, as he has already pledged that property by accepting unlimited liability and lending on mortgage is contrary to the ideals of co-operative credit. Moreover, the handling of mortgages calls for a higher standard of training than can be expected amongst the office-bearers of the ordinary village society and on that ground also would be unsuitable. The short term loan keeps alive the memory of the obligation to discharge it more fresh in the mind of the borrower and the lender, than the long term loan. Finally, the credit society can seldom obtain any long term loans or deposits and it would be very unsound finance to grant long term loans with short term money.

DEPOSITS.

One of the chief aims of co-operative societies, besides the provision of loans to its members, is the encouragement of thrift and in order to fulfil this function, provision is made in the by-laws for the receiving of deposits from members and non-members at reasonable rates of interest which are fixed by the general meeting. The villager, cultivator or farmer of the tropics has always been notoriously unthrifty, very largely because he can generally grow sufficient for his immediate needs without great effort and he has never had any means of keeping any savings he might succeed in making except by investing it in jewellery or ornaments or by hoarding it. The concealment of savings is the very frequent cause of serious crime in all countries without sufficient facilities for their safe deposit in some institution. The Post Office Savings Bank does not fill this want as it may be a long way off, and no villager will spend a day walking to the bank with a small sum such as he might have to spare. If he does, he is confronted with and scared off by the tyranny of a junior official entrenched behind an entanglement of official regulations which are no doubt necessary, but not likely to encourage a simple villager in his saving efforts. Savings Bank accounts are now opened by the Joint Stock Banks but the number of their branches are too few and although the formalities

may be less in connection with his transaction, the villager is frightened off by the magnificence of the bank premises, the knowledge that his dealings are only very small and the thought that his custom is not wanted. The village society here definitely supplies a much needed requirement in the village economy. Deposits of the following types can be successfully managed by such societies :—

(*a*) Fixed Deposits for 3 months, 6 months, 1 year or 2 years ; the rate of interest paid increasing with the length of time for which the deposit is made.

(*b*) Current Deposits for shorter periods, a low rate of interest being paid on minimum monthly balance.

(*c*) Savings Deposits at a rate of generally at least 1 per cent. above that offered by savings banks. The amount that can be received and held on such accounts as well as the amount that can be withdrawn at any one time is restricted. These restrictions can be overcome by transferring amounts saved to fixed deposits which is better both for the depositor and the society.

(*d*) Recurring Deposits where a person undertakes to pay the society every month a fixed sum for a period of 12, 24, 45, 84 or 132 months when he will receive a sum embodying both the principal and the interest due to him.

(*e*) Home-safe Deposits are made by a person who undertakes to deposit at his convenience in a home-safe any amount that he can spare and pay the contents thereof into the society every month for a period of 12 months.

Deposits can be made to the treasurer at the monthly committee meetings if not more frequently by members or non-members. Fixed deposits made by members are entered in their pass-books in which are also recorded the amounts of share capital paid up, loans given and repayments of interest and principal made. Separate pass books are provided at a small fee for deposits to non-members as well as to members. The benefits of thrift are almost too well known to need emphasis, but the deposit of small sums by villagers which they would otherwise spend without obtaining any material benefit from them and the accumulation of these into useful amounts may prove of the greatest value at some time when circumstances are less favourable, and in any case are always available as a reserve in the event of any emergency arising. Immense sums have been deposited with co-operative credit societies both in Europe and in the East and not a farthing has been lost by a depositor.

BORROWING BY SOCIETIES.

The ordinary village co-operative credit society is unable to raise locally, sufficient funds in the form of share capital and deposits to supply the whole of the legitimate requirements of its members. In Ceylon, the Government at present grant loans to societies repayable in 10 instalments in 11 years at 5 per cent. interest. This is thoroughly unsound as we shall see later, and is merely a stop gap until the co-operative credit movement can build up its own organization of secondary institutions known as Central Banks to act as the financing agency for agricultural credit societies as has been done in India. The function of a Co-operative Central Bank, the constitution and working of which we will examine later, is to act as the financial balancing agency for credit societies within its area of operations and to supply their financial requirements up to their maximum credit limit, the assessment of which differs a little in Bombay from Madras. In each case the society itself prepares a statement of the property owned by its members showing in detail the nature of the land or other property owned, area, value, etc., as well as any other assets, including at the same time any external liability of the members as mortgages, unsecured debts, etc. Each year this statement is revised at the annual general meeting and the requirements of the members during the following year are estimated. The amounts required for short term or seasonal purposes are shown separately from any amounts that might be asked for, for longer terms. In Madras, it has been laid down a credit society shall not borrow more than one-eighth of the net value of its total assets and in Bombay that the owned property must amount to at least three times the amount asked for. It is worthy of note that in Bombay the Central Banks employ inspectors who assess the value of this property based on 16 times its annual revenue. These are the maximum amounts permitted and a society must show evidence of satisfactory work before it can receive loans to such amounts. In Ceylon, where the loans are received from Government, although the property statement is insisted on, the official staff are in much closer contact with each individual society and no definite ratio has been laid down; the recommendation of the Joint Registrar depending more on the record of the society, its methods and position as regards loans granted and recoveries made, than on the amount of its assets.

RESERVE FUND.

Ideally, a co-operative credit society of unlimited liability should make no profit, or all profit made should go to an indivisible reserve fund, but in order to attract as much capital as possible from the members, it has been found necessary to make arrangements so that a dividend which is limited to three-fourths of the rate paid on loans by members, may be paid on share capital subscribed by members. No distribution of profits can be made without the sanction of the Registrar or until the reserve fund reaches a certain

amount. The building up of an indivisible reserve fund is one of the essentials of the Raiffeisen system, in order to absorb the first shock of the enforcement of unlimited liability. It is indivisible amongst the members of the society, to prevent profit hunting persons from breaking up a society in order to obtain this fund as a bonus or dividend. In the event of the dissolution of a society, a general meeting of the members, at which a quorum is present, may vote this fund to any undenominational, non-political object of public utility to all members. In default of this, it must be sent to the Registrar to be held by him as a trust fund belonging to the area in which the society worked and may then be used to assist new co-operative societies started within this area. The margin between what a society borrows at, and the rate at which it lends, is at least 2 per cent., generally more if the members are punctual in their transactions, even after defraying necessary expenses, a society can generally show a fair profit on its year's working. The first charge on the profits is the reserve fund. In Ceylon, no dividend or other expenditure can be charged against the net profits until the reserve fund exceeds one-tenth of the total liabilities of the society, after which a first charge of at least 25 per cent. of the net profit must be allotted to the reserve fund each year. In Madras, 50 per cent. of the net profits must go to the reserve fund until that fund is equal to one-half of the total liabilities of the society, when the annual contribution may be reduced from half to one-third. In Bombay, all the profits must go to the reserve fund, but 7½ per cent. of the net profit made may be voted by the society for charitable purposes of an approved nature. In Bombay, however, societies are permitted to use their reserve fund as part of their working capital whereas in Ceylon and Madras it must be separately invested in approved institutions, viz., the Ceylon Savings Bank or in the District Co-operative Central Bank.

CENTRAL BANKS.

A Central Bank, the function of which has already been explained, is a Co-operative Society of limited liability, i.e., its members are only liable to the amount of the share capital subscribed by them—generally found in the district headquarters or other large centres of population, which attracts funds from the public by offering attractive rates of interest to investors looking for a gilt-edged security yielding a good return from a purely business point of view. The gilt-edged security is provided by the fact that Central Banks lend only to Co-operative Credit Societies, which are safe investments as they offer the security of their unlimited liability. Central Banks are not dividend-hunting institutions as the amounts they can pay as dividend to their shareholders is limited by law, so such an institution exists and is run for the benefit of the societies affiliated to it and not to exploit them.

Ideally, a Central Bank should be an affiliation of credit societies who offer to receive deposits on the security of their unlimited liability, in addition to the actual share capital subscribed. In

practice, however, these societies seldom have as members, persons of such standing, education and business experience as could manage such an undertaking, and in India the move came from outside. Here, professional or business men, deeply interested in the needs of their poorer brethren in the villages saw what was required and established Central Banks which had little to distinguish them from Joint Stock Banks, except that they only lent to co-operative societies. This has gradually been changed and to-day one finds that these Banks are now much more co-operative in character and constitution, societies have become members and in most cases elect a majority of the members of the board of management. Although this arrangement is not ideal, it is a very serviceable one, as it allows the societies to have a strong say in the management of the bank, and yet allows the bank to have the benefit of the business experience of the individual shareholders who are generally men of considerable standing, whose presence on the board gives it stability and inspires confidence in the investor and attracts deposits.

CENTRAL BANKS IN MADRAS.

The importance of and the scale on which these banks conduct business will be realised when we consider that on 31st June, 1928, in the Madras Presidency alone, excluding the Madras Central Urban Bank, there were 31 District Central Banks with a paid up Share Capital of Rs. 4,869,649, Reserve Funds totalling Rs. 1,552,338, Deposits aggregating Rs. 48,117,906, and a Combined Working Capital amounting to over four million pounds sterling. The Madras Central Urban Bank, which is the Apex Bank, acting as a balancing centre and endeavouring to co-ordinate the work of these District Central Banks, has a paid up Share Capital of almost 6 lakhs rupees, 1¼ crores (Rs. 12½ millions) of Deposits and a Reserve Fund of Rs. 900,000. The majority of these central banks permit customers—non-members as well as members—to run current accounts, often paying as much as 2½ per cent. on minimum monthly balances, and grant overdrafts on the security of fixed deposits or Government securities on daily balances. In order to maintain the stability of these banks the Government insist on the maintenance of a high standard of fluid resource to enable them to meet the obligations of such business. The Imperial Bank of India grants overdrafts or cash credits to these Central Banks in order to provide this fluid resource against the certified pro-notes of primary co-operative credit societies due technically on demand but all maturing within 12 months, at a flat rate of 6½ per cent. A certain number of banks in Madras obtain a part and the Central Banks elsewhere obtain all their fluid resource by the purchase of Government securities and lodging these with the local Joint Stock Bank and obtaining cash credits against them.

Central Banks as a rule obtain deposits at 4—5½ per cent., depending on the periods of deposit and lend at rates varying between 6½—8 per cent. A large proportion of the funds on deposit

with these banks belong to public bodies and institutions—Local and District Boards and Municipalities accounting for as much as half of the total of the fixed deposits of some banks.

In addition to insisting on the maintenance of a high standard of fluid resource, the Government restrict the borrowing powers of Central Banks, in Madras, that is fixed at 10 times the owned capital—paid-up share capital plus reserve fund—and half-yearly audits as well as periodic inspections are carried out by senior officers of the Co-operative departments.

The organization and management of a Central Bank calls for a considerable knowledge of banking and a good deal of business ability and although at first honorary workers were the rule, the business has so developed that whole time Secretaries on good salaries are now general, in addition to a staff of accountants, cashiers, ledger clerks and typists.

CONSTITUTION OF CENTRAL BANKS.

The model by-laws for a Central Bank in Madras, provide for a general body consisting of the individual shareholders and one delegate from each affiliated society who elect from amongst themselves the board of directors. The entire management of the bank is vested in this body which consists of 14 members elected by the delegates of societies and seven by the individual shareholders. The board elect from amongst themselves a president, vice-president and a treasurer and appoint a paid secretary who has no seat on the board. It deals with all applications for loans from Co-operative societies and may grant sums which together with any other indebtedness of the applicant society shall not exceed the maximum credit limit fixed for that society. It should obtain from the Local Supervising Unions, and where necessary from the Registrar, full information concerning such societies and see that loans are granted to them with due care and caution. It shall fix the period of repayment, instalments, rates of interest, etc., within the limits laid down by the general body. The by-laws permit, and it has been found necessary in practice, to have an executive committee consisting of the president, vice-president, treasurer and two members of the board of directors to whom is delegated the power to grant loans to societies but they can refer doubtful cases to a full meeting of the board.

GOVERNMENT FINANCING UNDESIRABLE.

Reference has already been made to the unsoundness of the Government financing the co-operative movement: this is due to the fact that no Government can afford to finance such a scheme working properly to the full extent of its requirements. In addition, one of the objects is to develop a spirit of independence in the societies and their members, and this is impossible if they are dependent on Government funds. It is therefore essential that the movement makes its own arrangements or it will simply lead into a cul-de-sac and be starved for funds. Moreover, a Central

Bank can offer facilities to a society that Government cannot, it will receive at any time any money collected by a society from its members and credit it to the society's account and re-issue it again whenever required provided the maximum credit limit of the society is not exceeded. The Government cannot offer such facilities as it can only receive repayments towards principal and cannot act as the society's banker. Although the rate of interest charged by a Central Bank is higher, the cost of the money used is very little more as a society never needs to have idle money as it must have with seasonal lending financed by a Government Loan. A Government, however, is justified in advancing funds, as has been done in India and Ceylon, which has just opened its first Central Bank at Jaffna, in order to initiate the movement, gradually withdrawing its financial support as the movement develops and Central Banks spring up.

GOVERNMENT'S FUNCTIONS.

Before proceeding to examine other types of Co-operative Societies, it would be better if we touched upon the other aspects of the position of the Government in relation to the Co-operative Movement. The Government, as has been already stated, is responsible for the statutory duties of registration, audit and liquidation. The Indian Act provides for the appointment of a Registrar of Co-operative Societies and that, subject to the provisions of the Act, "a society which has as its objects the promotion of the economic interests of its members in accordance with co-operative principles, or a society established with the object of facilitating the operations of such a society, *may be* registered under this Act with or without unlimited liability."

The Registrar, thus, is responsible for the bona-fide nature of a proposed society's aims and objects, and in order to fulfil these obligations should have sufficient staff to be able to investigate the genuineness of these and to check the by-laws submitted, to make certain that they contain nothing foreign to the principles of co-operation. "The Registrar shall audit or cause to be audited by some person authorized by him by general or special order in writing in this behalf, the accounts of every registered society at least once a year." Powers are also given that the Registrar shall have access at all times to the books, accounts, etc., of a society and "every officer of a society shall furnish such information as regards transactions and working of the society as the person making such an inspection shall require." This gives the Registrar wide powers and actually makes him responsible for the soundness of the society, as after an enquiry into the working of the society, he has the right of cancelling its registration and having it compulsorily liquidated and wound up.

DANGERS OF HASTE.

These duties and responsibilities have never given rise to any serious dispute, but in the early days of the movement, in order to

assist in its spread and development, propaganda had to be undertaken by the Government as well as the general advisory and guidance work. The latter duties generally referred to as supervision and inspection have been the source of considerable trouble, but before we can deal with this subject we must consider how the movement developed. In India, the very rapid spread of the movement was not due entirely to the efforts of the Government, but mainly to the large numbers of social workers keen to assist in any scheme to aid their less fortunate brethren one finds there. These gentlemen quickly realised that co-operative credit societies offered a solution of the problem of rural indebtedness and plunged whole-heartedly into conducting propaganda and organising new societies. This was not an unmixed blessing to the movement, it certainly increased very rapidly the number of societies and as rivalry arose between individuals, districts and even provinces, as to the rate of progress that could be achieved, societies were formed and started work in unsuitable places, without sufficient knowledge of the dangers of unlimited liability and with little or no training whatsoever.

The uniting of poorly educated, ignorant peasants into business-like societies calls for the exercise of great tact, most careful propaganda, skilful instruction and the provision of some efficient means of supervising these societies after they have been established. Thus, a co-operative worker, be he an official or otherwise, must himself have a full knowledge of his subject, the people he is dealing with, and the difficulties and dangers that must be expected if the society he organises does not realise fully what will be required to make it a success. It is very easy to gloss over the dangers and difficulties and to paint a rosy picture of the benefits of co-operation. The Marquis of Linlithgow, Chairman of the Royal Commission on Agriculture in India, in opening the Bombay Provincial Co-operative Conference in 1926, stated that every country which the Co-operative Movement had reached was littered with the bones of societies that had been formed by keen but untrained enthusiasts, and that no amount of enthusiasm could overcome that lack of knowledge and training which is so essential to the co-operative worker.

GROWTH IN MADRAS.

In order to make my points clearer it is now proposed to deal more particularly with the development of the Co-operative Movement in the Madras Presidency, principally because of the recent report of. the Townsend Committee on Co-operation in that Province; references will be made to Ceylon and Bombay where such are called for. The first society in Madras was registered in 1904 and the following table will give some idea of the rate of progress made.

	No. of Societies.	Individual Members.	Central Banks.	*Actual Working Capital Lakhs of Rupees.	Reserve Funds. Rs. lakhs.
1904	1	—	—	—	—
1907	63	6,439	1	—	—
1912	972	66,156	4	—	—
1913–14	1,333	100,537	8	70·71	6·19
1918–19	3,676	244,297	26	169·20	14·65
1923–24	9,785	616,628	33	420·70	38·35
1924–25	11,141	690,740	32	508·93	46·85
1927–28	13,357	898,186	32	820·94	69·62

*Excluding the investments of one Society with another.

The rate of progress shown on the above table is extraordinary. The rate of increase between 1913–14 and 1918–19 averaged 468 societies per annum and between 1918–19 and 1923–24—1,222, with 1,356 the following year. Out of the 13,357 societies on the register on 30th June, 1928, 11,966 of these with 630,298 members were agricultural credit societies with a paid up share capital of Rs. 67·56 lakhs, reserve funds amounting to Rs. 33·13 lakhs and a working capital of Rs. 573·80 lakhs. The number of societies increased so rapidly that it outgrew the Co-operative Department, and in 1910 the growing inability of the official organization to continue the work of supervision in addition to its statutory duties owing to lack of staff led to the registration of the first Supervising Union in that year. Its membership was confined to co-operative societies within a radius of 7 miles and its object was the supervision of its affiliated societies. The then Registrar in forwarding the proposal to register the Union to Government stated, " an ultimate advantage of these Unions will be that, when they are started close together, the State may withdraw from the work of supervision, confining itself to audit work." The Townsend Committee in its report dealing with the vexed question of Inspection and Supervision states :—" Inspection involves an enquiry into the financial status of a society. This is obviously within the rights of the financing central banks : we go further, and place it amongst the banks, responsibilities. Supervision involves constant administrative assistance in routine work, advice on financial matters and general guidance, both from the business and the co-operative aspects. Unions formed and controlled by the societies themselves provide the ideal organizations for this purpose." The following paragraph from the previous page of the same report throws an interesting light on the question of de-officialization of the movement. " A withdrawal from supervision on the part of Government took place

in 1925–26, before adequate provision had been made for non-official agencies to take over the work. This has, we consider been responsible for much of the confusion which exists at present in the movement."

LOCAL SUPERVISING UNIONS IN INDIA.

The Local Supervising Union generally consists of 20–25, sometimes more, societies, situated within a radius of not more than 7 miles, who federate themselves for the purpose of mutual supervision and help. The share capital is provided by each society taking up one share of Rs. 100 which need not, and very seldom is, paid up. Each Society appoints one or two delegates to the general body of the Union who elect from amongst themselves the Governing Body or Committee. The aims and objects of these unions are to develop and exercise supervision over the work of the affiliated societies, to recommend the grant of loans to its member societies from the Central Bank, to act as the agent of the affiliated societies in arranging for joint purchase on indent, to organise new societies, to discuss matters of common interest and to settle disputes. In order to carry out its functions a Union employs a supervisor who should visit each society regularly, at least once in three months, check the cash, all books, entries, vouchers, loan applications, and loan bonds, paying particular attention that loans are only being granted for proper purposes and are repayable in accordance with the ability of the borrower to repay. Members of the Committee also visit, inspect and give advice to societies affiliated to the Union. These Unions obtain their funds from affiliation and delegate fees, allotments from the District Federations and contributions from its affiliated societies. These societies contribute 8 annas (½ per cent.) of the interest received on every Rs. 100 lent—this now passes through the funds of the Federation, as we shall see later, but comes back to the Union in the allotment it receives from the Federation. In Bombay, the Unions receive ½ per cent. of the working capital of its affiliated Societies per annum, the Government and the Central Bank making up any deficit in equal proportions.

These Local Unions alone, did not prove a complete solution of the problem of supervision due very largely to the employment of inefficient supervisors. The salary offered was usually small; there was little security of tenure, no chances of promotion and the difficulty always arose of the supervision of the Societies to which the office-bearers of the Union belong, as these persons controlled the employment of this unfortunate officer. Too frequently, this officer actually had to act as a debt collector and visit personally members of societies who had unduly large amounts overdue.

DISTRICT FEDERATIONS IN MADRAS.

As a result of the increase in the amount of overdues and the general unsatisfactory condition of the primary societies, District Federations came into being, to strengthen their supervision.

The Townsend Committee ably summarised the work of these Federations as follows :—" The responsibilities of federations should include the exercise of general supervision over the work of unions and union supervisors, with special attention to the societies of office-bearers of unions. For these purposes federations should employ an adequate staff working directly under them. All supervisors should be on a district cadre, and their entertainment, transfer, and dismissal should vest in the federations ; each union should, however, exercise general control over the work of the supervisor in its area. We consider the federations and unions should be definitely responsible for co-operative propaganda in the villages : the responsibility for the organization of new societies should also be laid on them. We recommend that federations should have more definite responsibility in the co-operative education of non-official workers."

These Federations are greatly strengthened by the fact that, provision is made for the membership and representation of the Central Bank or Banks, in addition to Local Supervising Unions, Audit Unions and limited and unlimited societies not affiliated to a Union. Individual members are also admitted under certain conditions. Funds are raised by affiliation and delegate fees, contributions from primary societies of 8 annas on every Rs. 100 loan given to members, and from Central Banks of 8 annas of every sum of interest (½ per cent.) earned by them the preceding year on every Rs. 100 of loans outstanding against members, any donations or other contributions from Central Banks or others and a subsidy, if any, from the Government. Subsidies up to Rs. 1,000 per annum are given to enable Federations to conduct training classes for office-bearers and committee members at different centres.

The General Body consists of two members from each Union, two from the limited and two from the unlimited societies not affiliated to a Union and five delegates from the Central Bank. The Managing Committee is made up of one member from each Union, one each from the limited and unlimited societies and two from the Central Bank. The Co-operative Department lends the services of a senior officer, generally of the rank of Assistant Registrar, Rs. 150–250 p.m., as Executive Officer of the Federation. This officer is placed on foreign service, the Federation pay his salary and allowances to him direct, in addition, paying to the Government an amount equal to 25 per cent. of his salary to provide for pension and leave and depositing three months salary as a guarantee of good faith. The Federations pass the budget of the Supervising Unions, make allotments to them from the Supervision Fund, arrange to supervise the Unions, conduct training classes for office-bearers of societies, carry out propaganda work and hold periodic conferences.

MADRAS PROVINCIAL CO-OPERATIVE UNION.

The Madras Provincial Co-operative Union is a central institution which is devoted to general propaganda and the rendering of general

assistance to all types of societies. It publishes a quarterly Co-operative Journal and various leaflets, pamphlets and books, etc., organises training classes for co-operative workers, public lectures, conferences and exhibitions, etc.

BOMBAY CO-OPERATIVE INSTITUTE.

In Bombay, there is no corresponding organisation to the District Federation, but the counterpart of the Provincial Union is the Bombay Provincial Co-operative Institute which, however, has a number of branches in the Districts, and conducts training classes both at its headquarters and branches up to the same standard as the Training Institutes in Madras which will be referred to later.

TRAINING OF WORKERS.

The need for a specially trained official staff and for trained supervisors and honorary workers has already been referred to, and the necessity for, and the importance of this cannot be too strongly emphasised. Co-operation is a specialised subject, and any course of training must include not only instruction in co-operative principles, law, types of societies, etc., but also in the practice and principles of Book-keeping, Banking and Audit. To meet this need five Co-operative Training Institutes have been established at various centres in Madras. The staff of these Training Institutes consists of a Superintendent, who, in addition to his executive duties as Superintendent, lectures on Co-operation and Co-operative Law, an Assistant Registrar, whose services are given by the Government, a senior Inspector of the Co-operative Department, on foreign service, who lectures on Co-operative audit, does tutorial work and demonstrates practical work and a qualified Commercial Instructor who deals with Book-keeping, Banking and General Audit.

The Government subsidises these Institutes up to an amount of Rs. 4,000 per annum, in addition, each Central Bank contributes Rs. 300 and each District Federation Rs. 200 per annum. The Board of Management consists of one delegate from each Central Bank and District Federation; the Registrar, Education Officer, and Deputy Registrar, ex-officio, and three co-opted members: the Superintendent is ex-officio Secretary.

The standard of qualification for admission at first was low, School Leaving Certificate being all that was required, but owing to the number of applications being received, only graduates with a few Intermediates are now being accepted.

INDIAN MARKETING SOCIETIES.

We have now dealt with the rural co-operative credit society of unlimited liability and the organization which has been built up around it, so before proceeding to touch upon types of urban societies, it would be better to deal with Co-operative Agricultural

Sale Societies, particularly as those are of the greatest interest to the Gold Coast. The organization and management of co-operative marketing societies in India as a whole, present tremendous difficulties due to

(*a*) The chronic indebtedness of the ryot and his urgent need for ready money, so he must realise his produce as soon as it is harvested.

(*b*) The pledging of his produce by the ryot previous to its being ready for sale.

(*c*) The small quantities of low-priced produce available from each ryot.

(*d*) The strong conservatism of the ryots.

(*e*) The Commission Agent method of sale.

(*f*) The lack of loyalty of members.

These have been found so difficult to overcome that in Madras, it has been found necessary to tackle the problem gradually and for this purpose what are known as Crop Loan and Sale Societies with limited liability have been formed. The model by-laws of this type of society provide for the membership of both individuals and credit societies and permit the society

(i) To advance loans to members on the security of their produce deposited in the society's store.

(ii) To arrange for the sale of the produce of members to the best advantage.

(iii) To rent or own godowns or stores to facilitate the grant of loans to members and the sale of their produce.

(iv) To act as the agents of those members which are affiliated societies in the matter of disbursing and recovering loans sanctioned to the individual members of such societies.

(v) To act as the agents of those members which are affiliated societies in the matter of receiving for safe custody in its godowns or elsewhere, the produce pledged to such societies by individual members.

TIRUPPUR COTTON-MARKETING SOCIETY.

The largest and most successful of the societies visited was at Tiruppur in the Coimbatore District. This society, registered in 1926, has an area of operations confined to a 25 mile radius from Tiruppur, which is the largest cotton marketing centre in Southern India. It has an authorized share capital of Rs. 100,000 of which Rs. 18,849 have been paid up, it has a membership of 435, 63 credit societies of unlimited liability and 372 individuals and has accumulated a reserve fund of Rs. 2,914. The society has been granted

borrowing powers not to exceed 8 times its owned capital (paid-up share capital plus reserve fund) equal to Rs. 1,74,109. The Coimbatore Central Bank this year granted the society a cash credit of Rs. 1,30,000 at 7 per cent. on daily balances on condition that firstly, the value of the produce in the custody of the society did not at any time fall below the amount borrowed from the bank, the bank having the right to check the stock at any time and secondly, that the produce was kept fully insured against fire.

The method of working is that members bring their produce, generally seed cotton, cotton seed, lint, rice or pulses, in their own bags, to the society's godown, where it is weighed and a receipt given. On this receipt, the society will advance up to 70 per cent. of the current value of the produce deposited. The borrower gives a bond specifying the amount advanced, description and quantity of goods pledged, and authorizes the society to sell the produce at a specified price. This bond also contains conditions for indemnifying the society for any loss through depreciation of the value of the goods stored, loss of weight, etc., and reserves the right of the society to sell the goods in order to recuperate itself. Goods may only be deposited for periods not exceeding six months. Bulking, grading and joint sale have been attempted but so far have met with little success on account of the difficulties already mentioned; the ryots being too indebted and too conservative to avail themselves of its benefits.

The society charges 4 pies (192 pies = one rupee) per bag per month for storage, at the rate of $1\frac{1}{8}$ per cent. of the value of the goods for insurance, a selling commission of $1\frac{1}{2}$ per cent. if the produce is sold by the society and $\frac{3}{4}$ per cent. if sold by the owner, handling costs one rupee per 100 bags and interest at the rate of $9\frac{3}{8}$ per cent. is charged on loans given on produce stored. The aim of the society is to conform as far as possible with local conditions and habits, whilst affording as many facilities and advantages as compatible with sound business principles. The Department of Agriculture this year, in conjunction with the society, graded and bulked the produce of improved cotton seed distributed in three villages, but the results were disappointing owing to the depressed market. Speculation in the world's markets is one of the most difficult external factors that marketing societies encounter, as it very frequently leads to members becoming dissatisfied and not remaining loyal.

The Co-operative Department regards this effort as of the highest importance, and has done all it possibly could to assist the society, even going as far as lending on foreign service a Senior Inspector on Rs. 120 p.m. to act as Manager. This in addition to providing sound and safe management, facilitated the obtaining of cash credits from the Central Bank, without which the society could not have attempted work on the scale it has done, as even when the society sells produce, owing to local customs

the buyer must be allowed one week's credit or no transactions could be carried out.

HUBLI COTTON MARKETING SOCIETY.

The Co-operative Cotton Marketing Societies in the Bombay Presidency visited at Hubli and Gadag are much more advanced than the Tiruppur Society, and are, it is stated, the most advanced of their type in India. The aims and objects of these societies are :—

1. To sell cultivators' cotton at the highest possible price and at the lowest cost.
2. To encourage Members to grow pure and high-class cotton and to market it in the best possible conditions.
3. To obtain and supply to its Members pure seed and gunnies.

Both these societies were started in 1917, when the local Agricultural Department had evolved improved varieties of cotton suitable to local conditions, in order to supply pure seed to the peasant and to assist him in obtaining a better price for his improved seed cotton after grading and bulking.

HUBLI SOCIETY AND IMPROVED SEED.

The following extract from Bulletin No. 3 of the Co-operative Cotton Society, Hubli, shows the methods adopted by the society in conjunction with the Agricultural Department to obtain and maintain a supply of pure and improved cotton seed for its members.

"1*st Stage*.—Cotton Breeder obtains 4 lbs. of seed which is selfed to prevent natural cross-fertilization. This seed is very pure, producing plants perfectly true to type.

"2*nd Stage*.—These 4 lbs. of seeds are multiplied on the Dharwar Farm under supervision of cotton breeder on one acre plot.

"3*rd Stage*.—The produce of one acre which is equal to 300 lbs. of seed is multiplied on the Dharwar Farm under the supervision of the Supervisor, Dharwar Farm, on an area about 30 acres.

"4*th Stage*.—The seed multiplied on the Dharwar Farm which is about 6,000 lbs. is multiplied in registered seed-growers' fields at Sharewad near Hubli under the supervision of the Cotton Superintendent and the Hubli Cotton Sale Society.

"5*th Stage*.—The seed obtained from the seed growers, which is about 120,000 lbs. is sown in the area of about 12,000 acres reserved for the purpose in Hubli, Shiggaon and Kundgol centres under the supervision of the Cotton Superintendent and the Hubli Cotton Sale Society.

"*6th Stage.*—The cotton grown on the reserved area comes to the Hubli Cotton Sale Society for sale, and the seed of all that goes in the first class, is purchased for general distribution. The seed is approximately 1,400,000 lbs. which covers an area of 140,000 acres.

"This scheme does not cost much to Government as the Hubli Cotton Sale Society purchases all the seeds on its own responsibility from the 4th Stage onwards. All the Government does is to maintain a supervising staff of one Cotton Superintendent and one Graduate Assistant."

GADAG COTTON MARKETING SOCIETY.

A similar scheme is operated by the Gadag Society for a different variety, Gadag No. 1, a useful American variety with a good length of staple but not so profitable to grow probably on the whole as the Dharwar No. 1. During the planting season, each society opens about 20 seed depots—each society has an area covering a radius of 50 miles—for the sale of cotton seed which is sold at a uniform price in all of these, the society bearing the transport charges,

When the crop has been harvested the members bring their seed cotton to the society's premises where it is weighed and a receipt given. On this he can obtain an advance up to 50 per cent. of the value of produce brought in. Each dorka or bundle is sampled and graded by an Overseer of the Agricultural Department—the society providing the necessary clerical and menial assistance—on the basis of purity of variety and ginning percentage. The produce of improved seed is all sold by auction at sales held fortnightly during the season, each grade being bulked and sold as one lot; buyers being informed of the quantity and ginning percentage of each lot. The society has a condition in its terms of sale that the seed from the 4th and 5th generations must be returned to it at a price, fixed according to market conditions.

These societies are now working well and are appreciated by both growers and buyers, but in 1924 there was a clash of interests and a boycott of the Society by the buyers. It was only by the exercise of great tact that the Registrar and his staff were able to overcome these difficulties and effect a reconciliation.

These Societies have not sufficient capital to conduct all their business but are permitted to borrow to an amount equal to their owned capital, *i.e.*, paid up share capital plus reserve fund, and this proves sufficient for their needs for advances to members on seed cotton deposited and for buying seed and gunny bags.

These societies' charges are practically the same as those of the local Commission Shops but the members get just weights, advances at 9⅜ per cent. instead of 12½ per cent., realize better prices for their produce and can obtain good reliable improved seeds and gunny bags cheaply and easily.

TOWN SOCIETIES AND LIMITED LIABILITY.

We have dealt with the Co-operative Credit Society of unlimited liability which is peculiarly suitable for rural conditions, where the individual members of a society are intimately acquainted with each other; such intimate knowledge, however, is impossible in large urban areas where, if members work in the same office or workshop, they live in different parts and *vice versa*. So that although they may know one another's business affairs, they do not know their private affairs, and conversely. There is more privacy and secrecy, despite closer proximity, amongst urban than rural dwellers. Still, credit facilities are frequently required by the urban population of the middle class who cannot obtain these from the ordinary Joint Stock Banks because of lack of easily realizable security and frequently lack of knowledge of how to set about obtaining such benefits. This need can be filled by the co-operative credit society of limited liability, *i.e.*, the liability of a member is limited to the amount of share capital subscribed by him; based on the plan of the contemporary of Raiffeisen, Schulze of Delitzsch.

The aims and objects of this type of society according to the Bombay Model By-laws are :—

(*a*) To encourage thrift, self-help and co-operation amongst the members.

(*b*) To raise funds to be lent to the members of the Society at moderate rates of interest—

(i) by the issue of shares.
(ii) by receiving deposits.
(iii) by raising loans.
(iv) by donations.
(v) by entrance fees.

Each member on joining must take at least one share, generally of fairly high denomination, Rs. 25 is the common figure in Bombay, but the number of shares that any individual may hold is limited to eliminate the danger of such institutions being controlled by, and run for, the profit of any individual. Loans are only granted to members for definite and useful purposes, not to exceed an amount fixed by the General Meeting, nor, generally, a certain ratio of the amount of share capital, nor, if the member be a salary earner, four months' salary. These loans are granted on the following security :—

(*a*) On the joint and several responsibility of the borrower and one or more members standing surety for him.

(*b*) Up to 90 per cent. of the value of the borrower's fixed deposits with the Society.

(*c*) On the mortgage of unencumbered immoveable property up to 50 per cent. of its market value.

(*d*) The pledge of Government Securities.

Rates of Interests paid on deposits and on loans made to members are at similar rates to those offered by Central Banks and charged by Rural Credit Societies respectively. The management of the society is vested in a Board of Directors elected by the General Meeting of the members and has similar powers to such bodies as we have already studied.

URBAN BANKS.

The success of such institutions, which are known as Credit Societies, until they have a working capital of Rs. 50,000 when they automatically become Urban Banks, depends on the business capabilities of, and the care which the Board of Management takes in the granting of loans. All applications for loans must give details as to the amount of share capital paid up, the member's occupation, his salary or income, address, and occupation of his sureties or the nature of the security offered, and the indebtedness of the borrower, whether as the principal or as a surety, as well as the purpose of the loans. The Board of Directors must carefully scrutinize all these applications, investigate them where necessary and, after considering the member's deposits, position, etc., and his power of re-paying, may or may not grant the loan asked for, fixing the period of re-payments which must not exceed five years. These societies or Urban Banks must set aside 25 per cent. of the net profit made each year to the Reserve Fund, and cannot declare a dividend at a rate exceeding two-thirds of the rate of interest charged on loans given to members.

Urban Credit Societies or Banks, although they perform a useful function in supplying credit at reasonable rates to a section of the community, to whom such facilities are not available unless at usurious rates of interest, do not always improve the position of their members, particularly the regular salary earner class. If such a person is naturally thrifty such organizations afford him an opportunity to invest, either by means of Fixed Deposits or Savings Bank Deposits, in a concern in which he has a voice in the management, but if he is extravagant and avails himself of the credit facilities on every possible occasion, he will accumulate more debt than formerly, rather than improve his position.

SALARY EARNERS' THRIFT SOCIETIES.

To overcome this, model by-laws for special societies on a thrift basis for salary earners have been evolved. The liability in this case is restricted to the sum standing to the credit of the member in the society's books and membership is confined to persons over 18 years of age employed in the office or workshop—no member may withdraw whilst he continues to be employed there. Each member agrees to pay a small entrance fee and to contribute a fixed amount per month in accordance with the salary earned—varying from 4 per cent. in the higher scales to about 2 per cent. for those on lower rates of pay. A member may elect to contribute at a higher rate for at least 1 year at a time, if he so desires.

Members may make special contributions for specific purposes, as marriage, expenses of holidays, etc., and may withdraw the sum contributed on the occurrence of that event, together with interest to date of withdrawal. A member may also deposit his savings with the Society for periods of not less than one year, at rates of interest fixed by the General Meeting. A member may at any time, on giving such notice as the Committee may prescribe, withdraw the whole or part of the sum to his credit for any purpose that accords with the spirit of thrift or which the Committee may decide is in his permanent interest as :—

(*a*) The purchase of a pension or annuity for himself or his wife or his children ; or

(*b*) The acquisition of a dwelling house for himself or his family, or of land ; or

(*c*) The purchase of a single payment policy of insurance or any provident insurance benefits, or of an endowment policy ; or

(*d*) Investment in any Trustee Security ; or

(*e*) Any other purpose approved by the Registrar.

Loans can only be granted to members, and then not to exceed the amount to their credit in the books of the Society, but should not, for ordinary purposes, exceed 75 per cent. of that amount and be repayable by regular monthly instalments within two years. The amounts that may be borrowed are also restricted, subject to the above conditions, in accordance with the scale of salary ; those on higher salaries not being permitted to borrow amounts in excess of 4 months' salary, and graded down so that those on the lower scale can receive up to an amount equal to 6 months' emoluments.

INDIAN SOCIETIES FOR " UNTOUCHABLES."

In the Madras Presidency, one of the most difficult problems is, what are known as the Depressed Classes. These are the poorest class who may be either :—

(*a*) Economically depressed.

(*b*) Socially depressed.

The former are caste people whose economic position has become such, through varied circumstances, that they have lost all initiative resource and ambition. They are, as a rule, illiterate cultivators, who, through famine or being spendthrift, have sunk into the depths of poverty and become landless and cannot improve themselves in any way without external assistance. These people present a very difficult problem, but not nearly so serious as the socially depressed who have no caste and are outcasts on religious grounds, and are regarded by their caste brethren as " Untouchables." They are the descendants of the menials formerly employed by the

large landowners, and with their natural increase since the break-down of that system they now comprise a considerable portion of the population in some districts. To them have been allotted all the most menial of jobs, their remuneration being the merest pittance, and their lot in life is one of the most pitiful to be encountered anywhere in the World. The continual downtreading that these " Untouchables " have undergone through centuries has affected their mentality, and they have no sense of responsibility, and feel instinctively that everyone's hand is against them. Yet, the settlement of these people on the land is being carried out on co-operative lines and there are strong hopes that, by these efforts, it will be possible to restore to them a certain amount of self-respect and the feeling that they are actually human beings.

It was found that, if groups of these depressed people were given land with individual rights, in a few years they simply sold it foolishly or borrowed foolishly, and it had to be sold, so they were soon in their former state—landless and without hope. Now, when a group is found desirous of taking up land, enquiry is made from the Collector of Revenue as to whether there is any available; if so, this group is formed into a Co-operative Society and the land is given on lease to the society and not to the individuals, so the latter cannot sell or even pledge it. The society apportions the land amongst the members, and if they cultivate it properly it may become their own property in 10 years, except where settlement has taken place on " lankas "—silt islands formed in the large rivers.

The Co-operative Society, in addition to acting as land agent, undertakes the financing of seasonal requirements of its members, and the Christian Central Bank in Madras City acts as the Central Bank for the Depressed Class Societies throughout the Presidency. Depressed Class Societies charge their members 12½ per cent. as they contribute Rs. 2 per Rs. 12–8–0 of interest received towards the cost of their supervision. Much more supervision is required by these societies than ordinary caste societies and in addition to the Supervisory Staff appointed by the Unions and paid out of that fund, the Government allows one Inspector for each 25 societies, *i.e.*, more than double the usual number to assist in supervision.

CO-OPERATIVE AGRICULTURAL DEVELOPMENT SOCIETIES.

Whilst in the Bombay Presidency, the writer had an opportunity of visiting a most interesting and useful development of the Co-operative Movement near Poona, in the Khed Taluka Agricultural Development Association Ltd. The object of these Associations (there are 87 of them in the Presidency), is the agricultural development and the organization and supervision of co-operative societies within that area—a Taluka being a division of an administrative district—by the dissemination of agricultural knowledge by means of demonstrations, lectures, pamphlets, etc., the introduction and

supply through co-operative societies and on co-operative principles of good and reliable seeds, better and improved implements and good and useful manures, and the improvement of the local breed of cattle. The organization of co-operative societies to increase the resources of agriculturists, for the better cultivation of their land and for the supply of their domestic requirements, development of secondary home industries, and to purchase on indent for members such resources in seeds, manure and implements, as they may require—pending the organization of separate societies for the purpose—to arrange for sales of members' produce without incurring any financial responsibility, are also included amongst their aims.

The Khed Association was very fortunate in receiving Rs. 2,600, the balance from an Agricultural Show held in the district, and this, together with donations received, has made possible the creation of a Trust Investment Fund of over Rs. 5,000, the annual income from which forms a useful item of revenue to the Association. Each individual member pays an annual subscription of one rupee, and Co-operative Societies one anna per member, and a certain amount is derived from the hiring out of improved implements—ploughs chiefly—to members. The Government, through the Agricultural Department, gives a subsidy equal to the gross income of the society with a limit of Rs. 1,000 per annum. The annual cost to the Government of the 87 Associations is about Rs. 40,000. The granting of these subsidies is controlled by a Divisional Board consisting of the Deputy Director of Agriculture and the Assistant Registrar of Co-operative Societies and four non-officials who make recommendations to a Joint Board consisting of the Director of Agriculture and the Registrar of Co-operative Societies, who are vested with supreme authority.

The Khed Association employs an agricultural fieldsman trained at the Vernacular Agricultural School, whose duties consist of visiting the villagers in their fields, discussing and demonstrating improved methods, running demonstration plots in the villagers' own fields and carrying out spraying and fumigation work on potatoes, which form the staple money crop of this district. In the past 6 years over 1,000 acres of potatoes have been treated for Tambera Disease and over a million pounds of potatoes have been fumigated for potato worm at a bare cost to the members of the materials used by the Association's fieldsman. The work of this officer is supervised by the district agricultural overseer, to whom he submits regular diaries and reports through the office bearers of the Association, and quarterly reports are submitted to the divisional boards.

Such organizations as these associations are of the greatest value to the Department of Agriculture, as not only do they assist in the dissemination of the latest improvements in agricultural practice, but they make the services of its highly trained officers available,

as they ought to be, to every cultivator, and they enable the agricultural officers to discover in what way they can best assist him.

THE GOVERNMENT AND BUILDING SOCIETIES.

There are quite a number of Co-operative Building Societies, chiefly for the middle classes, in Madras, these societies being specially encouraged by the fact that the Government is willing to grant loans under certain conditions for the erection of suitable houses for this class in the suburbs. The Corporation of Madras bought up and developed suitable areas which it divided into blocks and offered the freehold for sale. The usual procedure is that a number of salary earners, usually employed in the same office, who had accumulated a certain amount of savings, formed themselves into a society, purchased a block of this developed land and divided it into suitable sized plots for its members. The society could then apply for a loan, up to an amount of four times its paid up share capital. The Government, after examining the title deeds of the site, plans and estimates of the proposed houses and the members' capacity to repay, would grant a loan repayable in 20 years, either by equal annual instalments with simple interest to date, or by annual equated instalments with compound interest at 6¼ per cent., the conditions being that, in addition to the above limit, no individual loan should exceed Rs. 5,000, that the applicant did not already own a house in the city, that loans should only be given for the construction of new houses, loans not being granted for repairs to existing buildings or for the purchase of a house, and that the house must be built in such an environment that it will be readily realizable.

The members pay monthly instalments to the society, which combines these and pays annual instalments to Government. On completion of the house, which must take place within 16 months of the granting of the first instalment of the loan, the building and site are valued by the Public Works Department, and the Government, as security, is granted a mortgage on the house and site. The members pay all accrued interest to date on the completion or occupation of the house, and the instalments start from the next month.

In Bombay, three different types of societies have been evolved to assist in the housing problem. The Co-operative Development Society acquires and develops the land required, the members building their own houses; Tenant Ownership where the owner puts up two-thirds of the capital required, the Government lending the remainder at 6 per cent.; and the Tenant Co-partnership for houses on the small 2 or 3-roomed flat system where the members put up ¼ of the capital required and the Government ¾ at 5 per cent. Very many of the Bombay schemes, particularly those undertaken under the two latter systems, are on a quasi-philanthropic basis, the wealthier members of several communities

assisting their less fortunate brethren to obtain better and healthier housing conditions, by putting up the capital required and carrying out the management.

LONG TERM LOANS BY LAND MORTGAGE BANKS.

It has already been stated that the village co-operative society of unlimited liability is not now considered a suitable agency for the provision of long term loans, and that this was a function of Land Mortgage Banks. The provision of short term seasonal credit alone is not going to succeed in supplying all the needs nor in clearing the accumulated debt of the ryots, unless this could be achieved by a policy of attrition extending, perhaps, over a period of several decades. To overcome this, Land Mortgage Banks are being developed in every Province in India. These institutions require long-term money, so must raise their funds in a different manner from any organization we have yet considered, and this is done by the issue of 20 year debentures and they, as their name indicates, require mortgage security for any loans given.

In Madras, a radius of 5 miles has been accepted as the area of operations; and ownership of land, not necessarily residence therein, is an essential qualification for membership. The objects of such Banks as laid down in the Madras Model By-laws are:—" To arrange for the creation of funds to be lent to its members on mortgage security for:—

(*a*) The redemption of mortgages on agricultural land; and

(*b*) Discharge of other prior debts;

(*c*) The improvement of agricultural land and of methods of cultivation; and

(*d*) Any other measure designed to encourage in the members the spirit and practice of thrift, mutual help and self-help."

The value of a share is fairly high, generally Rs. 10, and the Maximum Borrowing Power has been fixed at 9 times the owned capital—Share Capital and Reserve Fund. The Bank executes a Trust Deed, appointing as Trustee the Registrar of Co-operative Societies, and then issues debentures repayable in 20 years to an amount not in excess of the value of the mortgage bonds and other assets assigned by the Bank to the trustee, and held by him. The Government will take up " A " series debentures at 6½ per cent. not exceeding Rs. 50,000, provided equal amounts of " B " series debentures at 7 per cent. have been taken up by private individuals. One bank visited had issued Rs. 50,000 " A " series and Rs. 1,97,500 " B " series debentures, had granted 275 loans to the amount of Rs. 3,16,687, and there was Rs. 2,71,979, outstanding. The amount an individual member could borrow is restricted to Rs. 2,000, and he has to hold a paid-up share of Rs. 10 for every Rs. 100 borrowed. Interest is charged at 9 per cent.

FEDERATING LAND MORTGAGE BANKS.

It is proposed to found a Central Land Mortgage Bank in Madras, as it is realized that these Banks, with their very small area of operations, cannot hope to attract sufficient funds to meet their needs within that area, and a central financing agency would not only be able to tap more likely sources, but would balance and stabilize the issue of debentures and command the money at easier rates.

In Bombay, it is proposed to have only one Land Mortgage Bank for each district, approximately a radius of 70 miles, and that these institutions would really be only guaranteeing banks, as it is proposed that the Bombay Provincial Bank, which was founded to supply both long and short term loans, would float the debentures required, in addition to those it floated with a Government guarantee when it started business. The appointment of a special Land Valuator has been sanctioned by Government to assist in the development of this scheme.

The success of a Land Mortgage Bank depends, as in all other cases, on the care taken in granting loans and the following essential points must receive due consideration :—

(*a*) That the grant of a loan will improve the economic position of the borrower. Some members desiring to purchase land—solely to improve their social status or to prevent their neighbour acquiring it—that could not possibly be profitably developed, or wishing to redeem land already so heavily mortgaged as not to be worth redeeming.

(*b*) That in the case of a loan to redeem a mortgage, the debt or mortgage actually exists and that it is the only encumbrance on that property.

(*c*) That the owner has a clear title to the land mortgaged to the Bank, and to the land sought to be redeemed.

(*d*) That the borrower will have such an income as will permit him to repay the instalments of his loan regularly and punctually.

(*e*) That the value of the land to be mortgaged as security should be correctly assessed and that it be worth at least twice the sum to be advanced.

The Madras Banks employ an Inspector or Supervisor who investigates the title to the land, its area, position, value, etc., collects all documents relating to it and submits his report to the Board of Management. A member of this Board is deputed to make further enquiries and, if his report is favourable, the papers are all forwarded to the Bank's Legal Adviser, and on the receipt of his report on the documents, the Board of Management decide on the application.

Such a scheme is greatly facilitated in India by the fact that there is a Land Revenue, and therefore there are official land records and for all practical purposes, certainty of title, as all land transfers and documents relating thereto must be registered, thus rendering the investigation of title and the search for encumbrances thereon, comparatively simple. There would be very serious difficulties in developing such a scheme on the Gold Coast due to the communal ownership of land, and no land register except in a few isolated cases.

STORE SOCIETIES.

Co-operative Store Societies have not generally been a success in India, as the margin of profit is so small, competition so keen and societies generally too ambitious and not large enough to employ efficient staff.

The Triplicane Urban Co-operative Society Limited, in Madras is the one exception ; it was registered in 1904, and has now over 6,000 members and 24 branches in Madras City and suburbs. This society works on the well known Rochdale plan so common in the United Kingdom, *i.e.*, it buys readily saleable necessities in large quantities and sells to members for cash at the local rates prevailing ; any profit surplus after providing for 25 per cent. of the total net profit to Reserve Fund and dividend on Share Capital at 6¼ per cent., being distributed as bonus on purchases made. This Society is in a flourishing condition, having a turnover last year of Rs. 23 lakhs, and has accumulated a Reserve Fund of Rs. 84,196, which is not separately invested, as it must be in credit societies in Madras, but used as capital. It has over Rs. 1,00,000 on fixed deposit and some Rs. 30,000 on current account with local Banks. The chief benefits to the members are that they get just weight and a good quality article at current market prices, less a small bonus—usually about 1¼ per cent. on purchases made.

Special societies for the purchase of the needs of the rural population have not been a success, as they cannot attain sufficient turnover to maintain the skilled management essential to success. A certain amount is done by some Credit Societies and some Local Unions in this direction by bulk purchasing on indent, which is the only safe method for them to conduct such business.

A. W. PATERSON,

Officer-In-Charge

Division of Rural Economics.

Servants of India Society's Home, Poona

With W. African Students' Union's Compliments

Nos. 6 and 7. ∴ August, 1928.

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The Journal of the West African Students' Union
:: :: of Great Britain. :: ::

CONTENTS.

	PAGE
EDITORIAL	1
PHOTOGRAPH OF MEMBERS OF W.A.S.U.	
NOTES AND NEWS	2
THE PRESIDENT'S LETTER	5
TROPICAL AFRICA IN RELATION TO WESTERN CIVILISATION AND THE BRITISH EMPIRE (contd.) *By W. F. Hutchison.*	7
THE NEGRO IN AMERICA *By Frederick Robb.*	12
PHOTOGRAPH OF BALE OF IDADAN (NIGERIA)	
BRITAIN AND THE NEGRO RACE *By Ade.*	17
RADIO SPEECH OF CHIEF AMOAH III.	18
LAND QUESTION IN AFRICA *By Ladipo Solanke,* M.A., B.C.L., LL.B.	22
PHOTOGRAPH OF KABAKA OF BUGANDA	
REPORT OF THE LIVERPOOL CONFERENCE	30
AN APPEAL BY W.A.S.U.	32
PHOTOGRAPH OF OWA OF ILESHA (NIGERIA)	
THE WEST AFRICAN STUDENT AND MEDICINE *By W. A. Nanka Bruce.*	33
DONATIONS	35
AN ACCOUNT OF DINNER FOR NANA SIR OFORI ATTA	36
PHOTOGRAPH TAKEN AT THE DINNER	
BOOKS	43

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Editorial.

Towards West African Nationhood.

Various forces have been focussed within the last two years of the founding of the W.A.S.U. upon the one aim of revealing African mind. Feelings are becoming keen and there is a general awakening among many foreign institutions interested in African problems as to the part which the peoples of the mysterious Continent are destined to play in the advancement of civilisation—by virtue of their peculiar environment and psychology—and how best they could be assisted to exploit their natural endowments for the benefit of mankind.

Happily enough for such movements youths of Africa are awakening to their importance and responsibility in the world's politics. Conscious of the richness of their soil and of their racial genius, they are organising themselves into groups for the purpose of studying their ancestral cultures, for it is their conviction that African mind can be revealed only by the African.

The W.A.S.U. is one of such African youth organisations. We members of the W.A.S.U. believe that the study of our African customs and institutions together with the adoption and reverent preservation of our African idiosycrasies leads to the formation of a national character which is the corner-stone of nationhood.

However, in revealing the mind of Africa through the Union's organ, the *Wasu*, we as students in a foreign country, feel we cannot do well with out the co-operation of our African readers at home. We need their advice and suggestions ; we want articles from them.

We regret that owing to lack of space we are unable to publish in this number two interesting research works on native institutions.

At present the Union's activities are directed towards gaining status for Africa among the nations of the world. The members of the Union are always on their rounds through London and the suburbs to disseminate among Europeans and peoples of other races knowledge about Africa, her problems and her customs, for we believe that only a *right understanding* of one another's ways, and *respect* for the differences in one another's customs can secure among the different countries of the world that peace which is so much desired to-day.

We publish in this issue the report of our representatives on an international conference at Liverpool, and a speech delivered by Mr. Solanke to the same body.

The question of an hostel for African students in London has also been engaging the attention of the Union, and we are publishing in this issue an appeal for funds on behalf of the proposed scheme together with Nana Sir Ofori Atta's speech pledging himself to support our scheme. In this connection, Mr. Robb's article and the President's letter are stimulating as they vindicate the Union's doctrine of self-help.

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Notes.

Development of African Languages.

Among the problems which confront Africa to-day, the preparation of the languages for educational purposes comes to the fore.

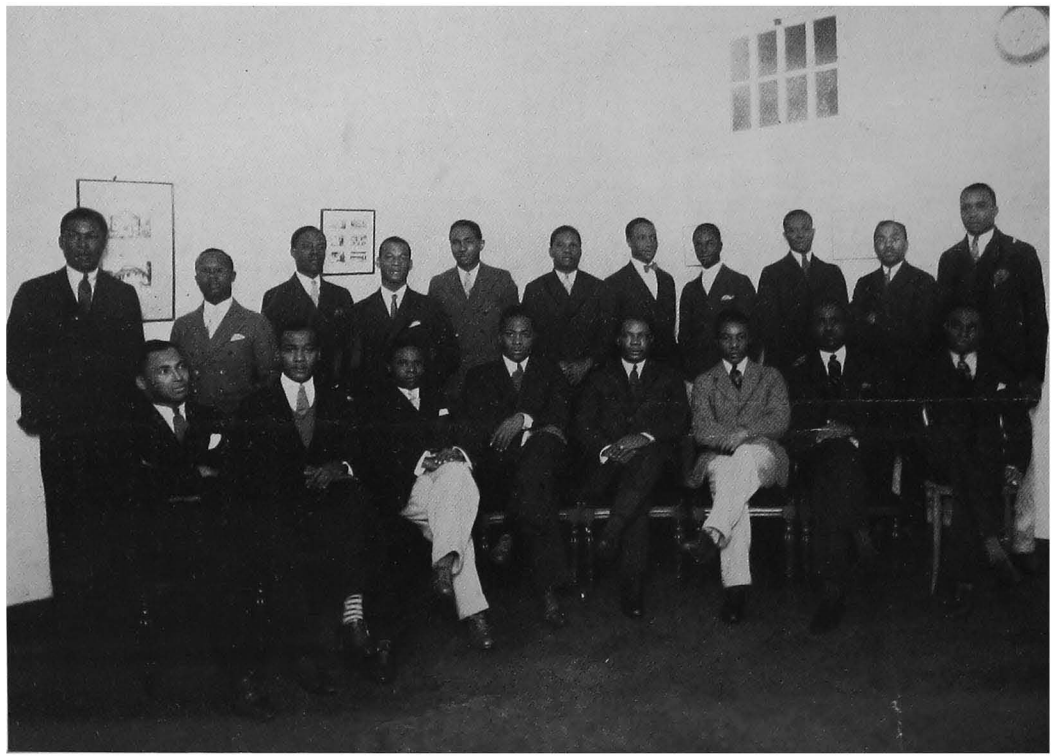
Two important facts have to be borne in mind: (1) that language is a living human activity embodying the habits, whims, view-point and general life of the people speaking it; (2) it is the soul of the people and its development (depending on constant use) can be realised *only* by the people themselves.

Care should therefore be taken not to lay undue stress on the work of the foreign expert, for although he can make collections of folk-lore, proverbs and poems in these languages, he is in no way qualified to assign them the right values. It is impossible for a foreigner to know what words and phrases express in the best manner that which the soul of the native longs to utter, that is to say, he does not know what is worthy of a place in native literature. The foreign expert is therefore incapable of compiling text-books in the native languages for school use.

This point needs stressing. Many attempts have been made by foreigners to write books in the native languages, even examination papers have been set in them, but the effect is miserable. The equipment of grammar and vocabulary is not sufficient for anyone writing in a language which is not his mother-tongue. There is the further question of style and idiom by which if most extant text-books are to be judged, they will be found distasteful besides being childish in subject matter.

Until the writer has lived the life of the people speaking a language and is able to think as a native, it is useless writing text-books in the language, for the writer's outlook otherwise, could not be native; he could not interpret nor throw into relief native life and native mind.

An instance of the miserable attempts made by foreigners at making books in African languages will be quoted here as it has drawn attention to another common mistake in the general attempts at developing African peoples. Some time ago in a prominent English weekly a certain writer who boasted of having stayed fifteen years in Africa, recommended that African languages be "scrapped." He cited an Hausa phrase which translated means "ewe of God's lamb." This phrase is a translator's attempt at translating "lamb of God" into Hausa. The critic went on to say that



Photograph taken last September on the occasion of an Address delivered by Hon. Eric O Moore, of Nigeria, Barrister-at-Law, to Members of W.A.S.U.

The speaker sits fifth from left.

" ewe of God's lamb " is an infelicitous expression and attributed this fault to the poverty of the Hausa language.

But the question to be decided, we think, is whether the translator has blundered or the language is at fault. The fact is this, that the idea of God having a lamb is totally foreign to the Hausa. Here is a difference in outlook. It is merely a peculiarity in a people's way of thinking to conceive of God's lamb. If other peoples have not that peculiarity it is absurd to infer therefrom that their language is good for nothing. To the Hausa the word " lamb " does not suggest love or sacrifice, not even anything beyond the satisfaction of his palate or the relief of hunger. In translating " Lamb of God " as " Ewe of God's Lamb " the translator has produced a phrase which is not language ; at least not Hausa. Had he paraphrased and enlarged the metaphor he could have brought home the meaning of the phrase to the Hausa native. The native could then coin his own metaphor which might be " Horse of God " or even " Heir of the Emir." The African or Hausa outlook is as good as any other people's.

We would give these words of advice to the developers of Africa— *Introduce the African into the heart, the essence of things and leave him after he has grasped the idea to express it in a way natural to himself. Discourage him from imitating other peoples.* These are the only ways of giving the African a truly African education. It is servile imitation that needs be " scrapped " out of Africa, not African languages.

African languages are capable of being developed, but their development lies in the hands of the native. We would therefore suggest that native ' societies " be formed on the lines of the Society for the Study of African Languages and Cultures, or less strictly on that of the Academy of France. The duty of such native societies should be to collect folklore and poems, selecting those that are worthy to be compiled into text-books. In compiling dictionaries, it would be best to sweep away the idea that African languages are poor in vocabulary. In towns where the impact of foreign civilisation has stamped with contempt everything native, many native words have fallen into disuse. The real African " word-hoard " cannot be found in towns, but is treasured up by the illiterates of the interior who still cherish their "native wood-notes wild." Among them a wealth of words relating to agriculture, nature study, law, etc., can be obtained by patient investigators.

There is at present a tendency in Africa which is to naturalise words from the languages of the rulers. This tendency must be discouraged, for it is not only the result of mental laziness, but a stunting influence to the genius of the native for word-making. The Yoruba peoples of Nigeria, for instance, have, besides a wealth of word-forming contrivances, a very significant method of naming things. A child is given the poetic name which the circumstances of its birth recalls. The circumstances may be merely a temporary feeling, or some memory of the past or present history of the family. Thus a name invokes a state of feeling or tells a history.

This faculty for naming things must be encouraged and developed.

Encouragement must be given also to inter-borrowing of words among the various languages, for by this means alone can we weld two or more dialects or languages into one and solve judiciously the problem of the mass of different languages in Africa.

News from Abroad.

West Indies.

Reports from H. O. B. Wooding, Esq., Barrister-at-Law, of Trinidad, and an honorary member of the Union, show the increasing interest displayed by the West Indies in the progress of the W.A.S.U.

It will no doubt interest our readers to learn of the recent marriage of Mr. Wooding to Miss Coussie, a member of a prominent family on the Gold Coast. Surely this one of the signs of the times pointing to the ultimate and desired return of our brethren to their motherland.

We wish Mr. and Mrs. Wooding a long and happy married life.

East Africa.

Letters from East Africa express the keen interest which youth is taking in indigenous native problems.

Among the groups that have been instituted to tackle local problems are the Central Kikuyu Association, comprising about 4,000 young men and the Kivirundo Ratepayers' Association. Our correspondent pleads that youths in other parts of Africa take greater interest in the problems of East Africa so as to give the native societies advice and friendly guidance.

South Africa.

A great majority of the South African Negroes are linked up in a strong industrial and commercial union, under the able leadership of Mr. Clemento Kadahi. Numerous and regular correspondence assures us that a steady and progressive work is carried on.

West Africa.

In working out the problem of West African nationhood, the attention of youth has been turned upon finding the religion best suited to the African.

Several pamphlets have been received from Mr. Adiniran, of Nigeria, who, in one of his brilliant lectures, proved that Christianity had taken different forms all over the world, moulded by national temperament and engrafted upon existing national customs. We knew of the Church of Rome and the Church of England ; it was time that an Ethiopian Church be established. Such a Church would stand for the African's interpretation of the teachings of Christ.

Mr. Dupiolu (formerly Frank Brown), of Nigeria, a theological student in an American University, has also sent us some of his lectures to American audiences in which he discussed this same question of the religion that best suits African life.

The African, it must be understood, is instinctively religious. Religion to him is not merely a part of life, it is life in its entirety, the foundation upon which he had built his laws, customs, and intsitutions.

The need of the moment is a national religion, the religion which respects our national customs and institutions, which teaches us to take pride in our race, and gives us a firm hold over our ancestral lands.

That religion may be Mahommedanism or Christianity or Paganism, that is to say Ancestor-worship, but whichever it is let it embody a large amount of what may be called " the philosophy of the soil."

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President's Letter.

Self-Help.

Sir,

One of the most elementary principles by which an individual, a nation, nay a race could obtain any appreciable degree of greatness is *Self Help.*

Professor J. de Montmorency, addressing the N.P.U. at University College in 1924, said, " The various dominant stocks whether Black, Brown, Yellow, or White, have their own humanism, that is to say, their special capacity for a special form of civilisation which they, and *they alone* can give the world.

" The region of China has produced one form of civilisation; Europe another, Egypt another, and all have been produced not only by the *high ideals* that leading members of the race have shown from age to age, but also because those grand stocks have had the power of Self Help.

Self Help and self reliance subject to the rule of law and rule of Christianity has been the secret of the success of the British people.

Learn that secret and carry it into the great regions of Equitorial Africa."

We need not go back into more remote times before finding instances of civilisations that have been built through self help. The case of the great empire of Japan in more recent times exemplifies how self help leads to nationhood. In the middle of 19th century Japan was in feudalism, just as Europe in the 15th century. She was cut off from intercourse with other nations for over two centuries. Her art, script, and culture had been borrowed from China, and there was fear that Japan would be a second China as far as the Western powers are concerned. This fear at once produced leaders who understood the needs of the people, and conscientiously set about satisfying them. Their method was to impart into Japan all that constitute the greatness of the foreign powers. Was a fleet necessary to make the Japanese a great people? If so, England which had the best fleet, must be ransacked for the secret of her naval power. In the anxiety to equal and excel other nations the complicated mechanism of the West was imported lavishly and dumped on the shore of Japan, some even to rust before the foreign professors who had been invited arrived to advise as to the use of these mechanisms. A dash of American hustle acquired, a large amount of Prussian centralisation, and a peculiar form of national religion and ardent patriotism have within a century raised Japan from a semi-dependent nation to a world power.

The success of Japan has been due to the aliveness of its leaders to the needs of the nation, conscientious activities in the right direction to satisfy those needs, and the readiness of the people to trust and follow their leaders. Modern Japan has been made by the Japanese.

Coming nearer home to our country we find that from time immemorial the belief that progress could only be made by the practice of self help has been prevalent among the West Africans.

"Eleru ni nko gbe ki a to ran lowo" is a beautiful saying of the Yoruba supporting the doctrine of self help. This traditional principle has been put to the test with favourable results by the Negro outside his own home in America. Emancipation was not the work of grace as some people think, but an *achievement by the indefatigable energy of the Negro slave, both man and woman.* Most of the men risked their lives in the front and others lost theirs to pay the price of liberty.

Still fresh is the memory of such personalities as Madame Harriet Tubman's, a Negress, who from 1849 down to civil war, spent her time going to and fro between free and slave states, leading hundreds of black fugitives into freedom. She acted several roles—as guide, spy, and nurse during the war. Thus Wendell Phillips speaks of her: "In my opinion there are few captains, perhaps few colonels, who have done more for the royal cause since the war began, and few men who did before that time more for the coloured race than our fearless and most sagacious friend Harriet."

Practically penniless in a foreign land, and in a climate different from that to which they were accustomed, persecuted with colour prejudice, contending with innumerable obstacles, the American Negro owns properties, banks, and large companies. The strong personality of his race has impressed itself deeply upon all phases of American life—social, political, intellectual and industrial.

Of all the different races that have contributed to the advancement of America, the Negro has done the most. He has given America a national music, mannerisms in speech and gesture, founded a distinct species of lyric—in short "everything of stirring and wild enthusiasm in American life, zest of romance, sheer joy of living, irresistible buoyancy"—all these are the heritage of Africa, which the Negro has given to America.

Such a great achievement by the Negro outside his home ought to convince us in West Africa that there is a *certain irrepressibility attaching to* the genius of the race which in spite of obstacles finds full expression in self-help and self reliance.

What men have done in the past men can still do. The redemption of Africa is not the white man's burden; it is your burden and mine;—our burden—we who are natives of Africa. In self help lies the solution of most of our problems.

Self help implies a sense of duty wherein an individual nation or race finds true dignity and self respect. In self help is manhood and nationhood.

The W.A.S.U. stands for self help, not refusal to be helped, but self reliance, that is to say, taking the initiative in everything pertaining to the good and uplift of our country. To-day the W.A.S.U. is appealing to the peoples of Africa, and especially of West Africa for funds to establish in London a hostel for African students. The Colonial Office has expressed

its readiness to undertake the whole responsibility, but the members of the W.A.S.U., thinking that the time has come when the African should begin to take the initiative in a matter which pertains intimately to himself, have decided that the African shall do his best first before receiving aid from the various governments in Africa.

Here then is a duty to be performed—who will lead ?

I have faith in the African sense of duty, and I feel sure that my Union will not make its appeal in vain.

Yours,

J. AKANNI DOHERTY.

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Tropical Africa in relation to Western Civilisation and the British Empire.

(*Continued from No.* 5).

By W. F. HUTCHISON.

Now you will understand why the European nations have such a desire to possess colonies in Tropical Africa. We have the fats, we have the cotton, we have the fibres, we have the possibility of producing illimitable wealth. At present we are poor, but we are like a man who has a great treasure buried in his field ; he may be poor, he may be hungry, but he has only to dig up his treasure to become wealthy and powerful.

It was in the '80's of the last century that the European Powers met and cut up Africa among themselves. Amongst those Powers which received large slices of Africa was the British Empire to which we belong. The British Empire centres round two small islands in the extreme north-west of the European continent, but if you look at a map of the world arranged so as to display the greatest land surface you will see that they occupy the central position among the land-masses. In the middle of the sixteenth century England, which had been engaged for two or three hunderd years in a struggle to obtain territory on the continent of Europe, had finally lost her possessions there. At the beginning of the reign of Queen Elizabeth her kingdom consisted merely of England and Wales, with a very insecure foothold in Ireland. She had not a foot of territory outside the British Isles. The population of her kingdom was about three millions, about equal to the combined populations of the Gold Coast and Sierra Leone, and her revenue was about equal to that of the Gold Coast now. But the energetic and daring types of men who had been drawn into the wars with France now found a new outlet. In the preceding century the extent of the known world had been enormously enlarged. It was only when Columbus revealed the existence of another continent on the other side of the Atlantic Ocean, and the captains and sailors sent out by Prince Henry the Navigator succeeded in rounding the southern extremity of Africa that Europe began to get a correct idea of the size of the world.

The exciting element which caused all this effort in discovery was the desire to command the Indian trade. From the beginning of history the country which holds India has been the mistress of the world. India is the gem of the earth and the highest prize of world dominion. She is absolutely self-contained and self-sufficing; she wants nothing from the outer world, but all the world desires her products. She is the seat of an ancient civilisation; the Indians were civilised when the inhabitants of Europe were naked savages. When the Europeans did at last penetrate to India, when Vasco da Gama rounded the Cape of Good Hope and reached India, when he and his companions knelt at the feet of the Zamorin of Calicut, the Portuguese were the barbarians and the Indians the civilised men, with highly organised states, busy and wealthy merchants and marts, and splendid buildings which Europe cannot match to-day for beauty and skill. But Europe advanced in material progress while India stagnated and stood still.

As I have said, when Queen Elizabeth came to the throne she reigned over a small territory; the area was about 56,000 square miles, the same as the Gold Coast, and her revenue was small. But the energy of the English sailors in fighting with Spain took from the Spaniards the benefit of the great discoveries of the fifteenth century, which had largely been made by Spaniards, who had also acquired the benefit of the discoveries of the Portuguese. Wherever the English went outside Europe they found themselves circumscribed; whatever road they took they found the notice "No Thoroughfare: By Order of the King of Spain." Then began a series of struggles between England and Spain, and subsequently between England and France.

At the beginning of the eighteenth century, when Queen Anne reigned over Great Britain, the British possessed the northern part of the Atlantic coast of North America, and some of the West Indian Islands; they had a few settlements on the western coast of Africa between the Gambia and the Niger, and a few in India. They were mere traders in both, holding here and there a fort which was little more than a warehouse, and acknowledging the power of the native sovereigns and paying them tribute.

The eighteenth century was occupied by a struggle with France, then the greatest power in Europe, which everywhere challenged the mastery of Britain. She fought with Britain for Canada and lost: she fought with Britain for the West Indies and lost; she fought with Britain for the dominion of India and lost. Then came the great uprising of the French people and their outburst over Europe under that extraordinary genius Napoleon Buonaparte. He set out to make France mistress of the world, and did make her mistress of the continent of Europe up to high-water mark. Beyond that he could not go; the British navy was mistress of the seas. It was in 1815 that Napoleon was finally struck down at Waterloo, but his power had been broken and his dream of world-dominion had been shattered on the 21st of October, 1805, when Nelson defeated the combined French and Spanish fleets at Trafalgar. For ten years longer Napoleon struggled on, but when at last, after twenty years of combat, the colossus lay crushed at her feet Britain stood up triumphant, Queen of Europe, Mistress of the World, and Sovereign of the Seas. No flag flew, no ship

sailed upon the seas, no continental European could trade overseas except by permission of the navy of Great Britain. In her right hand she grasped Canada, in her left she held India, her right foot rested on the continent of South Africa; around her waist a wreath of tropical flowers—Guiana, the West Indies, Ceylon, and the islands of the Indian Ocean. She stood up mistress of the world and she held that position until about five years ago when the German Emperor challenged her supremacy. What the result of that challenge has been you know, but perhaps you do not realise that the real cause of the defeat of the Germans and their allies was the British Navy; that took the German Empire by the throat and slowly strangled it. The soldiers alone did not defeat Germany; the lack of ammunition alone did not defeat her, but the blockade of the highways of commerce did so. The nation which has no access to the seas cannot maintain a long war, because its supplies of the many things needed for fighting which are produced overseas must be exhausted in time and cannot be replenished. You have heard of the 15in., 16in. and 18in. guns that have been used in the war. Every time a shot was fired from one of those guns a whole bale—500lbs.—of cotton was consumed. You have heard of the machine guns; ten minutes firing of one of those guns meant the destruction of a bale of cotton. So you can see that a nation which is cut off from the sea and from renewing its supply of cotton (which they cannot grow in Europe), cannot go on fighting indefinitely; there must come a time when its stock of this necessity of modern war is exhausted. And there are other necessaries which must be brought across the seas. There are a great many people who say they cannot eat fat, or they cannot eat margarine. As a physiological fact the human body must have at least one pound of fat per week to keep it in health. If a man does not get this quantity—if he gets only half a pound—he begins to feel ill-effects; if he gets only a quarter of a pound he suffers from mal-nutrition and falls an easy victim to disease. And children are especially affected; they grow irregularly and are stunted in development. Then people must have soap to wash with, or they get skin-diseases which are highly contagious and spread rapidly. It was the impossibility of keeping the German Empire supplied with fats—palm-oil, kernels, copra, ground-nuts and so forth—that was one of the principal causes of its breakdown. And all Europe is in need of supplies of fats from the tropics. The great, insistent and constantly growing need of Europe is for fat; for their health's sake the people must have fat. In the early days—two hundred years ago—Europe could supply itself with fat easily enough, because the greater part of the population was engaged in the production of food. But since the beginning of the last century the population has more than quadrupled, while the area of land devoted to food production has diminished. As the population increased the people deserted the country and the farms and flocked into the towns, leading to an insufficient production of food and raw materials. One of the consequences of the abandonment of farming has been a deficiency in the supply of butter which is one of the favourite forms of fat among the European peoples. If all the milk of all the cows in Europe were turned into butter it would not be sufficient for their needs; they must supplement if from outside sources. It is the tropics which produce the trees which produce fats in the greatest abundance. Olive oil, which

is produced in the temperate zone, is a beautiful oil, but it is produced in quantities quite insufficient to meet the demand. The redundant populations of Europe cannot get enough fat without calling on the tropics to help them. The finest substitute they have found for butter is margarine, the basis of which is palm-oil and kernel oil with milk added, and these Europe must have. And the need is growing; twenty-five years ago the United States of America were supplying Europe with wheat, meat, fat and other foods, but within the last hundred years the population of the United States has increased from ten to twelve millions to one hundred and twenty millions, and they will soon want all the food they can produce for themselves. So that source of supply will be cut off and Europe will have to rely more and more on the tropics.

I think that you will now see what I mean by the relation of Tropical Africa to the Western Civilisation. They are the manufacturers; we are the suppliers of raw materials and of foods. We feed both the machine and the man who operates the machine. And we are a market to absorb the produce of the European industries, which can no more carry on without markets for their surplus production than without raw materials and foods. Year by year as the various European nations become self-sufficing our value as a market will increase. Year by year the demand upon us for food, especially for fats, corn, etc., will increase, because at the present time India supplies one-fourth of the wheat Great Britain consumes. But India is becoming a manufacturing country, and Japan, which has also become a manufacturing country, is making great inroads into the Indian trade. In a few years' time India and Japan will want all the wheat India can produce, and the United States are becoming importers instead of exporters of foods. Our importance as markets will increase year by year because the production of the machines is rapidly outstripping Europe's capacity of consumption. As we grow in wealth by the sale of our raw materials we shall be more and more sought after as a market to absorb the surplus production.

I am sure that I have the assent of this meeting when I say that we are all proud to be members of the British Empire, and that as long as Great Britain follows the road of justice, and of consideration for the rights of her West African peoples our loyalty will continue unimpaired. The best way in which we can show our appreciation of the position which we hold in the Empire is by increasing our output of raw materials and foodstuffs, and thereby increasing our consumption of British manufactures.

Before closing this address I should like to say a few words to you, my countrymen, as between friends.

There is nothing more remarkable in the agricultural history of the world during the last fifty years than the growth of the Gold Coast cocoa industry. I can say so with pride, because I can claim that I was the first to experiment with cocoa in this country. The soil of my plantation was not suitable for cocoa so I did not start the cocoa industry, but I can claim that I was the first to see the value of cocoa to this country. That was a little more than thirty years ago, and to-day the Gold Coast is producing half the world's supply of cocoa. Unfortunately, Gold Coast

cocoa lags behind in quality, and is always priced about 25 per cent. below the best qualities. I am speaking to you as an agriculturist and as one who knows the cocoa market in Europe. The reason is this: when a manufacturer buys two or three hundred bags of Trinidad or Ceylon cocoa, and takes a handful of beans out of a bag, all the beans are of the same colour and quality. And the beans in all the bags are the same as those in the first; they are evenly graded and equally fermented. If the same manufacturer buys Gold Coast cocoa, what does he find? He has to buy small parcels, and not only does he find differences in colour and quality between the different parcels, but in each bag there are beans of varying colours and qualities. He buys your cocoa because of the commanding position of the Gold Coast in regard to quantity, and because, otherwise, he would not get enough for his wants, but he makes you pay for the defects in quality and grading by reducing the price he pays you. Therefore—I speak to you young men—try to look ahead and to improve the quality of your cocoa before some other country pushes you out of the market. And I have another piece of advice to give you. Speaking as a practical agriculturist, I tell you that the country is in a dangerous position as long as you depend solely on one product. There will be a very rude awakening for this country some day, because it is the inevitable consequence of the intense cultivation of plants in artificial conditions to produce disease. The plant is weakened by the artificial conditions, and the disease which might be resisted in natural conditions, is no longer resisted. The plant has been weakened, and the crowding of a single species in large numbers enables the disease to spread like a plague. In the seventies of the last century Ceylon was covered with coffee-trees, and the people were devoting themselves to the cultivation of coffee just as our people are devoting themselves to the cultivation of cocoa to-day. Enormous fortunes were being made, and every one was rejoicing in the prosperity of the land. But one day, when the planters came to their plantations, they saw some brown spots on the leaves of their trees. Nothing was thought of them at first but presently the leaves dropped from the trees, and then the trees began to die, until in a short time—within two years, I think—the whole of the coffee-trees were killed off. What had caused this? A fungus which had been living for centuries on the plants in the forest, which had become accustomed to and tolerant of it, had found a new field, and pounced on the coffee-trees, killing them off because they had been so weakened by cultivation that they had no longer the strength to resist the attack of the fungus and so to gain time to become tolerant of it. The industry was destroyed, and the fortunes evaporated leaving ruin and gloom behind.

Something of the same kind will happen here, for the day of reckoning for negligent and unskilful cultivation will surely come. Please do not stand on one leg, as it were, by confining yourselves to one crop. You need not look far for another leg; you have what you need before you; asking for you; begging you. What is the matter with your oil-palms? Why do you not cultivate some oil-palms alongside of your cocoa-trees? Even if you treat the fruits in your own traditional way there is profit to be made out of them, and later on you can try to use machinery. I know that, at present, the machinery for treating palm-fruits is very costly,

but that is because the demand is from large capitalists who require very large plants. If a demand arises for small plants you will get them.

There is another piece of advice which I will give to you young men. Go to the bush and become farmers. Forty years ago the country was standing on one leg; it was entirely dependent on the Ashanti trade. When the Ashanti Confederation was broken up by Sir Garnet Wolseley's expedition of 1873/74 the Ashanti trade was extinguished. The young men employed in clerical work were thrown out of employment; those growing up were asking one another, "What are we to do?" Then I began to preach to them :—"Do as your fathers did; go back to the land and become farmers." And I practised what I preached. I started a plantation and became a farmer, and I am glad to say that I was able to persuade some of my friends to do likewise. At all events attention was turned to agriculture, and I was appointed Vice-President of a Commission on the Economic Agriculture of the country. I wrote a report, the outcome of which was the starting of the botanical stations which have been expanded into the Agricultural Department. It also led to the making of the first roads in the country, because, in my report, I gave such a description of the conditions of transport in this country that the Secretary of State insisted on something being done about it at once, which led to the formation of a Roads Department, now merged into the Public Works Department.

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Negro in America.

A Message to the Africans.

By FREDERICK ROBB.

Great will be the day when the history of the continent of Africa shall be truly written. Great will be the day when men of African descent in the United States of America, West Indies, South America and elsewhere shall be given due credit for their achievements and contributions to the progress of the world. Instead, the peoples of these lands know little of one another's struggles and successes.

Forces that would exploit the Blacks everywhere have attempted to destroy their records, traditions and glorious heritage, and minimise their successes. The American of African descent is taught through the Press that Africa is the "Dark Continent," that the vast population is made up of savages, cannibals and peoples of low mentality. The land is said to have meagre resources; swamps are the rule, the tsetse fly will give you sleeping sickness! Those in America are made to feel that they are superior to their African brethren, that they lost nothing in Africa and should have no interest there.

The African, on the other hand, is told to ignore his inferior American brother. It is said that disease, segregation, oppression, lynching and decay are his lot. Even the American Negro and West Indian are pitted against each other, and so the game of chess goes on, disastrous to the advancement of Africans and those of African descent.

The burden of enlightening the world to the true worth of the Africans and those of African descent falls on the student. It should be a glorious task. Through books, newspapers, lectures, moving pictures and goodwill tours a programme of dispersing knowledge must be conducted; there is no time for delay. This article is therefore an attempt to bring America and Africa nearer each other, to develop a better feeling and to create a friendlier relationship. At best only a very scant idea can be given of the progress of the people of African descent in America. General outlines will here be given of the whole country, the traditions of South and North, the great wealth of the nation and the principles of government upon which it was founded will be kept in view. Representative individuals living and dead will be cited.

There were over 10½ million Negroes in the United States as compared with over 105,000,000 whites according to the 1920 census, and four-fifths of them were to be found in the South. Within the last ten years there has been a migration of hundreds of thousands of persons from the South to the North, from the rural districts to urban centres. This was a result of the war and an attempt to secure better conditions of living as citizens. More than 34 per cent. of the total Negro population are living in urban territory, and even more in the last seven years are now congregated in cities; New York, Washington, Chicago, Baltimore and New Orleans have from 100,000 to 200,000 Negroes in them, the vast majority of whom work in factories and domestic service. There is a very large number of West Indian immigrants in New York along the coast, and gradually they are becoming naturalised and on the whole an asset to the advancement of the group. A mere handful of Africans are at present in the country, many of whom are students. As the health of the Negro group is admittedly improving as much as that of any other group in the country, there is every reason to believe that the population will increase and general conditions improve more than hitherto.

The 3,953,760 freed slaves and 487,970 already free Negroes in 1866 were faced with innumerable obstacles, practically penniless. Most of them in the South made destitute by the war had the hatred of many former landowners and the poor white who could not bear them as a great part of their own legacy. What followed showed the extent of the progress made by these Negroes: in 1866 the Negroes owned 12,000 homes, in 1922 650,000; operated 20,000 farms in 1866; in 1922, 1,000,000; conducted 2,100 business operations in 1866, in 1922 60,000; accumulated wealth to the tune of £5,000,000 in 1866, in 1922 £400,000,000 and to-day £500,000,000. From 90 per cent. illiteracy to 20 per cent.; 15 colleges and normal schools to 500; 100,000 students in public schools to 2,000,000; 600 teachers in all schools to 44,000; £15,000 worth of property for higher education to £7,500,000; £140,000 annual expenditure for education, £16,000 of which was raised by the Negroes to £5,600,000, £600,000 of which was raised by the Negroes—so striking was the educational progress made by these Negroes between 1866 and 1922. Their religious progress has been phenomenal: from 700 churches in 1866 to 45,000 in 1922; 600,000 communicants to 4,800,000; £300,000 value of church property to £18,000,000.

It is safe to say that any people starting with a handicap of poverty and ignorance who can in fifty years become owners of one-fourth of all the homes which they have, are making progress along those lines which make for high degree of citizenship. The lands which they owned in 1920 amounted to more than twenty-two million acres or more that thirty-four thousand square miles, an area almost as large as Liberia.

There are other striking signs of progress. The Negroes own a very large and ever-growing Press. Four hundred periodicals are published by or for Negroes. Their classification is as follows: religious periodicals 70, school periodicals 85, organs of national associations and magazines of general literature 7, fraternal organs 30, newspapers 220—the vast majority are weekly: *The Chicago Defender, Pittsburg Courier, Afro-American, New York Journal and Guide,* and *Negro World* have the largest circulation. Such magazines as the "Crisis". Opportunity and Messenger are doing very creditable work.

There are over sixty Negro City Young Men's Christian Associations scattered throughout the country serving as dormitories, sort of hotels, recreational centres for men and boys as well as wholesome meeting places for various civic organisations. The young women have equally as many associations, but in most cases their buildings are not as large. The valuation of the Association's property nearly amounts to £700,000.

A race is not said to be successful unless it controls its economic destiny. Even in this field, against some of the keenest business men of the world, the American Negro is forging ahead. A significant feature in the development of Negro banks is the increase in capital, in resources and in the volume of business done. In 1918 there were 72 Negro banks capitaltalised at £500,000; these banks were reported to be doing an annual business of about £7,000,000. In 1922 there were 74 Negro banks with a total capital of £1,250,000 with resources of £4,000,000; these banks were doing an annual business of £25,000,000 and this amount increased 50 per cent. within the past five years.

Insurance was the first line of business into which the Negroes entered in a large way, and is to-day the largest and most flourishing business from the standpoint of capital concentrated on it. In 1922 it was estimated that the assets, etc., of the insurance companies operated by Negroes amounted to about the following: assets £1,300,000, income £1,800,000, disbursements £1,700,000, annual amount of insurance written £15,000,000, value of policies in force £20,000,000. These figures have immensely increased within the past five years.

The professions are also rapidly improving and increasing. There are more than 9,000 physicians, dentists, trained nurses, etc.; 44 college graduates in 1869 and in 1927 over 10,000. Statistics might continue to be cited since only a statistical idea can be given of the romance of the Negro in American life.

A few of the Negroes who have made exceptional marks in life might be considered: Booker T. Washington, born a slave, founded Tuskegee Institute—a training ground for the more practical arts of life,—died leaving an institution valued at over £500,000; Frederick Douglass, abolitionist, statesman and orator, worked unceasingly for freedom of

all; Madame Walker, born a poor girl, through her genius developed a £250,000 business before her death. Numerous other celebrities in the past might be mentioned but a few of those living will be cited: Dr. B. Dubois, a scholar and author, ranks as one of the ablest leaders of the group; Elizah McCoy, of Detroit, Michigan, who has patents of more than 57 inventions; Paul Johnson, who started as a salesman and a few years ago invented the therapentic lamp used by hospitals and doctors all over the world; and Dr. Daniel Williams, the first physician to stitch the human heart successfully, have all contributed to modern civilisation. Dr. Ernest Just, of Howard University, is an internationally known biologist; George W. Carver, of Tushegee Institute, experimented and found over 112 uses for the lowly peanut; Carter G. Woodson is the ablest historian and collector of Negro folklore; and Matthew Henson, explorer, was in fact the first man to reach the North Pole.

In the field of art, it is said that the only original contribution to American life has been in the form of Negro folk songs, lyrics in dialect, Uncle Remus stories and jazz. At present Florence Cole Talbret is an internationally known soprano; Roland Hayes has charmed the western world with his tenor voice; Nathaniel Dett is a nationally known composer; Contee Cullen and Langston Hughes, about 26 years of age each, are perhaps the best young poets in America; Henry O. Tanner, who has many paintings in the art galleries of France, is classed as the foremost painter of spiritual subjects in the world.

As for business men, their ranks are being filled with able and scientifically trained Negroes. Anthony Overton is president of a bank, an insurance company, manufacturing establishment and newspaper concern, the whole of which does business of millions of pounds. C. C. Spaulding is the founder of Mammoth Insurance Company. Jesse Bings, head of one of the largest Negro banks in the country; and so the list might continue.

Many Negro students have received the highest scholastic honours attainable in the country through competitive system. Several Negroes have held world records in athletics in the past fifteen years; De Hart Hubbard holds the world's broad jumping record; Eddie Tolan won the world's interscholastic 100 yds. dash last year. In several large white Universities of the country there are and have been Negro assistant professors: Julian Lewis is an assistant professor in the department of medicine at Chicago University; one of the largest and richest in the world.

As there is progress and not stagnation in the country as a whole, individuals have excelled, and Chicago, a great city, gives one an idea as to what can be done when large members of Negroes are given opportunity to advance on a basis of merit. In 1910 there were about 44,100 Negroes in Chicago, in 1927 there were about 175,000. As the Negroes rise in numbers so they increase in prosperity, in political control, in industrial and business achievements and in educational and religious significance. The realty holdings of the Negroes in Chicago are approximately £40—80,000,000, money on deposit in various banks £15,000,000, and almost £600,000 in two Negro banks, both less than ten years of age. There are £3,000,000 in

seven Negro insurance companies, their church property, though heavily mortgaged, is about £400,000. They have 28 manufacturing concerns, one of which has a rating of £250,000 on Broad Street; about 1,000 business concerns; over 300 teachers in the schools for white and coloured children; 16 high school teachers; 10 visiting nurses; 150 private trained nurses; three hospitals; 133 policemen; over 3,150 postal clerks; 2 aldermen in the city government; 3 representatives in the state legislature; and one state senator. There are three city officials and a judge of municipal court. In 1890 there were about 40 college graduates (Negroes) in the city, in 1927 several thousands, including about 1,250 professional men such as physicians, pharmacists, engineers, dentists, nurses, chemists, etc. These developments have occurred for the most part during the last ten years.

The general progress of the Negroes is still quite small but there are numerous possibilities in the future. This beginning has been made by persons who have had the group at heart, and through the unstinted sacrifice of those noble white men and women who went into the South during the reconstruction days and philanthropists who continue to give large sums of money annually for the advancement of the Negroes.

The Negro in America is still subjected to some injustice. He is not satisfied with his treatment, but with the co-operation of many able white friends in North and South, he is slowly but surely removing the shackles from himself and gradually acquiring the rights and privileges guaranteed any other loyal citizen of America. With a fair presentation of the facts as they are it is beyond dispute when one says the Negro in America has definitely and clearly gained in power politically, economically and intellectually in the last 60 years. What little the American Negro has done can, with similar opportunities, be done by the African in Africa or anywhere else, and perhaps faster with the co-operation of Africans and whites for the good of both.

Questions and Answers.

1.—What expenses would be involved in going from West Coast of Africa to U.S.A.?

The voyage to New York would cost about £90; from London to New York between £16 and £20. The tuition for a year at a leading Negro University is about £20-25, board and lodging may range from £70-90 for nine months. In many cases arrangements could be made to receive tuition free, and certainly a few would give board and lodging free.

2.—What three books would you suggest as giving a general idea of the Negro in America?

The Negro Year Book 1927-28, by Munroe Work, Tuskegee; any of Carter G. Woodson's recent histories; and United States Census Reports for 1920-21.

3.—What book will best give in detail the progress of the Chicago Negro?

"The Negro in Chicago from 1779-1927."

THE BALE OF IBADAN (NIGERIA) WITH HIS CHIEFS AND RETINUE.

Great Britain and the Negro Race.

A Moral Responsibility.

By ADE.

The Negro people—the descendants of the vigorous and historic Ethiopians—lived in their home in Africa isolated, so to speak, from the rest of the world for many centuries. Years rolled by, marking the steady development of their culture and traditions in the face of tremendous odds to which a less vigorous people might have succumbed. True, their progress was comparatively slow, but that could not have been otherwise, since, in addition to the almost insurmountable difficulties against which they had to contend, lack of contact with the outside world deprived them of the external stimulus so essential to rapid human progress. Thus dragged on their history until in the fifteenth century A.D. the tide of human affairs which brooked no isolation broke through the barrier and flung open their deplorable gates, culminating in unhappy incidents—the slave trade with its disastrous effect on their natural development.

Emerging from this catastrophe in the nineteenth century, Africa found herself in the iron grip of European Imperialism and her sons scattered over the world. Thus Europe and America built up their prosperity and developed their civilisation at the expense of Africa and European nations assumed the guardianship of the African peoples. For good or for evil Great Britain has in her custody to-day a large part of Africa and we whose lot is cast with the British Commonwealth appreciate and admire the good conscience of the British people.

The Great War of 1914-1918 has shaken the foundations of European civilisation, and its horrors ever present in the minds of civilised people have brought about a universal change of outlook. It has been realised more vividly than ever that all the peoples of the world are indispensable to one another. In the arena of political activities to-day there is clearly to be seen a definite movement towards the establishment of " peace off earth and goodwill among men," and in this glorious movement Great Britain is destined to play a most prominent part. But, paradoxical as it may seem, Great Britain—the apostle of liberty and international champion of the cause of humanity—suffers within its own empire capitalism and misguided imperialism, the modern form of slavery, to sap the virility of her wards.

In South Africa we see the abominable influence of capitalism at work in the atrocious policy which not only deprives the defenceless native African of his land and rights thereby relegating him to the position of a hewer of wood and drawer of water, but by its latest enactment takes away the last bit of ihs liberty as a man. On the statute book of South Africa has been placed an act which decrees that the native Africans, who form the sacred trust of Imperial Britain, must not raise up their voice against exploitation which tends to ruin them.

In British East Africa a similar tune is being sung. The political atmosphere is charged with the ambition of Sir Edward Grigg, Governor

of Kenya, who sees in the administration of the Union of South Africa in relation to the natives an ideal to which he aspires and a "United States of British Africa" is being advocated by some capitalistic-imperialists who would not scruple to see the native Africans turned labourers. Even in British West Africa, where the British administration in general has earned and deserved great praise, the system of judicial administration is an outrage on civilisation.

The policy of leaving the destiny of the natives entirely in the hands of the man on the spot has led to the exploitation which now uproots the former from their land, invades their family life, destroys their natural pursuits and occupations and enslave them in their own home. Great Britain owes a sacred duty to the human race in her guardianship of her native African subjects. There is nothing in the constitution of the British Empire that precludes the British people from insisting that no policy be tolerated which is inconsistent with the principles of trusteeship. Here, clearly, is a moral obligation on Great Britain to the Negro race no less than to the great cause of humanity which she champions; and to avert this enormous crime which is being perpetrated under the cloak of imperialism and is calculated to stifle the natural growth and development of the Negro race is one of the greatest services that the British people may render to that noble cause for which they are incessantly labouring—the world's peace.

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Radio Speech delivered by Chief Amoah III. (Gold Coast, West Africa)

THROUGH THE NATIONAL BROADCASTING COMPANY.

(Several American newspapers have tried many ways and means to secure this very interesting speech, but the Chief has kindly reserved it for "Wasu.")

I am speaking to-night chiefly on African customs, but will drop in a word about her needs. I start with the drum.

Although the radio has been discovered recently in Europe, Africa has had for centuries a radio system of its own. A simple system, of course, but quite efficient—the drum. There are two ways of communicating with various States in Africa. Large drums which are the most common, and are generally named "tom-tom." The tom-tom is made from the trunk of a tree 2½ feet long and hollowed; the top covered with the skin of an animal, like your band. The drummer sits astride and beats it with two sticks or a stick and the palm of his hand to produce sounds like the Morse Code. State drummers, like telegraph clerks, are trained. The position is hereditary, and every member of the drummer's family in a State is trained to officiate.

There is also a small drum constructed to produce six different sounds. It is also made from the trunk of a tree 3 to 3½ feet in circumference. The circumference of the top is larger than that of the bottom. The top is covered with the skin of an animal. By these processes, news and messages sent to various parts of Africa, travel very fast.

Indeed the drum is quite a feature in Africa. We get from it dance music. The rythmic variations of these weird sounds do not only electrify the African to respond to their charm by the exhibition of peculiar physical movements of the limbs, but transports his very soul to the highest ecstacy of spiritual intoxication which makes his heart pleased, and prepares him to look into the future with complacency which necessarily enables him to face his troubles with equanimity. But dancing is not the only art in which the African excels, and is often imitated to-day.

The African is an artist, and has been an artist since the days before history began. We have on our rocks drawings similar to those found in the caves of prehistoric men in Europe. From an artistic level similar to that of the Europeans, we have developed on different lines. The modern artists of Europe, cubists, and others, appreciate our African art. The famous French painter, Gauguin, painted pictures with a quite African style. The designs or native paintings on walls of ancient homes of Congo, Ashanti, Timbuctu, Dahomey, and other places will yield a field for future foreign artists to satisfy the highly artistic development of the civilised world.

The relationship between the young and the old is the best that could be desired.

Respect for the aged is early inculcated in Africans. It will do any one good to see the youth of either sex paying respect to their elders. With the advent of Western civilisation, we sincerely trust that this essential quality, as we deem it, will not be lessened.

We may not have what is called movement of youth among us, by which I mean a young man and a young woman meeting anywhere and anyhow. There are certain codes which are rigidly observed. The Bondo Society takes care of the girls, and the Poro Society takes care of the boys. Permission of marriage is given under stern laws. A man must be able to support his wife, and what you would term purchase—a man buys his wife,—that is to say, pays a certain sum to her family. We deem it not buying but an appreciation on the part of the man for the family he is about to enter. This ranges according to the class and importance of the girl and her family. In some tribes further conditions are added. The man must give proof of his courage, because of this we determine to keep up the force of courage among our people, as cowards are not held in high esteem. The man marries a girl; thus our marriage ceremonies are quite different from yours, but I may venture to say, more binding, hence certain evils that I know in your civilisation are eliminated in ours. Marriage is considered a contract; primarily between a man and a woman and the tribal families of the parties.

A young man seeing or meeting the young woman whose hand he intends asking in marriage, first reports his intentions to the head of his family or the tribal head. Enquiries are made as to the history of the girl's family position socially, and as to whether any number of disgraceful acts,

such as theft or murder, have been registered against her ancestors; whether any of her ancestors had diseases, such as consumption or insanity. Result of inquiry being satisfactory, messengers are sent to the bridal head of the family who shall officially break the news to the girl. The messengers are given time to come for their answer. The girl, having consented, her family, too, make the necessary enquiries about the family of the young man to whom they are entrusting the care of their daughter. If the result is likewise satisfactory, a favourable answer is sent to the family of the young man. The customary token is then sent by the bridegroom to the bride's family, a day is fixed when the bride is got ready to be conducted into her bridegroom's house. All presents, including the dowry given by the husband to the bride before entering into his house, is regarded as the property of the bride. But such gifts and dowry are returned to the husband or can be claimed in the event of a divorce taking place through the fault of the wife. Her family, of course, become responsible for the settlement of the bridegroom's claims. Marriage to a deceased wife's sister is permissible, and from time immemorial has been recognised under the native customary laws.

The sphere of the woman is the home. The sphere of the man is outside. The man hunts, does heavy farming, wages war, and talks *palaver* (the word is Portuguese), provides himself and family a home. The woman cultivates rice or vegetables for pin money, makes pottery, cooks, attends to household work, and looks after the children. African women are not downtrodden. Native custom gives them a high place.

The law of succession is based on the female line. The system of tracing descent is through the female and in native customary laws " mother rights" is potentially the accepted social position of African woman; thus she is highly important and superior to her sisters in the cilivised countries, even at places where quasi full concessions have been made through the efforts of suffrage movements. The African woman can own her own property, and may even divorce her husband if he neglects her for more than three years. A woman can be a chief, captain in time of war, diplomat, a councillor, or jurist. The late Mary Kingsley, a great English traveller and writer, has given to West Africa a true account which gives credit to our perfect social system. The queen mother is the first woman in any state. Her stool is considered senior to that of the ruler's. She is the head of the clan. She chooses in the first instances the successor, then confers with both the male and female members of the clan before summoning the sub-chiefs and elders of the state If they agree to her selection which is her unique privilege, a notice is publicly given to the state for election and installation ceremonies of the chosen hereditary chief. She is the one to whom petitions for pardon in mitigation of sentence are made to use her influence with the ruler or his councillors. Her position as the occupant of the tribal family stool gives her the sole privilege to point out, in private or public, mistakes or omissions of the ruler. In public she sits at the right hand of the ruler. In the absence of the ruler she virtually rules or officiates by presiding in all matters and attends state functions. She has her own private court to deal with petty cases between the women of the state in cases which are considered im-

polite to be heard by the State Court of men ; also to settle disputes between the chief and his wife or wives ; and to be responsible for the training of the women of the royal harem in customary laws, court etiquette and public procedure.

In speaking of Africa's needs, I feel sure that I have the sympathy of every member of my audience—white races and peoples of African descent.

People in West Africa own their land. We have our language. Grammars and dictionaries are being compiled, this work being largely done by our own scholars. The missionaries have been foremost in this direction. Our young men have been educated at home and in Europe, and now I may add, in American institutions. However, there is a crying need for those who are not fortunate enough to be able to leave their home-land to pursue scholastic studies. We need many schools for the hinter-land, and for our women. Our ancient institutions offer many advantages but our women must be able to cope with the advance of the flowing tide of knowledge. We wish to add to our stock of useful knowledge. We do not wish to lose our arts and handicrafts, but we can only retain them by having schools of our own which will be a gateway for the entrance of the new and the retention of the old. We need in Africa scholarships and endowments to assist us to educate our girls abroad so as to bring our future women under the influence of a wider education, which will include the culture of head and hand so that our arts may not die out. By this method alone we hope to add certain qualities to our own native art.

We are proud of the past and have a keen desire to advance with all future movements which hold possibilities for the good of our land and mankind of which we are now a part. I shall deem it a great pleasure if the members of the privileged races will lend to Africa all the aid they can in sympathy, and money, in kind counsel and fair treatment to enable her to perform her task as a member of common humanity of God's own children.

Africa should develop economically but without losing her soul. She wishes for aid to develop and cultivate her arts, to record her music, pre-serve her ancient customs and institutions, and her mysterious arts of healing by the use of herbs, leaves, and roots. Reading, writing, and other acts of communication she wants to increase. She is open to receive, but she wants the European and the American to bring more, and not less to her tribal culture. Her desire is to have men and women, rich in high ideals, appreciation of what we have, sent to her land, the finest, the best teachers, having the determination and patience to build a still finer structure which may be a fitting, a glorious temple of the Christ, we admire. He, the races of human-kind believe, is the hope of the world, and the finer the instrument with which He works the more beautiful will be the design He will display.

You will understand that Africa being quite a world, I have spoken to you mostly of thinks of my own land, the Gold Coast of West Africa. We have now begun on the hill of Achimota the Prince of Wales' College, founded by the British Government at an outlay of £500,000, with an additional £50,000 annually for its maintenance—a lasting tribute to the unselfish motives of British generosity.

My meaning is better expressed in the words of Reverend F. W. Cobb, when he says: "The central aim of this great educational experiment will not be to exploit or to Europeanise the African, but to enable him to stand on his feet in the higher realms of life."

In like manner, the United States Government, through its peoples have and are sending assistance to Africa's sons and daughters in maintaining various institutions, such as Tuskeegee and Hampton, for which we, the Africans at home, are truly grateful.

And now as my time comes to a close, I want to give you an African salutation in the Fanti language "Mi Da asi," which means "I thank you."

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Land Question in Africa.

(An Address delivered at Essex Hall, Strand, London, W.C.2, to the Fellowship of London Youth Federation, on 28th June, 1928, by Ladipo Solanke, Esq., on African Problems, with especial reference to Kenya).

Dear Friends,

As I am now no more a stranger among you, I shall not waste time on the preliminary remarks usual at an address of this kind beyond thanking you for honouring me with the privilege of saying a few words to you this evening on African Problems, with especial reference to Kenya.

The subject-matter of my address is so wide that it is impossible for anyone, however fluent, to go through the various aspects of it within the space of time we have at our disposal to-night, I therefore intend to divide the subject for our purpose into the following heads:

1.—What constitute African Problems?

2.—A short history of how they came to be constituted—with special reference to Kenya.

3.—What relation African problems bear towards the present world's peace considerations? Lastly,

4.—Some suggestions as to ways and means of the solving those problems.

As regards No. 1, African problems seem to consist in the Land Question, in Labour, Education, Trade and Industry, and Political Questions, each of which requires a special and elaborate treatment in itself. But for our immediate purpose here to-night I shall simply make a short statement on each in order to introduce to your minds the particular shape and nature of its aspects. The problems involved in these questions seem to be fairly well put in the following queries: *Whether the African who is the legal owner of his land should, through the various modern tactics, be dispossessed by an alien; whether, having been ejected, he should be reduced to a mere wage-earner on his own land under his alien dispossessor; whether the standard of education to be given to the African native should not be (even by one iota) higher than that of a mere peasant; whether in matters of trade he should never be in a position to dictate the price of his wares, and, in industrial con-*

siderations, whether he should never be allowed to become a manufacturer and a mill owner ; and lastly, whether in the matter of government, he should not be allowed to govern himself.

I now come to the historical part of my discourse, namely, the origin from which these problems spring.

The periods which gave birth to African problems as we now know them seem to be roughly divided into three, namely, from the 15th down to the 19th centuries ; then from 1885 to 1918 ; and lastly, from 1919 to the present times.

Up to the 15th century there seems to be no problems of any sort in Africa till when, in 1447, the Portuguese started that horrible traffic in human beings in North-West Africa, being joined later by every member of the then existing family of nations. A plunge into details of the horrors of the masterpiece of barbarity and the soulless inhumanities of those dark ages would serve us no useful purpose here, though an intelligent research into its sombre history with a view to gleaning some useful information may be a guide to those seriously contemplating the permanent peace of the world.

The first phase of the African Problems, therefore, had its origin here, for the necessary consequence of the slave traffic was that lands in Africa were neglected and left undeveloped the indigenes, who were naturally best able to cultivate them, being themselves forcibly shipped across the seas to foreign lands. A useful question readily suggests itself here, the correct answer to which cannot help but furnish us, at the same time, with some ray of light in our efforts to find a solution later on to these problems. The question is, who were really at the last resort, responsible for the sad and most regretable state of affairs during this period ? I submit here that the Jurists and the Theologians of the 13th to the 15th centuries should be held responsible, and should be indicted, for the crime of the slave trade, as principals in the first degree, the merchants and the trading companies being principals in the second degree jointly with the different governments of the family of nations who subscribed their names to the gruesome offence. The Theologians and Jurists of these centuries stand pre-eminently first to blame because it was they who taught that lands inhabited by infidels were open to acquisition by Christians, and that lands in Africa belonged to no man. Their pernicious doctrine was at once acted upon by the Powers in Europe as well as by traders. You no doubt remember the grant of Pope Nicholas V. to King Alphonse of Portugal in 1452, which was a grant of a mis-named right " invadendi, conquirendi, expungnandi, debellandi et subjugandi "—that is, " to invade, conquer, storm, attack and subjugate " the Saracens and pagans, and to reduce them to perpetual helotism. Also in the Bull Inter Caetera of Pope Alexander VI. of the same century the King and Queen of Spain were supposed to have the exclusive right of subduing alien lands and islands together with their inhabitants and dwellers. Next, there were the letters patent granted by Henry VII. in 1495 to John Cabot, authorising him to seek out, discover and find any lands, countries, regions or provinces of any heathens and infidels in any part of the world to subdue, occupy, and possess them for the King. The letters patent of Francois I. of France to de Roberval, granted in 1540, were directed to the same end.

I now pass on to the second period which started with the Berlin Decree of 1885, whereby Africa was partitioned among the family of nations, and this led to a scramble over Africa. The method of acquiring lands adopted was by concluding unintelligible treaties with the native chiefs, generally through the agencies of trading companies. Thus arose the various colonies and protectorates of to-day all over Africa. I should like to call your attention to a characteristic feature of every such treaties, that is, a provision in the treaty for the seizure of all the sovereign rights of the colony in question. Thus, in the treaty concluded by Germany with the native chiefs of East Africa, the following appear :—The chiefs were said to cede " all sovereign rights, all the rights which according to European ideas are comprised in the sovereign rights of a prince, and all rights which are comprised in the idea of sovereignty, including the right to have their own laws and administration, the right to levy customs and taxes, the right to maintain an armed force permanently in the country." Also note the terms of this treaty which is typical of hundreds of others made by Stanley with the native chiefs on the Congo on behalf of the International Association :—" By treaties concluded with the legitimate sovereigns in the basin of the Congo and its tributaries, vast territories have been ceded to it (the Association) with all the rights of sovereignty, with a view to the creation of a free and independent State." This State is later known as the Congo Free State. Where acquisition of land by treaty-making failed, exactly the same results were obtained by diplomacy, owing to the operation of what are called " shperes of influence."

The last period according to my division brought in the now popular doctrine of Trusteeship of the Africans under which the Africans are being tactfully dispossessed of the ancestral rights to their lands. Full consideration of this requires a knowledge of a certain amount of the English Law and Constitution. But for our immediate purpose I shall only state briefly the following :—Because native laws relating to lands preclude Europeans from acquiring them, African lands are deemed to vest in the Crown as did, under the feudal system, lands in England. The Crown is said in this way to have been constituted a Trustee for the Africans, thus rendering it possible to assimilate the English law of land tenure to African lands. Hence, Europeans were at once able to acquire African lands from the Crown as though they are English lands. But the curious result is that the original rights and titles of the African are swept away as soon as the Crown is said to assume such trusteeship ; native Africans could not, after the exercise of the Crown's so-called control, hold any enforceable title to lands unless they hold from, and pay rent to, the Crown on equal footing with foreigners. Hence, according to English law, the poor African must now pay rent to live in what used to be his home or be expelled to the uninhabitable wilds ! The idea of trusteeship for the African is, however, more mythical than real, for the simple reason that if the African pays rent to the Crown then the land is not a trust, because, by the English law of trusts, a cestui-que-trust never pays rent to his trustee for the land or property held in trust.

By such doctrines propounded by jurists and theologians, more especially by writers on international law, and acted upon by merchants,

and various governments, African lands have passed into the hands of aliens. This was particularly true in the case of South Africa where the South African Co. gradully seized from the natives all the lands in Rhodesia, Pondoland, Bechuanaland, Swaziland, Basutoland, and in fact, all lands in South Africa*. Similarly, lands in Kenya and in Northern Nigeria were converted into the foreigners' use, in the latter case by an ordinance passed to that effect in 1911. In Southern Nigeria it appears that some European houses interested in the palm oil and palm kernel trade are seeking to hold the monopoly of that trade, and with that aim in view are agitating that possession of lands should, by diplomatic means, be rendered so easy and simple as to facilitate their dispossessing schemes, which method had stood them in good stead in other parts of the world. *One can but wait and see whether the British Government, hitherto a staunch advocate and untiring protector of the rights of the natives to their lands, would placidly allow such an outrage.*

In Kenya, acquisition of land was by occupation and cession. The popular "native reserves" are just a novel nomenclature for Crown lands, the effect and consequences being symetrically the same in both cases. Thus the land question all over Africa has come to stay, and such is the history how it all came about.

As regards the Labour question. Economic laws show that land and labour questions go hand in hand. Where you are the legal owner of your land, your labour will be voluntary, but where it is otherwise, you become some sort of serf. Now, contrast in this respect the case of the natives of Kenya with that of their brethren in West Africa. Lands in the Gold Coast and Nigeria being, for the most part, in the possession of the natives, their labour has hitherto been free and voluntary. And to-day the Gold Coast alone produces one-half of the world's supply of cocoa; whilst Nigeria still supplies by far the greater quantity of oil and palm kernel than any other country in the world. Both feats are achieved by the voluntary labour of the natives. Unfortunately, however, some influential merchants have recently been making a gigantic propaganda for introducing European mills and factory machineries into Nigeria as well as into other parts of West Africa on the exaggerated plea that the present native methods of producing raw materials are archaic, slow, wasteful and so on and so forth. *But the "modern" method suggested must of necessity result in bringimg about, not only the ultimate seizure of the lands used for the purpose but also unemployment and many other social and industrial evils.* However, whatever the future may bring, this is the present nature of the labour question in West Africa.

We now turn to Kenya where a worse state of affairs had prevailed for years and may still prevail indefinitely, unless steps are taken immediately by those who really and genuinely have the interest and the welfare of the natives at heart, ameliorating the present despicable and unfeeling barbarity he suffers at the hands of the settlers. Listen to the following lines from the pen of a European settler describing exactly the policy (adopted since 1900) of himself and of his clan towards the native :—

* Vide Herslet's Treaties and Map.

" A good sound system of compulsory labour would do more to raise the nigger in 5 years than all the millions that have been sunk in missionary efforts for the last 50 years. . . . . Then let the native be compelled to work so many months in the year at a fixed and reasonable rate and call it compulsory education as we call our weekly bonnet parades church. Under such a title, surely the most delicate British conscience may be at rest."—(E. S. MAJOR GROGAN. " From Cape to Cairo, 1900.")

I leave the above without any observation of my own, being in itself sufficiently pregnant with food for thought.

The policy on which the settlers proceed as regards labour in East Africa appears to be that enunciated by an eminent writer—one Hassert, who says that " colonisation consists in the utilisation of the soil, its products and its men for the economic profit of the colonising nation," and this was ably supported by Sir Frederick (now Lord) Lugard's observation " colonising Africa is making the Negro work."

Without multipyling more examples, I shall conclude by merely referring you to the following Ordinances passed by the Colonial Government of Kenya in the shameless support of the settlers' policy :—

(*a*) The ordinance relating to direct tax in the form of hut or poll tax—levied generally on the African population ;
(*b*) a whole series of master and servant Ordinance, regulating the conditions of employment and laying down penalties for desertion ;
(*c*) the Native Registration Ordinance—devised as a means of preventing desertions ;
(*d*) the Government Bill of 1925—setting up detention ; and lastly
(*e*) Lord Olivier's testimony as shown in a lecture delivered at Essex Hall, Strand, in March, 1928.*

As regards education in East Africa, I have already stated above that the policy is " a good sound system of compulsory labour." European planters, seeking native labour only, naturally become averse to the native being educated at all. They are opposed even to the elementary education given by the missionaries, their wish being that what education exists for the native should wholly be of a technical and industrial nature, such as would make an efficient and disciplined serf of him. The lamentable part of the story is that the Government approves such a policy !† Hence the question of the East African native (as opposed to his brother in the West) receiving a higher education is unhappily out of consideration.

But perhaps the most exciting news about Kenya is the recent agitation of the settlers praying for sovereign rights over certain colonies in Eastern and Central Africa. If such a grant was made by the Home Government, it would (as Lord Olivier puts it) just amount to creating the settlers of the 20th century slave-owners of the natives ! A commission has been sent, however, under Mr. Hilton Young, M.P., to make inquiries and report on the expediency of such a grant. I should like you, in the meantime, to listen to this document from an organised body of the natives of Kenya which they desire to present to Hilton Young's Commission ;

* Vide *West Africa*, March 17th, 1928.
† See Cmd. 2374.

further, I should like your organisation to consider it carefully and, by means of a resolution, facilitate the means whereby it can come to the notice of influential authorities in this country who can give the matter the serious consideration it deserves, and who, I have no doubt, will take the necessary steps in adjusting matters amicably in the interests of these poor African natives. In my opinion, the document contains a fair offer by the indigenes to the European usurpers of the formers' lands for a reasonable and equitable co-operation between the two races for their future peace, happiness and mutual prosperity.

An Appeal* of Africa to Great Britain for and on behalf of her (Africa's) children in Kenya through Hilton Young Commission.

1. SAFEGUARDS AGAINST USURPATION OF LAND.

The Kikuyu Central Association begs to point out that even under the existing laws the tenure of the Native Land by Native Committee is not sufficiently safeguarded. The Kikuyu are primarily an agricultural people and security of tenure is a matter of great concern to them. If is necessary that the Crown Lands Ordinance of 1915 should be abolished at once. The Association enters strong protest against that Ordinance in as much as it reduces the natives to a position of mere tenants at will of the Crown. The Commission must be aware of the notorious case of Douglas Mwangi in which 48 huts were burnt down with all contents and people who were living on the land for many years were driven away, homeless and landless. A repetition of such instances must be guarded against. The Association therefore suggests that

(*a*) The boundary of the native land area should be properly and justly fixed in consultation with tribes concerned.

(*b*) Individual life deeds should be issued to native landowners to make sure that no more land will be alienated from natives.

(*c*) A statutory guarantee should be provided that no native land will be reserved any further in the future for any non-native community.

2. SAFEGUARDS AGAINST EXPLOITATION OF NATIVE LABOUR.

The Association is convinced that any increase in the powers of the settlers will give them great opportunities for perfecting their schemes of exploiting native labour. It is also convinced that there is great need for restricting their present opportunities. The wages paid to the natives in Shambas are only 10 shillings or 12 shillings a month, while an educated native starts with 20 shillings or 30 shillings a month in Government or railway service and hardly achieves 150 shillings a month at the end of

* This appeal is really a copy of the Memorandum of the Young Kikuyu Association in Kenya to be presented to Hilton Young Commission on behalf of the Kenya natives. It is desired that it should be made known to the British public in Great Britain for consideration and support. We want British fair play in the co-operation between the white and black subjects of His Majesty in Kenya. Oh, Britain, wake up and bring thy time-honoured tradition to play in the matter.

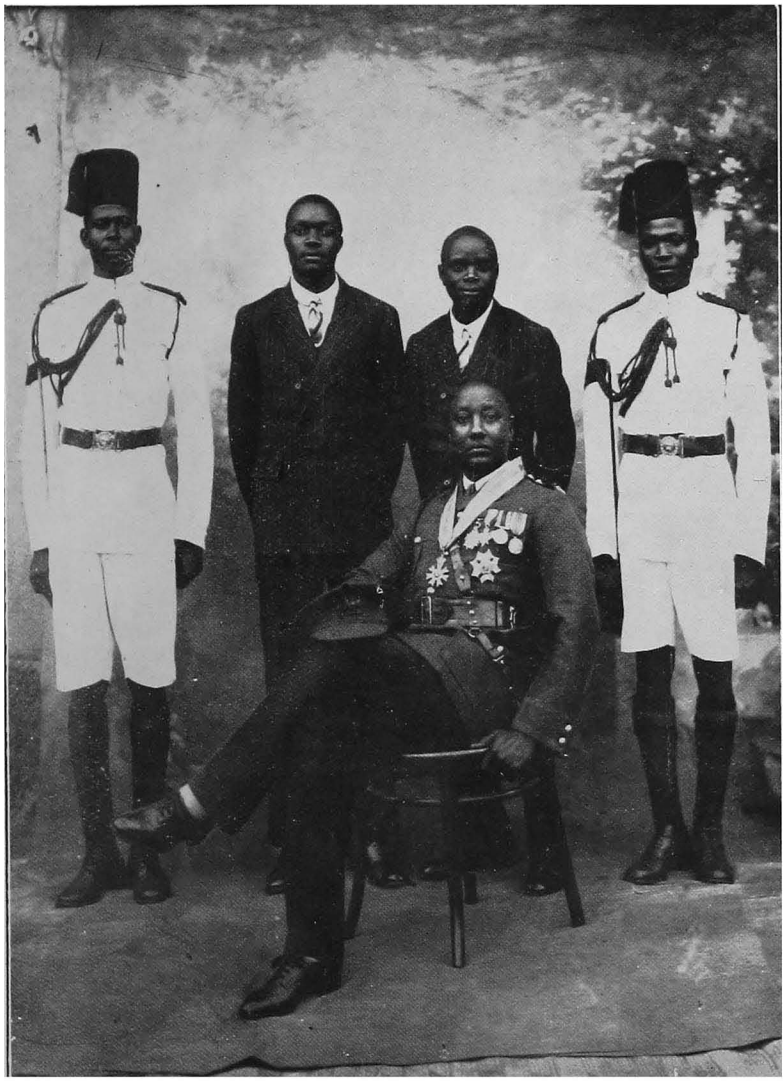
more than a decade. The desire of the European settler to compel the natives to work for them has resulted in several measures restrictive of personal freedom and opportunities of economic advancement. The kipandi system subjects the native community to perpetual surveillance and slavery. The refusal to the natives for the growing of coffee is a piece of real injustice. The Association therefore regards that the following measures are better than any association of non-official Europeans in the trusteeship of the natives :

(*a*) The abolition of the Kipandi and registration certificates which restrict the freedom of movement of native subjects of the Crown and facilitates efforts to keep them in a state of slavery.
(*b*) Removal of all restrictions on natives with regard to the plantation of coffee and other permanent crops in their own shambas without any molestation.
(*c*) A guarantee that provided natives pay taxes and produce crops on their own shambas, they will not be compelled to leave their land and go out to work for Europeans.
(*d*) Women should be exempted from hut and poll tax as already done in the case of widows past the child-bearing age.

3. SAFEGUARDS REGARDING ADMINISTRATIVE SERVICES IN RETURN FOR TAXES PAID BY NATIVES.

This Association thinks it unnecessary to point out that the Natives of Kenya pay a huge amount in the shape of the taxation, *i.e.*, hut and poll tax. In the opinion of this Association the Government do not make an adequate return to the native. All income from native taxation and a greater portion of the income from non-native taxation should be spent on the development of native education, of sanitary and medical services in native areas and of native agriculture. It may be pointed out also that the state of road communications in native areas is very bad and a fair amount should be spent on the upkeep of roads in native reserves. The Association therefore proposes that it should be laid down as an administrative maxim by the Government of the Colony that

(*a*) Requirements of native development should always from the first and major charge on the revenue of the country, particularly on the proceeds of the hut and poll tax which should be used exclusively for natives' welfare.
(*b*) That primary and agricultural education should be made compulsory for natives.
(*c*) That provision should be immediately made for imparting technical training to natives.
(*d*) That sufficient number of high schools should be opened all over native areas to impart higher education to native boys who have completed their primary school education.
(*e*) That native District Councils should be encouraged to send deserving boys from districts to England or elsewhere to receive education in arts, medicine, agriculture, engineering, etc., by the sanction of Government aided scholarships.



H. H. SIR DAUDI CHWA II., K.C.M.G., M.B.E.,
the Kabaka (King) of Buganda (East Africa), and two of his Chiefs.
His Highness was born 8th August, 1896, and came to the throne at the age of one year.

The Association points out that there is no hospital in the reserve where the native people could be treated. There is much sickness and high mortality, most of both due to preventable causes. It is necessary to have fully equipped hospitals in all the native reserves under properly qualified physicians and arrangements should be made by travelling hospital assistants to carry medical aid into the furthest corners of the reserve.

4. UNOFFICIAL EUROPEAN MAJORITY IN KENYA COUNCIL.

The Association views with distinct alarm the proposal of the settlers that they should have an unofficial European majority in the Legislative Council of Kenya. Such a constitution is bound to be very harmful to the natives and to result in heavier taxation, oppressive labour laws and imposition of further restrictions on the personal freedom of the natives. The Association is afraid that every effort will be made by European settlers to draw out all available natives from shambas cultivated by the latter. The local government are already under the influence of the settlers who have done much to assure themselves of cheap labour and possess most of the best land that should really belong to the natives. Legislation is already very partial to the white people and there is no native in the Council who can represent native views.

5. SAFEGUARDS IN THE INTERESTS OF NATIVE SOLIDARITY AND PROGRESS.

The Association is therefore strongly opposed to the settlers' demands for an unofficial European majority, and is strongly of opinion that the time has now come when the natives of Kenya must be allowed to have self-expression in the Legislative Council of Kenya by means of direct representation. The number of native representatives on the Council should be at least 12. In the opinion of this Association, this number should be distributed amongst the various native tribes. So far as their own tribe, the Kikuyu are concerned, they think that they should have at least three representatives of their tribe in the Legislative Council and one on the Executive Council. They believe that the requisite number of suitably qualified men will be forthcoming.

The Association is also of the opinion that until the safeguards enumerated above are first provided for and measures suggested are definitely initiated, any step towards a Federation of British East African territories would be premature and tend to aggravate the domination of the white settlers and render the native communities in all territories more helpless than ever. The Association is afraid that native grievances and consequent discontent will be perpetuated by any approach to a political Federation.

This Association further believes that additional safeguards are also necessary to preserve native solidarity and to assure native progress. The Kikuyu and other people have been separated in separate districts and thus a spirit of separation introduced. The Kikuyu are a compact solid tribe and should form one compact whole. They desire that they should be placed under one educated paramount chief who should rule over them in accordance with tribal customs. In order to ensure further protection, the laws of the land should be translated and printed in Ki-

Swahili, and should be open to native criticism and comment before they are finally passed. It is also necessary that the Kikuyu native councils should meet in a specified place once or more suitably every three months. The Association also feels the need of a Central Native Council with representatives of various native tribes as members for acting as consulting medium between the Government and the native people.

(*Copyright*).

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Liverpool Youth Movement for Peace and the West African Students' Union.

In response to an invitation from the above-named Peace Movement (a branch of the British Federation of Youth), Mr. Ladipo Solanke and Mr. J. Lazarus Minnow were deputed to represent the Union in their International Week Conference held in Liverpool from January 6th to 13th, 1928. The Conference was attended by delegates from several countries: Germany, Japan, West Africa, India, Egypt, China, Poland, Sweden and Norway. The majority of these delegates were youths drawn from various Universities in Europe, and the informal meetings every afternoon of that week at the headquarters of the Movement (Blue Coat Buildings, School Lane) were indeed a blessing as a means of interchange of ideas, and as an opportunity for gauging and comparing standards.

The object of the Conference was to consider through the youths of the different countries—the future statesmen and politicians—the attitude of their individual countries towards Peace, and by promoting better feeling and understanding amongst all nations and peoples, to try and find a possible solution for attaining and maintaining a world peace.

The Conference in itself was a big success, and Liverpool accorded a warm hospitality to the delegates who were also honoured with a civic welcome by the Lord Mayor (Miss Bevan) at the Town Hall. The people of the city and districts rose to the occasion and gave every evidence of their readiness to help in achieving the ends set out by the Movement. Throughout the week, every delegate spoke at several meetings of fellowships and other associations in the City of Liverpool and its suburbs, placing before his audience his country's peculiar problems and the point of view of its youths as regards ways and means of effecting the world's permanent peace. In spite of the many actual and eminent difficulties which confronted, and in many instances, impeded the progress of the various movements in various countries, especially in Germany and in China at the present day,—which difficulties were in no way overlooked or minimised,—all the youths registered their unswerving loyalty and allegiance to the cause of peace.

A seemingly ordinary question is " Where does West Africa come in ? " and in arguing that question, one might say that all the other nations named as being represented in the Liverpool International Peace Conference have a place in the League of the great nations of the world, and as such their sons have the right to discuss the future of the world.

Where does West Africa come in ? West Africa, it is true, is not yet in the League of Nations as an accredited member, but for all that, one cannot deny that she is in this " great family " all the same. As a member of the British Empire, even though as one of its youngest daughters, she is still in it. Britain takes up the guardianship of the minor races of the world with the view to nurturing and training them up to " full manhood " ; and since we are confident she would not betray her self-inflicted ardous trust, there will certainly be a day when she would be able, with all the pride of a satisfied and rewarded guardian, to introduce West Africa as worthy of having an individual entity in the League ; but to accomplish that end, there are obstacles to be removed ; obstacles which revolve on one pivot—the pivot of racial prejudice. Racial prejudice would always prevent a true valuation and assessment of the African, and since in the evolution of all things, Africa must some day come to her own, it is only right in the interest of the peace of mankind, that, even to-day, her sons should be consulted, and efforts made for better understanding. The danger that must be realised is that the peace of the world may be broken by its smallest member. One of the surest ways of avoiding such a catastrophe is for the white races to teach their children that there was no inferiority in any species of the human race.

Mr. Solanke, with his usual fervour, pressed home the urgent need of co-operation and never failed to impress in any of his meetings. Glowing tributes were paid to both of our delegates after their many addresses, and as a proud reflection on the Union and West Africa in general, we are quoting below two newspaper ones to Mr. Solanke's colleague :—

Hoylake and West Kirby Advertiser, Friday, January 13th, 1928, reporting a meeting held under the auspices of the Hoylake Congregational Church Young People's Society, in the Church Hall, writes : " The Chairman (Mr. T. D. Lee, B.Sc., M.C.) said of Mr. Minnow, " It made me smile when he spoke of inferiority. For the manner in which he represented his facts, and the clear line of reasoning he employed made one realise there was a strong mentality behind it " ; and the *Birkenhead News* of Saturday, January 14th, 1928, referring to the same meeting and to the same speaker, says, " The West African representative was a speaker of outstanding culture and lucidity."

Let us hope that the efforts of all youth movements for peace throughout the world may be crowned with all the success they rightly merit and that soon

" Nations with nations, land with land,
Unarmed shall live as comrades free,
In every heart and brain shall throb
The pulse of one fraternity."

An Appeal.

Need for a Central Home in London for African Students.

Dear Countrymen,

The need for a Central Home for African Students in London had been felt as far back as 1914 when, at a meeting in a room in the House of Commons, Mr. Henry Carr (first Resident of the colony of Lagos) most creditably defeated the first tentative proposal launched forth on the topic of certain " philantrophists " on the ground that it was diametrically opposed to the best interest and proper progress of the Africans. Further, in May, 1919, the question was again unshelved and seriously discussed by certain eminent " restorers of Africa," among whom were the late Sir Victor and Lady Buxton, Colonel (now the Rt. Hon.) L. S. Amery (the Secretary of State for the Colonies), Sir Hugh Clifford (ex-Governor of Nigeria) and several others, but with no practical outcome.

It would seem that the difficulties which have hitherto prevented the materialisation of this object could easily have been got over had we, from the start, tackled the problem from the " self-help " standpoint. There is no doubt that we still have with us our beloved " African Trustees " who are always ready to saddle themselves with the benevolent task of doing everything for the Africans, but the time has come when it should be realised that the Victorian good old days are gone, never to return. The time has come when the old African saying " Eleru ni ko bere ki eniti o ma ba gbe e de ori ki o to bere "—he who is directly affected should take the initiative in a project designed particularly for his own benefit—

This is the principle of Self Help, as interpreted by the W.A.S.U., and such a spirit we believe is at the basis of the well-earned success of our ancestors in politics and economics. Who would say that as a result, they were not happy and independent?

Since the West African Students' Union has been instituted however, the problem has at last been faced from the proper angle, and recently has been receiving some attention from our esteemed advisers at Downing Street*. The position at the present is this: there is to be an establishment which may be termed an " African Home " in London, the management of which should be chiefly in the hands of the Africans themselves. It should, for a start, contain just a few rooms for the purpose of temporarily accommodating new arrivals from Africa, with possibly, a restaurant on a small scale. *No one should be compelled to take rooms in the institution,* the hiring should be merely permissive and not compulsory. Such an institution is intended primarily as a centre for meetings, lectures, debates, and other students' activities, both of a national and international nature. It will be supplied, inter alia, with a common room, a library, a game room and the like.

* Several personal though informal interviews and discussions have been going on between the W.A.S.U. and the Colonial Office since last October.

Perhaps not the least reason for the existence of such an institution in this country is the need of promoting African nationhood. Anyone who is at all acquainted with the Indian Hostel in London will agree that, if that institution has achieved anything at all it is in the promotion of the Indian nationhood. True unity and co-operation among the heterogenous tribes of India to-day has been effected. Solutions supplied to many great problems intrically involved in the Indian Home Rule question. Through this main channel the welding together of the 400 millions of India into one strong nation is to-day becoming an accomplished fact. There is no reason why the African should not in this respect, take a leaf from his Oriental brethren with whom it is reputed he has a lot in common.

It is incumbent on Africans to take the initiative in subscribing to this laudable project before looking round for helping hands. The initial expenses for putting the scheme into operation can not exceed four thousand pounds sterling (£4,000), probably less.

We earnestly hope that before the end of the current year, backed up by the active support of all our Natural Rulers, Chiefs, and educated leaders in Africa—in particular West Africa—the estimated sum would have been realised. Nigeria, prosperous with her teeming millions, could easily contribute about £1,000; the Gold Coast, with her undisputed wealth, £800; whilst Sierra Leone and Gambia may aim at £500 and £200 respectively. Other parts of Africa may remit as much as lies within their power.

All subscriptions should be forwarded to the ~~Public Trustee~~ in London, in the name of the West African Students' Union, and the Colonial Office is willing to render all possible assistance to further the scheme.

Yours for Africa,

The Hon. Secretary.

W.A.S.U., London.

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The West African Student and Medicine.

By W. A. NANKA-BRUCE.

It has often been said that the West African in England studies one of the two professions—law and medicine. This statement is not without foundation. But anyone who is unacquainted with the facts might be led to the conclusion that probably the number of students reading for one or other of these two professions is evenly balanced. That would be a very erroneous conclusion, for the fact is this that the great majority of students read law.

There is certainly a cause for this state of affairs and this article is an attempt to find out the cause and suggest how best matters can be put on a more satisfactory basis.

Many people say (and to some extent justly) that the medical course is lengthy and the cost prohibitive, but the one vital cause which induces some West African students to take law in preference to medicine is to be found in the hard struggle for a medical entrance examination.

Every medical student entering on his medical studies is required by the General Medical Council to have passed

(1) An examination in general education, such as the London Matriculation, Cambridge School Certificate or Previous, Oxford Responsions, or any other examination which entitles him to begin study at a British University.

(2) An examination in Elementary Physics and Chemistry. This condition is satisfied by passing the first examination for medical and surgical degrees in the subjects of Chemistry and Physics. Or, one may take a special examination for the purpose of becoming registered. It may be noted that the minimum of five years required for medical study is only welcomed from the time that the second condition is satisfied.

From the foregoing it would be seen that it is absolutely essential that the first condition above be satisfied before the student leaves West Aftican waters. Thus equipped with a knowledge of chemistry and physics it is possible to complete the first M.B. in three terms. The first and second M.B. together take on an average three years. A further period of three years is required for the final. It is the writer's experience that a remarkable number of students have preferred to swell the ranks of the "lawyers" as the conditions in West Africa have made it difficult for them to qualify for the medical entrance examination.

Some people in West Africa still labour under the delusion (for it is nothing but a delusion) that three or more years spent in a hospital before coming to Europe is of value. It is important to realise that that is an absolute waste of time. The hospitals and dispensing schools aim at turning out efficient dispensers who will be of use to the doctor and thus much time is spent learning Materia Medica, pharmaceutical chemistry, first-aid, practical nursing and the like—subjects which the medical student has to learn in the final stages of his work. The reason why these subjects are practically valueless at an early stage is that the student does not get exemption from them in the latter part of his course, but has to be drilled in them in a more thorough manner than he had experienced on the Coast.

Three years' work in an hospital at home does in no way shorten the medical student's stay in Europe, whereas three years spent on the Coast at a school where science is taught goes a long way in shortening his stay, for the reason that it obviates the tragedy of *wasting time over an entrance examination.*

Coming to the prospects of native medical professionals we can see glorious opportunities as the field, even in a few years hence, is far from being overcrowded. Some West African Governments, it is said, make stipulations for African doctors which are by no means encouraging. These stipulations, the writer is convinced, would crumple before a determined attack made by a very large number of African doctors by the sheer

KABIYESI, OBA ALAIYELUWA, AROMOLARAN BEPO II.
The Owa of Ilesha, the Paramount Natural King of the Ijeshas, Nigeria.

weight of numbers, if by nothing else. In a recent speech at the Imperial Social Hygiene Congress, Sir Frederick Lugard said that there ought to be a steady supply of Africans trained in four categories—as hospital attendants, sanitary inspectors and dispensers, subordinate medical officers and fully qualified medical officers. This need, he continued, could only be met by popularising the medical profession in the secondary schools and by ensuring appointments to those qualified for either of the two last grades. Here then is an opportunity which West Africans should not allow to pass them by.

To conclude, if provisions were made in secondary schools to enable the student to qualify for the medical entrance examination, there is no reason why the student with adequate means should hesitate to read for the medical profession, considering the brilliant prospects which such a student has in West Africa.

Donations.

The following is the copy of a letter from Nana with a gift to the *Wasu*. The importance of the letter lies in having put the aim of the Union in a nutshell and in the assurance it gives of Nana's readiness to stand by and support the Union.

Contributions from other sources are published below.

Hotel Metropole,
London, W.C.2.,
9th July, 1928.

Ladipo Solanke, Esq.,
Sec., W.A.S.U.

Dear Mr. Solanke,

I am directed by Nana Sir Ofori Atta to enclose herewith a cheque for £50 which he gives to W.A.S.U. *for the establishment on sound progressive lines of their organ, the "Wasu."* It is Nana's desire that I should say that he stands by the words that fell from his lips at the dinner given to him by your Society and that so long as your Society pursues the best interests of the West African people as a *progressive entity evolving from the established order to the more developed order* we have in view, for so long will he, on behalf of his State, help and take a leading hand in the conservation of order and the creation of progress.

Good luck,

Faithfully yours,

(Signed) J. B. DANQUAH.

	£	s.	d.
Nana and Sir Ofori Atta	50	0	0
"A Negro"	5	5	0
A Student in Glasgow	1	0	0
	£56	5	0

Received with thanks.—*Wasu*.

Account of Dinner for Nana Ofori Atta.

ON JUNE 30th, 1928.

An historic night in which Ethiopia seemed to have returned in all its splendour and magnificence in the person of the chief guest, Nana and Sir Ofori Atta.

We were all in excited expectation as we stood in the rooms allotted for the dinner at the Holborn Restaurant on Saturday. Nana was to have arrived at 7.30, but it was now past 8 p.m. Groups of gentlemen, resplendent in silk facing jackets, white shirts and patent shoes stood conversing in low tones—they were probably suggesting reasons as to Nana's delay. A member sent to enquire on the 'phone whether Nana has left his hotel, came in. Our energetic secretary bustled to and fro. Every step heard in the direction of the dining rooms was suspected to be that of Nana's suite, and all eyes turned towards the door.

About 8.30, and the herald announced the arrival of Nana and suite. A guard of honour was promptly formed, Nana and his suite filed into the ante-room, escorted by the President and Secretary, to a chair, carefully set by the photogtapher. After the photograph of the guests and members had been taken, members and guests were introduced to Nana, we proceeded to the dining room, Nana taking the lead.

It was a beautiful dining room, dazzling with lights, mirrors, glasses, and gilt furniture, and the table was arranged semi-ovalwise. The first of the eight courses was served, wine in abundance, the play of forks and knives on plates, clinking, clattering, the bustle of waiters.

Nana did not eat, as tradition forbade his eating in public, nor did his "African Soul," but the staff bearer and his "white soul" did the eating for them both. Nana smoked cigars, sipped some white wine, scanned the room round (probably thinking how lovely it looked) and turned to his left to have a chat or two with the President.

Dinner over, the toast of the King was drunk, and the President began his opening speech:—

That occasion was a landmark in the history of West Africa, and the Union was pleased to have had the honour of Nana's company. The object of the Union was to reveal the African mind, and a psychological fact was to be borne in mind, namely, that there was no better interpreter of a mind than the possessor of the mind (Cheers).

Mr. K. Adumua-Bosseman was then called upon to propose the toast of Nana. He expatiated on Nana's progressiveness as a ruler, his industry, and decisiveness as a public character, and his regal munificence which is remarkably expressed in his support of schools, hospitals, and building of roads.

The seconder of this toast, Mr. A. T. Ariori, remarked that as West Africa was now in a transitional stage it was comforting to think that its destiny was in the hands of men such as Nana, whose sterling good qualities, the proposer of the toast had mentioned. Critics of Nana's policy had been actuated by love for their country, and were not insensible to the splendid spirit behind that policy.

The toast of Nana Sir Ofori Atta of Akim Abuakwa was then drunk, while all sang " For he's a jolly good fellow."

His Serene Highness then rose smiling, and his staff bearer stood by his side while he spoke :—

Mr. Chairman and Gentlemen,

I wish, Mr. Chairman, you could place yourself in my position, you would realise better the difficulties I am up against. Speaking as an African Chief to an assembly mostly composed of people of my race, I should like to speak in my own language, but I am afraid this cannot be done.

The linguistic difficulty therefore makes me address you in a language not my own, a language of which I have a very limited knowledge. (Cries of " No ! no ! "). If there be any mistakes, if I fail to convey to you in the right expression what I mean to say, I should crave your indulgence, and I should ask you to attribute such imperfections to a limited knowledge or the language in which I address you.

I feel very proud to be amongst you and to have an opportunity of saying a word or two. When I landed at Paddington and saw some of my countrymen who had come to meet me, some of whom I knew so well, I felt that although I was over 3,000 miles away from my home, I was quite at home here. When the great crowds of English people extended to me a cordial and enthusiastic welcome I became happier still (Cheers). Well, gentlemen, the hearty and cordial reception I have received everywhere I have been since my arrival in England is simply wonderful, and I shall preserve pleasant memories of it as long as I live (Cheers).

I have listened to the roll of attributes which the proposer of the toast so eloquently narrated in his speech and which he described as kingly attributes, my attributes as a public man, and those as a private man. I feel tempted to regard those words as a mere after-dinner talk (Cries of " Oh no, no, no "). Well, if the words that fell from the speaker's mouth must be regarded as words really meant, and if I am to believe that he was sincere in uttering them, then I should say I regard myself as a lucky man indeed to have come here to see you face to face (laughter).

I have been following the activities of your Union with keen interest. At first I was not quite clear of its aims and objects and not wishing to commit myself to anything which might be damaging to our idea of progress in the Gold Coast, I sat by for some time. I am pleased to be able to say now that you have since proved to me that you are entitled to all support possible, and I say again as long as you keep within those noble objects and ideals which I believe your Union pursues I shall support you, and this I say on behalf of myself and of the Chiefs and people of my State (Cheers). Both the proposer and seconder of my toast said a lot of good things regarding my career in the Gold Coast, and referred to what they considered to be a sign of progressiveness in the Natural Rulers of the country. In my own case he referred to roads and schools built in my State. I do not wish to controvert what the speaker said in this regard, but there is one thing I should particularly like to remind you of. Whatever be the achievements I might be credited with, they were all brought about by the wholehearted support of my Chiefs and people. Their loyalty to me is beyond all doubt and reproach. It is most sincere ; and what I regard as

having been achieved in any capacity for the public good, is entirely due to their loyalty to my stool (Loud cheers). I must also tell you that I have had throughout the assistance of our local Government in the development of my State (Cheers). You will therefore see that the credit of what has been done does not belong to me at all.

As regards the progressiveness of the Natural Rulers in the Gold Coast, I am pleased to hear your remarks. Luckily, there are no partisans in the Gold Coast, if there were, I am sure the Chief's would be said to belong to the Conservative party. But let me tell you that our Conservatism does not in any sense imply that we are anti-progress nor can it be rightly said that our policy is to set the hands of the clock of progress back. No, not by any means (Cheers). The aim and object of the Chiefs is to see, that we should progress, but progress only on the right lines. We feel that it would be a great pity, in fact, it would be a calamity, if we at once broke contact with the past, and cut ourselves away from the tradition of the country. The Chiefs are satisfied that our tradition is such that we should not be ashamed. We like to prove to the British public and to the world at large that before the advent of British administration we had our own civilisation. For it seems to us that a country without tradition cannot be regarded as a nation by itself, so if we lost touch with our tradition we can never regard ourselves as a nation prior to our contact with the British people. Gentlemen, I particularly call your attention to the fact that the fundamental principles that underlie Native Administration in the Gold Coast are capable of standing the challenge of any civilised country in the world (Loud applause). We have our institutions and customs. There are some, of course, which appear to be archaic and obsolete, customs which are incompatible with civilisation, those, I should say, should die a natural death. On the other hand I strongly maintain that nothing should be done to impair those worthy customs and institutions by which we can retain our nationality (Loud applause). As time goes on some may be required to be polished and improved upon, and this can only be done by ourselves, especially by those who are deeply interested in it and who are *properly educated for the task.* At this point I should like to emphasise the importance and need for research work into our customs and institutions, for I challenge anyone, whatever country he may come from, to say that most of the customs and institutions which are found to-day to be best for us, should be thrown away, or deny the fact that our West African ancient civilisation could of course in time stand on equal footing side by side with any other culture in the world (Loud applause). It is said that I am a staunch supporter of the Government. I am satisfied that the Government have now made up their mind to support and strengthen our worthy customs and institutions and so long as the Government pursue that policy I shall give it my very strong support.

With regard to politics it would seem that we do not need to discuss any controversal subject to-night but I wish only to say I am aware that some of youtake interest, perhaps I need not say "intelligent" interest, in Gold Coast or West African politics. What I wish to impress on you is that before any of you speak or take his pen to criticise the Chief's in the Gold Coast for any action of theirs, he requires to be correctly and well-informed

of all sides of the question. I see that in this country the newspapers do most of the talking for the people, but whilst I say nothing in disparagement of our local Press, I cannot help saying, and I regret to have to say so, that if you would always choose to be informed of the state of politics in the Gold Coast by what you read in the local Press you will in a majority of cases be misled. The seconder of the toast correctly referred to criticisms which I received in the Gold Coast. I wonder whether there has been anything said or done by me which has not been criticised. No public man will decry criticism ; and in fact I am a great believer in the maxim that criticism is the salt of government, but the most regrettable part of it is that the sort of criticism that I have read was not such as could help anyone. What can one do with so-called criticism crouched in abusive epithets and personalities. To my intense regret I have had to ignore them and send the paper to its fate in the waste-paper basket. Therefore it is of the utmost importance that you should show some care in the study of any question or measure before you deal with it.

I have said that this is not the time to introduce any controversial topic. But this much I must say. Whatever differences of opinion we may have I should like to assure you that the Chiefs and people, the educated African and the uneducated are one (Hear, hear). Our common desire and object is to maintain and improve a status which will eventually bring to us some sort of independence, whilst owning allegiance and unswerving loyalty to the British Crown. I wish to assure you that in no other part of the Empire can you find more law-abiding and more loyal subjects than in the Gold Coast (Applause).

There is one point I need emphasise. I am convinced that co-operation between Europeans and Africans is the demand of the day. The one cannot do without the other. This to my mind is the real key to the solution of our problems in Africa, especially in the Gold Coast and West Africa. This should be the sermon of the day and the dominating spirit of the times (Hear, hear).

I am happy to find that even here in England you practice co-operation, for I see among us here to-night some Europeans of consequence, and I am particularly pleased to learn that one of them is an official from the Colonial Office. I shall be happy to carry with me the report that in the heart of the Empire Europeans and Africans sit side by side and dine together. I do trust that the officers of the Colonial Office, into whose hands the destinies of the millions of Africans have been entrusted will make it their duty to help and assist those West Africans who come here to study, for the benefit is not only the African's but the Empire's as a whole. Any such assistance given will always be much appreciated and it must be remembered that one African student who returns to us properly educated becomes a national asset. The Natural Rulers will then not need to entertain any fear as to the capacity of the people into whose hands the destiny of our country will have to be left in the future.

As regards the question of establishing an hostel or central place for you in London, I wish to say that the matter is seriously engaging our minds in the Gold Coast. We are deeply interested in it. I remember that a few months ago the Gold Coast branch of your Union, the W.A.S.U. Society, had a meeting over which I presided, the first time I think that a

West African Chief was ever allowed to occupy a Chair of this sort—another grand omen (Cheers). It was a successful and very interesting meeting, and after hearing the speeches of various past students I felt that the time had come that something was done in the matter (Hear, hear). I pronounced myself in favour of the scheme and I have no doubt that my brother Chiefs in the Gold Coast, when fully and properly informed, will give you their hearty support (Hear, hear). All that we need now is for you to present us with a definite scheme by which you would let us know what is necessary to guide us in our deliberations. I know that something is going on actively in the Gold Coast about the matter. On the last occasion I had to be present with the W.A.S.U. Society of the Gold Coast, to which I had been appointed a patron, I promised the members that I would try to meet the W.A.S.U. in England and discuss the matter with its officers with a view to taking back home with me something tangible and sufficient for our guidance. You will therefore observe that it is my charge to discuss the matter with you and I hope to see your officers on the subject before my departure.

I can see what a drain a gathering as this has been on the already taxed purse of the West African students, but I wish to assure you that the motive and the spirit that actuated you in giving me this splendid banquet is deeply appreciated.

My dear young people, the honour you have done me is not to me personally but to my State and to the Gold Coast and West Africa as a whole, and on my return to Africa I shall give a full report of this to my people (Hear, hear). I thank you from the bottom of my heart, on behalf of my State and West Africa, I wish your Union a long lease of existence and prosperity, and I hope you will continue to combine for the proper and sound progress of our land for " In Unity lies strength." (Loud and prolonged cheers).

Mr. Solanke proposed the toast of the guests, and a response came from Mr. Hughes Thomas, who styled himself Nana's " White Soul." During Nana's visit in England he had not been separated from him once except when Nana, very much pleased with the escalator, ascended to again enjoy the delightful experience of descending.

The next toast was that of West Africa. In proposing it, Mr. J. F. Hutchinson said unity was impossible among West Africans some time ago, and that the native would not appoint an educated man as Chief for fear he would destroy native tradition, and play into the white man's hands. He was glad to see West Africans desirous of progressing along national lines.

Replying to the toast, Mr. Julius Ojo-Cole emphasised that Africa which was three times the area of Europe, is as inestimable in importance to the whole world, as West Africa with its abundant products to Empire trade.

The destiny of West Africa was inseparably interwoven with that of Great Britain, and other countries of the Empire, but we were looking forward to a time when under the gracious favour and protection of His Majesty the King, the four separate colonies of West Africa would be united by one common political interest, one common civilisation, one national ideal. That occasion was a foretaste of our vision of West African

nationalism, for in the room were youths from the four British Colonies of West Africa, a representative of His Majesty the King, and Nana Sir Ofori Atta, the central force, who bound both together in that happy co-operation which was essential for progress in West Africa. Progress must be assessed in terms of spiritual values and no civilisation had been built without a spiritual foundation. Rome built her civilisation on "virtus" that is manly virtues ; the Greeks on beauty of form and thought. True, Drake and Hawkins added wealth and territory to Great Britain, but idealists such as Sir Thomas More, Shakespeare and Milton made men's hold on these things last.

Defining a leader, Mr. Ojo-Cole said it was that man who had the wisdom to understand both the mentality of the African and that of our rulers. He was the man with indefatigable enthusiasm, who had unflinching faith in the possibility to develop our resources, customs and institutions ; faith in the genius of the race, and admiration for the achievements of our ancestors. All these qualities had been shown by Nana. West Africa congratulated Nana, and was proud to associate herself with the honours conferred on Nana by the King.

The toast of the W.A.S.U. was proposed by Major Vischer, of the Colonial Office :—

" I have been asked to propose the health of the West African Students' Union. I do so with special pleasure, as it has been my privilege to meet the members of the Union and discuss our common African problems on various occasions.

You have heard from the guest of this evening, Nana Sir Ofori Atta, what he expects from the members of this Union, and you have every reason to be happy about the interest he takes in the Union's work, and the assistance which he has promised to give it. You have heard from other speakers a good deal about this Union, the place it is taking to-day and the work it hopes to achieve in the future. Allow me in a few words to tell you some facts which may not be known to all of you regarding the West African Students' Union.

The Union was started in 1925 as a national organisation to promote a spirit of unanimity and co-operation between Africans, and to create on this basis a good understanding between Africans and other races, in the first instance between the King's subjects in his various African Dependencies and those belonging to other races. The Union was successful in starting a journal, in itself a very creditable achievement in these days of great publicity. It succeeded further in getting itself recognised as an active and efficient body. The organisers of the World's Youths Conference to be held in Holland this August have asked the Union to send a representative. Branches of the Union have been established in different parts of Africa.

I have been able to discuss with you, as representative members of African students in London, the question of a hostel for African students in London. A hostel to become a centre and a home for young men who come here from Africa, a hostel belonging to yourself, aiming at being a veritable home to which your people will look as something belonging to themselves and not as a charity.

Finally the Union has been able to have the patronage of leading men in West Africa, the Hon. Caseley Hayford and our guest of this evening, Nana Sir Ofori Atta. Allow me to tell you that this is a splendid effort, and I am happy to be able to congratulate you on your achievement for I know the great difficulties under which all you students who come to this country have to live and work. I am happy about the success, particularly inasmuch as it constitutes a promise for the future.

I noticed in my discussions with you the special interest which you have in your own traditions and history. Before getting to know others you must know yourself. The work that you do in your Union must be done, as your guest to-night rightly said: "Under the guidance of your elders and chiefs." With the assistance of these you will discover in your own traditions and history treasures as yet unsuspected, which will make you proud and strong and which, when with your assistance they become known, will make the common culture of our Empire races the richer.

You will find all over the world that people are recognising what Africa and you Africans have yet to give. The existence of bodies like the International Institute of African Languages and Cultures is one example of the general interest that is taken in your language, in your art, music, sculpture, traditions and history. My connections with Africa and the Africans began, as you know, in Northern Nigeria, but I have travelled through most parts of Africa and visited all our African Dependencies. My knowledge of African languages and traditions is limited, but I have found everywhere I think what is the chief trait of the African character, loyalty, cheerfulness under all circumstances, and an invariable culture and politeness. I have never failed in all my travels in Africa, East, West, North and South, to find friends amongst the Africans I met, and never felt far from an African home where I knew a hearty welcome awaited me. The African loyalty, cheerfulness and politeness is, in my opinion, an outcome of deep philosophy that has yet to find occasion to express and reveal itself to a wider public. When in Nigeria I met many examples of these traits.

My first African servant, Amadu, nearly thirty years ago now, looked after me from the first day as if he belonged to my family, and on one occasion when we were attacked, only a few weeks after he joined me, he refused to leave me in spite of very great danger to his life being incurred in the course of a misunderstanding or quarrel in which he took no part. I was taught the language by a learned and very cultured Mohammedan Hausa whom I had asked, in the course of our lessons, to tell me all that I should know of the local manners and customs. On one occasion, feeling hot and tired, I yawned, when my instructor touched me on the arm and said: "Master, in my country people who are well brought up always cover their mouths with their hands when they yawn."

The other day I received a letter from my successor in the Educational Department of Northern Nigeria, in which he told me that he had seen Amadu, now an old man and quite blind but cheerful as ever. The message he sent me was: "I am alive, I have good friends. He who has got these things has wealth and happiness. I thank God."

Wishing every success to the West African Students' Union, I hope that the members will ever remain my friends."

Seconding this toast, Mr. Barbour-James related his attempts to erase from the minds of the English public the idea of black inferiority by inviting certain members of W.A.S.U. to speak to societies in his own county of Acton. That method had proved very successful.

Mr. de Graft Johnson, replying to the toast, said that in spite of differences nowhere is better goodwill and sincere fellow-feeling to be found than that which exists in the West African towards the people of Great Britain.

Referring to the hostel proposed for African Students in London, the speaker called attention to the significance of the word "home" to the African and entertained the hope that the hostel would be a real home to students. The African desired co-operation and opportunity.

The evening was now far spent and the Chairman brought the affair to a close by asking for the National Anthem to be sung. There were many shaking of hands among the thirty-five people present. A crowd of members followed Nana out, and saw him off in his car with cheers.

Congratulatory letters and telegrams.

The following distinguished persons who were unable to be present at the Dinner sent to the Union warm greetings and congratulatory letters :—

1. His Royal Highness the Prince of Wales.
2. Lord Olivier.
3. Dr. J. H. Thomas, M.P.
4. Sir Gilbert Purcell, K.C.M.G. (Chief Justice of Sierra Leone).
5. Mr. Justice Tew (Nigeria).
6. Sir Ransford Slater, K.C.M.G. (Governor of Gold Coast).
7. Sir Gordon Guggisberg, K.C.M.G.
8. Sir Frank Baddeley, C.M.G. (Chief Secretary to the Nigerian Government).

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Books.

The following books have a direct bearing on the object of W.A.S.U. :—

1. By J. B. Danquah, LL.B., Ph.D. :
   (i.) Akan Laws and Customs.
   (ii.) Cases in Akan Law Decisions by Nana and Sir Ofori Atta Amanhene of Akim Abuakwa.

2. The proceedings of the Meeting of Missionaries in Africa at Le Zonte, Belgium, in 1926. Published by Mr. Edwin Smith.

3. The Four Essentials of Education, by Dr. Jesse Jones, of the Phelp Stokes Commission.

4. The two numbers of "Africa," a quarterly published by the Society for the Study of African Languages and Cultures.

The West African Students' Union of Great Britain.

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LADIPO SOLANKE, Esq., M.A., B.C.L., LL.B., Hon. Secretary of the West African Students' Union, and formerly a Wolsey Hall Student, writes 9/2/26:

"I have just received your favour of the 18th December last, tendering me your kind and hearty congratulations upon my recent success at the Durham B.C.L. This is really kind of you and it shows how deeply you are interested in all your past as well as your present students.

"I think I myself have cause to congratulate your College in return, as I find that my success at the said B.C.L. as well as at other English Law Examinations which I have now passed was due much to the nice and satisfactory lectures together with those good and practical drillings by way of test papers given me by your College.

"I am sure it will interest you and the College to learn that I have also passed the London LL.B. as well as all my Bar Examinations.

"I hope to pay a visit to Oxford before I return to my country and I shall be much pleased to know then the College that has done so well for me and has even earned so great a fame."

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BULLETIN No 7

AUGUST 15, 1925

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6

BUDGETS

AND

VISIBLE COMMERCIAL BALANCES

OF

EUROPEAN COUNTRIES

1922-1925

Economic reconstruction and readjustment have proved to be the most serious problems faced by post-war Europe. Seven years have now elapsed since the conclusion of the treaties of peace. Only during the last three years, however, has the economic and financial situation of most European countries been sufficiently normal to indicate the general trend. In this brochure, as a result, the status of the budget and foreign commerce of each country is given for the period since, and including, the year 1922. No comparison is made with conditions existing in 1913 or the period before the World War, for present-day Europe has few problems or general conditions similar to those of that period. Further, there appears to be no reason to assume, as is usually done, that 1913 was a "normal" year.

A full analysis of the foreign trade balance sheet of most European countries would show many items not indicated in the global sums as given in this brochure. The real commercial balance of a country would take into account "invisible exchange" items which do not appear in the customs returns. For the year 1924, for example, Great Britain had an unfavorable visible commercial balance of $1,507,000,000. In overseas investments, national shipping income, and other items, however, the same country had invisible exports for 1924 estimated by the British Board of Trade at $1,636,000,000. Thus instead of a deficit in British foreign commerce during 1924 there was really on this basis a surplus of $129,000,000. For most countries, however, the visible commercial balance affords an excellent indication of economic con-

ditions. Among the Balkan states invisible items in the foreign trade, except remittances by emigrants, are negligible. In 1924, for example, Albania had an unfavorable trade balance of $1,565,264. It is evident that Albanian nationals do not have large investments abroad, that tourists do not spend millions annually there, as in France, and that other invisible items do not figure to any appreciable extent.

The foreign trade of most countries for the first months of 1925 has usually been given. It should be understood, however, that the returns for certain months, particularly in agricultural countries, are not always indicative of the balance for the year. Finland, for example, for the first five months of 1925 has an unfavorable trade balance of $10,981,729. When the timber shipping season begins later in the year, however, this unfavorable balance will undoubtedly be favorable.

No statistical picture can be conclusive, but it is conceived that commercial balances and government budgets may be usefully considered together in arriving at a fair understanding of actual economic and financial conditions. So far as has been possible in the face of budgets drawn up in widely different manners and which separately must be translated from practically every European language, an attempt has been made to present comparable items with identical terminology. Where doubt existed as to what an item really included, a literal translation has been followed. It should be noted that the figures given in an officially published budget are reproduced as printed and that no attempt is made to go beyond such estimates.

Obviously, because of space requirements, it has been possible to give only the essential outline of each budget. The data as presented are usually self-explanatory, and comment has been generally omitted. All budgets are given in the original currency. A table of exchange rates has been inserted for convenience in making conversions when desired.

The completeness of this brochure was made possible only by the full coöperation of various embassies, legations, and consulates in Paris, ministries of finance, statistical offices, and representatives of the foreign service of the United States. From these sources it has been possible to obtain copies of the budgets as well as other supplementary and essential data.

AUSTRIA

A. — Budgetary Situation

Prior to the fiscal year 1925 the Austrian budget was divided into an ordinary and an extraordinary budget. This system is no longer used. Since 1921 the fiscal year conforms to the calendar year. Prior to 1925 the crown was the monetary unit; in the 1925 budget the schilling [1] is used. A comparison may be made by conversion at the rate of 10,000 crowns to one schilling. The 1924 budget, for example, if reduced to schillings, would show

1. It should be noted that the part of exchange is 34.58 schillings to £1 and that there is consequently no similarity of value between the Australian schilling and the English shilling.

revenue totaling 867,189,065 schillings and expenditure totaling 934,598,058 schillings, totals which may be compared with the 1925 budget as given below.

Year	Revenue	Expenditure	Balance
1922.....	207,693,400,000 crowns	245,094,500,000 crowns	— 37,401,100,000 crowns
1923.....	5,976,619,900,000 "	8,640,870,200,000 "	— 2,664,250,300,000 "
1924 (budget)	8,671,890,652,000 "	9,345,980,589,000 "	— 674,089,937,000 "
1925 (budget)	856,855,932 schill.	914,462,436 schill.	— 57,606,504 schill.

Budget for fiscal year 1925-1926 :

	Revenue		Expenditure
A. — *General Administration :*		A. — *General Administration :*	
Fiscal receipts (total).....	547,010,000	Government	2,241,389
Coinage	14,210,300	Administrative tribunals	449,428
Cash transactions	4,566,376	Court of accounts	327,298
Public debt	17,007,163	Public debt	157,301,207
Payments from provinces and communes	9,838,577	Subsidies to provinces and communes	4,413,107
Pensions	5,376,615	Pensions	163,151,150
Execution of Treaty of St. Germain	3,011,000	Federal Chancellery 3	3,319,052
Public authorities, administrative tribunals, courts of accounts....	2,251	Public Instruction, Fine Arts and Church	52,127,605
Federal Chancellery	110,895,518	Social work	137,633,463
Public Instruction, Fine Arts and Church	4,217,438	Finance	43,378,210
Social Work 1	86,789,412	Agriculture and forestry	19,239,942
Finance 2	3,206,505	Commerce and communications ...	51,581,406
Agriculture and forestry	1,450,288	Army	69,457,900
Commerce and communications	6,165,032	Execution of treaty of St. Germain	20,195,065
Army	681,200		
Total of revenue of general administration	706,851,209	Total of expenses of general administration	832,393,688
B. — *Monopolies* (net revenue) :		B. — *Monopolies :*	
(Tobacco, salt, public lotteries, powder and explosives)	147,397,765	(Tobacco, salt, powder and explosives)	4,910,400
C. — *Government enterprises :*		C. — *Government enterprises :*	
(Posts, telegraphs and telephones, forests and public domains, money, federal pharmacies and *Journal de Vienne*)	2,606,958	(Posts, telegraphs, telephones, and miscellaneous)	17,293,348
		D. — *Railroads*	59,865,000
Grand total.....	856,855,932	Grand total.....	914,462,436

References : Ministère des Finances (France), *Bulletin de Statistique et de législation comparée*, July 1924, September 1924, and March 1925; *Bundesgesetzblatt* (Austria), March 31, 1925.

B. — Import and Export Statistics

Year	Imports	Exports	Balance
	gold crowns	gold crowns	gold crowns
1922.....	1,757,284	1,111,417	— 645,867
1923.....	1,922,223	1,129,485	— 792,738
1924.....	2,412,350	1,380,624	— 1,031,726
	schillings	schillings	schillings
1925 (first 3 months).....	371,645,000	264,440,000	— 107,205,000

References : Bundesamt der Statistik, *Amtliche Statistik über den Aussenhandel.*

1. Includes 55,679,200 schillings representing the contribution of the employers, employees, and the communes to unemployment insurance.

2. Includes only revenue of the Central administration and foreign services. The other revenue appears in the fiscal revenue, coinage, and cash transactions.

3. Includes the Chancellery and Ministries of Foreign Affairs, Justice, and Interior.

BELGIUM

A. — Budgetary Situation

The Belgian budget is not presented as an entity, but is, for 1925, contained in 18 distinct bills separately presented. These consist of 15 proposals for the ordinary revenue and expenditure, one for the extraordinary revenue and expenditure, one for recoverable expenditure according to the Treaty of Versailles, and one for the administrations of the Navy, Post and Telegraph Departments. Since 1924 the railways have formed an autonomous institution and are not included in the state budget.

Year	Revenue	Expenditure	Balance
		(in Belgian francs)	
1922.....	6,722,623,869	8,079,677,404	— 1,357,053,535 [1]
1923.....	5,942,776,886	8,185,203,075	— 2,242,426,189 [1]
1924.....	6,696,472,738	7,619,552,898	— 923,080,160 [2]
1925.....	5,697,725,118	6,470,260,502	— 772,535,384

A detailed account of the budget for the fiscal year 1925 follows :

I. — Ordinary Budget

	Revenue
A. — *Ordinary Revenue :*	
1. Direct contributions, taxes on land, property, income, automobiles, theatres, gambling, mines, etc.	1,240,500,000
2. Import duty	584,000,000
3. Customs and excise duties....	468,050,000
4. Eventual revenue due to Belgium on joint account with Luxemburg	1,000,000
5. Miscellaneous revenue	3,750,000
6. Registration and public domain fees	1,243,152,000
7. River, canal, lock and quai tolls	13,350,000
8. Domain, forests, fishing rights, prison production, participation in profit of National Bank of Belgium, bonus on bank notes circulating in excess of 275 million, dividend on stock in Congo Railway Company, etc. ..	138,952,975
9. Various reimbursements from municipalities, departments and provinces	148,715,469
B. — *Exceptional Revenue :*	
10. Special tax on war profits, etc.	35,000,000
11. Profit on sale of German ships allotted to Belgium by Spa Convention	10,000,000
12. Miscellaneous reimbursement..	61,636,000
C. — *Compensation Revenue :*	
13. Levy on the departmental budgets as their contribution to the Public debt...	217,301,044
14. Reimbursement by Germany of cost of Belgian army of occupation	102,600,000
Total ordinary revenue....	4,268,007,488

	Expenditure
1. Public debt	1,968,993,557
2. Civil service, Senate, Chamber of Representatives, and Court of Accounts.....	12,348,693
3. Ministry of Justice	115,640,436
4. " Foreign Affairs ..	32,187,930
5. " Interior & Hygiene	47,855,908
6. " Arts and Sciences	321,499,975
7. " Agriculture	32,783,602
8. " Public Works ...	95,770,806
9. " Industry, Labor & Social Welfare..	105,519,832
10. " Colonies	6,451,432
11. " National Defense	521,439,847
12. Police force	57,424,800
13. Ministry of Finance	175,097,419
14. " Economic Affairs..	1,651,600
15. Loss and reimbursement.....	451,955,200
16. Proposed increase of salaries and pensions	210,000,000
Total ordinary expenditure....	4,246,621,057

Note : Of the amount 1,615,672,300, set aside for administration expenses, 169,137,505, is regarded as extraordinary.

1. Supplementary credits which possibly total more than the total budgetary estimate, are not included in these figures.

2. To the total expenditure and thus to the deficit should be added supplementary credits totaling 8,020,494,797 francs.

II. — Extraordinary Budget

Extraordinary Revenue :		*Extraordinary Expenditure :*	
Bank credits and other revenue..	109,721,500	1. Ministry of Justice	740,800
		2. " Foreign Affairs ...	300,000
		3. " Interior & Hygiene	6,000,000
		4. " Arts and Sciences..	23,235,000
		5. " Agriculture	725,000
		6. " Public Works	249,949,100
		7. " National Defense ..	148,055,000
		8. " Finance	192,414,559
			621,418,659

III. — Recoverable Budget

Reparation Revenue :		*Expenditure :*	
1. Expected deliveries in kind and cash payments from Germany	756,000,000	1. Ministry of Justice	1,516,139
		2. " Interior & Hygiene	7,200,000
		3. " Agriculture	5,795,000
		4. " Public Works	28,135,600
		5. " National Defense ..	107,262,552
2. Miscellaneous receipts	220,707,630	6. " Finance	7,534,525
		7. " Economic Affairs ..	623,775,414
		8. Departments of Navy, Posts and Telegraphs	195,488,400
	976,707,630		976,707,630

IV. — Budgets for Navy, Post and Telegraph Departments

	Revenue		Expenditure
1. Navy Department	25,295,000	1. Navy Department	48,766,676
2. Postal Department	181,709,500	2. Postal Department	154,282,934
3. Telegraph Department	133,000,000	3. Telegraph	122,172,696
		4. Increase of salaries and pensions	40,000,000
	340,004,500		365,222,306

Recapitulation of the Budgets for 1925 :

	Revenue	Expenditure	Balance
I. Ordinary Budget	4,268,007,488	4,246,621,057	+ 21,386,430
II. Extraordinary Budget	109,721,500	621,418,659	— 511,697,159
III. Recoverable Budget	976,707,630	976,707,630	—
IV. Budget for Navy, Post and Telegraph Departments	340,004,500	365,222,306	— 25,217,806
	5,694,441,118	6,209,969,652	— 515,528,534
Constructions	3,284,000	260,290,850	— 257,006,500
	5,697,725,118	6,470,260,502	— 772,535,384

Reference : *Budgets des Recettes et des Dépenses du Royaume de Belgique pour l'Exercice* 1925. Bruxelles, Hayez, 1924.

B. — Import and Export Statistics

An economic union between Belgium and Luxemburg came into force in May, 1922. The figures as given below for 1922, therefore, cover only a period of eight months. The statistics for 1924 are provisional.

Year	Imports	Exports	Deficit
		(in Belgian francs)	
1922.....	6,482,487,000	1,400,544,000	2,081,943,000
1923.....	13,204,780,000	9,725,054,000	3,479,726,000
1924.....	17,581,108,000	13,932,504,000	3,648,604,000

Reference : *Annuaire Statistique de la Belgique*, 1923-1924.

BULGARIA

A. — Budgetary Situation

Year	Revenue	Expenditure	Balance
		(in leva)	
1922/23.....	4,345,740,000	4,646,163,413	— 300,423,418
1923/24.....	5,000,000,000	5,424,229,665	— 424,229,665
1924/25.....	6,604,250,000	6,604,931,002	— 681,002
1925/26.....	6,875,000,000	6,875,000,000	—

The law of April 25, 1922 provides for the fiscal years 1922-23 to 1925-26 an extraordinary expenditure amounting to 2,680,820,000 leva which is to be covered by the revenue from the national 6 ½ % loan of 1921 and eventually by the revenue from other loans, by the surplus of ordinary budgets, by the exchange of banknotes, by the coinage of small change and the like.

The extraordinary credits, established primarily for covering public utility expenses, and in particular for the restoration and development of railways and ports, may be spent in the course of each year only in so far as they are covered by corresponding revenues.

The revenue and expenditure actually effected according to the ordinary closed budgets are as follows :

Year	Revenue	Expenditure	Balance
		(in leva)	
1921/22.....	2,844,237,000	2,660,176,000	+ 184,061,000
1922/23.....	4,421,976,000	4,177,049,000	+ 244,927,000
1923/24.....	5,361,737,000	5,146,208,000	+ 215,529,000

An itemized statement of the budget for the fiscal year 1925-26 is given below.

	Revenue		Expenditure
1. Direct taxes	890,000,000	1. Government	56,235,980
2. Indirect taxes, customs.....	2,970,000,000	2. Public debt	1,387,955,731
3. Taxes and divers dues.....	630,000,000	3. Court of Accounts.....	22,996,750
4. Fines and confiscations	70,000,000	4. Ministry of Foreign Affairs	84,935,368
5. Railways	1,080,000,000	Ministry of Cults (Church)	37,911,500
6. Postal, telegraph and telephone services	250,000,000	5. Ministry of the Interior :	
7. Public domain, capital, and state enterprises	335,000,000	*a*) Administration and Police	291,248,090
8. Contributions from departments and communes for payment of teachers.....	420,000,000	*b*) Public Health	176,233,080
9. Other revenue	170,000,000	6. Ministry of Public Instruction	680,185,690
10. Revenue from closed budgets of preceding years	60,000,000	7. Ministry of Finance.....	229,718,080
		8. Ministry of Justice	142,454,520
		9. Ministry of War.....	1,232,069,480
		10. Ministry of Commerce, Industry, and Labor	143,295,740
		11. Ministry of Agriculture	239,538,450
		12. Ministry of Public Works :	
		a) Roads and municipal works	282,246,010
		b) Prestation of labor.....	162,832,360
		13. Ministry of Communications	869,033,640
		14. Ministry of Posts, Telegraphs and Telephones	194,060,790
		Aviation	25,249,320
		15. Expenses arising from Treaty of Peace	46,760,000
		16. For professional instruction	30,000,000
		17. Increase of functionaries' salaries	330,039,421
		18. Aid to functionaries dismissed by reason of restriction of work	40,000,000
		19. For payment of old debts...	70,000,000
		20. To cover expenditures of extraordinary budget for 1925-26	100,000,000
Grand total.....	6,875,000,000	Grand total.....	6,875,000,000

References : Budget of the Bulgarian State for the year 1925-26, published in the *Official Journal* (in Bulgarian) of April 30, 1925, and also issued separately by the Ministry of Finance ; *Bulletin de la Banque Nationale de Bulgarie.*

B. — Import and Export Statistics

Year	Imports	Exports	Balance
		(in leva)	
1922.....	4,037,662,000	4,326,718,000	+ 292,056,000
1923.....	5,120,660,000	3,537,134,000	— 1,583,526,000
1924.....	5,557,311,000	4,902,226,000	— 655,085,000
1925 (1st 4 months)...	2,315,497,000	1,763,833,000	— 551,664,000

Reference : *Bulletins Mensuels de la Direction Générale de Statistique du Royaume de Bulgarie.*

CZECHOSLOVAKIA

A. — Budgetary Situation

Year	Revenue	Expenditure	Balance
		(in Czechoslovak crowns)	
1922.....	20,269,774,000	20,495,802,000	— 226,028,000
1923 (budget).....	18,812,391,000	19,371,031,000	— 558,640,000
1924 (budget).....	16,391,294,000	16,993,977,000	— 602,683,000
1925 (budget).....	15,701,917,000	15,974,169,000	— 272,252,000

Expenditure and revenue in the Czechoslovak budget for 1925 are for the first time classified in two groups, one including the administrative or unproductive departments of the Government, the other the productive departments— that is the enterprises operated by the State, such as railways, posts and telegraphs, tobacco monopoly, state forests, state mines, etc. The object of this grouping is to facilitate the application of a law passed in 1922 for the so-called commercialization of state enterprises, the prime object of which is to put all the state enterprises on a self-supporting basis, necessitating, of course, the segregation of the accounts of these enterprises from the general state accounts. In the estimates for 1925 the "administrative" or "unproductive" expenditure amounts to 9,571,000,000 crowns, while the "productive" expenditure amounts to 6,403,000,000 crowns. The "administrative" revenue (from customs duties, taxes, etc.) amounts to 7,574,000,000 crowns, while the "productive" revenue amounts to 8,128,000,000 crowns. These estimates indicate that the productive government enterprises as a whole will produce a net profit in 1925 of 1,726,000,000 crowns, while the administrative departments will stand the Government a net loss of 1,998,000,000 crowns, leaving a net deficit for the year in the combined accounts of 272,000,000 crowns.

The budget for 1925, in thousands of Czechoslovak crowns, follows.

	Revenue :			Expenditure :		
	Administrative	Productive	Total	Administrative	Productive	Total
President of the Republic	—	—	—	3,000	—	3,000
Chancery of President	1,942	—	1,942	12,510	—	12,510
National Assembly	204	—	204	38,213	—	38,213
Supreme Administrative Court	54	—	54	4,833	—	4,833
General Accounting Office	—	—	—	4,620	—	4,620
Appropriations for local Governments	—	—	—	794,872	—	794,872
National debt	—	—	—	2,096,547	—	2,096,547
Pensions	94,017	—	94,017	613,102	—	613,102
Presidency of the Ministerial Council	46,976	33,800	80,776	57,442	31,910	89,352
Ministry of Foreign Affairs	25,150	—	25,150	141,579	—	141,579
" National Defense	32,644	24,836	57,480	1,815,436	22,582	1,838,018
" Interior	8,384	—	8,384	591,172	—	591,172
" Education	13,721	2,500	16,221	756,263	2,491	758,754
" Finance	7,169,753	1,924,373	9,094,126	744,797	813,765	1,558,562
" Commerce	49,396	—	49,396	42,287	—	42,287
" Posts	110	1,037,759	1,037,869	13,148	796,148	809,296
" Railways	807	4,169,137	4,169,944	44,092	3,977,605	4,021,697
" Agriculture	23,452	536,129	559,581	209,794	401,390	611,184
" Justice	15,583	—	15,583	284,258	—	284,258
" Public Works	41,795	394,888	436,683	315,826	352,947	668,773
" Social Welfare	9,943	—	9,943	794,142	—	794,142
" Food Supply	15,251	—	15,251	15,449	—	15,449
" Public Health	24,946	4,367	29,313	126,402	3,708	130,110
" Unification	—	—	—	1,839	—	1,839
Repatriation of Czechoslovak citizens	—	—	—	50,000	—	50,000
Grand total	7,574,128	8,127,789	15,701,917	9,571,623	6,402,546	15,974,169

B. — Import and Export Statistics

Year	Imports	Exports	Balance
		(in Czechoslovak crowns)	
1922.....	12,695,515,701	18,086,348,590	+ 5,390,832,889
1923.....	10,222,287,819	12,573,315,304	+ 2,351,027,485
1924.....	15,862,297,629	17,022,251,035	+ 1,159,953,406
1925 (1st 5 months)..	6,504,639,033	7,533,490,716	+ 1,028,851,683

Reference : Ministry of Finance, State Statistical Office, Prague.

DENMARK

A. — Budgetary Situation

Year	Revenue	Expenditure	Balance
		(in Danish crowns)	
1922.....	469,279,375	529,556,959	— 60,277,584
1923.....	434,345,061	481,288,361	— 46,943,300
1924.....	459,269,442	511,166,334	— 51,896,892
1925.....	445,833,292	448,680,811	— 2,847,519

The budget for 1925-1926, as adopted by the Parliament and confirmed by the King on April 1, 1925, follows.

	Revenue
I. — *Ordinary Revenue :*	
1. Returns from administration of state domain	— 1,091,323
2. Negative returns from state enterprises	— 19,215,406
3. Negative balance on interest account	— 1,760,639
4. Surplus of school funds and other funds	618,567
5. Taxation of real estate.....	11,336,000
6. Income and capital taxes.....	133,000,000
7. Transaction taxes (documentary stamps, etc.)	26,000,000
8. Consumption taxes (customs duties, taxes on liquor, sugar, tobacco, cards, candy, restaurants and theatres) ..	205,950,000
9. Registration dues, etc.	15,055,202
10. Profit from lotteries.....	2,524,267
11. Miscellaneous receipts	3,298,943
Total.....	375,715,600
II. — *Revenue from National Capital Account :*	
1. Real estate and state enterprises	19,025,692
2. Redemption of outstanding debts	4,170,000
3. New loans	11,045,000
4. Sale of stocks, and obligations	3,112,000
5. Inheritance tax	10,000,000
6. Revenue in virtue of act on stabilization of currency (Dec. 20, 1924)	20,890,000
7. Payments substituting former land dues, etc.	1,875,000
Total.....	445,833,292
III. — Cash on hand April 1, 1925	30,000,000
Grand total.....	475,833,292

	Expenditure
I. — *Ordinary Expenditure :*	
1. State payment to the King..	1,000,000
2. Yearly contribution to the Royal House	222,000
3. The Parliament (Rigsdag)....	2,576,345
4. Ministry of State	548,613
5. " Foreign Affairs...	6,754,942
6. " Agriculture	12,975,495
7. " Interior	74,030,616
8. " Social Works ...	56,905,407
9. " Public Works ...	9,149,516
10. " Industry, Commerce and Navigation..	5,303,247
11. " Justice	18,938,540
12. " Cults	4,135,882
13. " Public Instruction	68,051,244
14. " War (Defense) ..	40,690,801
15. " Navy	24,564,515
16. " Finance	25,598,371
17. Greenland	64,995
18. Bureau of Pensions	13,812,603
Total	365,323,312
II. — *Expenditure on National Capital Account :*	
1. Service of state debt.....	32,661,200
2. Acquisition of assets in connection with real estate and state enterprises	35,474,243
3. Construction of private railways	4,100,000
4. Loans and advances.....	8,067,953
5. Increase of stocks and working capital	1,179,103
6. Increase of public domain fund	1,875,000
Total.....	448,680,811
Cash on hand March 31, 1926...	27,152,481
Grand total.....	475,833,292

Reference : Danish Ministry of Finance, and Lovtidende A. — Nr. 10. Nr. 75. Finanslov for Finansaaret fra 1. April 1925 til 31 Marts 1926. (Act for the fiscal year April 1, 1925-March 31, 1926.)

B. — Import and Export Statistics

Year	Imports	Exports	Balance
		(in Danish crowns)	
1922.....	1,552,900,000	1,283,200,000	— 269,700,000
1923.....	2,030,500,000	1,684,800,000	— 345,700,000
1924.....	2,364,800,000	2,154,500,000	— 210,300,000
1925 (1st 5 months)	921,000,000	863,000,000	— 58,000,000

Reference : *Official Danish Commercial Statistics.*

ESTHONIA

A. — Budgetary Situation

Year	Revenue	Expenditure	Balance
		(in Esthonian marks)	
1922.....	6,818,100,000	5,517,200,000	+ 1,300,900,000
1923.....	7,131,900,000	6,794,000,000	+ 337,900,000
1924 (revised estimate)	7,218,800,000	7,235,500,000	— 16,700,000
1925 (budget).....	7,427,000,000	7,424,000,000	+ 3,000,000

It is estimated that, when the closed accounts for 1924 are available, there will be a surplus of some 300 million Esthonian marks. An itemized statement of the 1925 budget follows :

Revenue :

I. — *Ordinary Revenue :*

a)	Rates, taxes, and stamp duty	1,053,361,000
b)	Customs and excise.....	1,790,055,000
c)	Monopoly of spirits.....	1,014,400,000
d)	State capital	85,200,000
e)	Land, buildings, forests, etc.	1,053,852,000
f)	Railways	1,217,000,000
g)	Ports and warehouses.....	102,000,000
h)	Postal, telegraph and telephone services.....	390,000,000
i)	Various State enterprises.....	223,957,000
j)	State property	45,247,000
k)	Miscellaneous revenue	328,000,000
l)	Repayment of revenue of precedent years.....	25,000,000
	Total.....	7,328,072,000

II. — *Extraordinary Revenue :*

Sale of State property, profit on commercial agency of State, etc.	148,958,100
Grand total.....	7,477,030,100

Expenditure :	Ordinary	Extraordinary
Parliament	45,348,800	—
President and State Chancellery	30,954,000	10.050,000
State Control	34,556,000	—
Ministry of Finance	610,872,600	121,539,900
" Commerce and Industry	14,823,300	43,195,500
" Education	592,493,600	7,883,000
" Justice	236,898,000	5,000,000
" Interior	357,645,400	—
" Defence	1,383,444,000	308,746,800
" Agriculture	318,974,800	62,800,000
" Roads and Communications	1,635,870,500	306,086,300
" Foreign Affairs	112,765,000	—
" Labor and Public Welfare	349,690,700	86,593,000
National debt	292,576,100	87,294,700
General expenses	70,000,000	—
Operation funds	—	298,500,000
Total	6,086,913,400	1,337,689,200
Grand total	7,424,602,600	

References : League of Nations Document N° C. 240. M. 92. 1925. II. F. 227. *Report of the Financial Committee of the League of Nations on the Economic and Financial Situation of Esthonia;* the *Board of Trade Journal*, May 7, 1925, pp. 505-6.

B. — Import and Export Statistics

Year	Imports	Exports	Balance
		(in Esthonian marks)	
1922	5,589,420,000	4,835,580,000	— 753,840,000
1923	9,332,280,000	5,711,952,000	— 3,620,328,000
1924	8,204,208,000	7,865,784,000	— 338,424,000
1925 (1st 4 months)	3,006,554,000	2,679,708,000	— 327,846,000

Reference : *Recueil Mensuel du Bureau Central Statistique de l'Esthonie* (June 1925); *Données principales concernant la vie économique et sociale de l'Esthonie*, 1924-1925.

FINLAND

The Finnish fiscal year coincides with the calendar year. The budget is balanced without recourse to loans.

A. — Budgetary Situation

Year	Revenue	Expenditure
	(in Finnish marks)	
1922	2,176,658,795	2,176,658,795
1923	2,633,555,140	2,633,555,140
1924	2,936,183,800	2,936,183,800
1925	3,756,642,650	3,756,642,650

The budget for 1925 follows :

I. — Ordinary Budget

Revenue		Expenditure	
I. — *Land and other state property :*		1. President	1,771,000
1. Public domain	22,511,000	2. President's chancellery	250,000
2. Fisheries, rent of state properties, canals	17,250,000	3. Congress (Riksdag), State auditors & Solicitor General	8,138,000
3. Forests	174,500,000	4. Government departments	83,434,300
4. Railways	725,600,000	5. Library of Parliament, official publications, etc.	8,687,100
5. Interest	52,728,000	6. Ministry of Foreign Affairs	26,052,800
6. Industrial enterprises (including revenue from alcohol works, sulphuric acid and superphosphate works, and margarine factory)	97,150,000	7. " Justice	86,064,500
	1,089,739,000	8. " Interior	180,764,100
II. — *Direct Taxes :*		9. " Finance	50,243,800
7. Income and property taxes	400,000,000	10. " Defence	390,393,600
8. Tax on legacies and gifts, on interest and dividends, dues from foreigners, etc.	4,150,000	11. " Public Instruction	363,656,600
	404,150,000	12. Ministry of Agriculture	285,075,600
III. — *Indirect Taxes :*		13. Ministry of Transportation, Public Works	801,794,000
9. Import and export duties	1,065,100,000	14. Ministry of Commerce and Industry	55,192,100
10. Dues on tobacco and matches	174,000,000	15. Ministry of Social Works	77,692,100
	1,239,100,000	16. Miscellaneous ordinary expenditure	66,960,000
IV. — *Miscellaneous taxes :*		17. Pensions and ordinary subventions	62,202,000
11. Office and registration fees, stamp dues, fines, etc.	158,210,000	18. National debt	246,003,200
V. — *State Institutions :*		19. Estimated surplus on ordinary budget	396,384,850
12. Postal service	83,500,000		
13. Telegraph	19,600,000		
14. Shipping	22,900,000		
15. Public hospitals	12,000,000		
16. Pupils' fees in schools and various minor fees	4,531,000		
	142,531,000		
VI. — *Miscellaneous receipts*	97,209,650		
Total	3,130,939,650	Total	3,130,939,650

II. — Extraordinary Budget

1. Sale of state property, etc.	500,000	Expenditures of government institutions subject to the Chancellery and to the various ministries	625,703,000
2. Estimated surplus on ordinary budget	396,384,850		
3. Grant from cash balance	228,818,150		
	625,703,000		
Grand total	3,756,642,650	Grand total	3,756,642,650

Reference : Redogörelse för Kalkylerna till Statens inkomst= och utgiftsstat för 1925; Finlands Författningssamling 1925, N. 017.

B. — Import and Export Statistics

Year	Imports	Exports	Balance
		(in Finnish marks)	
1922	3,969,851,334	4,467,618,515	+ 497,767,181
1923	4,600,301,816	4,392,494,427	— 207,807,389
1924	4,713,350,489	4,965,621,735	+ 252,271,246
1925 (1st 5 months)	1,847,411,965	1,408,142,787	— 439,269,178

The foreign trade balance for the first five months of 1925 gives no indication of the probable final results of the year, for Finland derives the

greater part of its export values from timber, and the timber shipping season begins usually about the middle of the summer.

The committee appointed to investigate the possibilities of a return to the gold standard states in its report submitted in April 1925 that the so-called invisible income and expenditures of Finland (such as income of the Finnish merchant marine, expenses for the carriage of Finland's foreign trade by foreign vessels, remittances of immigrants, smuggling, interest to foreign countries for national debts, etc.) result annually in an unfavorable balance of approximately 1,000,000,000 Finnish marks (present rate) and that therefore the foreign trade statistics should show a favorable balance of at least a corresponding amount to make the national foreign income and expenditures balance.

FRANCE

A. — Budgetary Situation

The French general budget for the fiscal year 1925, was adopted July 13, 1925. The revenue is divided into three general headings: revenue realizable in France, revenue realizable in Algeria, and Reparations. The expenditure is distinguished between ordinary, extraordinary, and non-permanent expenditure, the latter being connected with the Reparation account.

The budgetary totals for the years 1922 to 1925 stand as follows:

Year	Revenue	Expenditure (in francs)	Balance
1922.....	24,200,000,000	48,900,000,000	— 24,700,000,000
1923.....	27,700,000,000	45,800,000,000	— 18,100,000,000
1924.....	31,100,000,000	40,200,000,000	— 9,100,000,000
1925.....	33,150,844,678	33,137,180,618	+ 13,664,060

The total revenue for 1922 to 1924 (inclusive) amounted to 83,000,000,000 francs as against an expenditure of 134,900,000,000. The deficit for each succeeding year, however, diminished, partly due to the increased revenue, partly to the cutting down of the expenditure. The budget for the fiscal year 1925 shows a surplus of 13,664,060 francs.

A detailed statement of the budget for 1925 follows :

	Revenue
I. — *Revenue in France :*	
a) Taxation :	
1. Direct taxes	6,171,640,000
2. Registry dues	5,200,550,000
3. Stamp tax	976,450,000
4. Tax on exchange transactions	166,000,000
5. Tax on transferable securities	1,849,000,000
6. Luxury tax	1,849,000,000
7. Tax on business turnover	21,000,000
8. Custom duties	4,439,000,000
9. Indirect taxes	2,305,332,000
10. Tax on sugar	3,759,620,000
	492,500,000
Total.....	25,381,092,000

	Expenditure
Ministry of Finance :	
1. National debt	18,573,589,682
2. Government (President and Parliament)	44,526,710
3. Ministry	2,018,481,539
4. Collection and administration of public revenue...	1,280,426,524
5. Reimbursement and loss....	298,173,000
6. Expenditure in connection with reparations	15,349,650
Total.....	22,230,547,105

Revenue		Expenditure	
b) Monopolies and state enterprises	2,639,560,584	Ministry of Justice	147,564,182
c) Public domain	374,500,000	" Foreign Affairs	131,739,747
d) Receipts by order	1,556,167,774	" the Interior	341,962,789
e) Other revenue	307,479,320	Ministry of War :	
f) Exceptional resources (tax on war profits, liquidation of stocks, levy on fiscal value of revenue and expenditure for 1925)	1,605,000,000	1. National Army	2,352,004,583
		2. Colonial troops	264,068,910
		3. Construction and new equipment	182,990,300
		4. Morocco	339,824,829
		5. Alsace Lorraine	1,760,400
		6. Exceptional expenditure resulting from hostilities	104,578,211
		7. Troops in the Saar Basin	21,000,000
		8. Army in the East	173,341,225
		9. Expenditure in connection with reparations	27,381,110
		Total	3,466,949,579
II. — *Revenue in Algeria*	11,545,000	Ministry of the Marine	1,251,973,465
		" Public Instruction and Fine Arts	1,735,998,076
III. — *Reparations*	1,275,500,000	Ministry of Commerce & Industry	28,839,938
		Ministry of Labor, Hygiene, Assistance and Social Prevision	641,391,780
		Ministry of Colonies	254,113,084
		" Agriculture	227,682,420
		" Public Works	1,903,290,568
		" Liberated Regions	533,187,645
		" Pensions	241,940,240
Grand total	33,150,844,678	Grand total	33,137,180,618

Reference : *Journal Officiel*, July 14, 1925, p. 6566.

B. — Import and Export Statistics

Year	Imports	Exports	Balance
		(in francs)	
1922	23,930,328,000	21,378,943,000	— 2,551,385,000
1923	32,608,012,000	30,431,510,000	— 2,176,502,000
1924	40,132,000,000	41,454,000,000	+ 1,322,000,000
1925 (1st 6 months)	18,836,523,000	21,624,385,000	+ 2,787,862,000

Reference : Le Temps, July 23, 1925.

GERMANY

A. — Budgetary Situation

The German budgetary year runs from April 1 to March 31. The revenue and expenditure are assigned to the year for which they have been authorized by the budget, irrespective of the time when they are effected. In case the Reichstag does not pass the estimates before the beginning of the fiscal year, special authorizations are provided for the intervening period.

The estimates for the fiscal year 1925 are divided into two separate budgets: 1) General Administration of the State and 2) War Charges.

Below are given the budgetary figures for the years 1924-25 and 1925-1926. The figures for the preceding years are not given because the abnormal state of the currency during those years renders them of no value for purposes of comparison.

1. The details of the final budget, when available, will be reproduced in a forthcoming number of the *European Economic and Political Survey*, issued by the Reference Service on International Affairs.

Year	Revenue	Expenditure	Balance
		(in Reichsmarks)	
1924/25.....	6,359,756,871	6,707,828,098	— 348,071,227
1925/26 (project).....	6,928,912,888	7,183,858,945	— 254,946,057

The details of the budget project for 1925-26 follow :

	Revenue
I. — General Administration of the Reich :	
1. *Administration :*	
President of the Reich.....	4,500
Reichstag	15,000
Ministry and Chancellery of the Reich	4,230
Foreign Office	16,174,200
Ministry of the Interior.....	1,713,965
Ministry for the Occupied Territory	306,170
Ministry of Economic Affairs	816,061
Economic Council	42,300
Ministry of Labor	1,094,244
" Reichswehr	7,242,450
" Justice	11,221,302
" Public Welfare and Agriculture	207,959
" Commerce	24,901,700
General pension fund	10,776
Court of Accounts	10,806
National debt	13,461,000
Ministry of Finance	50,171,935
	127,398,598
2. *Financial Administration :*	
a) Ordinary revenue :	
Taxes on property and commerce { permanent / temporary	4,104,000,000 / 36,000,000
Custom duties and consumption taxes	1,099,700,000
National office for the monopoly of spirits	600,000
Banking and monetary system	8,474,668
Professional instruction	145,833,333
Other revenue	30,000
Ministry of Posts	1,875,600
b) Extraordinary revenue	145,833,333
	5,542,346,934
II. — War charges :	
1. *Ordinary :*	
General financial administration from sources of the ordinary budget	161,760,690
Various revenue	490,000
2. *Extraordinary :*	
Professional instruction	1,095,416,666
Various revenue	1,500,000
	1,259,167,356
Grand total.....	6,928,912,888

	Expenditure
I. — General Administration of the Reich :	
1. *Administration :*	
President of the Reich.....	361,950
Reichstag	5,675,630
Ministry and Chancellery of the Reich	533,574
Foreign Office	20,010,000
Ministry of the Interior	125,057,899
Ministry for the Occupied Territory	7,729,630
Ministry of Economic Affairs...	10,941,000
Economic Council	649,280
Ministry of Labor	324,940,357
" Reichswehr	561,787,680
" Justice	8,380,720
" Public Welfare and Agriculture	4,895,670
Ministry of Commerce.....	184,596,860
General pension fund	1,202,220,776
Court of Accounts	2,009,814
National debt	154,838,535
Ministry of Finance	398,546,940
	3,013,176,315
2. *Financial Administration :*	
a) Ordinary expenditure :	
Expenditure in connection with tax laws	18,201,000
Assignments	1,857,610,250
Expenditure connected with revenue from monopoly of spirits..	600,000
Banking and monetary system..	8,474,668
Other expenditure	362,186,000
For professional instruction	145,833,333
To cover ordinary expenditure occasioned by war	161,760,690
b) Temporary expenditure ...	26,800,000
c) Extraordinary expenditure *	188,833,333
	2,770,299,274
II. — War charges :	
1. *Ordinary expenditure :*	
Ministry of the Interior.....	10,220,000
" Labor	5,300
" Commerce	13,502,500
" Reichswehr	7,680,950
General financial administration ..	130,839,940
2. *Extraordinary expenditure :*	
Professional instruction	1,095,416,666
Reparations	142,718,000
	1,400,383,356
Grand total.....	7,183,858,945

* Includes the payment of 145,833,333 Reichsmarks under the Dawes plan.

Reference : *Reichshaushaltsplan Entwurf für das Rechnungsjahr* 1925 *nebst anlagen.* 2 volumes.

B. — Import and Export Statistics

Year	Imports	Exports	Balance
		(in Reichsmarks)	
1923.....	6,161,200,000	6,116,400,000	— 44,800,000
1924.....	9,317,300,000	6,568,200,000	— 2,749,100,000
1925 (1st 5 months)..	5,764,798,000	3,444,585,000	— 2,320,213,000

Reliable statistics can not be given for the year 1922 on account of the then prevailing inflation. In considering the figures for 1923 and 1924 it must be noted that it has not been possible to keep an exact account of the

imports and exports of the occupied territories owing to the special system of administration. Not until November, 1924, were figures from these territories included, and in that month they were only partially complete. The reported figures for exports do not include deliveries in kind on reparation account, the value of which for the past eight months has been about 35 million reichsmarks a month.

References : *Statistisches Jahrbuch für das Deutsche Reich*, 1924; *Report of the Agent General for Reparation Payments*, May 30, 1925, Annex 2520 *a*; *German Trade Reports and Opportunities*, published by the American Chamber of Commerce in Berlin; *Politischer Almanach*, 1925.

GREECE

A. — Budgetary Situation

Year	Revenue	Expenditure	Balance
		(in drachmas)	
1922/23.....	1,588,500,000	4,862,600,000	— 3,274,100,000
1923/24.....	3,622,600,000	6,560,000,000	— 2,937,400,000
1924/25.....	3,958,580,698	4,475,298,207	— 516,717,509
1925/26.....	7,020,000,000	7,020,000,000	—

The details of the budget for 1925-26 are not yet available [1]. The budget for 1924-25 was as follows :

	Revenue		Expenditure
Ordinary revenue :		*Ordinary expenditure :*	
Direct taxes	822,538,000	Public Debt	1,005,827,018
Indirect taxes	1,709,214,000	Pensions	114,371,447
Stamp dues	222,897,000	Public security	97,487,901
Monopolies	240,000,000	Public works	213,061,720
Public domain	95,606,050	Public instruction	103,228,599
Posts, telegraphs, and telephones	129,289,000	Monopolies	96,299,304
Reimbursements	10,164,300	Posts, telegraphs, and telephones	102,320,800
Miscellaneous revenue	211,582,768	Army and Navy	727,046,769
Other state enterprises	14,772,500	Other administrations	546,431,815
Sale of state property	2,693,330	Total.....	2,906,075,373
Total.....	3,458,756,948	*Extraordinary expenditure :*	
Extraordinary revenue	499,823,750	Public security	103,350,500
		Posts, telegraphs, and telephones	35,938,655
		Public works	57,523,838
		Usual expenditure	430,842,840
		Army and Navy	518,910,000
		Refugees	219,395,001
		Colonization	4,700,000
		Other expenditure	198,562,000
		Total.....	1,569,222,834
Grand total.....	3,958,580,698	Grand total.....	4,475,298,207

References : Banque d'Athènes, *Bulletin économique et financier*, 1924 and 1925, passim : *The Economist*, July 11, 1925, p. 64; *Almanach de Gotha*, 1925; *Moniteur des Intérêts matériels*, February 27, 1925, p. 934.

B. — Import and Export Statistics

Year	Imports	Exports	Balance
		(in drachmas)	
1922.....	3,169,761,920	2,489,119,321	— 680,642,599
1923.....	6,035,345,777	2,545,110,111	— 3,490,235,666
1924.....	8,031,927,886	3,337,227,470	— 4,694,700,416

1. The details of the budget, when published, will be given in a forthcoming number of the *European Economic and Political Survey*, issued by the Reference Service on International Affairs.

HUNGARY

A. — Budgetary Situation

The fiscal year in Hungary runs from July 1 to June 30. In the table below the budgetary results for the years 1922-23 to 1924-25 are omitted because, on the one hand, no final accounts for these years have yet been published, and, on the other, because of the rapid depreciation of the currency, the budgetary figures represented very different values from one year to another. It would therefore be inaccurate to compare them. The figures of the budget for the year 1924-25 show a deficit of 1,698,818,500,000 paper crowns, which is the equivalent of about 100,000,000 gold crowns. It is believed however that, due to the increased revenue returns, the final accounting will show a surplus of about 50,000,000 gold crowns rather than the anticipated deficit. The budgetary estimates for 1925-26 show a surplus of 400,159,-625,000 paper crowns.

Year	Revenue	Expenditure	Balance
		(in thousand paper crowns)	
1924/25.....	11,163,076,010	12,861,894,510	— 1,698,818,500
1925/26.....	14,064,402,174	13,664,242,549	+ 400,159,625

The preliminary figures included in the budget for 1925-26 are given in detail :

	Revenue	Expenditure
Civil list and Chancellery of the Governor.....	1,489,375	20.969.580
National Assembly	182,700	40,505,039
State debt	209,022,975	1,026,403,723
Obligations under the Peace Treaty.....	—	116,000,000
State Auditor's Office	—	7,282,402
Chancery Court	—	9,299,577
National Land Regulating Court	—	9,468,865
Prime Minister's Office	425,000	30,691,723
Ministry of Foreign Affairs	38,422,500	97,964,166
" Interior	21,115,950	1,128,054,980
" Finance	8,026,915,066	1,525,488,284
" Commerce	55,540,990	274,350,132
" Agriculture	60,744,146	298,510,978
" Public Welfare	312,705,200	638,904,660
" Cults and Public Instruction	135,263,766	1,217,864,993
" Justice	21,470,860	557,321,971
" National Defence	4,321,020	1,343,378,850
Posts, telegraphs and telephones.....	987,800,000	958,672,356
Postal Savings Bank	82,928,800	80,503,840
State railways	3,471,111,000	3,626,332,638
State iron works.....	464,584,330	497,288,635
State forests	25,383,380	33,374,881
State farms	90,846,894	73,703,522
Silk culture	21,930,222	21,007,624
Coal industry	32,198,000	30,899,130
Grand total.....	14,064,402,174	13,664,242,549

Reference : *A Magyar Allam Költségvetése*, Budapest, 1925.

B. — Import and Export Statistics

Year	Imports	Exports	Balance
		(in gold crowns)	
1922.....	539,000,000	330,000,000	— 209,000,000
1923.....	423,000,000	338,000,000	— 85,000,000
1924.....	703,000,000	575,000,000	— 128,000,000
1925 (1st 5 months)...	285,300,000	226,500,000	— 58,800,000

IRISH FREE STATE

A. — Budgetary Situation

The first budget of the Irish Free State was for the fiscal year 1924-25. For that year the total revenue was £27,542,200, and the total expenditure £29,718,631, leaving a deficit of £2,176,431. The budget for the fiscal year 1925-26 is given below:

	Revenue (in pounds sterling)		Expenditure
A) Tax revenues :		Service on debt :	
Customs	7,894,000	Interest	585,000
Excise	7,120,000	Sinking fund, etc.	1,253,400
Estate, etc. duties	850,000	Other Central Fund services.....	2,053,127
Stamp duties	490,000	Supply services	26,238,453
Income tax	5,000,000	Capital issues	356,700
Super-tax	500,000		
Corporation profits tax.....	250,000		
Motor vehicle duties	450,000		
Total.....	22,554,000		
B) Non-tax revenues :			
Postal service	1,242,410		
Telegraph service	261,700		
Telephone service	310,500		
Special rate under the Damage to Property (Compensation) Act 1923	400,000		
Instalment of British contribution towards compensation	1,260,000		
Miscellaneous	1,211,500		
C) Capital raised for special purposes	356,700		
Total.....	4,686,110	Grand total.....	30,486,680
Grand total.....	27,596,810	Estimated deficit	2,889,870

Reference : Based upon information furnished by Mr. Charles Hathaway, Jr., American Consul General, Dublin, Irish Free State.

B. — Import and Export Statistics

There are no figures covering the foreign trade of the Irish Free State prior to 1924. Imports during the calendar year 1924 amounted to £65,811,406, and exports amounted to £49,752,313. For the first three months of 1925 imports totaled £15,551,920, and exports £9,548,047.

ITALY

A. — Budgetary Situation

The Italian budget is established, not for the fiscal year, which runs from July 1 to June 30, but for the budget year. That is to say, the revenue and expenditure created and provided for in a certain budget are included in that budget irrespective of the time when they have been effected. There is but *one* Italian budget, and in it are included all the revenue and expenditure of the Government. Though separate budgets exist for the railways, forests, etc., their totals are all incorporated in the general budget.

Year	Revenue	Expenditure	Balance
		(in lire)	
1922/1923.....	18,803,548,000	21,832,382,000	— 3,028,834,000
1923/1924.....	20,581,334,000	20,999,763,000	— 418,429,000
1924/1925 (budget)..	19,939,605,260	19,887,291,540	+ 52,313,720
1925/1926 (budget)..	18,944,265,157	18,819,774,045	+ 124,491,112

The important details of the budget for 1925-1926 are given below:—

	Revenue		Expenditure
Public domain	86,926,535	Ministry of Finance.....	10,224,969,817
Direct taxes	4,671,500,000	" Justice	405,170,332
Taxes on transfer of capital.....	2,905,130,000	" Foreign Affairs ...	571,473,300
Excise duties	2,691,950,000	" Colonies	306,665,300
Industrial monopolies (tobacco, salt, matches)	3,221,880,000	" Public Instruction..	1,203,338,207
Various fiscal revenue (lotteries, quinine, secondary public services, etc.)	799,091,000	" Interior	346,234,271
Posts, telegraphs and telephones	868,000,000	" Public Works	1,362,323,200
Reimbursements	432,236,092	" Communications ..	1,027,304,393
Other non-fiscal revenues	1,517,911,994	" War	2,129,985,447
Reparations	300,000,000	" Marine	980,000,000
Construction of new railways....	250,000,000	" Public Economy ..	262,309,778
Movement of capital (sale of property, loans, reimbursement of sums advanced by Treasury, recovery of credits, etc.).....	1,236,970,332		
Clearing account	62,669,204		
Grand total.....	18,944,265,157	Grand total.....	18,819,774,045

References : *Gazzetta Ufficiale*, June 24, 1925, N° 145, p. 2658 ; *ibid.*, July 24, 1925, N° 170 ; *Bulletin de Statistique et de Législation comparée*, January, 1925, p. 181 ; budgets as published by the Ministry of Finance.

B. — Import and Export Statistics

Year	Imports	Exports	Balance
		(in lire)	
1922.....	15,770,383,000	9,297,218,000	— 6,473,165,000
1923.....	17,189,100,000	11,085,600,000	— 6,103,500,000
1924.....	19,387,100,000	14,309,600,000	— 5,077,500,000
1925 (1st 6 months)..	14,243,700,000	8,445,900,000	— 5,797,800,000

References : *La France et le Marché Italien*, published by the Italian Chamber of Commerce in Paris, N° 1, 1925, p. 4 ; The General Confederation of Italian Industries, *Business and Financial Report*, August 1, 1925 ; *Supplemento Ordinaria alla Gazzetta Ufficiale del Regno D'Italia, n.* 192, *del* 20 *Agosto* 1925.

LATVIA

A. — Budgetary Situation

The Latvian budget is divided into two sections, ordinary and extraordinary. Expenditure is limited to the income, and the country therefore has a balanced budget. Income is derived from customs duties, direct and indirect taxes, spirit and flax monopolies, the state forests and the state railways. Extraordinary expenditure is principally for aid to farmers, war reconstruction, improvement of communications, and education. Both income and expenditure are usually underestimated by about ten per cent. which is made up in the form of a supplementary budget toward the close of each year. All figures given below are in Lats, which are equivalent to gold francs.

The budgets have balanced at the following figures:

1922-1923	Lats	179,646,667
1923-1924	"	174,083,930
1924-1925	"	193,726,965
1925-1926	"	160,949,256

The Latvian budget as approved for the year April 1, 1925 - March 31, 1926, is as follows, in summary:

Ordinary:

	Revenue	Expenditure
1. State President and his office	5,820	153,354
2. Parliament	1,720	962,787
3. Cabinet of Ministers and State Chancellery	24,115	235,136
4. Statistic Bureau	3,600	889,892
5. Foreign Office	952,720	2,242,696
6. Ministry of Justice	1,031,750	5,258,428
7. Ministry of Interior	1,783,157	9,051,597
8. Ministry of Education	1,862,589	15,353,426
9. Ministry of Finance	128,196,573	17,606,775
10. Ministry of Agriculture	11,217,912	6,196,540
11. Ministry of Communication	4,568,616	2,109,749
12. Ministry of Labor	484,476	9,386,898
13. Ministry of War	159,131	35,286,272
14. State Audit	40,100	501,485
Total	150,332,279	105,235,035

Extraordinary:

1.	Foreign Office	—	51,114
2.	Ministry of Justice	—	88,466
3.	Ministry of Interior	—	216,500
4.	Ministry of Education	—	555,000
5.	Ministry of Finance	6,151,000	26,739,021
6.	Ministry of Agriculture	4,465,977	1,527,540
7.	Ministry of Communication	—	16,479,073
8.	Ministry of Labor	—	77,900
9.	Ministry of War	—	9,979,607
	Total	10,616,977	55,714,221
	Grand total	160,949,256	160,949,256

B. — Import and Export Statistics

Year	Imports	Exports	Balance
		(in lats)	
1922	108,094,656	102,985,875	— 5,108,781
1923	211,872,024	161,929,051	— 49,942,973
1924	256,365,734	170,523,762	— 85,841,972
1925 (1st quarter)	67,385,850	44,938,114	— 22,447,736

LITHUANIA

A. — Budgetary Statement

Year	Revenue	Expenditure	Balance
		(in lits)	
1922	137,762,700	131,000,600	+ 6,762,100
1923	208,296,800	208,296,800	—
1924	229,746,800	226,342,800	+ 3,404,000
1925	257,732,047	257,732,047	—

The budget for the fiscal year 1925 as approved by the Seimas (Congress) in December, 1924, appears below.

	Revenue	Expenditure
President of Republic	—	330,627
Seimas	—	1,493,050
Cabinet	40,800	2,116,345
Ministry of Home Affairs	2,865,900	24,050,712
Ministry of Finance	178,010,691	28,466,123
Ministry of Agriculture	27,117,756	25,691,405
Ministry of Education	1,014,000	32,840,899
Ministry of Justice	2,386,000	7,754,140
Ministry of Communications	11,043,400	10,469,599
Railway Board	33,269,500	59,270,680
Ministry of Foreign Affairs	1,403,000	6,103,748
Ministry of National Defence	581,000	51,727,000
State Control	—	1,391,762
Payment of State Debts	—	6,025,957
Grand total	257,732,047	257,732,047

References: *Economic and Financial Situation of Lithuania in* 1924 (State printing Office); *Statistikos Biuletenis* (in Lithuanian and French) published by the Ministry of Finance, Central Statistical Bureau.

B. — Import and Export Statistics

Year	Imports	Exports	Balance
		(in lits)	
1922.....	74,884,600	76,892,400	+ 2,007,800
1923.....	156,627,200	146,794,700	— 8,832,500
1924.....	206,533,800	266,583,600	+ 60,049,800
1925 (1st 4 months).....	84,832,900	79,225,800	— 5,607,100

Reference: *Central Statistical Bureau of Lithuania.*

LUXEMBURG

A. — Budgetary Situation

It is not possible to give an exact statement of the expenditure of Luxemburg for any fiscal year after 1922. That year was prolonged to March 31, 1924, and is closed, but the final expenditure can not be given so long as the 1921 account remains in abeyance. All figures given below are subject to later modification, especially as concerns expenditure.

Year	Revenue	Expenditure	Balance
		(in Belgian francs)	
1922.....	88,862,191	123,115,191	— 34,253,000 [1]
1923.....	185,754,604	170,843,747	+ 14,910,857
1924 (budget).....	125,085,073	122,134,066	+ 2,951,007
1925 (budget proposal)....	121,786,756 [2]	121,620,477	+ 166,279

The budget proposed for the year 1925 is given below. Subject to very slight modifications the Chamber of Deputies has adopted this budget for the first reading. After being voted upon the second reading the budget will be definitive. The expenditures accredited to the different government departments are not inclusive. For example, the increase in salaries of government employees

1. Includes 29,407,785 francs deficit of preceding year.
2. Includes 11,639,132 francs estimated excess of receipts for 1924.

following the rise of prices is provided for separately but naturally falls in part under the expenses of each government department.

	Revenue
Estimated surplus for preceding year	11,500,000
Direct taxes and excises	30,610,000
Customs	23,638,000
Registration and domains	34,627,153
Post, telegraph and telephone	14,750,000
Prisons and hospitals	814,000
Various other revenues	5,847,603
Grand total	121,786,756
Revenue and Expenditure Applying to no particular fiscal year.	
A) *Revenue :*	
Revenue resulting from economic union with Belgium	29,400,000
B) *Expenditure :*	
Expenditure resulting from economic union with Belgium	5,850,000
Reimbursement of advances received on debt	1,000,000
Reimbursement to foreign offices by the post, telegraph, and telephone services	2,844,240
Loan, interest, and amortization arising from the construction and exploitation of railroads	18,300,429
Accident and old age insurance	300,000
Grand total	50,744,669

	Expenditure
Civil list	200,000
Government (representation expenses, printing, raise in salaries because of increase of cost of living, etc...)	1,032,150
Chamber of Deputies	500,000
State Council	68,000
Secretariat	24,500
Foreign Service	260,000
Justice	1,547,890
Corps of Gendarmes and volunteers	2,620,000
Department of accounts	159,500
General revenue	712,728
Cults (Catholic, Protestant, Israelite faiths)	2,322,362
Direct taxes, excises and roll tax	6,089,272
Registration and domains	865,200
Customs	204,100
Land credit and savings banks	495,612
Pensions	8,773,000
Public Works	16,194,753
State domain	60,000
Mines	119,900
Commercial enterprises	2,500,000
Municipal works	1,002,070
Public Debt	23,363,732
District Commissariats, aid funds for municipal functionaries	767,000
Administration of forests and irrigation	488,500
Sanitary Service	507,500
Thermal establishment of Mondorf-Etat	242,000
Post, Telegraph, Telephone services	7,902,440
Commission of Agriculture. Service, administration	282,011
Agriculture — divers branches (education, cattle rearing, ameliorations, etc...)	1,294,617
Social work	2,215,331
Commerce and Industry	325,557
Education	12,506,423
Science and Arts	160,550
Prisons, hospitals, benevolent societies	3,989,900
Police, general and administrative	213,000
Unforeseen expenditure	11,183,172
Payments on budgets of precedent years	3,575,987
Works of public utility	6,691,220
Grand total	121,620,477

References: N° 28. *Chambre des Députés. Projet de loi concernant le Budget des recettes et des dépenses de l'Etat pour l'exercice* 1925; Grand-Duché de Luxembourg, Publication de l'Office de Statistique, *Annuaire Officiel*, 1925.

B. — Import and Export Statistics. (See under Belgium)

NETHERLANDS

A. — Budgetary Situation

Year	Revenue	Expenditure	Balance
		(in florins)	
1922	633,809,952	1,082,893,440	— 449,083,488
1923	626,766,847	777,241,835	— 150,474,988
1924	599,421,652	740,114,243	— 140,692,591
1925	612,909,920	691,447,741	+ 78,537,821

The budget for 1925 is as follows:

	Revenue		Expenditure
Land tax	19,126,000		
Personal tax	25,150,000	Household of the Queen	1,625,000
Income tax	85,000,000		
Dividends and bonus tax	12,000,000		
Capital tax	10,500,000	Highest state and Cabinet officials	1,929,201
Duty on sugar, wine, salt, beer, tobacco	130,150,000		
Tax on cards, bicycles, stamp and registration dues, inheritance and gift tax	85,080,000	Dept. of Foreign Affairs	4,101,118
Import dues, etc.	39,901,000		
Statistics fees	3,700,000		
State demesnes, roads, canals, ferries and ports	2,760,000	Dept. of Justice	27,278,833
Profit on state lottery	665,000		
Rent of state hunting and fishing	260,000		
Pilot fees	3,000,000	Dept. of Interior and Agriculture	20,227,478
Mine dues	650,000		
Participation of the state in exploitation of the state railways	4,288,940		
Post, telegraph and telephone departments	6,000,000	Dept. of Instruction, Arts and Science	143,999,074
Participation of the state in profit of Bank of Netherlands	5,400,000		
Purchase price of state demesnes	1,200,000	Dept. of Navy	46,110,357
State fees	300,000		
Income from sales of various articles made available to the public	100,000		
Interest on capital lent to the colonies of the East and West Indies, to state institutions, special state foundations, municipalities and railway companies	52,114,208	Service on National Debt Dept. of Finance	114,990,340 113,101,143
Repayment on loans to the foregoing institutions	8,234,809		
Returns from State institutes (premiums paid by state personnel for pension- and fire-insurance)	4,111,984	Dept. of War	58,902,579
Various receipts through Dept. of Foreign Affairs	547,000	Dept. of Waterways	104,202,280
Various receipts through Dept. of Justice	5,065,025		
Various receipts through Dept. of Interior and Agriculture	2,335,412	Dept. of Labor, Commerce and Industry	49,294,239
Various receipts through Dept. of Instruction, etc.	10,719,561		
Various receipts through Dept. of the Navy	6,709,639	Dept. of Colonies	5,636,099
Various receipts through Dept. of Finance	15,343,200		
Various receipts through Dept. of War	2,393,000	Unforeseen expenses	50,000
Various receipts through Dept. of Waterways	64,302,040		
Various receipts through Dept. of Labor, Commerce, etc.	5,004,500	Grand total	691,447,741
Various receipts through Dept. of Colonies	798,600		
Grand total	612,909,918		

Of this amount fl. 21,055,496.71 is counted as extraordinary revenue.

Of this amount fl. 86,187,715 is counted as extraordinary expenditure.

The budget provides that treasury bills may be issued in case of need to a maximum amount of 150 million florins.

References: *Staatsblad van het Koninkrijk der Nederlanden* (N° 5989 of January 26, 1925). *Nota betreffende den Toestand van's Lands Financiën* (*Statement by the Dutch Minister of Finance*, September 16, 1924).

B. — Import and Export Statistics

Year	Imports	Exports	Balance
		(in florins)	
1922.....	2,034,740,769	1,256,710,483	— 778,030,286
1923.....	2,024,808,485	1,315,484,414	— 709,324,071
1924.....	2,378,100,800	1,802,233,707	— 575,867,093
1925 (1st quarter)	627,053,941	435,705,849	— 191,348,092

Reference: *La Statistique du Commerce des Pays-Bas avec les Pays étrangers publiée par le Bureau Central de Statistique à la Haye.*

NORWAY

A. — Budgetary Situation

The Norwegian fiscal year runs from July 1st-June 30th. Until this fiscal year the budget consisted of two parts, an ordinary and an extraordinary budget. This form is now replaced by a budget which distinguishes between expenditures and receipts connected with arrangement and administration of state institutions and those connected with the national capital.

Year	Revenue	Expenditure	Balance
	(in Norwegian crowns)		
1922-1923.....	362,922,900	453,810,300	— 90,887,400
1923-1924 (budget).....	551,580,000	551,580,000	—
1924-1925 (budget).....	631,380,000	631,380,000	—
1925-1926 (budget proposal).....	427,600,000	427,600,000	—

BUDGET Project for 1925-1926

I. Administration Revenue

A)	*Ordinary Revenue :*	
1.	Taxes and dues	328,186,115
2.	Dues and fees	6,682,050
3.	Reimbursements	5,417,706
4.	Receipts from state establishments	17,872,928
5.	Miscellaneous receipts	7,437,898
6.	Interest and profit on stocks..	7,910,150
	Total.....	373,506,847
B)	*Profit on State works and funds*	
7.	State railways	8,822,400
8.	Postal Service	1,560,000
9.	Telegraph Service	2,889,000
10.	State Power Works, etc. ...	1,830,100
11.	Silver mines at Kougsberg....	278,500
12.	The mint-works at Kougsberg	5,081,800
13.	State forests	536,541
14.	Various other state properties	18,600
15.	Funds of the Church Dept.	1,485,400
	Total	396,009,188

II. Revenue from Capital

1.	Contributions, repayments, etc.	1,699,600
2.	Receipts derived from State Loans	15,000,000
3.	Balance on hand in Treasury	14,891,212
	Grand total.....	427,600,000

I. Administration Expenditure

A)	*Ordinary Expenditure :*	
1.	The Royal House	858,000
2.	The Government and the State Secretariat	641,398
3.	The Parliament (Stortinget and State auditing dept.)	3,017,125
4.	Supreme Court	424,000
5.	Dept. of Foreign Affairs.....	4,334,920
6.	Church and Public Instruction	59,337,454
7.	Dept. of Justice.....	17,202,500
8.	Dept. of Public Welfare.....	38,492,165
9.	Dept. of Commerce, Navigation, Industry and Fisheries	15,956,625
10.	Dept. of Agriculture	15,183,175
11.	Dept. of Public Works.....	15,780,063
12.	Dept. of Finance and Customs (whereof 100,647,038 for the National Debt)	126,352,607
13.	Dept. of Defense	51,085,344
14.	Miscellaneous	19,367,126
	Total.....	368,032,502

II. Capital Expenditure

1.	For state establishments (new construction, etc...)	29,370,000
2.	Redemption of national debt	30,197,498
	Grand total.....	427,600,000

Reference: *Finans-og Tolldepartementet: St. prp. nr.* 1 (1925) *om kongeriket Norges statsbudgett for budgettaret* 1*ste juli* 1925 *til* 30*te juni* 1926.

B. — Import and Export Statistics

Year	Imports	Exports	Balance
		(in Norwegian crowns)	
1922.....	1,313,900,000	787,400,000	— 526,500,000
1923.....	1,342,800,000	830,900,000	— 511,900,000
1924.....	1,547,800,000	1,063,700,000	— 484,100,000
1925 (1st 5 months)	735,000,000	558,300,000	— 176,700,000

These figures must be supplemented by the receipts from Norwegian foreign shipping which is the most important item for offsetting the unfavorable trade balance. The gross amount of freights in foreign shipping was for 1922, 463 million crowns; 1923, 483 million crowns; and for 1924 calculated to be 525,550 million crowns.

Reference: Norges Statistische Centralbyra, Oslo.

POLAND

A. — Budgetary Situation

Year	Revenue	Expenditure (in zlotys)	Balance
1922.....	528,000,000	890,200,000	— 362,200,000
1923.....	426,800,000	1,118,800,000	— 692,000,000
1924 (budget).....	1,703,037,000	1,553,325,000 [1]	+ 149,712,000
1925 (budget).....	2,155,391,000	2,176,773,000	+ 21,382,000

The budget for the fiscal year 1925 follows :

A) *Administration and undertakings:*	Revenue	Expenditure
President of the Republic, Diet and Senate, Council of Ministers, and State control.....	1,045,000	18,000,000
Ministry of Foreign Affairs	8,785,000	20,814,000
" " War	16,189,000	727,100,000
" " Interior	27,093,000	207,934,000
" " Finance	1,337,768,000	332,914,000
" " Justice	36,193,000	91,921,000
" " Industry and Trade	127,556,000	115,073,000
" " Railways	90,962,000	93,680,000
" " Agriculture	63,437,000	40,145,000
" " Education	8,814,000	323,685,000
" " Public Works	27,896,000	82,449,000
" " Labor and Public Welfare.....	1,019,000	34,411,000
" " Land Reform	11,022,000	43,852,000
B) *Monopolies:*		
Saccharine, salt, tobacco, alcohol, state lottery.....	397,612,000	44,795,000
Grand total.....	2,155,391,000	2,176,773,000

References: Republic of Poland, *Statistical Bulletin of the Ministry of Finance*, N° 4, April, 1925; *Report on financial conditions in Poland presented to the Prime Minister of Poland by The Right Honourable E. Hilton Young on February 10th, 1924* (London, Waterlow & Sons, 1924).

1. To this sum should be added 73,892,693 zlotys which was not paid in until the first month of 1925 because of the postponement of expenditure.

B. — Import and Export Statistics

Year	Imports	Exports	Balance
		(in zlotys)	
1922.....	845,355,000	655,150,000	— 190,205,000
1923.....	1,116,481,000	1,195,587,000	+ 79,106,000
1924.....	1,478,558,000	1,265,873,000	— 212,685,000
1925 (1st 3 months).....	509,900,000	331,000,000	— 178,900,000

PORTUGAL

A. — Budgetary Situation

Year	Revenue	Expenditure	Balance
		(in escudos)	
1922-23.....	283,637,853	573,326,152	— 289,688,299
1923-24.....	707,617,106	865,310,212	— 157,693,106
1924-25.....	1,237,986,167	1,324,188,853	— 86,202,686
1925-26.....	1,306,193,611	1,369,758,749	— 63,565,138

The budget for the fiscal year 1925-26 follows:

	Revenue
Ordinary Revenue :	
Direct contributions and taxes :	
Industrial taxes	87,500,000
Land taxes	56,500,000
Consular fees	47,000,000
Other administration fees.....	9,540,815
Taxes on tobacco, powder, dynamite, fishing, industry, mines, investments, etc.....	38,224,515
	238,765,330
Stamp and registration dues.....	191,800,000
Indirect taxes :	
Duty on imports and exports..	145,326,500
Fishing dues	22,000,000
Tax on transactions.....	105,000,000
Supplementary dues on imports	30,000,000
Miscellaneous	3,688,343
	306,014,843
Revenues from tobacco, matches, lotteries ; profit from Bank of Portugal, posts and telegraphs, etc.	98,040,000
Public Domain	15,671,811
Annuities and dividends on capital and stock of banks and corporations	89,887,806
Various reimbursements	7,175,644
Revenue from various public services and institutions	131,483,577
	342,258,838
Extraordinary Revenue :	
Sale of public domain, etc.....	54,600
90 % on transaction taxes	94,500,000
40 % on various contributions (according to law of Sept. 21, 1922)..	87,800,000
Coinage	45,000,000
	227,354,600
Grand total.....	1,306,193,611

	Expenditure
Ministry of Finance :	
Ordinary expenditure :	
Public Debt	311,589,170
President of Republic, Parliament, pensions, subsidies, etc..	20,447,322
Administration of ministry.....	36,843,318
Total of ordinary expenditure..	368,879,810
Extraordinary expenditure	102,590,329
Total for Ministry of Finance.....	471,470,139
Ministry of Interior.....	128,809,381
" Justice and Cults.....	25,384,432
" War	279,802,407
" Marine	116,739,431
" Foreign Affairs	39,855,972
" Commerce and Communications	98,435,599
" Colonies	15,062,588
" Public Instruction	126,555,504
" Labor	48,420,408
" Agriculture	19,222,888
Grand total.....	1,369,758,749

Reference : *República Portuguesa. Orçamento Geral Proposta de lei das receitas e despesas ordinárias e extraordinárias do Estado na Metropole. Para o ano económico de* 1925-1926. Lisboa, Imprensa Nacional, 1925.

B. — Import and Export Statistics

Year [1]	Imports	Exports	Balance
—	—	—	—
		(in escudos)	
1923.....	2,230,000,000	680,000,000	— 1,550,000,000
1924.....	3,178,905,673	1,271,609,136	— 1,907,296,537

ROUMANIA

A. — Budgetary Situation

Year	Revenue	Expenditure	Balance
—	—	—	—
		(in lei)	
1922/1923.....	14,403,424,166	10,498,283,482	+ 3,905,140,684
1923 (9 months)....	17,767,754,059	15,406,457,918	+ 2,361,296,141
1924.....	16,710,692,514 [2]	24,000,000,000 [3]	— 7,289,307,486
1925.....	31,749,980,000	31,750,000,000	— 20,000

The exact surplus of Roumanian receipts over expenditures for any given fiscal year is difficult to determine. Collections and payments under any particular budget are frequently made up to six months after the close of the budgetary year. Moreover, certain ministries, particularly the Ministry of War, sometimes obtain "supplementary credits" and make payments which are not provided for in the budget and from funds the sources of which are not made public.

During the twelve months ended March 31, 1923, "supplementary credits" to the amount of approximately 3,750,000,000 lei were eventually announced, and it is understood that other "supplementary credits" which were not specifically made public brought this amount up to a total which just about balanced the budget. Similarly, the surplus for the nine months of 1923 is understood to have been used. As for the budget for the year 1924, the Prime Minister has recently announced a surplus of approximatelv 4,900,000,000 lei against which credits amounting to about two billion lei are already stated to have been opened, chiefly for the army, the railroads, and public education. In recent years, however, expenditures have not exceeded the revenue.

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1. The figures for the year 1922 and for the first part of 1925 are not available.
2. Receipts for 9 months.
3. Estimates for 12 months.

An itemized account of the 1925 (January 1 to December 31) budget appears below :

	Revenue		Expenditure
Direct taxes	3,498,000,000	War Office	4,324,650,797
Indirect taxes	9,635,000,000	Ministry of Finance	7,607,496,913
Stamp and registration duties	1,601,500,000	Ministry of Education	2,150,780,000
State Monopolies	4,711,386,000	Ministry of Cults and Art	551,586,831
Ministry of Communications	9,634,935,000	Home Office	1,253,964,195
State demesne	384,000,000	Ministry of Public Works	306,277,890
Subventions	45,311,846	Ministry of Justice	512,000,000
Ministry of Finance	988,883,549	Ministry of Agriculture	723,250,000
Home Office	38,633,000	Ministry of Industry & Commerce	438,737,012
Ministry of Justice	54,470,000	Foreign Office	227,924,500
Foreign Office	70,000,000	Ministry of Public Health and Social Relief	901,000,000
Ministry of Agriculture	41,090,000	Ministry of Labor, Cooperatives and Insurances	103,000,000
Ministry of Public Health and of Social Relief	159,228,100	Ministry of Communications	9,436,524,664
Ministry of Labor, Cooperatives and Insurance	38,713,785	Cabinet Council	3,265,967
Ministry of Industry and Commerce	770,240,000	Total	28,540,458,769
War Office	28,270,000	For the improvement of the material position of officials and pensioners	2,000,000,000
Ministry of Public Works	2,500,000	Fund for the payment of war damages and requisitions	250,000,000
Ministry of Education	33,972,000	Fund for opening supplementary and extraordinary credits	959,541,231
Ministry of Cults and Art	13,846,720		
Grand total	31,749,980,000	Grand total	31,750,000,000

B. — Import and Export Statistics

Year	Imports	Exports (in lei)	Balance
1922	12,325,366,301	14,027,376,216	+ 1,702,009,915
1923	19,712,941,400	24,372,675,295	+ 4,659,733,895
1924	26,292,000,000	27,829,000,000	+ 537,000,000
1925 (1st quarter)	584,095,593	938,890,472	+ 354,794,879

References: *Analele Bancilor* (in Roumanian and French), December, 1924; *General Budget of Roumania for the year* 1925 (in English); *Ministerul Finantelor, Expunere de Motive Si proiect de Lege pentru Ratificarea Conventiunilor incheiate intre Ministerul Finantelor Si Banca Nationalà A Românei.*

SERB-CROAT-SLOVENE STATE

A. — Budgetary Situation

According to the Constitution of and law regulating State accounts in the Serb-Croat-Slovene State, the estimated budgetary receipts and expenditures should be submitted to the Skoupchtina (Congress) between October 20th and November 20th of each year. To date, however, this has not been done.

Instead a system of budget twelfths has been applied The budget for the fiscal year beginning April 1st, 1925, is now before the Skoupchtina.

Year	Revenue	Expenditure	Balance
		(in dinars)	
August 1, 1922-June 30, 1923....	6,484,017,403	6,125,131,888	+ 358,885,515
July 1, 1923-March 31, 1924....	7,413,811,526	6,375,970,191	+ 1,037,841,335 [1]
April 1, 1924-Febr. 28, 1925....	9,845,036,178	9,436,415,524	+ 408,620,654 [2]
April 1, 1925-March 31, 1926 (budget)	11,910,000,000	11,910,000,000	—

Budget for 1925-1926

The chief items of the proposed Budget and Finance Bill are the following :

	Revenue		Expenditure
Customs and duties.....	1,690,000,000	Supreme state administration....	1,076,152,608
Consumption tolls and dues.....	1,810,000,000	Ministry of Justice.....	279,208,955
Monopolies	2,468,050,000	" Education	749,587,103
Agio and exchange	163,000,000	" Religion	115,164,387
Tax on business turnover.....	225,100,000	" Interior	606,704,965
Railways	2,462,850,000	" Public Health	317,181,777
Postal savings bank and financial institutions	15,000,000	" Foreign Affairs	227,552,209
Supertax for disabled	140,000,000	" Finance	1,767,192,398
Maritime administration	70,000,000	" War and Navy.....	2,248,259,366
Extraordinary supertax of 50 % and 30 %.....	500,000,000	" Construction	474,047,788
Public domain	235,000,000	" Communications	2,234,578,987
Other taxes	910,000,000	" Posts and Telegraphs	409,598,192
State economic institutions	1,120,000,000	" Agriculture & Waters	277,201,605
		" Forests & Mines....	359,872,510
		" Commerce & Industry	91,681,193
		" Social Politics	459,984,557
		" Agrarian Reform	75,388,658
		" Unification of Laws..	642,742
		Budgetary reserves	140,000,000
Grand total.....	11,910,000,000	Grand total.....	11,910,000,000

References: *Exposé de M. le Docteur Milan Stoyadinovitch, Ministre des Finances, présenté à la Skoupchtina le 28 mars, 1925, au sujet des douzièmes provisoires.* Belgrade, édition "Avala"; *Sluzhebene Noviie*, April 1, 1925, N° 97, "Law on Budget twelfths" (in Serbian); the *Near East*, June 25, 1925, p. 687.

B. — Import and Export Statistics

Year	Imports	Exports	Balance
		(in dinars)	
1922.....	6,441,876,000	3,691,166,000	— 2,750,710,000
1923.....	8,309,635,000	8,048,944,000	— 260,792,000
1924.....	8,221,744,000	9,538,774,000	+ 1,317,031,000
1925 (1st quarter)..	2,128,396,000	2,273,481,000	+ 145,085,000

1. This surplus has been used in the following manner :

Under the terms of the Financial Law, surpluses over and above those provided for in budget forecasts, may be used by productive ministries, like the Ministry of Communications, etc., for the purchase of needed equipment and other necessary capital expenditures. The expenditure of 800,000,000 dinars for military equipment needed was authorized by special act of Parliament but no provision was made to cover this expenditure. The Minister of Finances, as need arises, may use the budget surplus for this purpose. Only a part of this surplus, said to be less than one-half of the 800,000,000 dinars, has been used up to the present date for military purposes. Among other uses to which this surplus was put were: construction of railways, repair of rolling stock, for State payment to various hospitals, etc., for investments and purchases for the Ministry of Mines and Forests—especially for state mines.

2. This covers only eleven months of the fiscal year. Final figures for March, 1925 are not yet available. The authorization for the use of budget surpluses as explained under note one above remained in effect for this year.

SPAIN

A. — Budgetary Situation

Before the World War and until December 31, 1918, the Spanish fiscal year coincided with the solar year. After that date the fiscal year ran from April 1st to March 31st. A Royal Decree of March 31, 1924, prolonged until June 30th the budget for the year 1923-24.

Year	Revenue	Expenditure	Balance
		(in pesetas)	
April 1, 1921-March 31, 1922.....	4,362,000,000	3,633,000,000	+ 729,000,000
April 1, 1922-March 31, 1923.....	2,953,000,000	3,375,000,000	— 422,000,000
April 1, 1923-June 30, 1924.....	3,604,301,306	3,508,437,644	+ 95,863,662
July 1, 1924-June 30, 1925.....	2,800,392,568	2,941,724,894	— 141,332,326
July 1, 1925-June 30, 1926.....	2,785,288,568	3,092,538,991	— 307,250,423

A detailed statement of the budget for the fiscal year 1925-1926 follows:

	Revenue		Expenditure
1. Direct taxes (land, industry, commerce, income, transfer and inheritance; profits from the Bank of Spain, etc.)....	1,002,673,068	I. — *General state expenditures :*	
		1. Royal House	9,500,000
		2. Parliament	2,056,298
		3. Public debt	776,910,724
		4. Pensions and bonus.....	102,676,920
		5. Supreme Tribunal of Finance	1,242,250
2. Indirect taxes (customs; sugar, alcohol, chicory; dues from free ports of Canary Islands, consular fees; stamps, etc.)	1,053,304,000	Total for G. S. E.	892,386,192
		II. — *Ministries :*	
		1. Presidency of Council and of Government	15,725,065
		2. Ministry of Foreign Affairs..	11,803,618
		3. Ministry of Justice :	
		a) civil services	40,321,225
		b) public worship	61,135,021
		4. Ministry of War	442,931,377
3. Monopolies and state enterprises (tobacco, matches, lotteries, telephones, telegraphs, etc.)	12,900,000	5. " of the Marine	179,128,240
		6. " of the Interior	255,416,796
		7. " of Public Instruction and Fine Arts....	178,396,081
4. Public domain	31,761,000	8. " of Public Works and Agriculture	421,207,476
		9. " of Labor, Commerce and Industry	15,511,349
5. Other revenues of Treasury...	54,650,000	10. " of Finance	31,907,212
		Total for Ministries.....	1,653,483,460
		III. — *Miscellaneous :*	
		1. Administration of taxes and revenue	263,286,791
		2. Possessions in West Africa...	2,802,401
		3. Operations in Morocco.....	280,580,147
Grand total.....	2,785,288,568	Grand total.....	3,092,538,991

References: *Gaceta de Madrid*, July 2, 1925; *Bulletin de Statistique* (French), June 1924 and April 1925.

B. — Import and Export Statistics

Year	Imports	Exports	Balance
		(in pesetas)	
1922.....	3,042,130,102	1,399,602,679	— 1,642,537,423
1923.....	3,062,886,920	1,592,221,584	— 1,470,665,336
1924.....	3,230,800,000	1,782,800,000	— 1,448,000,000

SWEDEN

A. — Budgetary Situation

The Swedish budget is never drawn up with either a deficit or a surplus. In the estimates as well as in the budget as finally adopted by the Riksdag (Congress) revenue and expenditure always exactly balance. Actually, however, the end of a budgetary year shows either a surplus or a deficit, but more generally a surplus. The surplus is transferred to the Exchequer Reserve Fund and the balance in this fund has thus far always been sufficient to meet any deficit.

As from 1923, it was decided that the fiscal year, which had coincided up to that date with the calendar year, should run from July 1 to June 30. A special six months budget was drawn up for the period from January 1 to June 30, 1923.

The following schedule gives the total budget results for the years 1922-1925 :

Year	Revenue	Expenditure	Balance
		(in crowns)	
1922.....	956,800,000	959,400,000	— 2,600,000
1923/24.....	822,700,000	796,800,000	+ 25,900,000
1924/25.....	674,400,000	674,000,000	—
1925/26.....	728,818,700	728,818,700	—

The details of the budget for the year 1925-26 follow :

	Revenue		Expenditure
Taxation returns (tax on income and capital ; tithes ; tax on automobiles; excise; customs, etc.)..	494,948,700	A. — *Actual expenditure :*	
Revenue from various state activities (pilotage, lighthouse dues, registration fees, etc.).....	13,369,488	Royal House	1,836,200
		Department of Justice.....	13,049,900
		" of Foreign Affairs.....	5,843,700
		" of National Defense..	147,795,400
		" of Social Welfare	84,046,900
		" of Communications ..	35,547,300
		" of Finance	43,726,900
Revenue from productive state funds: Posts, telegraphs, railways, water-power, public domain	85,100,000	Ecclesiastical Department (archives, libraries, museums, universities, schools, clergy, churches, etc)..	129,588,000
Stocks and dividends (tobacco monopoly)	10,022,500	Department of Agriculture.....	22,174,200
		" of Commerce	12,179,200
Returns from state funds for public purposes	11,219,800	Bureau of pensions	38,055,400
		Unforeseen expenses	1,703,622
Bank of Sweden	15,500,000	Parliament and auditing bureau...	4,254,000
		Interests on public debt.....	82,001,200
Additions to capital from state railways, loan fund for general building purposes, etc.	48,052,212	B. — *Capital expenditure :*	
		State undertakings	29,896,000
Loans	50,606,000	Loan fund for public purposes....	22,350,000
		Redemption of National Debt.....	8,104,600
		State liquor fund	27,900,000
		Loans to institutions under Social Department	11,710,000
		Repayment of casual loans for acquisition of property	7,056,178
Grand total.....	728,818,700	Grand total.....	728,818,700

References: *Riksstat för Budgetäret* 1925-1926; Professor Gustav Cassel, "The Swedish Budget" in *Quarterly Report*, issued by the Statistical Department (Swedish), July, 1925, pp. 37-39.

B. — Import and Export Statistics

Year	Imports	Exports	Balance
		(in crowns)	
1922.....	1,114,162,449	1,153,710,755	+ 39,548,306
1923.....	1,294,527,587	1,142,095,263	— 152,432,324
1924.....	1,424,500,000	1,260,600,000	— 163,900,000
1925 (1st 5 months)..	573,400,000	444,300,000	— 129,100,000

References: *Kommersiella Meddelanden*, published by Kungl. Kommerskollegiet, Stockholm, June 30, 1925.

SWITZERLAND

A. — Budgetary Statement

The Swiss budget is divided into two sections : the administration account and the extraordinary account. Receipts from the extraordinary account at present are derived from the taxation of war profits. The extraordinary expenditures arise from unemployment, a subvention to the Federal Railways, and an insurance subvention. In 1922 this ordinary account produced a surplus of 46,782,418 Swiss francs. In 1923 it showed a deficit of 28,935,211 Swiss francs and in 1924 a deficit of 20,450,000 Swiss francs.

The status of the administration account is given below :

Year	Revenue	Expenditure	Balance
		(in Swiss francs)	
1922.....	235,451,855	314,859,521	— 79,407,666
1923.....	253,445,119	298,913,873	— 45,468,754
1924.....	282,865,222	304,471,505	— 21,606,283
1925.....	288,660,000	305,687,000	— 17,027,000

The administration account of the 1925 budget follows :

	Revenue		Expenditure
I. Return from invested capital..	22,812,536	I. Service of the debt.....	117,019,025
II. General administration :		II. General administration :	
a) Federal Chancellery	98,500	*a*) National Council	732,200
b) Federal Tribunal	165,500	*b*) Council of Cantons.....	100,300
c) Federal Insurance Tribunal	10,300	*c*) Federal Council	177,000
		d) Federal Chancellery	1,072,290
		e) Federal Tribunal	897,214
		f) Federal Insurance Tribunal	320,400
III. Departments :		III. Departments :	
a) Political Department	669,500	*a*) Political Department ...	7,483,718
b) Department of Interior..	1,047,700	*b*) Department of Interior..	26,424,199
c) Department of Justice and police	2,325,500	*c*) Department of Justice and Police	7,177,602
d) Military Department ...	1,804,045	*d*) Military Department ...	84,990,653
e) Department of Finance and Customs	252,278,689	*e*) Department of Finance and Customs	21,643,013
f) Department of Public Economy	3,294,550	*f*) Department of Public Economy	32,218,919
g) Department of Posts and Railroads	3,626,350	*g*) Department of Posts and Railroads	814,434
IV. Miscellaneous, in round numbers	526,830	IV. Miscellaneous and unforeseen..	4,616,033
Grand total.....	288,660,000	Grand total.....	305,687,000

References: *Message du Conseil Fédéral à l'Assemblée Fédérale concernant le Budget de la Confédération pour* 1925 (du 4 Novembre 1924); *Budget de la Confédération Suisse pour l'année* 1925. Adopté par l'Assemblée Fédérale le 20 décembre, 1924.

B. — Import and Export Statistics

Year	Imports	Exports	Balance
	(in Swiss francs. Add ooo)		
1922	1,914,465	1,761,574	— 152,891
1923	2,243,081	1,760,211	— 482,870
1924	2,504,468	2,070,136	— 434,332
1925 (1st quarter)	642,700	504,400	— 138,300

References: *Statistique annuelle du Commerce de la Suisse avec l'Etranger*, published by the Direction Générale des Douanes Fédérales; Monthly publications of the *Union des Banques Suisses*.

TURKEY

A. — Budgetary Situation

Year	Revenue	Expenditure	Balance
		(in Turkish pounds)	
1922/23	60,619,150	97,082,611	— 36,463,461
1923/24	94,537,874	137,210,775	— 42,672,901
1924/25	129,214,610	140,433,369	— 11,218,759
1925/26	153,046,854	183,932,767	— 30,885,913

In order to reduce the deficit for the current fiscal year the Turkish National Assembly voted two Decrees, the one providing for an economy of 16,980,000 Turkish pounds on the budgeted expenditure, the other stipulating that the increases granted on the salaries of state officials shall take effect as from June only.

A detailed statement of the provisions of the 1925-26 budget follows :

	Revenue		Expenditure
PART I. — *Direct Taxes :*			
Land and real property tax, and fixed tax of three Vilayets	10,670,000	Grand National Assembly	1,545,254
Temettu and war profits tax	4,250,000		
War tax	1,000,000	President of Republic	208,792
Military service and military transports exemption tax	2,800,000		
Sheep and goats, camels, pigs	5,100,500	Court of accounts	449,595
Tithes	15,350,000		
Revenues from privately owned forests, tax on mines, and tax receipt forms	700,000	President of Council	71,949
Total	39,870,500	Commissariat of Finance	11,174,057
PART II. — *Stamps, Taxes, Registration :*		Pensions	13,767,694
Fiscal stamps	2,200,000		
Treasury stamps	1,000,000	Public debt	13,863,322
Judicial expenses	1,025,000		
Patents, registration fees, and fines	1,220,000	Customs direction	4,583,114
Total	5,445,000		
PART III. — *Indirect taxes :*		Survey direction	955,123
Alcohol and spirits	3,000,000		
Tumbeki	5,000	Ministry of Interior	4,949,616
Customs and sundry	30,350,000		
Marine and sanitary dues	1,050,000	Posts and telegraphs	5,815,823
Shooting and fishing permits	1,250,000		
Total	35,655,000		

	Revenue		Expenditure
PART IV. — *Monopolies :*			
Salt, tobacco, match monopolies...	20,180,000	Police and constabulary	14,879,736
Coins	50,000		
Posts, telegraphs, and telephones...	7,570,000	Foreign Affairs	2,583,288
Total.....	27,800,000		
PART V. — *State Industrial Exploitations :*		Press	616,688
Revenue from schools and agricultural, veterinary, and industrial institutions	700,000	Health and poor law administration	4,860,205
Revenue from public health direction, sanitary establishments, and government quinine	70,000	Religions	1,687,401
Navy and government printing works	150,000	Justice	6,013,722
Mines	550,000		
Government share in Oriental Railway, Angora-Sivas railways receipts	250,000	Education	7,742,508
Total.....	1,720,000	Public works	19,667,285
PART. VI. — *State Domain :*			
Revenue from government property, government forests, articles, and from Konia Plain irrigation.....	14,965,000	Commerce	3,270,403
		National defense	43,058,874
PART VII. — *Sundry Revenues :*			
Treasury operations, etc.	8,060,000	Navy	5,310,380
PART VIII. — *Restitutions :*			
Restitution from Soma-Panderma Railway, etc.	671,354	Reconstruction	6,030,245
		Agriculture	6,555,421
PART IX. — *Consumption taxes :*			
Cigarette paper, petroleum, sugar, tea, etc.	16,360,000	Military factories	4,272,273
PART X. — *Extraordinary revenue :*			
Extraordinary war revenue.....	2,000,000		
Receipts from new sources.....	500,000		
	2,500,000		
Grand total.....	153,046,854	Grand total.....	183,932,767

B. — Import and Export Statistics

Year	Imports	Exports	Balance
		(in Turkish pounds)	
1923.....	144,788,671	84,651,190	— 60,137,481
1924 (1st 6 months)....	115,547,315	71,040,090	— 44,507,225

UNITED KINGDOM

A. — Budgetary Statement

Year	Revenue	Expenditure	Balance
		(in pounds sterling)	
1922/23.....	914,012,000	812,497,000	+ 101,515
1923/24.....	837,169,000	788,840,000	+ 48,329
1924/25.....	799,436,000	795,777,000	+ 3,659
1925/26.....	801,060,000	799,400,000	+ 1,660,000

The final balance sheet for 1925-26, after alterations proposed by the Chancellor of the Exchequer, is given below :

Revenue		Expenditure	
Customs	102,040,000	Consolidated fund service :	
Excise	137,220,000	National debt service	355,000,000
Motor Vehicle duties	17,500,000	Road funds	16,900,000
Estate and other duties	66,500,000	Payments to local taxation accounts	13,329,000
Stamps	24,000,000	Payments for northern Ireland residuary share	4,000,000
Land tax, house duty and mineral rights duty	1,000,000	Land settlement	700,000
Income tax	262,000,000	Other consolidated fund services	2,000,000
Super-tax	63,300,000	Total consolidated fund services	391,929,000
Excess profit duty	4,000,000	Supply services :	
Corporation profits tax	9,000,000	Army	44,500,000
Total receipts from taxes	686,560,000	Navy	60,500,000
Post Office	57,000,000	Air force	15,513,000
Crown Lands	900,000	Civil services	222,609,000
Interest on sundry loans	12,600,000	Customs and excise, and inland revenue departments	11,391,000
Miscellaneous :		Post office services	52,958,000
Ordinary receipts	14,000,000	Total supply services	407,471,000
Special receipts	30,000,000	Grand total	799,400,000
Total receipts from non-tax revenue	114,500,000		
Grand total	801,060,000		

Reference: *Financial Statement* (1925-26); various financial publications issued in London.

B. — Import and Export Statistics

Year	Imports	Exports	Reëxport	Balance
		(in pounds sterling)		
1922	1,003,098,899	719,507,410	103,694,670	— 179,896,819
1923	1,096,226,214	767,257,771	118,543,805	— 210,424,608
1924	1,279,844,597	795,364,581	140,148,957	— 344,331,059
1925 (1st 5 months)	566,569,893	333,765,980	66,848,886	— 65,955,027

UNION OF SOVIET SOCIALIST REPUBLICS

A. — Budgetary Situation

The fiscal year of the U. S. S. R. runs from October to November. For all years given below the Far Eastern Region and the Transcaucasian Soviet Federation of Socialist Republics (Georgia, Azerbaidjan, and Armenia) are included :

Year	Revenue	Expenditure	Balance
	(in millions gold roubles)		
1922/23	1,056	1,418	— 362
1923/24	1,570	1,750	— 180
1924/25	2,558	2,558	—

The details of the 1925 budget, approved and sanctioned by the Central Executive Committee and by the Council of the People's Commissariat, appear below :

Revenue		Expenditure	
A. — *Ordinary revenue :*		A. — *Ordinary expenditure :*	
1. Direct taxes :		1. Departments and State Institutions of the Union, except the Commissariat of the People for Post and Telegraph; exclusively for the Commissariats of the People for Communications and for War and Navy	65,403,300
a) Collective land tax	255,000,000	Commissariat of the People for Post and Telegraph	88,400,000
b) Tax on exploitation of natural riches	86,000,000	Commissariat of the People for Communications	855,000,000
c) Income tax	95,000,000	Commissariat of the People for War and Navy	417,647,000
d) Tax on fund revenue	8,500,000	2. Unified departments and Institutions of the U. S. S. R. and allied republics	124,829,537
e) Collective extraordinary tax	18,000,000	3. Non-unified departments and institutions of the allied republics	253,092,766
f) Inheritance and other direct taxes	229,000	4. Reserve funds	84,773,000
	442,729,000	5. Subsidies funds	48,036,553
2. Indirect taxes :		6. Transactions of the Treasury	175,455,000
a) Excise	443,000,000	Total of ordinary expenditure	2,112,637,156
b) Customs	82,500,000	B. — *Extraordinary expenditure :*	
	525,500,000	1. Industry	109,918,000
3. Stamps and other taxes and dues	100,655,000	2. Agriculture	75,602,000
Total of taxes	1,068,884,000	3. Relief to populations overcome by disasters (famine)	62,425,000
4. Receipts from posts and telegraphs	88,400,000	4. Organisation of public works	6,000,000
5. Receipts from transports	855,000,000	5. Municipal credit	34,500,000
6. Receipts from domains and state enterprises :		6. Electrification	41,973,000
a) State industry and commerce	86,843,000	7. Financial reconstruction	8,000,000
b) Banking	20,050,000	8. Cooperation	12,000,000
c) Forests	60,154,000	9. Reparation works in Leningrad in connection with flood	12,000,000
d) Subterranean	8,001,000	10. Relief consequent upon disasters caused by *force majeure* in some regions of the R. S. F. S. R.	500,000
e) Other domains and enterprises	13,900,000	11. Relief consequent upon disasters caused by *force majeure* in T. S. F. S. R. (Transcaucasia)	2,000,000
7. Refunds to state	25,645,000	12. Extraordinary expenditures of the autonomous R. S. S. of Karelia	956,250
8. Miscellaneous income	7,634,406	Total of extraordinary expenditure	365,874,250
Total of revenues other than taxes	1,165,627,406	Expenditure on Government stocks :	
Total of ordinary revenue	2,234,511,406	*a*) Ordinary	28,383,648
B. — *Extraordinary revenue :*		*b*) Extraordinary	51,630,880
1. Conversion of state funds	23,000,000		
2. Credit transactions :			
a) 2nd loan with shares	31,000,000		
b) Internal 8 % gold loan	30,000,000		
c) Land loan	50,000,000		
d) Other loans	30,000,000		
Total of credit transactions	141,000,000		
3. Mintage of silver and copper	80,000,000		
Total of extraordinary receipts	244,000,000		
Revenue on stocks :			
a) Ordinary	45,014,528		
b) Extraordinary	35,000,000		
	80,014,528		
Grand total	2,558,525,934	Grand total	2,558,525,934

References: *La Vie Economique des Soviets* (monthly publication issued in Paris by the Commercial Delegation of the Soviet Government); Segal and Santalov, *Commercial Year Book of the Soviet Union* (London, Allen and Unwin, 1925).

B. — Import and Export Statistics

Year	Imports *	Exports	Balance
	(In 1,000 roubles at 1913 prices)		
1922	273,807	81,621	— 192,186
1923	144,056	205,818	+ 61,762
1924	217,690	302,633	+ 84,943
1925 (1st 2 months)	42,300	43,500	+ 1,200

References: Segal and Santalov, as cited, pp. 209-328; *The Soviet Union Review*, March 28, 1925, p. 254, and April 25, 1925, p. 330.

APPENDIX I

Distribution of Public Expenditures in proportion to the totals of the Budgets of European Countries [1]

	Public Debt	Public Instruction	Army and Navy	Other Expenditure
Austria	17.22	5.70 [2]	7.59	69.49
Belgium	29.68	5.3	10.58	54.44
Bulgaria	20.29	9.8	17.39	52.52
Czechoslovakia	13.20	5.0	11.32	70.48
Denmark	7.28	14.3	14.53	63.89
Esthonia	5.13	9.8	22.93	62.14
Finland	8.20	9.6	13.13	69.07
France	56.19	5.2	14.19	24.42
Germany (National debt	2.1			
Germany (Reparations	4.0		3.1	
Greece	22.47 [3]	2.36 [3]	27.86 [3]	47.31
Hungary	7.35	8.9 [2]	9.56	74.19
Irish Free State	5.90			
Italy	29.42	6.3	19.29	44.99
Latvia		9.87	28.13	
Lithuania	.02	12.74	20.00	67.24
Luxemburg	19.20	10.41		
Netherlands	16.63	20.82	15.18	47.37
Norway	30.58	13.57 [2]	11.90	43.95
Poland		14.86	33.39	
Portugal	22.00	9.23	28.94	39.83
Roumania	11.00	6.77	14.00	68.23
Serb-Croat-Slovene State		6.29	18.87	
Spain	25.10	5.76	20.10	49.04
Sweden		17.7 [4]	20.30	
Switzerland	38.25	3.3	28.13	30.35
Turkey	7.50	4.20	28.50	59.80
United Kingdom	44.40		13.13	
U. S. S. R.			16.71	

* The figures do not include goods sent into Russia for famine relief and to charitable institutions.

1. In instance where the percentage applied to the public debt or public instruction is not given, sufficient data were not available to show the proportion. It should be understood that the percentages as given are not absolute. Several items in a given budget, for example, may be really a part of the army and navy or public debt expenditure but are not listed as such under one general heading.

2. Includes expenditure for church affairs.

3. Budget for 1924-25.

4. Includes archives, libraries, museums, universities, schools, clergy, churches, etc.

APPENDIX II

Exchange Rates Current between the Countries of Europe and the United States : average for the month ending July 10, 1925.

Country	Currency	Value in cents	Country	Currency	Value in cents
Austria	Schilling	14.05			
Belgium	Franc	4.6	Luxemburg	Franc	4.6
Bulgaria	Leva	.071	Netherlands	Florin	40.1
Czechoslovakia	Crown	3.0	Norway	Krone	17.4
Denmark	Krone	19.7	Poland	Zloty	19.1
Esthonia	Mark	.265	Portugal	Escudo	5.0
Finland	Mark	2.5	Roumania	Lei	.5
France	Franc	4.7	Serb-Croat-Slovene State	Dinar	1.7
Germany	Mark	23.8	Spain	Peseta	14.6
Greece	Drachma	1.6	Sweden	Krone	26.8
Hungary	Krone	.014	Switzerland	Franc	19.4
Irish Free State	£	486.1	Turkey	Piastre	.539
Italy	Lira	3.7	United Kingdom	£	486.1
Latvia	Lat	19.3	U. S. S R.	Chervonetz (10 gold roubles)	515.0
Lithuania	Lit	10.0			

Publications of the Reference Service on International Affairs

Present Status of the Post-War Settlement. (Bulletin N° 1, July 1, 1924. 12 pages).

Present Status of the Armament Problem. (Bulletin N° 2, September 15, 1924. 11 pages.)

Summary of Source Material. (Bulletin N° 3, October 25, 1924. 12 pages.) Indicates the principal publications issued by international organizations and by the American, British, and French governments.

External Governmental Indebtedness. (Bulletin N° 4, December 26, 1924. 48 pages.) A concise survey of the external debt of all independent states.

Arbitration and Judicial Settlement of International Differences. (Bulletin N° 5, March 31, 1925.) A survey of arbitral development since 1794, with special emphasis placed on arbitration treaties concluded since the World War.

International Position of the Union of Soviet Socialist Republics. (Bulletin N° 6, June 30, 1925. 36 pages.) A survey of the diplomatic relations of the Moscow Government, the organization of its diplomatic and consular services, together with appendixes giving the texts of notes of recognition, a list of treaties concluded to date, and the Russian policy of the Government of the United States.

Budgets and Visible Commercial Balances of European countries. (Bulletin N° 7, August 15, 1925. 40 pages. Gives the global revenues and expenditures of all European countries from 1922, together with an intemized account of the budget for the current fiscal year. Also visible commercial balances from 1922 to 1925.

European Political and Economic Survey. Beginning in September 1925, this survey will appear on an average of three times a month. It is intended to cover accurately and impartially current economic and political events of international importance. The subscription price is ten dollars a year. Subscribers receive in addition the bulletins issued by the Reference Service. Separate subscriptions to the bulletins alone cost one dollar and fifty cents a year.

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Reference Service on International Affairs

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ARBITRATION AND JUDICIAL SETTLEMENT OF INTERNATIONAL DIFFERENCES[1]

Arbitration and judicial settlement are two distinct processes of international legal development. The one process need not be based on what is, strictly speaking, justice. It may be a compromise intended to satisfy the litigants. If satisfaction can best be effected by a compromise instead of justice, the purpose of the arbitration is attained. The other process, judicial settlement, implies, a settlement based solely on legal facts uninfluenced by political or other considerations[2].

Prior to the outbreak of the war in 1914 many regarded the arbitral principle as the best approach to international peace. The war changed this concept and the principle of judicial settlement succeeded arbitration. More recently, however, it is considered than neither process is inclusive or exclusive, that both a permanent court of arbitration and a permanent court of international justice, because of their essential differences, can function simultaneously. Both principles are covered in this pamphlet. Special attention is given to their development since 1920.

Bibliographical note: For a bibliography of all important works relating to arbitration see Bibliothèque du Palais de la Paix. Catalogue par P. C. Molhuysen et E. R. Oppenheim (Leyde, A. W. Sijthoff, 1916); Premier supplément du catalogue (1916), par P. C. Molhuysen et D. Albers, publié en 1922.

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[1] The facts given in this pamphlet were collected and in great part the text was prepared by Mr. Wadsworth Garfield, Carnegie Fellow in International Law. Mr. Garfield is preparing for publication at an early date a book covering in detail the outline of arbitral development sketched in the present brochure.

[2] Dr. B. C. J. Loder, formerly President of the Permanent Court of International Justice, thus states the difference: "Arbitration signifies liberty in recourse to the jurisdiction and in the choice of the tribunal. Justice signifies obligatory submission to a previously constituted jurisdiction." See article in *Bulletin de l'Institut Intermédiaire International*, Vol. 9, 1923, pp. 257-8. See also in this connection the definition of international arbitration by the Hague Conference of 1899 as the "settlement of differences between states by judges of their own choice, and on the basis of respect for law".

I

Modern international arbitration may be said to date from the treaty of November 19, 1794, between the United States and Great Britain, known as the Jay Treaty[1]. This treaty created commissions to settle the controversy as to the St.Croix river boundary as well as mutual claims arising from the war between France and Great Britain, in which the United States was a neutral. The successful performance of their task by the commissions gave arbitration a strong impetus, as is shown below.

The interval from the decision rendered in the St.Croix river boundary case (1798) to the outbreak of the World War in 1914, may be divided into three periods:—the first ending in 1872, with the famous Alabama Claims Case; the second, with the First Hague Conference (1889); the third, with the outbreak of the World War in 1914. In the course of 116 years of this interval over 200 cases of arbitration are recorded. Periodically divided as above they were as follows[2]:

70	cases	in the	first	period	(74 years)
86	»	»	second	»	(27 »)
51	»	»	third	»	(15 »)

It is interesting to note in this connection the respective parts played by the Great Powers[3]:

Great Britain	has participated in	71	arbitrations	
United States[4]	»	»	69	»
France	»	»	33	»
Italy	»	»	19	»
The German States, subsequently the German Empire	have	»	15[5]	»
Russia	has	»	3	»
Austria	»	»	2	»
Japan	»	»	2	»

The Alabama Claims Case under the treaty of Washington of 1871 constitutes the first great landmark in the history of arbitration. The case related to the claims of American citizens for compensa-

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[1] *Treaties, conventions, international acts, protocols and agreements between the United States and other powers*, 1776-1923 (Washington, Government Printing Office, 1910-1923) 3 vols. I, pp. 590, 610; John Bassett Moore, *History and digest of international arbitrations to which the United States has been a party* (Washington, Government Printing Office, 1898) 6 vols. I, pp. 1, 299 V, p. 4720; H. Evans Darby, *Modern pacific settlements involving the application of the principle of international arbitration* (London, 1904), pp. 769-770; *American state papers, foreign relations*, 1789-1883, I, pp. 140, 184, 239, 315, 401, 430, 472.

[2] See for this division N. Politis, *La justice internationale* (Paris, Hachette, 1924), p. 34.

[3] *Ibid.*, p. 35.

[4] See, Moore, as cited, *passim;* Carnegie Endowment for International Peace, Division of International Law, *Arbitrations and diplomatic settlements of the United States*, pamphlet No 1 (Washington, 1914).

[5] Of these more than half related to internal disputes among the states.

tion for losses caused by the *Alabama* and other privateers fitted out in British waters during the American Civil War. The tribunal in its decision awarded $15,000,000 to the United States[1]. This was the first time that a tribunal was established following a strictly judicial procedure in accordance with the rules specified in the compromis, and having among the majority of its membership the nationals of states not interested in the case.

Following the Alabama Claims Case occurred many arbitrations involving such serious disputes as those relating to the Behring Sea seal fisheries[2], the Behring Sea claims[3], the Alaskan boundary[4], and the Andes frontier between Argentine and Chile[5].

In the arbitration cases that came up in the nineteenth century a general tendency to follow certain customary practices was evident with regard to the procedure and formation of tribunals. It was, therefore, natural that an attempt should be made to embody them in an international agreement. At the First Hague Conference (1899) a Convention for the Pacific Settlement of International Disputes was adopted. This convention established a Permanent Court of Arbitration and formulated an arbitral procedure. The Second Hague Conference (1907) modified and supplemented this procedure.

The Permanent Court of Arbitration is not in reality what its name connotes[6]. It is not permanent; neither is it a court. It simply provides a list of judges from which an arbitral tribunal may be readily selected. Each tribunal is specially constituted in pursuance of a compromis, and is concerned only with settling the particular controversy stated in the compromis. When the decision has been rendered, it ceases to exist[7]. The Second Hague Conference attempted to supplement and perfect this procedure and drew up a draft convention providing for a Court of Arbitral Justice[8]. No agreement concerning the method of choosing the judges could be reached and the project was abandoned[9]. After the Second Hague

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[1] See *Papers relating to the treaty of Washington. Geneva arbitration.* (Washington, Government Printing Office, 1872-1873) 4 vols; *Treaties,* etc., as cited, I, pp. 700, 717; Moore, as cited, I, p. 495; Darby, as cited, p. 794.

[2] See Moore, as cited, I, p. 755; II, p. 2123; V, p. 4759; *Treaties,* etc. as *cited, I, p.* 746; Darby, as cited, p. 819; *Foreign relations of the United States* (1890) p. 358; (1891) p. 530.

[3] Moore, as cited, I, p. 960; II, p. 2123; V. 4764, 5067; *Treaties, etc.,* as cited, I, p. 766; Darby, as cited, p. 825.

[4] *Treaties,* etc., as cited, I, p. 787; Darby, as cited, p. 908; *Senate Document No* 162; 58 th Cong., 1st Sess.

[5] W. R. Manning, *Arbitration treaties among the American nations to the close of the year* 1910, Carnegie Endowment for International Peace, (New York, 1924) p. 246; *Memoria de relaciones exteriores de Argentina,* 1896, p. 22. For the arbitral award, see *Tratados de Argentina,* vol. X, p. 35.

[6] See annual reports of the administrative council of the court concerning its work.

[7] The court heard 4 cases in the period from 1899 to 1907, and 14 cases from 1907 to date. For list of cases see appendix I.

[8] Carnegie Endowment for International Peace, *Reports to the Hague conference of* 1899 *and* 1907 (Oxford, 1917), p. 226.

[9] See *Documentos relativos a la conferencia de paz centroamericana.* Tratados y convenciones concluidos por los delegados de las cinco Republicas de Centro América a la conferencia de paz celebrada en Washington. D. C. el 20 de diciembre de 1907. Communicaciones relativas a la ejecucion de esos actos internacionales. (San Salvador, 1908).

What the states represented at the Second Hague Conference had attempted was accomplished by the Central American Republics. At the close of 1907

Conference several plans were proposed, but the outbreak of the war stopped further discussion.

Bibliographical note. The Carnegie Endowment for Internationale Peace, Division of International Law, has issued various publications which contain all essential documents concerning the two Hague conferences, together with a statement in 1914 of the signatures, ratifications, adhesions, and reservations to the conventions and declarations produced by the conferences. See also World Peace Foundation Pamphlet, *The Record of the Hague. Results of the conferences, and tables showing the cases decided and the ratification of conventions*, Vol. IV, No. 6, pt. III (Oct. 1914.)

II

At the close of the war, the idea of a permanent court of international justice was embodied in the Covenant of the League of Nations. Article 14 of the covenant provided:

"The Council shall formulate and submit to the Members of the League for adoption plans for the establishment of a Permanent Court of International Justice."

To carry out the mandate given to it by this article, the Council appointed a committee of jurists and charged them to discuss and formulate a plan. The plan of this committee was adopted, with certain amendments, by the Assembly on December 13, 1920, and became the statute of the Permanent Court of International Justice. Thirty-seven states have ratified it.

The Permanent Court of International Justice is composed of eleven judges and four deputy judges who are elected by the separate concurrent votes of the Council and the Assembly and who are eligible to reelection. A quorum of nine judges is required for the hearing and decision of a case except in the instances where summary procedure is required[1]. The Court is open to members of the League, to states mentioned in the annex to the Covenant, and to any other state upon condition that it shall have expressed its willingness 1) to accept the jurisdiction, 2) to carry out in good faith the award of the Court, and 3) not to resort to war against a state complying therewith[1].

The Court has two kinds of functions : judicial and advisory. The advisory function arises when the Council or the Assembly of the League of Nations asks the Court to give an opinion upon a dispute or question. The judicial function applies 1) to all cases

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the representatives of five of these republics met at Washington and signed eight conventions, one of which created the Central American Court of Justice. Established for ten years, the court could be prorogued, if it proved successful. Its jurisdiction extended to all conflicts which could not be settled by diplomatic means. But the court was not serviceable because of a certain political unstability of the states concerned. At the end of ten years it ceased to exist. A convention replacing the one of 1907 was signed at Washington, February 7, 1923, but it has not entered into force.

[1] See resolution of the Council of the League of Nations on May 17, 1922, in publications of the Permanent Court of International Justice, Series D, No 4, *Extracts from international agreements affecting the jurisdiction of the court.* Second edition, (Leyden, A. W. Sijthoff's Publishing Company, 1924), p. 13.

which the parties submit to it; 2) to cases provided for in treaties or conventions; 3) as regards states which have signed the optional clause of the statue accepting compulsory jurisdiction, to all cases whatsoever between such states concerning: *a*) the interpretation of a treaty; *b*) any question of international law; *c*) the existence of any fact which, if established, would constitute a breach of an international obligation; *d*) the nature or extent of the reparation to be made for the breach of an international obligation.

Bibliographical note: The Permanent Court of International Justice issues publications in four series: A. Collection of judgments; B. Collection of advisory opinions; C. Acts and documents relating to judgments and advisory opinions given by the court; D. Acts and documents concerning the organization of the court. See also, Carnegie Endowment for International Peace, Division of International Law, *The project of a permanent court of international justice and resolutions of the advisory committee of jurists. Report and commentary* (Washington, 1920); Institut Intermédiaire International, *The permanent court of international justice, statute and rules,* (Leyden, A. W. Sijthoff, 1922); *Colección de decisiones del tribunal permanente de justicia internacional.* Años de 1922-1923 (Madrid, Instituto Ibero-Americano de Derecho Comparado, 1924); the World Peace Foundation (Boston) has issued various pamphlets concerning the Permanent Court of International Justice.

III

Simultaneously with the movement for the establishment of a permanent judicial court grew the tendency to make arbitration obligatory. At the first conference at The Hague in 1899 a treaty of obligatory arbitration was proposed but was defeated by the opposition of Germany. The conference, however, registered the tendency toward obligatory arbitration in article 19 of the Convention for the Pacific Settlement of International Disputes, by which the Powers reserved to themselves "the right of concluding either before the ratifications of the present act or later, new agreements, general or private, with a view to extending obligatory arbitration to all cases which they may consider it possible to submit".

During the eight years elapsed between the First and the Second Hague Conferences over 60 treaties of arbitration[1] and over 40 agreements containing arbitral clauses[2] were concluded. The treaties of arbitration were of three kinds: those that limited obligatory arbitration to questions of a legal nature or disputes as to the interpretation of treaties; those concluded between the smaller powers of Europe and between South-American states that extended obligatory arbitration to other questions; and those, very few in number, that required *all* disputes which could not be settled amicably by diplomatic means to be submitted to arbitration. In all cases the initiation of the arbitral provisions depended on the conclusion of a compromis.

A general treaty of obligatory arbitration was proposed again at the Second Conference at The Hague, but it met the same fate as

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[1] See *Traités généraux d'arbitrage communiqués au Bureau International de la Cour Permanente d'Arbitrage,* première série (La Haye Van Langenhuysen, 1911). Union Interparlementaire, *l'Arbitrage obligatoire en* 1913, par Chr. L. Lange, (Bruxelles, Misch and Thron, 1914).

[2] See Union Interparlementaire, as cited.

at the First Conference. The cause of obligatory arbitration, nevertheless, gained some ground. The Convention for the Pacific Settlement of International Disputes, adopted by the Conference, empowered the Permanent Court of Arbitration to settle the compromis in certain cases when the parties would not agree upon it. Also the so-called Porter Convention indirectly made arbitration obligatory in respect of the recovery of contract debts owerd by one state to the nationals of another state[1]. Finally, the Conference adopted an unsigned declaration in which it affirmed the principle of obligatory arbitration[2].

In the years following the Second Hague Conference to the outbreak of the World War over 75 treaties of arbitration[3] and over 25 treaties containing arbitral provisions[4] were concluded[5].

Obligatory arbitration, stopped by the World War, was renewed and extended with the coming of peace. The Covenant of the League of Nations (art. 12) requires the members of the League to

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[1] Carnegie Endowment for International Peace, Division of International Law, *The reports to the Hague Conference of* 1899 *and* 1907 (Oxford, 1917), p. 489.

[2] Ibid., p. 215.

[3] See *Traités généraux d'arbitrage communiqués au Bureau International*, as cited above, deuxième série (1914) et troisième série (1921); Union Interparlementaire, as cited; World Peace Foundation Pamphlets, *Arbitration engagements now existing in treaties, treaty provisions and national constitutions*, Vol. V, No 5, part III; Manning, as cited.

[4] See Union Interparlementaire, as cited, for list.

[5] The United States took an important part in this movement. In 1908-1909 Elihu Root, then Secretary of State, negociated arbitration treaties with 26 countries. Of these treaties 22 were duly proclaimed. They provided that "differences which may arise of a legal nature or relating to the interpretation of treaties existing between the two contracting parties and which it may not have been possible to settle by diplomacy shall be referred to the Prmanent Court of Arbitration established at The Hague... provided, nevertheless, that they do not affect the vital interests, the independence, or the honor of the two contracting parties and do not concern the interests of third parties."

In 1913 Secretary of State Bryan invited 30 nations to negociate treaties for the advancement of peace. They are not arbitration treaties but provide for investigation and report by a permanent international commission. The parties agree not to declare war or begin hostilities during such investigation or before the report is submitted; but they reserve to themselves the right "to act independently on the subject matter of the dispute after the report of the Commission shall have been submitted."

The following treaties were signed:

COUNTRY	DATE OF SIGNATURE	DATE OF EXCHANGE OF RATIFICATIONS
Argentine	July 24, 1914	—
Bolivia	Jan 22, 1914	Jan. 8, 1915
Brazil	July 24, 1914	Oct. 28, 1916
Chile	July 24, 1914	Jan 19, 1916
China	Sept. 15, 1915	Oct. 22, 1915
Costa Rica	Feb. 13, 1914	Nov. 12, 1914
Denmark	April 17, 1914	Jan 19, 1915
Dominican Republic	Feb. 17, 1914	—
Ecuador	Oct. 13, 1914	Jan 22, 1916
France	Sept. 15, 1914	Jan 22, 1915
Great-Britain	Sept. 15, 1914	Nov. 10, 1914
Greece	Oct. 13, 1914	—
Guatemala	Sept. 20, 1913	Oct. 13. 1914
Honduras	Nov. 3, 1913	July 27, 1915
Italy	May 5, 1914	March 19, 1915
Netherlands	Dec. 18, 1913	March 19, 1915
Nicaragua	Dec. 17, 1913	—
Norway	June 24, 1914	Oct. 21, 1914
Panama	Sept. 20, 1913	—
Paraguay	Aug. 29, 1914	March 9, 1915
Peru	July 14, 1914	March 4, 1914
Persia	Feb. 4, 1914	—
Portugal	Feb. 4, 1914	Oct. 24, 1914
Russia	Oct. 1, 1914	March 22, 1915
Salvador	Aug. 7, 1913	—
Spain	Sept. 15, 1914	Dec. 21, 1914
Sweden	Oct. 13, 1914	Oct. 22, 1914
Switzerland	Feb. 13, 1914	—
Uruguay	July 20, 1914	Feb. 21, 1915
Venezuela	March 21, 1914	Feb. 12, 1921

See Carnegie Endowment for International Peace, *Treaties for the advancement of peace between the United States and other powers negociated by the Honorable William J. Bryan, Secretary of State of the United States*, (New-York, 1920).

submit either to arbitration or judicial settlement or to enquiry by the Council any dispute which is likely to lead to a rupture. In no case is a state to resort to war until three months after the arbitral or judicial decision or the report of the Council. The parties are, in principle, free to choose between these methods of settlement[2]. According to Article 13 of the Covenant, however, if any dispute should arise between them which they recognize as suitable for submission to arbitration or judicial settlement and which can not be satisfactorily settled by diplomacy, they agree to submit it to either of those procedures. Among the disputes which are generally suitable for this means of adjudication are declared to be those relating to the interpretation of a treaty, to any question of international law, to the existence of any fact which, if established, would constitute a breach of an international obligation, or to the extent and nature of the reparation to be made for any such breach.

The Geneva protocol for the pacific settlement of international disputes, as proposed by the Fifth Assembly of the League of Nations in 1924, supplements the arbitral provisions of the Covenant[1]. It is based upon compulsory arbitration strengthened by sanctions. The protocol will not come into effect until it has been ratified by a majority of the permanent members of the Council and ten other members of the League and until the plan for the reduction of armaments has been adopted by the conference on disarmament.

IV

The obligatory jurisdiction of the Court may be recognized in all or any of the classes of legal disputes mentioned in Article 13 of the Covenant by a formal declaration of acceptance of the optional clause of the statute (art. 36)[2].

Further this jurisdiction of the Court may arise in case of application for revision of a judgment[3] and in the arbitral provisions of certain treaties and conventions[4]. The arbitral provisions of international engagements over which the Court has jurisdiction may be grouped under four headings:

1. Provisions which give the Court jurisdiction in disputes relating to the interpretation or application of the whole or part of a treaty. Such provisions are inserted in the treaties of peace with

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[1] League of Nations Information Section, *Arbitration, security and reduction of armanents;* World Peace Foundation pamphlets, *Protocol of arbitration, security and disarmament,* Vol. VII, Nos 7 and 8; *International Conciliation. December,* 1924, No 205.

[2] This clause has been signed by 22 states: *Austria, Brazil, Bulgaria, China,* Costa Rica, *Denmark,* Dominican Republic, *Esthonia, Finland,* France, *Haïti,* Liberia, *Lithuania,* Luxembourg, *Netherlands, Norway,* Panama, *Portugal,* Salvador, *Sweden, Switzerland,* Uruguay. The states in italics have also ratified the optional clause. In most cases acceptance was declared on condition of reciprocity and for a period of five years.

[3] Under the Hague convention application for revision of an award could not be made unless the parties had reserved the right in the compromis. The statute of the Court, on the other hand, makes it a right for a party to apply for revision in case of discovery of a new fact, on condition, however, that such application is made within six months of the discovery of the new fact and that 10 years have not elapsed since the day of the award.

[4] For a list of these treaties and conventions see appendix III.

Germany[1], Austria[2], Hungary[3], Bulgaria[4]. They are likewise included in all the mandates and in certain general treaties and conventions and bipartite agreements[5].

2. Provisions which give the Court jurisdiction in questions relating to the régime of international rivers and railways, navigable waterways and maritime ports of international concern. Provisions of this kind are found in the treaties of peace[6].

3. Provisions which give the Court jurisdiction in questions concerning the protection of minorities. They are found in the treaties of peace[7], minorities treaties[8], and bipartite agreements[9]. Albania[10] on October 2, 1921, and Lithuania[11] on May 12, 1922, before the Council of the League of Nations made declarations in regard to the protection of minorities, the substance of which is analogous to the provisions (including the one relating to the jurisdiction of the court) in the minorities treaties. Esthonia, on September 7, 1923, accepted the resolution of the Council of the League of Nations relating to the same subject.[12] The Court can not exercise its jurisdiction in questions pertaining to the protection of minorities except on petition of a member of the Council of the League of Nations.

4. Provisions in treaties of peace which give the court jurisdiction in conflicts concerning the international labor organization[13].

V

Among the arbitration treaties now in force some antedate the World War but have been successively renewed. These generally continue to exclude from arbitral settlement questions affecting vital interests and the independence or the honor of the contracting parties.

Certain of the newly concluded treaties provide that all disputes are to be submitted to arbitration or first to conciliation and then to arbitration or judicial settlement. The treaty of July 18, 1917, between Peru and Uruguay[14] and that of May 14, 1923,

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[1] Treaty of Versailles; arts. 376, 386, 423.

[2] Treaty of Saint-Germain-en-Laye; arts. 237, 324, 328, 368.

[3] Treaty of Trianon; arts. 245, 285.

[4] Treaty of Neuilly; arts. 245, 285.

[5] For a list of articles containing arbitral clauses, see appendix III.

[6] Treaty of Versailles; arts. 65, 336, 353; treaty of Saint-Germain-en-Laye, arts 297, 298, 308, 324; treaty of Trianon, arts 281, 282, 293, 307; treaty of Neuilly, arts 225, 226; treaty of Lausanne...

[7] Treaty of Saint-Germain-en-Laye, arts. 11, 14, 69; treaty of Trianon, art. 60; treaty of Neuilly, art. 57; treaty of Lausanne, art. 44.

[8] See appendix III.

[9] Convention between Poland and the Free City of Danzig of November 9, 1920 (art. 33). Agreement between Germany and Poland of May 15, 1922, regarding Upper Silesia (art. 72).

[10] Publications of the Permanent Court of International Justice, Series D., No 4, p. 72.

[11] Ibid. p. 78.

[12] Ibid. p. 112.

[13] Treaty of Versailles, arts. 415-420.

[14] Entered into force in 1922.

between Peru and Venezuela require the parties to refer all differences to arbitration. The provision of the arbitration agreement of April 10, 1923, between Austria and Hungary is to the same effect.

The treaty of arbitration and conciliation of December 3, 1921, between Switzerland and Germany embraces all disputes without distinction. Question concerning the contents, interpretation, and application of any treaty concluded between the two parties; any point of international law; the existence of any fact which, if established, would constitute a violation of an international engagement; the extent and nature of the reparation due for such violation; all are to be submitted to arbitration. If, in a dispute coming under one of these categories, one of the parties pleads that the question at issue affects its independance, the integrity of its territory or other vital interests, and if the opposing party maintains that the plea is not well founded, the point shall be settled by means of arbitration.

By the treaty of conciliation and judicial settlement concluded September 20, 1924, Italy and Switzerland engage themselves to submit to a permanent commission of conciliation all disputes which may arise between them and which prove impossible of settlement by diplomatic negociations within a reasonable time. If either party does not accept the report of the commission, the dispute is to be referred to the Permanent Court of International Justice. A special compromis is required in each case. If the compromis is not settled within three months from the day on which the demand for a judicial settlement was made, either party may request the Court to exercise its jurisdiction over the dispute. Should the Court be of the opinion that the dispute is not of a legal nature, the parties agree to have it settled *ex æquo et bono*. Disputes concerning the interpretation or application of the treaty are to be submitted, except where provided to the contrary, to the court by way of simple request.

On January 17, 1925, Poland, Esthonia, Finland and Latvia, signed at Helsingfors a convention of conciliation and arbitration[1]. The parties agree to submit to conciliation or arbitration all differences, except questions arising from the internal legislation of the disputant and differences concerning the territorial status of the contracting parties. Article 6 of the convention sets up a permanent commission of conciliation. In case a report of this commission should not be accepted by all the disputants, the difference shall be submitted to arbitration if one of the parties demands it. In a case where one party refers the dispute to the procedure of conciliation while the other party invokes the jurisdiction of the Permanent Court of International Justice, the court's jurisdiction being, in the given case, obligatory on the disputing parties, the examination of the dispute shall be suspended until the court shall have rendered a decision regarding its jurisdiction.

VI

A considerable number of treaties and conventions concluded since 1920 contain arbitration clauses. Most of the arbitral stipula-

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[1] For text see *L'Europe Nouvelle*, February 28, 1925, p. 290.

tions have reference to disputes as to the interpretation or application of the treaties whereof they form a part. They are to be found in bipartite agreements[1] as well as in general treaties and conventions[2]. Certain treaties stipulate the establishment of a permanent court of arbitration[3] to settle disputes likely to arise from the interpretation or execution of certain provisions. Others call for the establishment of a special tribunal for every case. The treaty concerning the archipelago of Spitsbergen, signed at Paris, February 9, 1920, provides for an arbitration tribunal to hear claims to the land of the nationals of the signatory parties.

Not only treaties containing arbitral provisions have been concluded since the World War, but also several important disputes have been settled since then by arbitral and judicial means. Some of these cases are still in the process of adjudication. The Permanent Court of International Justice has rendered ten advisory opinions and three judgments. The Permanent Court of Arbitration at The Hague has decided three cases.

Boundary disputes figure prominently among the cases submitted to arbitration. The determination of the frontier between Esthonia and Latvia[4] and of the frontier between Latvia and Lithuania[5] was entrusted to a mixed commission. The controversy as to boundary between Venezuela and Colombia is now being arbitrated, while that between Chile and Peru was decided in February, 1925, with the President of the United States as arbitrator[6]. In January, 1925, The United States and The Netherlands signed an agreement referring to the Permanent Court of Arbitration at The Hague differences with respect to the island of Palmas[7]. A few other cases may be enumerated: The Landreau claim initiated by the United States against Peru was submitted to and disposed of by arbitration in 1923[8]. A controversy between Costa Rica and Great Britain regarding certain claims against Costa Rica was decided in 1923 by Chief Justice Taft, the sole arbitrator[9]. A compromis,

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[1] Example: Convention between Germany and France regarding the port of Kehl, signed March 1, 1920, art. 23; treaty of commerce between Italy and Switzerland, signed January 27, 1923, art. 23.

[2] Example: Convention for the regulation of transit and communications on the system of the Danube-Save-Adriatic Railway Company (formerly the Southern Railway Company), signed at Rome, March 29, 1923, art. 69.

[3] See treaty concerning a loan granted to Germany and the exportation of coal concluded between Germany and the Netherlands, May 11, 1920, annex D, art. 1; treaty with regard to citizenship and protection of minorities between Austria and Czechoslovakia, signed June 7, 1920, part III, art. 21; convention concerning freedom of transit between East Prussia and the rest of Germany, signed at Paris, April 21, 1921, art. 11.

[4] For text of agreement see *League of Nations Treaty Series*, II, p. 187.

[5] For text of agreement see *League of Nations Treaty Series*, II, p. 233.

[6] A plebiscite to be held under conditions intended to minimize as far as possible the advantages to Chile arising from her occupation of the territory since 1879, is to determine the final status of Tacna-Arica. The northern boundary of Tacna province was awarded to Peru; the southern boundary is to be determined by a commission. A special commission consisting of representatives of the Chilean and Peruvian governments and a chairman appointed by the President of the United States is to be formed to supervise the plebiscite.

[7] See *Congressional Record*, 66, February 10, 1925, pp. 3479-80.

[8] For text of decision, see *The American Journal of International Law*, vol. XVIII, January, 1924, p. 147.

[9] For text of decision, see *The American Journal of International Law*, vol. XVII, January, 1923, p. 157.

signed by the Bulgarian and Greek Governments on March 18, 1924, provided for the arbitral settlement of certain questions that arose as a result of the war. On October 30, 1924, France and Switzerland entered into an agreement to refer the question as to the régime in the free zones to the Permanent Court of International Justice[1]. There are under discussion at present arbitral agreements to assure the security of certain states. All these instances of arbitral agreements, concluded since the war or now in process of negotiation, show the tendency of the time and the present importance of the subject.

VII

For the liquidation of certain difficulties arising from the World War in the domain of private debts, property, interests, and contracts, the peace treaties established mixed arbitral tribunals, one between each of the Allied and Associated Powers on the one hand, and each of the Central Powers on the other[2]. Each tribunal consists of three members: one national of each of the parties and an umpire selected from among the nationals of powers that remained neutral during the war[3]. The tribunals set up by the treaties of peace differ in two respects from ordinary arbitration tribunals in the sense in which the term is used in international law[4]. First, whereas the latter are concerned solely with disputes between states, the former hear cases between private individuals. Second, in the one case the execution of the award depends upon the good faith of the state against which it is rendered; in the other case the decision falling upon the individual has the force of a judgment emanating from an ordinary national court.

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[1] On the occasion of the signature of the compromis, an exchange of notes took place by which the French and Swiss Governments agreed in principle to conclude a treaty of conciliation and obligatory arbitration. For the compromis and this exchange of notes see *Message du Conseil fédéral à l'Assemblée fédérale*, No 1911.

[2] Treaty of Versailles, art. 304; of Saint-Germain-en-Laye, art. 256; of Trianon, art. 239; of Neuilly, art. 188.

[3] The mixed arbitral tribunals have already rendered many decisions. The texts are published in the *Recueil des décisions des tribunaux arbitraux mixtes* (editor-in-chief Gilbert Gidel, Paris, Librairie du Recueil Sirey). This publication has appeared monthly since April, 1921.

[4] See article of J. P. Niboyet, "Les tribunaux mixtes organisés en execution des traités de paix", in *Bulletin de l'Institut Intermédiaire International*, Vol. VII, p. 215.

APPENDIX I

Cases Heard by the Permanent Court of Arbitration

1. *United States v. Mexico.*—Pious funds of Californias. Decision rendered October 14, 1902. Award of arrears amounting to $1,420,682.67 (Mexican money) and permanent future annual interest of $43,050.99 (Mexican money), in favor of United States.
2. *Germany, Great Britain and Italy v. Venezuela, Belgium, Spain, United States, France, Mexico, Netherlands, and Sweden and Norway.*—Right of preference claimed by blockading Powers in payment of obligations by Venezuela. Decision rendered February 22, 1904. Award in favor of plaintiffs.
3. *Germany, France, and Great Britain v. Japan.*—Perpetual leases in Japan. Decision rendered February 22, 1904. Award in favor of plaintiffs.
4. *France v. Great Britain.*—Dhows of Muscat. Decision rendered August 8, 1905. Held that only natives of Muscat enjoying French protection by treaty were entitled to fly French flag.
5. *Germany v. France.*—Deserters of Casablanca. Decision rendered May 22, 1909. Held that German consular officers erroneously aided deserters from French Foreign Legion, and that French military authorities erroneously failed to respect protection granted to deserters.
6. *Norway v. Sweden.*—Maritime frontier. Decision rendered October 23, 1909. Court traced boundary line.
7. *United States v. Great Britain.*—North Atlantic Coast fisheries. Decision rendered September 7, 1910. Award on five of seven questions favorable to United States; on other two a compromise.
8. *United States v. Venezuela.*—Claims of Orinoco Steamship Company. Decision rendered October 25, 1910. Decision in favor of United States.
9. *France v. Great Britain.*—Arrest and restitution of Savarkar. Decision rendered February 24, 1911. Held that British Government was not required to restore Savarkar to French Government.
10. *Italy v. Peru.*—Canevaro claim: Decision rendered May 3, 1912. Held that Peru must pay Canevaro Brothers £39,811 8s. 1d. in Peruvian bonds on claim and £9.388 17 s. 1 d. in gold as interest from January 1, 1889, to July 31,1912.
11. *Russia v. Turkey.*—Claim for unpaid interest. Decision rendered November 11, 1912. Held that Turkey was not required to pay Russia damages for not having paid interest on Russian claims.
12. *France c. Italy.*—Seizure of *Manouba.* Decision rendered May 6, 1913. Award sustained Italian right of temporary seizure of ship and arrest of Turkish (belligerent) passengers and awarded France 4.000 francs for losses proved.

12. *France v. Italy.*—Seizure of *Manouba.* Decision rendered May 6, 1913. Award denied Italy's (belligerent) right to seize mail steamer temporarily and awarded France 160,000 francs for losses and damages proved.

14. *France v. Italy.*—Seizure of *Tavignano* and firing on Tunisian vessels *Kamouna* and *Gaulois.* Case was settled out of court.
15. *Netherlands v. Portugal.*—Frontiers in island of Timor. Decision rendered June 25, 1914. Award in favor of Netherlands.
16. *Spain, France, and Great Britain v. Portugal.*—Seizure of pious funds in Portugal, following dissolution of concordat. French and Bri-

tish claims decided September 2, 1920. Spanish claim decided September 4, 1920.

17. *France v. Peru.*—Claims of French creditors of Peru against loan placed on French Bourse. Decision rendered October 11, 1921. Award of 25,000,000 francs in favor of France.

18. *United States v. Norway*[1].—Claims of Norwegian subjects arising out of certain requisitions of United States Shipping Board Emergency Fleet Corporation. Decision rendered October 13, 1922. Norway awarded $12,239,852.47.

Bibliographical Note: The Court prints the compromis, minutes of the meetings, and the award in each case held under its auspices. Each government prints its own case. For the compromis and awards in the first fifteen cases see George Grafton Wilson, *The Hague arbitration cases*, (Boston-London, Ginn and Company, 1915). See also Carnegie Endowment for International Peace, Division of International Law, *The Hague court reports*, comprising the awards, accompanied by syllabi, the agreements for arbitration, and other documents in each case submitted to the Permanent Court of Arbitration and to commissions of inquiry under the provisions of the conventions of 1899 and 1907 for the pacific settlement of international disputes (New York, 1916).

APPENDIX II

Advisory Opinions of the Permanent Court of International Justice

1. *Interpretation of article 389 of treaty of Versailles, regarding nomination of delegates to International Labor Conference.*—Request for opinion transmitted to the Court, May 22, 1922; opinion delivered July 31, 1922.[2] Held that the Netherlands Government's nomination of the workers' delegate to third session of International Labor Conference was in accordance with article 389 of treaty of Versailles.

2. *Competence of International Labor Organization in questions pertaining to agricultural labor.*—Request for opinion transmitted to Court May 22, 1922; opinion delivered August 12, 1922.[3] Held that competence of International Labor Organization extends to regulation of conditions of labor of persons employed in agriculture.

3. *Competence of International Labor Organization to examine proposals for organization and development of methods of agricultural production and of questions of like nature.*—Request for opinion transmitted to Court May 22, 1922; opinion delivered August 12, 1922[4]. Held that competence of International Labor Organization extends to agricultural production only so far as conditions of labor are concerned.

4. *Dispute between Great Britain and France over nationality decrees issued in Tunis and Morocco, November 6, 1921.*—Request for opinion transmitted to Court October 4, 1922; opinion delivered Feb-

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[1] There is some question as to whether this case was technically before the Permanent Court of Arbitration.

[2] See Publications of Permanent Court of International Justice, Series B, No 1 (hereafter cited as P. C.).

[3] See P. C., Series B, No 2.

[4] See P. C., Series B, No 3.

ruary 7, 1923[1]. Held that dispute was not by international law solely a matter of domestic jurisdiction within par. 8 of art. 15 of Covenant.[2]

5. *Dispute between Finland and Russia over execution of part of treaty of Dorpat (October 14, 1920) dealing with Eastern Carelia.*—Request transmitted to Court April 27, 1923; opinion delivered July 23 1923.[3] Held that rendering opinion in question would be equivalent to deciding dispute which Court could not do unless both parties submitted to its jurisdiction.

6. *Protection of German settlers in Poland.*—Request for opinion transmitted to the Court March 2, 1923; opinion delivered September 10, 1923.[4] Held that Council was competent under minorities treaty with Poland of June 28, 1919, to deal with question; that position taken by Poland was not in conformity with her international obligations.

7. *Acquisition of Polish nationality.*—Request for opinion transmitted to Court July 11, 1923; opinion delivered September 15, 1923.[5] Held that Council is competent under minorities treaty with Poland to deal with questions relating to acquisition of Polish nationality by German settlers; that, under art. 4 of the treaty, habitual residence of parents at date of birth of persons concerned, but not at later date, is made condition of acquiring nationality.

8. *Czechoslovak-Polish boundary.*—Request for opinion transmitted to Court September 29, 1923; opinion delivered December 6, 1923.[6] Held that decision of Conference of Ambassadors with reference to frontier accepted by both states was definitive, and that question was not reopened by subsequent negociations.

9. *Delimitation of Serbo-Albanian frontier at Monastery of Saint-Naoum.*—Request for opinion transmitted to Court June 17, 1924; opinion delivered September 4, 1924.[7] Held that Principal Allied Powers, by decision of Conference of Ambassadors of December 6,1922, had exhausted in regard to frontier between Albania and Kingdom of Serbs, Croats and Slovenes, at Monastery of Saint-Naoum, mission which was recognized as belonging to them by unanimous resolution of Assembly of League of Nations of October 2, 1921.

10. *Meaning of word "established" in article 2 of Convention of Lausanne of January 30, 1923, (regarding exchange of Greek and Turkish populations).*—Request for opinion transmitted to Court December 18, 1924; opinion delivered February 21, 1925.[8] Held that word "established" in article 2 of convention refers to a situation of fact constituted, in case of persons in question, by residence of lasting nature; that, in order that persons referred to as "Greek inhabitants of Constantinople" may be considered as "established" they must reside within boundaries of prefecture of Constantinople as defined by law of 1912; have arrived there prior to October 30, 1918; and have had, prior to that date, intention of residing there for extended period.

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[1] See P. C., Series B., No 4.

[2] The French Government expressed its desire to submit the case to the Court on its merits. But before the Court met again, the matter had been amicably settled between the two governments, and no further proceedings were necessary. For text of agreement, see British Treaty Series, No 11, 1923. Cmd. 1899.

[3] See P. C., Series B., No 5.

[4] See P. C., Series B., No 6.

[5] See P. C., Series B., No 7.

[6] See P. C., Series B., No 8.

[7] See P. C., Series B., No 9.

[8] See P. C., Series B., No 10.

Judgments of the Permanent Court of International Justice

1. *Case of S. S. Wimbledon involving freedom of Kiel Canal.*—Referred to Court by Conference of Ambassadors, November 16, 1922; judgment given August 17, 1923.[1] Held that Germany was wrong in refusing access to Kiel Canal to S.S. *Wimbledon;* that article 380 of treaty of Versailles forbids Germany's applying to Canal neutrality order promulgated by her on July 25, 1920; that Germany pay France in three months from date of judgment sum of 140,479 francs and 35 centimes with interest at 6 %.
2. *Case of Mavronmatis Palestine Concessions.*—Referred to Court May 13, 1924; judgment given August 30, 1924.[2] Court upheld preliminary objection submitted by Great Britain in so far as it related to claim in respect of works at Jaffa, and dismissed it in so far as it related to claim in respect of works at Jerusalem. This part of suit was reserved for judgment on its merits. President was instructed to fix, in accordance with art. 33 of rules of Court, time for deposit of further documents of written proceedings.
3. *Interpretation of par. 4 of annex to art. 179 of Treaty of Neuilly.*—Referred to Court July 31, 1924; judgment given September 12, 1924.[3] Held that last sentence of par. 4 of annex to section IV of part IX of treaty of Neuilly should be interpreted as authorizing claims in respect of acts committed even outside Bulgarian territory as constituted before October 11, 1915, and in respect of damage incurred by claimants not only as regards their property, rights and interests, but also as regards their person; that reparation due on this ground is within the scope of reparation.

Bibliographical Note: See page 5.

APPENDIX III

International Agreements Affecting Jurisdiction of Permanent Court of International Justice[4]

Instruments establishing Court and decisions of organs of League of Nations

1) Covenant of League of Nations. Art. 14.
2) Resolution of Assembly of League of Nations on December 13, 1920, approving statute of Permanent Court of International Justice.
3) Protocol of signature of December 16, 1920.
4) Optional clause.
5) Statute of Permanent Court of International Justice. Arts. 35, 36, 37.

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[1] See P. C., Series A., No 1.
[2] See P. C., Series A., No 2.
[3] See P. C., Series A., No 3.
[4] See *Publications of the Permanent Court of International Justice. Series D. No 4. Extracts from International Agreements affecting the jurisdiction of the Court.* Second edition (June 1, 1924). Also Addenda: *Agreement signed at London on August 30th, 1924; and Resolutions relating to the pacific settlement of international disputes,* adopted by Fifth Assembly of League of Nations October 2, 1924. All articles of relevant agreements concluded to and including August 30, 1924, are to be found in the Court publication as cited. The list given in this appendix is complete to March 1, 1925.

6) Extract from report presented to third committee of First Assembly of League of Nations by M. Hagerup, on behalf of sub-committee. Report adopted by committee, and afterwards approved by Assembly. Arts. 35, 36, 37.

7) Resolution of May 17, 1922, by which Council of League of Nations drew up conditions under which Court is open to states other than members of League of Nations or those mentioned in annex to covenant.

8) Resolution of September 21, 1922, by which Third Assembly of League of Nations has recommended a procedure to be followed in event of a difference of opinion regarding minorities treaties.

9) Resolutions relating to pacific settlement of international disputes, adopted by Fifth Assembly of League of Nations, October 2, 1924. Protocol was signed by seventeen states: Albania, Belgium, Brazil, Bulgaria, Chile, Czechoslovakia, Esthonia, Finland, France, Greece, Latvia, Paraguay, Poland, Portugal, Serb-Croat-Slovene State, Spain. It was ratified by Czechoslovakia.

Treaties of Peace

1) *Allied and Associated Powers and Germany*, signed at Versailles, June 28, 1919. Annex to section IV of part III, § 22; arts. 65, 289, 336, 337, 353, 376, 386, 415, 416, 417, 418, 423. In force.

2) *Allied and Associated Powers and Austria*, signed at Saint-Germain-en-Laye, September 10, 1919. Arts. 69, 231, 297-298, 308, 311, 324, 327, 328, 360-363, 368. In force.

3) *Allied and Associated Powers and Bulgaria*, signed at Neuilly-sur-Seine, November 27, 1919. Arts. 57, 168, 225, 226, 245, 267-270, 285. In force.

4) *Allied and Associated Powers and Germany*, signed at Trianon, June 4, 1920. Arts. 60, 224, 281, 282, 292, 293, 294, 307, 310, 311, 343-346, 351. In force.

5) *Allied Powers and Turkey*, signed at Lausanne, July 24, 1923. Arts. 44, 92, 101, 103. In force.

Collective Treaties and Conventions

1) Convention for control of trade in arms and ammunition, signed at Paris, September 10, 1919. Art. 24. Ratified by China, Greece, Portugal, Siam.

2) Convention relating to liquor traffic in Africa, signed at Saint-Germain-en-Laye, September 10, 1919. Art. 8. Ratified by British Empire, France, Japan, Belgium, Portugal.

3) Convention for regulation of aerial navigation, signed at Paris, October 13, 1919. Art. 37. Ratified by 11 states.

4 Convention and statute on freedom of transit, signed at Barcelona, April 20, 1921. Art. 13 of statute. Ratified by 12 states.

5) Convention and statute on régime of navigable waterways of international concern, signed at Barcelona, April 20, 1921. Art. 22 of convention. Ratified by 10 states.

6) Convention on statute of Danube, signed at Paris, July 23, 1921. Art. 38. Ratified by 12 states.

7) Agreement for regulation of international railway traffic, signed at Portorosa, November 23, 1921. Art. 13.

8) Economic conference of Portorosa, final protocol.

9) Convention instituting statute of navigation of Elbe, signed at Dresden, February 22, 1922. Chapter VI, § 5, art. 52. Ratified by Great Britain.

10) Esthonia, Finland, Latvia, Poland. Political convention signed at Warsaw, March 17, 1922. Art. 6. Ratified by Esthonia, Poland, Latvia.

11) Protocol No II relating to restoration of Austria, signed at Geneva. October 4, 1922. Art. 15. Also, Protocol No III signed by Australia the same day. § 9.

12) Convention regarding compensation payable by Greece to allied nationals, signed at Lausanne, July 24, 1923. Single article.

13) Convention for suppression of circulation of and traffic in obscene publications, signed at Geneva, September 12, 1923. Art. 15.

14) Convention relating to simplification of customs formalities, signed at Geneva, November 3, 1923. Art. 22.

15) Convention and statute on international régime of railways, signed at Geneva, December 9, 1923. Arts. 35 and 36 of statute.

16) Convention and statute on international régime of maritime ports, signed at Geneva, December 9, 1923. Arts. 8, 21, 22 of statute.

17) Convention relating to transmission in transit of electric power, signed at Geneva, December 9, 1923. Art. 12.

18) Convention relating to development of hydraulic power affecting more than one state, signed at Geneva, December 9, 1923. Art. 12.

19) Protocol No II relating to financial reconstruction of Hungary, signed at Geneva, March 14, 1924. Art. 15.

20) Convention concerning transfer of the Memel territory, signed at Paris, May 8, 1924. Art. 17; Annex II. art. 2; Annex III, art. 3.

21) Inter-allied agreement, signed at London, August 30, 1924. Arts. 1,4.

22) Agreement between Allied Governments and Germany, signed at London August 30, 1924. Art. 10.

23) Agreement between Allied Governments and Germany relating to arrangement of August 9, 1924, between German Government and Reparation Commission, signed at London, August 30, 1924. Clauses 1, 2, 5, 6.

24) Convention relating to Tangier concluded between France, Great Britain, and Spain at Paris, December 18, 1923. Art. 54. Deposit of instruments of ratification May 14, 1924.

Bipartite Agreements

1) Poland-Free City of Danzig.—Convention signed at Paris, November 9, 1920. Chap. V, Art. 33. In force.

2) Finland-Sweden.—Agreement in regard to Aland Islands annexed to Resolution of Council of League of Nations, dated June 24, 1921. IV. Political questions, 7.

3) Denmark-Norway.—Convention relating to air navigation, signed at Copenhagen, July 27, 1921. Art. 40. Ratifications exchanged January 4, 1922.

4) Esthonia-Finland.—Treaty of commerce and navigation, signed at Helsingfors, October 29, 1921. Art. 19. Ratifications exchanged October 12, 1922.

5) Czechoslovakia-Austria.—Political agreement signed at Prague, December 16, 1921. Art. 7. Ratifications exchanged March 15, 1922.

6) Poland-Germany.—Agreement with reference to Upper Silesia, signed at Geneva, May 15, 1922. Arts. 2, 23, 72. Ratifications exchanged June 3, 1922.

7) Switzerland-Poland.—Commercial convention signed at Warsaw June 26, 1922. Final Protocol. Entered into force August 19, 1922.

8) Latvia-Czechoslovakia.—Treaty of commerce signed at Prague, October 7, 1922. Art. 24. Ratifications exchanged October 25, 1923.
9) Great Britain-"Iraq.—Treaty signed at Bagdad, October 10, 1922. Art. 17.
10) Austria-Hungary.—Arbitration agreement, signed at Budapest, April 10, 1923. Art. 1. Ratifications exchanged July 14, 1923.
11) Norway-Sweden. Convention concerning air navigation, signed at Stockholm, May 26, 1923. Art. 40. Ratifications exchanged July 30, 1923.
12) France-Czechoslovakia.—Treaty of alliance and friendship, signed at Paris, January 25, 1924. Art. 6. Ratifications exchanged March 4, 1924.
13) Denmark-Norway.—Convention relating to eastern Greenland, signed at Copenhagen, July 9, 1924. Art. 8. Entered into force July 10, 1924.
14) Germany-Great Britain.—Treaty of commerce and navigation, signed at London December 2, 1924. Art. 30. In force upon exchange of ratifications.
15) Italy-Switzerland.—Treaty of conciliation and judicial settlement signed at Rome, September 20, 1924. Arts 1, 15, 16, 17, 18, 19, 20.
16) Belgium-Switzerland.—Treaty of conciliation, signed February 13, 1925.
17) Sweden-Germany.—Notes exchanged August 29, 1924, on occasion of signature of treaty of arbitration and conciliation.

Mandates

All the mandates entrusted, under art. 22 of Covenant of League of Nations, to Great Britain, France, Belgium, and Japan, provide that "if any dispute whatever should arise between the mandatory and another member of the League of Nations relating to the interpretation or the application of the provisions of the Mandate, such dispute, if it cannot be settled by negociation, shall be submitted to the Permanent Court of International Justice..." The British mandate for East Africa has the additional stipulation that "States Members of the League of Nations may likewise bring any claims on behalf of their nationals for infractions of their rights under this mandate before the said court for decision."

The mandated territories are as follows: South-west Africa; former German Samoa; Nauru; former German possessions in the Pacific Ocean, situated south of the equator, other than former German Samoa and Nauru; former German colonies in the Pacific ocean, situated north of the equator; East Africa; the Cameroons; Togoland; Palestine; Syria and the Lebanon.[1]

Minorities Treaties and other Agreements or Declarations

1) *Allied and Associated Powers and Poland*, signed at Versailles, June 18, 1919. Arts. 12, 18. Ratified by British Empire, France, Italy, Japan, and Poland.
2) *Allied and Associated Powers and Serb-Croat-Slovene State*, signed at Saint-Germain-en-Laye, September 10, 1919. Art. 11. Ratified by British Empire, France, Italy, Japan, and Serb-Croat-Slovene State.

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[1] The texts of the mandates may be found in the *Minutes of the eleventh session of the Council of the League of Nations* and the *League of Nations Official Journal*, 3rd year (August 1922). See also P. C., as cited, *passim*.

3) *Allied and Associated Powers and Czechoslovakia,* signed at Saint-Germain-en-Laye, September 10, 1919. Art. 14. Ratified by British Empire, France, Italy, Japan, and Czechoslovakia.

4) *Allied and Associated Powers and Roumania,* signed at Paris, December 9, 1919. Arts. 12, 16. Ratified by British Empire, France, Italy, Japan and Roumania.

5) *Allied and Associated Powers and Greece,* signed at Sèvres, August 10, 1920. Art. 16. Entered into force under treaty of Lausanne, signed July 24, 1923.

6) *Allied and Associated Powers and Armenia,* signed at Sèvres, August 10, 1920. Art. 8.

7) Declaration concerning protection of minorities in Albania, made before Council of League of Nations at Geneva, October 2, 1921. Art. 7. Instrument of ratification deposited March 22, 1922.

8) Declaration concerning protection of minorities in Lithuania, made before Council of League of Nations at Geneva, May 12, 1922. Art. 9. Ratification unnecessary.

9) Declaration made on July 7, 1923, to Council of League of Nations by Latvian delegate and approved by Latvian Government July 19, 1923. Also resolution taken by Council, July 7, 1923.

10) Resolution of Council of League of Nations, dated September 17, 1923, relating to protection of minorities in Esthonia. Accepted same day by Esthonian delegate on behalf of his Government. Art. 3.

APPENDIX IV

General Treaties of Arbitration Concluded or Renewed Since 1920

COUNTRY	DATE OF SIGNATURE
Argentine	
Bolivia.	Aug. 23, 1921.
Colombia.	Jan 20, 1912 [1].
Ecuador.	July 12, 1911 [1].
Switzerland.	Nov. 17, 1924.
Venezuela.	July 22, 1911 [1]
Austria	
Czechoslovakia.	Dec. 16, 1921.
Hungary.	April 10, 1923.
Poland.	Nov. 13, 1923.
Switzerland.	October 14, 1924.
Belgium	
Switzerland.	Feb. 13, 1925.
Bolivia	
Colombia.	Nov. 13, 1918 [1].
Venezuela.	April 12, 1920.
See *Argentine.*	
Brazil	
Peru.	July 11. 1918 [1].
Switzerland.	June 23, 1924.
Colombia	
See *Argentine, Bolivia.*	

COUNTRY	DATE OF SIGNATURE
Costa Rica	
Convention for the establishment of an International Central-American Tribunal. Feb. 7, 1923.	
See *Guatemala, Honduras, Nicaragua, San Salvador.*	
Czechoslovakia	
See *Austria.*	
Denmark	
See *Great Britain.*	
Ecuador	
Venezuela.	May 24, 1921.
See *Argentine.*	
Esthonia	
Convention of arbitration and conciliation. Jan. 16, 1925.	
See *Finland, Latvia, Poland.*	
Finland	
See *Esthonia, Latvia, Poland.*	

[1] The treaties signed before 1920 as listed have been ratified since 1920.

COUNTRY	DATE OF SIGNATURE
France	
Spain.	Convention of Feb. 26, 1904, renewed Feb. 11, 1924.
See *Great Britain, United States.*	
Germany	
Sweden.	Aug. 29, 1924.
Switzerland.	Dec. 3, 1921.
Great Britain	
Denmark.	Conv. of Oct. 25, 1905. ren. May 1, 1922.
France.	Agr. of Oct. 14, 1903, ren. Aug. 29, 1903.
Iceland.	Conv. of Oct. 25 1905, ren. May 1, 1922.
Italy.	Agr. of Feb. 1, 1904, ren. Aug. 14, 1923.
Netherlands.	Conv. of Feb. 15. 1905, ren. July 1, 1920.
Norway.	Conv. of Aug. 11, 1904. ren. 1920.
Portugal.	Agr. of Nov. 16, 1914, ren. 1920.
Spain.	Conv. of Feb. 27, 1904, ren. Feb. 9, 1924.
Sweden.	Treaty of Aug. 11, 1914, ren. Nov. 12, 1919.
Guatemala	
See *Costa Rica, Honduras, Nicaragua, San Salvador.*	
Honduras	
See *Costa Rica, Guatemala, Nicaragua, San Salvador.*	
Hungary	
See *Austria.*	
Iceland	
See *Great Britain.*	
Italy	
Switzerland.	Sept. 20, 1924.
See *Great Britain.*	
Japan	
See *United States.*	
Latvia	
See *Esthonia, Finland, Poland*	
Netherlands	
See *Great Britain.*	
Nicaragua	
See *Costa Rica, Guatemala, Honduras, San Salvador.*	

COUNTRY	DATE OF SIGNATURE
Norway	
See *Great Britain, United States.*	
Paraguay	
Uruguay.	Oct. 31, 1918 [1].
Peru	
Uruguay.	July 18, 1917 [1].
Venezuela.	March 14, 1923.
See *Brazil.*	
Poland	
See *Austria, Esthonia, Finland* and *Latvia.*	
Portugal	
See *Great Britain, United States.*	
San Salvador	
See *Costa Rica, Guatemala, Honduras, Nicaragua.*	
Spain	
Paraguay.	June 3, 1915.
Uruguay.	March 23, 1922.
See *France, Great Britain, United States.*	
Sweden	
Uruguay.	Feb. 24, 1923. [1]
See *Germany, Great Britain, United States.*	
Switzerland	
See *Argentine, Austria, Belgium, Brazil, Germany, Italy.*	
United States	
France.	Conv. of Feb. 10, 1908, ren. July 19, 1923.
Great Britain.	Conv. of Apr. 4, 1908, ren. June 23, 1923.
Italy.	Conv. of Mar. 28, 1908, ren. March 20, 1919.
Japan.	Conv of May 5, 1908, ren. Aug. 23, 1923.
Netherlands.	Treaty of May 2, 1908, ren. Feb. 13, 1924.
Norway.	Conv. of Apr. 4, 1908, ren. Nov. 26, 1923.
Portugal.	Conv. of Apr. 6, 1908, ren. Sept. 14, 1920.
Spain.	Conv. of Apr. 20, 1908, ren. March 8, 1919.
Sweden.	June 24, 1924.
Uruguay	
Venezuela.	Feb. 28, 1923.
See *Peru, Spain, Sweden.*	
Venezuela	
See *Argentina, Bolivia, Ecuador, Peru.*	

[1] The treaties signed before 1920 as listed have been ratified since 1920.

M. SCHIFFER, PARIS

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:ference Service on International Affairs

WALTER RUSSELL BATSELL
Director

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8

EXTERNAL GOVERNMENTAL INDEBTEDNESS (1)

The present study deals with the external obligations of all countries known to have a foreign debt. It does not include the foreign loans of colonies, protectorates, or mandates. The subject matter has been separated carefully both from the general budgets and from the total public debt of the countries concerned. Studies in public finance, and even governmental budgets, usually have not made distinctions beyond dividing the budgetary expenditures into those required for current operation and those required for meeting the deficits of past operations. It should be borne in mind that, as in the instance of Great Britain, while a country may have a large external debt it may be a greater creditor than debtor. Moreover, the economic situation of a country should not be judged by the size of its debt, for the resources of states vary greatly. Except for the recent interallied debts emanating from the war system, however, the economically and politically backward countries have been the principal borrowers on foreign markets.

Only a partial guide to existing loans can be gleaned from the market quotations, as they do not list all loans. Moreover, the only details indicated are rate of interest and either year of issue or maturity. National budgets and economic reports, on the other hand, often give only the rate of interest and/or the amount outstanding of loans. In addition, consistency in treatment is not always possible, for no two budgetary statements are alike in the inclusion or exclusion of fact and detail. Wherever the information was available loans have been given in the currency in which payable. Conversion into a single currency facilitates comparison but not the utility of the information.

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(1) The Reference Service on International Affairs acknowledges here its indebtedness to those who have made this Bulletin possible. Several governments and American Consular officials have furnished either recent statements of the external indebtedness of particular countries or have placed at the disposal of the Service statistical publications giving the essential information. The material relating to the British Empire was furnished by the Association for International Understanding, Sentinel House, Southampton Row, London W. C. 2 Various facts have been supplied by individuals familiar with the loans of particular countries. Mr. Denys P. Myers, formerly Organizing Director of the Service, assisted in collecting essential statisties for the Bulletin.

International loans of governments are usually of three kinds : indebtedness between governments as such, indebtedness of a government to foreign investors, a combination of the two : e. g. the Italian loan of 400,000,000 lire to Poland, for which the money was loaned by the Banca Commerciale, but which is the subject of contract between the governments.

The first type may be regarded as a political loan, which may or may not conform to the customary rules of finance. The second and third types are governed by the rules of ordinary commercial finance.

With the notable exception of the French loans to Russia, the London market up to 1914 was the almost exclusive center of foreign credits. Beginning with the World War international loans negotiated by governments increased in number and value. The present interallied debts resulted from the intergovernmental loans then made necessary because of the lack of sufficient private capital. Since the War private capital is being invested in foreign loans. Also, the American market, at least for the time being, has become the greatest center for the absorption of external obligations. (1)

ARGENTINE

The outstanding external debt of the Argentine Republic as of December 31, 1923, and December 10, 1924, was £174,893,590. to which must be added U. S. $97,000,000, which, however, represents the original amount of the dollar loans issued from 1922 through 1924.

The debt includes 26 ordinary issues between 1884 and 1924, 13 special issues for the settlement of provincial and municipal debts railway guarantees and the like; and cedulas of the National Mortgage Bank from 1888 to 1910, which are guaranteed by the State. These cedulas are certificates to bearer issued by the bank in lieu of cash to borrowers on real estate. The details of the loans follow :

ORDINARY ISSUES

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding as of Dec. 10, 1924 in £
		at par to 1884.		
Five per Cent Loan	1884	(1 % accumulative s f.)	5 %	104,100
Five per Cent Loan	1886-7	1922 (1 % accumulative s f.)	5 %	2,102,400
Northern Central Railway..... Extensions Five Per Cent ..... Treasury Conversion Bonds ..	1887-8-9	1 % accumulative s f.	5 %	1,590,900

(1) According to the *Index* (Published by the Guaranty Trust Company) for November, 1924, p. 6, the aggregate of foreign loans floated in the United States is $4,195,540,000. The following table, taken from the same publication, is a comparison between foreign borrowings in New York and London markets, the latter including colonial loans :

	New York	London
1919	$670,007,000	£51,566,000
1920	$605,235,000	£67,685,000
1921	$648,172,000	£112,969,000
1922	$846,835,000	£146,576,000
1923	$390,031,000	£129,829,000
1924 (ten months).....	$1,035,260,000	£110,576,000

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
Treasury Conversion Bonds ..	1887	do.	5 %	128,000
Banco Nacional (German) Loan	1887	do.	5 %	702,920
Internal Gold Loan	1888	do.	4 ½ %	1,500,720(1)
Conversion Loan	1889	do.	4 ½ %	2,286,940
External Sterling Bonds.....	1889	do.	3 ½ %	659,800
Northern Central Railway Bonds, Second Issue	1890	1 % s f.	5 %	1,296,760
Port of Buenos Ayres, Debentures	1892 1903 1899	1 % accumulative s f.	5 %	1,050,600
Buenos Ayres Water Supply and Drainage Works, 5 % bonds	1892	do.	5 %	3,545,140
Internal Gold Loan issued in London, Paris and Berlin...	1907	1944	5 %	2,409,760
Bonds of 1908	1908	not later than 1 July 1964	4 %	708,000
Internal Gold Loan 1909.....	1909	1945-6	5 %	2,795,920
" " " 1910.....	1910	1967	5 %	1,003,020
Four per Cent Loan 1910....	1910	1967	4 %	303,600
Internal Gold Loan 1911 issued in Paris and Antwerp.....	1911	1950	4½%	11,804,280
Port of the Capital (Buenos Ayres) 1913 and 1923	1913-14 1923	1949	5 %	4,376,200
Sterling Irrigation Bonds, 1913 .	1913	1949	5 %	1,077,700
				Original amount of U. S. dollar loans
Five-year bonds	1922	1927	7 %	$27,000,000
Treasury notes	1924	1925	5 ¼ %	$10,000,000
Loan in U. S. Series A	1924	1957	6 %	$40,000,000
" " " B	1924	1958	6 %	$30,000,000

SPECIAL ISSUES

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding As of Dec. 31, 1923
Argentine Railway Guarantees.	1896	1952		£ 7,235,400
Rescission Bonds	1899	1957		£15,633,795
13 four per Cent. bonds.....	1897-1900			£22,868,195
Municipal Loan of 1909 (assumed by nation in1913) ...	1909	1946		£2,217,980

CEDULAS OF THE NATIONAL MORTGAGE BANK

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding As of Dec. 31, 1923
Currency Series K, L, ... Cedula Hipotecaria ..... Argentina and Series 1-18.	issued from 1905 to 1914	s f of 1 % except for one series of 4 %	Series K 5 % remaining : 6 %	£87,491,470

Anuario Estadistico, Buenos-Aires.

(1) As of Dec. 31, 1923

Cf. Fiftieth Annual Report of the Council of the Corporation of Foreign Bondholders for the year 1923, pp. 39-57 for a full description of the foregoing loans. Hereafter cited as *Report of the Council.* For once and all reference will be made to the *Annuaire*

AUSTRALIA

The outstanding external debt of Australia as of June 30, 1924, was £142,524,392. This consists exclusively of loans raised in England, which are as follows :—

	Designation of Loan	Maturity	Interest	Amount Outstanding
WAR DEBT.	Commonwealth Government Registered Stock	1st March, 1941	6 %	£10,000,000
	Debt to United Kingdom under Funding Arrangements Act, 1921.....			£89,270,922
	Commonwealth Registered Stock and Debentures - Loan raised for States ...	1st June, 1927	5 ½ %	£12,750,000
	Do.....	1st June, 1945	5 %	£5,037,460
	Commonwealth Government Registered Stock	1st March, 1941	6 %	£5,000,000
	Do.....	1st. June, 1945	5 %	£17,462,539
	Balance of Northern Territory Loans, taken over from State of South Australia under Act No. 20, of 1910			£1,345,400
	Balance of Port Augusta-Oodnadatta Railway Loan taken over from State of South Australia under Act No. 20 of 1910			£1,658,071

Official Year Book of the Commonwealth of Australia, Melbourne.

AUSTRIA

The external debts of the Austrian Republic may be divided into two main groups : group I comprising the Republic's share of the debt of the former Monarchy, and group II consisting of debts incurred since the Armistice. The debts of the other Succession States are similar to the Austrian.

GROUP I

The debts of the former Monarchy may again be divided into *a*) pre-war debts and *b*) war debts.

a) The pre-war debts consist of unsecured and secured debts. The Republic's share of the unsecured pre-war debts was fixed by the Reparation Commission as 36,827 per cent. of the Austrian loans and

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des Valeurs admises à la Cote Officielle de la Bourse de Paris, I, 1918-1921 ; *the Stock Exchange Official Intelligence*, XL, 1922 ; the *Annuaire Desfosses*, 1925. The official statistical publication of most states is given as a footnote after the account of the debt of individual states. This does not mean that the statistics given are taken from that publication, for as far as possible all figures have been brought up to date.

1,581 per cent. of the Hungarian loans. Its share of the Monarchy's pre-war secured debts was not based on a certain percentage but was fixed individually for each of these obligations.

b) The Republic's share of the war debts of the former Monarchy has not yet been determined by the Reparation Commission. A certain amount, however, was estimated by the Austrian Ministry for Finance. According to the decision of the Reparation Commission and this estimate, the Republic's share of the former Monarchy's *a*) unsecured and secured pre-war debts, and *b*) war debts, will amount to 1,520,461,400,000 paper crowns on December 31, 1924.

GROUP II

The external debts incurred by the Austrian Republic since the armistice may be divided into two main groups : *a*) debts on which interest is to be paid in gold or its equivalent, and *b*) debts on which interest is payable in paper crowns. The latter are internal obligations and are given only in summary form.

a) The debts of Group II on which interest is to be paid in gold or its equivalent are given in the following table :

Kind OF DEBTS, INTEREST AND MATURITY	OUTSTANDING AMOUNT ON DECEMBER 31, 1924 IN MILLIONS OF PAPER CROWNS
1) International or Reconstruction Loan : (maturing in 1943)	
Austria (7 % interest ; nominal value 13,000,000 dollars)	890,670.7
United States (7 % interest ; nominal value 25,000,000 dollars)	1,715,264.4
Belgium (6 % interest ; nominal value 25,000,000 Belgian francs)	81,052.4
England (6 % interest ; nominal value 14,000,000 pounds sterling)	4,335,462.5
France 6 ½ % interest ; nominal value 170,000,000 French francs)	607,725.0
Netherlands (6 % interest ; nominal value 3,000,000 Dutch guldens)	79,812.4
Italy (6 ½ % interest ; nominal value 200,000,000 lires)	598,373.0
Spain (6 % interest ; nominal value 52,300,000 pesetas)	471,975.0
Sweden (6 % interest ; nominal value 13,110,000 Swedish crowns)	236,922.6
Switzerland (6 % interest ; nominal value 25,000,000 Swiss francs)	326,659.5
Czechoslovakia (6 % interest ; nominal value 544,267,000 Czech crowns)	1,115,803.8
Total	10,459,721.3
2) State debenture bonds of April 30, 1922 given out in exchange for foreign currencies (bearing 5 % interest ; maturing in 1932)	3,029.7
State debenture bonds issued in exchange for other bonds held in France and Belgium	754,800.0
4) Foreign credits extended for the purpose of purchases of food, raw materials, and for the repatriation of war prisoners	7,888,153.9
5) State debenture bonds for the purpose of amortization of debts to be paid in gold or foreign currencies (bearing 5 % interest)	935,167.0
6) Czechoslovakia Credit (interest and maturity not yet determined)	189,405.7
Total of Group II on which interest is to be paid in gold or equivalent	20,230,277.6

Both the internal and external debt of Austria as of December 31, 1924, would stand as follow.

			In millions of paper crowns
Group I.	Austria's share of the Monarchy's unsecured and secured pre-war debts, and war debts.....		1,520,461.4
Group II.	Debts incurred by the Austrian Republic since the Armistice :		
	a) on which interest is to be paid in gold or equivalent	20,230,277.6	
	b) on which interest is paid in paper crowns	2,609,952.7	
	Total of Debts of Group II.....	22,840,952.7	22,840,230.3
	Total indebtedness, internal and external....		24,360,691.7

It should be remembered that the foregoing figure is not quite exact, since Austria's share on the Monarchy's war debts has not been determined as yet by the Reparation Commission. The total debt as given is equivalent to $345,541,726 at the present rate of exchange (70,500 paper crowns to $1)

☞A full statement of the Austrian debt is to be found in *Erlaeuterungen zum Entwurf des Bundesfinanzgesetzes* 1924. Also *Compass Finanzielles Jahrbuch* 1924.

BELGIUM

The total outstanding *consolidated* external debt of Belgium as of December 31, 1923, but including dollar loans in 1924, was as follows :

Fr. Fr. 456,254,200
£8,341,320
U.S. $149,875,000
Florins. 44,583,000

The total outstanding *floating* external debt for the same date, but excluding the 5-year $27,000,000 6% Treasury bonds floated in New York and reaching maturity on January 1, 1925, was :

Fr. Fr. 118,000,000
£9,934,480
U.S. $38,378,206
Can. $2,181,605

Not falling within either the consolidated or the floating debt are the advances of the Allies since the Armistice. This item includes

Advance by France Fr. Fr. 241,024,890
Advance by U.S. $175,430,809

Belgium is to pay 640, 609 gold marks as its share of the German public pre-war debt (1).

(1) *Cf.* Versailles Treaty, art. 254 ; Reparation Commission communiqué n° 270

1. *The Consolidated Debt.*

The consolidated debt as listed below indicates the operations effected for the amortization of the direct external debts. The loans are :

	Year of Issue	Maturity	Interest	Outstanding Amount
25-year loan, 4th Series	1914	1939	3 %	£8,341,320
25-year s f loan in the United States.....	1920	1945	7 ½ %	$44,000,000
20-year s f loan in U. S.....	1921	1941	8 %	$25,875,000
25-year gold bond loan in U.S. (1)	1924	1949	6 ½	$30,000,000
Loan in France.....	1923	1943	6 ½ %	Fr. Fr. 400,000,000
French national defense obligations delivered in exchange for due Treasury Bonds	—	1925	5 %	Fr. Fr. 56,254,200
30-year loan in U. S.....	1924	1954	6 %	$50,000,000(2)
Debt resulting from internment of Belgian troops in Holland.	1923	1938	5 %	44,583,000 Florins

2. *The Floating Debt.*

The following obligations occur under the floating debt :

English credits for national reconstruction 3 m. renewable bills discounted at Bank of England.....	1919	—	5 %	£9,000,000
Canada : purchase of draft animals	1919	1929	5 %	£930,480
Canada : Export credits	1920	1925	5 ½ %	Can. $2,181,605
Franco-Belgian reciprocal credits	—	—	5 %	Fr. Fr. 118,000,000
U. S. purchase of army stocks ..	1919	1922	5 %	$27,534,610
U.S. frozen meat credits.....	1923	1930	5 %	$2,284,151
U. S. purchase of locomotives ..				$8,559,445

To the table as given may be added a Swiss credit granted in 1924 and reaching maturity in January and February, 1925 of $1,000,000, £600,000 and 16,000,000 Swiss Fr., all at 6 %.

Annuaire statistique de la Belgique et du Congo belge. Brussels. *Bulletin trimestriel de statistique.* Brussels.

Cf. Ministère des Finances. *Bulletin de Statistique et de Législation comparée,* Juillet 1924, pp. 115-120.

BOLIVIA

The external indebtedness of Bolivia as of August, 1924, was $3,065,000. This arises from an 8 % refunding loan of 1922 which reaches maturity in 1947 (3).

Anuario Nacional Estadistico y de Informacion. La Paz.

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(1) This loan was contracted to redeem the $27,000,000 6 % Treasury bonds to the floating debt that reach maturity in January, 1925.

(2) This loan is to be used for the economic development of the Congo and the consolidation of the floating debt. A similar sum is to be floated in the U. S. early in 1925.

(3) *Cf. Commercial and Financial Chronicle* V. 119, Sept. 27, 1924, p. 1450.

BRAZIL

The direct external obligations of Brazil as of December 10, 1924, totaled £110,837,376 and U.S. $90,672,000, the latter sum being for the end of 1922. The following loans are inclued :

Designation of Loan	Maturity	Interest	Amount Outstanding
Loan of 1883	redemption	4 ½	£2,713,100
Loan of 1888	suspended	4 ½ %	£4,173,100
Loan of 1889	until 1927	4 %	£17,468,300
Loan of 1895		5 %	£6,925,900
5 % Funding Bonds	Purch. or Draw	5 %	£7,694,880
Railway Guarantees Rescission 4 % Bonds, 1901-2-5	do.	4 %	£10,588,000
Loan of 1903	Red. suspnd. until 1927	5 %	£7,698,100
Companhia Lloyd Brasileiro Sterling Bonds	1927	5 %	£210,500
Lloyd Brasileiro Sterling Bonds	1st Draw 1927	4 %	£1,000,000
Loan of 1908		5 %	£1,839,400
Loan of 1910	redemption	4 %	£9,767,500
Loan of 1911	suspended	4 %	£4,042,900
Bonds of 1911	until 1927	4 %	£2,400,000
Loan of 1913		5 %	£11,000,000
Funding Bonds of 1914	Purch. or Draw	5 %	£14,502,396
Coffee Security Loan, 1922	do.	7 ½ %	£8,813,300
State of Sao Paulo Gold Loan (Guaranteed by Federal Governmetn), 1916	1947	8 %	$9,961,000
Gold loan of 1921	1941	8 %	$44,013,500
Central Railway Electrification Gold Bonds, 1922	1952	7 %	$23,697,500
City of Rio de Janeiro (Federal District) Gold Loan, 1922	1947	8 %	$13,000,000

The foregoing represent direct obligations of the Federal Government. In addition there are various state and municipal loans, payable in dollars, pounds, francs, and florins, guaranteed by the Government, which now amount to approximately $120,000,000.

Annuario Estadistico do Brazil, Rio de Janeiro.

BULGARIA (1)

The outstanding external debt of Bulgaria as of September 30, 1924 was :

G. Fr.	2,269,750.000
Fr. Fr.	738,804,323
Silver léva	150,000,000
Marks	97,500,000

distributed as follows :

Consolidated

Seven loans of 4 ½ - 6 % dating from 1892 to 1909 ..... Fr. 497,487,847
Reparation debt (Treaty of Neuilly Art. 121) 5 %, 2,250,000,000
G. Fr. payable by sinking fund procedure until 1983. Of

(1) Based upon a statement furnished by the Honorary Consul General of Bulgaria in Paris. The official Bulgarian Government publication giving economic and statistical information is the *Bulletin mensuel de la Direction de Statistique et de la Banque Nationale de Bulgarie.*

this sum 1,700,000,000 G. Fr. bear no interest and will not be demanded before April 1, 1953 (Protocol of March 21, 1923). Three payments have been made amounting to 8,000,000 G. Fr. including interest (ca. 4 mill.). The total due on reparations as of September 30, 1924 is ca.....	G. Fr. 2,246,000,000
Contribution to upkeep of troops of occupation (Treaty of Neuilly, Art. 133) fixed by agreement of March 28, 1924: 25,000,000 G. Fr. Hereof is paid 1,250,000 G. Fr. leaving unpaid as of September 30, 1924.....	G. Fr. 23,750,000
Refund of requisitions made in Serbian territory (Agreement of November 26, 1923) 300,000,000 léva of which half is payable in coal and cereal and the rest in silver.....	S. leva 150,000,000

Unconsolidated

Loan from Banque de Paris et des Pays-Bas against Treasury Bonds	Fr. 91,316,476
First issue of loan in Diskonto-Gesellschaft granted in 1914 ...	Fr. 150,000,000
Second issue	Mk. 97,500,000

The amount owed by Bulgaria on account of French, Belgian, and English private and Greek and Rumanian state claims is not yet determined; neither is the amount fixed which falls to Bulgaria of the Ottoman Public Debt on account of the annexation of Turkish territories in 1913.

CANADA

The outstanding external debt of Canada for the year ending March, 1923, was Can. $515,703,796. This comprised the following loans floated in London and New York:

	Maturity	Outstanding in Can $
4 ½ % Loan	1925	24,333,333
4 % Loan	1960	93,926,667
3 ½ % Loan of 1884	1934	23,467,606
3 ½ % Canadian Pacific Railway Land Grant .	1938	15,056,087
3 ½ % Loan	1950	137,058,841
3 % Loan of 1888	1938	8,071,230
3 % Loan of 1892	1938	18,250,000
3 % Loan of 1894	1938	10,950,000
2 ½ % Loan of 1897	1947	4,888,186
Total.....		336,001,470
Less Sinking Funds.....		31,230,674
Total payable in London.....		304,770,796
5 % Bond Loan of 1915	1935	874,000
5 % Public Service Loan of 1916.....	1921	59,000
5 % Public Service Loan	1926	25,000,000
5 % Public Service Loan	1931	25,000,000
5 % Bond Loan of 1922	1952	100,000,000
5 ½ % Bond Loan of 1919	1929	60,000,000
Total payable in New York.....		210,933,000

The foregoing loans have recently been cut by $20,0000,000.

The Canada Year Book. Ottawa.

CHILE

The external outstanding debt of Chile as of December 10, 1924, and of January 1, 1923, consisted of the following obligations : £37,882,558, $85,418,306, paper pesos 35,378,000.

Designation of Loan	Year of Issue	Interest	Maturity	Amount Outstanding in £
Refunding loan	1885	4 ½ %	1935	285,200
Refunding loan and for payment of holders of Peruvian bonds	1886	4 ½ %	1937	2,604,900
In payment of Peruvian nitrate certificates	1887	4 ½ %	1937	454,800
For the construction of railroads	1889	4 ½ %	1942	916,232
For funding floating debt incurred during the civil war in 1891	1892	5 %	1943	1,061,500
For redemption of paper money in 1895.	1892	6 %	1926	31,840 (1)
Bonds issued to the Peruvian Corporation in settlement of the part of the Peruvian debt pertaining to territory ceded to Chile	1893	4 ½ %	1946	366,300
Providing for conversion of paper money	1895	4 ½ %	1947	1,195,300
Issued to acquire the Coquimbo Railway and other mileage	1896	4 ½ %	1945	162,220
Bonds for public works	1896	5 %	1947	2,604,400
For drainage of Santiago	1905	5 %	1945	977,400
For construction of railways	1906	4 ½ %	1933	1,231,540
For rebuilding of Valparaiso after earthquake	1909	5 %	1958	2,595,700
For construction of Arica-La Paz railway	1910	5 %	1947	2,026,140
Bolivian obligation of 1911	1911	—	—	55,000 (1)
Bonds of 1910		4 ½ %		£179,100
First and second Issue for public works and naval acquirements	1911	5 %	1948	£6,474,860
Annuities Series A, B, C, " Créditos " issued by the Gvt. to contractors of the northern section of the Longitudinal Railway	1911 1912 1913	5 %	1940	2,957,068
Bonds handed to proprietors of the Caldera-Copiapo Railway	1912	4 ½ %	1943	193,880 (1)
" Cedulas " representing the contract price for construction of the southern section of the Longitudinal Railway	1912 1913 1914	5 %	1942 1943 1944	3,268,634 (1)
For meeting foreign obligations of the Government	1922	7 ½ %	1955	1,638,200
Issued in respect of the Chilean-Transandine Railway	1922	8 %	1959	807,840
				Amount Outstanding
From the United States : loan for construction of railways	1921	8 %	1941	$21,900,000
For covering budget deficit	1921	8 %	1926	$9,500,000
For repayment of other loans	1921	8 %	1946	$10,080,000
For covering budget deficit	1922	7 %	1942	$18,000,000
Guaranties of the Chilean State				$26,338,306 £5,797,506
			Paper pesos	35,378,000

Annuario Estadistico de la Republica de Chile. Santiago.

(1) As of Jan. 1, 1923.

Cf. Department of Commerce, Bureau of Foreign and Domestic Commerce, *Chilean Public Finance*, by Charles A. McQueen.

CHINA

The external indebtednes of China as of October 1, 1922, the latest statistics published, was 1,726,400,000 Chinese Dollars. Of this $1,029,000,000 constituted secured and $240,000,000 unsecured loans.

Foreign loans of China secured by the Customs and Salt revenues as of October, 1922: (1)

Designation of Loan		Year of Issue	Maturity	Interest		Amount Outstanding
Russo-French :	Payment of Japanese War Indemnity	1895	1931	4 %	Fr. Fr.	157,292,558
Anglo-German :	do.	1896	1932	5 %		£7,466,550
Supplementary Anglo-German :	do.	1898	1943	4 ½ %		£11,196,050
Boxer Indemnity payable to the following nations that suffered losses during the Boxer trouble of 1900:	1) British Govt.	1901	1945	4 %		£11,186,547
	2) American »					£2,517,959
	3) French »					£15,663,261
	4) Italian »					£5,882.046
	5) Russian »	Payment suspended June 1920				£27,019,467
	6) Japanese »					£6,688,867
	7) Belgian »					£1,874,940
	8) Portuguese »					£20,386
	9) Spanish »	1901	1940			£24,565
	10) Dutch »	»	»			£141,984
	11) Swedish »	»	»			£11,405
G. Birch. Crisp & Co., Great Britain :	Political reorganization, industrial promotion and payment of former loans	1912	1952	5 %		£5,000,000
Reorganization :	Payment of former liabilities, disbandment of troops, reorganization of the Salt Administration, and certain current administrative expenses ...	1913	1960	5 %		£25,000,000

The approximate total in Chinese currency is..... $991,505,529

Summary of Foreign Loans of China not definitely secured, outstanding as of October 1, 1922: (2).

Designation of Loan	Year of Issue	Maturity	Interest		Amount Outstanding
British loans (seven) from banks and corporations	1909-1919	1928-1934	6-8 %		£3,003,200 Ch. $1,200,000
United States loans (seven) from banks and corporations.	1916-1921	1921-1922	5-8 %	Gold	$12,252,925 $83,000,000
French loans (twenty-two) ...	1914-1921	1920-1964 (principally in 1921-1922)	5-12 %	Fr. Fr.	164,911,325 £72,968 $634,100 TT. TI. 860,083

(1) *Cf. Tables of Chinese Government Bureau of Economic Information.* Supplement No. 10, January 20, 1923. For the present amount outstanding of the sterling loans see *The Stock Exchange Daily Official List.*

(2) *Cf. Tables of Chinese Government Bureau of Economic Information*, Supplement No. 14, 1923.

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
Japanese loans (twenty-seven) Government and private loans	1911-1922	1920-1928	7-13 %	$1,579,886 Yen 162,406,102
Russian loans (seven) (education loans)	1921-1922	1922-1923	10-12 %	$887,904
Belgian loans (four) of which three so-called European education loans	1914-1921	1921-1922	6-8 %	£10,416 $80,000 B. Fr. 10,000
Italian loan (one) (Ansolde Ship Bills)	1910	1914	- -	£79,500
Danish loan (one)	1919	1922	6 %	Gold $85,771
Dutch loan (one)	1919	1920	10 %	TT. Tl. 459,204

In Chinese currency the total outstanding amount of all of these unsecured loans as of October 1, 1922, was Ch. $220,932,251.

Austrian and German loans to China as of October 1, 1922 (1)

There were 8 Austrian loans from 1912-1916, interest 6-9 %, period of amortization 1916-1921, and total amount outstanding £4,386,314, or approximately $35,090,516 in Chinese currency.

There were 6 German loans, interest 7-8 %, years of redemption 1914-1921 of an approximate total outstanding in Chinese currency of $2,231,056. The London *Times* on July 4, 1924, published an official announcement by the Chinese Government cancelling orders suspending the payment of interest and principal on the German issues of the loans above referred to. Because of the weakness of the Central Government and internal struggles the general financial situation of China since 1922 continued to grow worse. The Government has been unwilling to seek foreign loans as provided for in the Consortium Agreement of October 15, 1920, when British, French and Japanese groups combined, with governmental sanction, jointly to lend money to China.

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(1) *Cf. Tables of Chinese Government Bureau of Economic Information*, Supplement No. 13, 1923.

Other facts concerning the status of the Chinese debt may be found in *The China Year Book*, 1924, and *The Finance and Commerce Year Book*, 1924.

For text of Consortium Agreement *cf. Pamphlet No.* 40 publised by the Carnegie Endowment for International Pence, Division of International Law, an British Parliament Paper Misc. No. 9, 1921, Cmd., 1214, *Correspondence respecting the new financial consortium in China.*

COLOMBIA

The external debt of Colombia as of December 10, 1924 amounted to £4,087,150, comprising the following items :

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
Consolidated External Debt of 1896 - 3 % bond-issue....	dated from 1873, unification of external debt	accumulative s f of ½ % commencing from Jan. 1, 1900, increasing ½ % every year up to 1 ½ %	1 ½ % from Jan. 1, 1897 increasing by ½ % every three years up to 3 %	£1,130,000
Bonds of 1906 secured on the Bogota Sabana Railway	1906	at par or £20 by means of of funds equal to 6 % of the nominal amount of the obligations	5 %	£181,580
External Gold Loan of 1911 issued by Banque Alsacienne, Paris	1911	1941	6 %	£223,940 (As of Dec. 31, 1923)
External Debt of 1913. Amount authorized £1,500,000.....	1913	1947	6 %	£1,023,310
Bonds issued for purchase of Central Railway	1916	1983	5 %	£61,300
Great Northern Central Railway bonds.....	1920	1954 or at option of the Government	6 %	£400,340
Five-Year Gold Notes of 1922 (1) ($5,000,000).....	1922	1927	6 ½ %	£896,600 (As of Dec. 31, 1923)

COSTA RICA

The external indebtedness of Costa Rica as of December 10, 1924, was £3,074,839, comprising the following items :

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
Gold Refunding Bonds of 1911 (Sinking fund of no less than 1 % from January 1, 1921)	1911	1958	4 % first ten years, 5 % thereafter	£1,791,780
External Gold Loan of 1911 (35,000,000 francs)	1911	1956	5 %	£1,281,099 (As of Dec. 31, 1923)

Anuario Estadistico. Direccion General de Estadistico. San José.

Cf. Report of the Council, pp. 88-99.

(1) Issued for the purpose of retiring floating indebtedness and for other governmental purposes. These notes, though being direct external obligation of the Republic, are a lien on all customs receipts from Barranquilla and Cartagena. They are redeemable at par ro at the option of the government on 30 days notice.

CUBA

The principal foreign indebtedness of Cuba as of September, 1923, was : U.S. $94,759,500. This comprised the following items :—

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
From Messrs. Speyer & Co., New York .	1904	1944	5 %	$21,062,500
Do.	»	1949	4 ½ %	$15,298,000
From Messrs. J. P. Morgan & Co., New York, Series A of 1914	1914	1949	5 %	$8,650,000
Do., 1922	1922	1953	5 ½ %	$ 49,749,000

Anuario Estadistico de la Republica de Cuba. Ha vana.

CZECHOSLOVAKIA

The external debt of Czechoslovakia, as in the case of Austria, may be divided into two main groups : first, the share of the pre-war and war debts of the former Austro-Hungarian Monarchy ; second debts incurred since the Armistice. Reference should be made to the description given of the Austro-Hungarian loans to determine the liability thereof, which is usually estimated at five billion gold crowns. The "liberation" debt, payable in gold, resulting from the disposition of the Treaty of Saint Germain, is not to exceed 750,000,000 gold francs. (1) In 1923 the expenditure of the Government on account of the peace treaty obligations was 450,000,000 paper crowns.

The following table gives an approximate idea of the present external indebtedness incurred since the Armistice :

Designation of Loan	Maturity	Interest	Amount Outstanding as of Dec. 10, 1924
Sterling Bonds :			
Series A 1922	1951	8 %	£3,282,400 $13,930,000
Series B 1924	1952	8 %	£2,050,000 $9,250,000
Credits of the French Government, renewable annually for purchasse of war material (2).....		5 %	Fr. Fr 99,679,517
For purchase of horses American breed.....		5 %	$1,149,210
For maintenance of Czechoslovakian Army in France..		5 %	Fr. Fr. 33,916,626
Credit from the International Committee on Relief Credits	Jan. 1925	6 %	£87,000

1. *Cf.* Ministère des Affaires Etrangères. *Documents Relatif aux Réparations*, tome premier, p. 31.

2. The estimates for the debt to France vary. In 1924 a loan of 1,500,000,000 Czech crowns was reported to have been placed with French banks, the proceeds to be used to take up outstanding Treasury Bonds.

Designation of Loan	Maturity	Interest		Amount Outstanding
Credit from the Italian Government	not fixed	6 %	Lire	180,000,000
Credit From the American Government	do	5 %		$91,879,671
Loan for the Czechoslovakian Army in Siberia	being refunded	5 %	Fr. Fr.	40,000
Part of German pre-war debt(1)			Gold marks	242,879
Loan in United States, 1924	1951-2	8 %		$24,250,000

Rapports de l'Office de Statistique de la {*République*}*Tchécoslovaque.* Prague. *La Statistique Tchécoslovaque* (seven volumes to date).

DENMARK

The total outstanding external debt of Denmark as of March 31, 1924, was D. Kr. 537,567,818. This comprised the following loans:

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding D. Kr
Perpetual loan	1894	—	3 %	66,326,000
Redeemable loan from Great Britain	1897	1948	3 %	36,000,000
Do.	1900	1961	3 ½ %	7,400,000
Perpetual debt	1901	—	3 ½ %	30,715,000
Do.	1909	—	3 ½ %	40,320,000
Redeemable debt from Great Britain	1912	redeemable from Sept. 1914	4 %	59,928,000
Loan in U. S. of $25,000,000	1920	1946	8 %	149,995,130
Do. $30,000,000	1921	1942	6 %	131,550,024
Loan	1924	—	4 ½ %	15,333,664

Statistick Aarbog. Copenhagen.

DOMINICAN REPUBLIC

The total outstanding external debt of the Dominican Republic as of August 1, 1924, was U.S. $415,407,300. This comprised the following loans:

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
Customs Administration Sinking Fund Gold Bonds	1908	1958	5 %	$4,979,300
5 % Bonds of 1918	1918	1938	5 %	928,000
20-year Customs Administration Bonds of 1922 (Authorized $10,000,000)	1922	1942	5 ½ %	6,700,000
Collateral trust gold notes, 1924	1924	1926	5 ½ %	$2,500,000
5 ½ % notes	—	—	5 ½ %	300,000

1. Apportioned by the Reparation Commission Nov. 18, 1924.

For a description of the Dominican Republic bond issues *cf. Report of the Council*, p. 336; for foregoing table *cf. Commercial and Financial Chronicle*, 119, Sept. 27, 1924, p. 1478; *cf.* also *Commerce Reports*, August 25, 1924, p. 475.

For the convention of 1907 between the United States and the Dominican Republic, by the terms of which the United States exercises a financial protectorate over that country, *cf. Treaties... between United States* and other powers, V. I, p. 418.

ECUADOR

The outstanding external debt of Ecuador as December 10, 1924, was $12,104,480. This comprised the following obligations :—

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
Bonds of the Guayaquil and Quito Railway Company, guaranteed by the Government of Ecuador (agreement of 1908) Prior Lien Mortgage Bonds	1909	can be paid off on 6 months notice 2 ½ % accumulative s f.	6 %	$736,000
Do. First Mortgage Bonds...	1909	do.	5 %	$10,732,000
Ecuador Government Four per Cent. Salt Bonds	1909	4 % accumulative s f.	4 %	$636,480

Since 1834 the history of the foreign debt of Ecuador has been a record of loans in default. After a series of futile agreements with Guayaquil and Quito Railway Bondholders a settlement was effected in 1908 under a contract signed between the Government of Ecuador, the Railway Company and the Council of Foreign Bondholders. (1)

EGYPT

The total outstanding external debt of Egypt as of November 1, 1924, excluding Turkish obligations secured on the Egyptian tribute, (2) was £83,856,620. This comprised the following loans :

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
Unified Debt.....	1877 and 1880	redeemable from 15 July 1912	4 %	£50,151,360
Preference Debt	1877, 1880, 1890 and 1901-03	redeemable from 15 July 1910	3 ½ %	£28,698,960
Guaranteed Debt.....	1885	do.	3 %	£5,006,300

Annuaire Statistique de l'Egypte. Cairo.

Cf. Department of Overseas Trade, *Report on the Economic and Financial Situation of Egypt*, dated April, 1924. By E. Homan Mulock. Also *Report of the Council*, pp. 153-161, 359.

(1) *Cf. Report of the Council*, p. 121.

(2) The loans usually classed as Turkish obligations but secured on the Egyptian tribute should be added to the foregoing list. They include :

		Amortization has been suspended since			
Loan guaranteed by France and Great Britain	1855	1875	4 %	£ T. (Gold)	4,196,720
Loan	1891	1951	4 %	»	5,168,812
Conversion loan	1894	1956	3 ½ %	»	6,987,684
				£ T. (Gold)	16,353,216

ESTHONIA

The foreign debt of Esthonia dates from the liberation of that country as a result of the World War. The following obligations are outstanding :

Creditor	Amount Outstanding
United States loan	$12,213,377 (as of August 31, 1924
American Relief Administration	$1,785,767 Do.
Relief loan from Great Britain	£251,000 (as of March 31, 1923)
British Admiralty loan	£102,592 (as of January 1, 1923)
France	Fr. Fr. 5,400,400 (as of June 30, 1924)
Denmark	D. Kr. 463,930 (as of January 1, 1923)

To date the Government has rapidly paid off its obligations. as, for example, when in 1921 it paid in full a debt to Finland totaling 25,000,000 Finnish marks, or when it reduced the French loan by nearly one-half.

Bureau Central de Statistique. Reval. Several publications.

FINLAND

The outstanding external debt of Finland as of November 30, 1924, was

Fmk : 524,542,571	S. Kr : 76,850,820
Fr. Fr : 109,279,140	N. Kr : 70,721,500
Florins: 26,373,888	D. Kr : 8,013,400
£2,421,140	$20,452,000

Designation of Loan	Year of Issue	Maturity	Interest		Amount Outstanding
Loan for conversion of loans of 1874 and 1880	1889	1949	3 ½ %	Fmk.	18,968,431
				Fr.	9,099,928
5 loans for development of railways and communications through Crédit Lyonnais and C. J. Hambro & Son	1895	1951	3 ½ %	Fmk.	11,731,500
				Fr.	11,731,500
	1898	1958	3 ½ %	Fmk.	37,241,000
				Fr.	37,241,000
				S. Kr.	26,813,520
	1901	1957	3 ½ %	Fmk.	17,839,500
				Fr. Fr.	17,839,500
				Kr.	12,844,440
	1903	1959	3 ½ %	Fmk.	6,563,000
				Fr.	6,563,000
				Kr.	4,724,360
	1909	1965	4 ½ %	Fmk.	35,904,140
					£1,421,600
				Fr.	35,904,040
				Florins	17,273,960

Loan in Norway for purchase of the majority of shares in the lumber Company W. Gutzeit & Co.	1919	1928	6 %	N. Kr.	27.290.000
Loan in Denmark 4 million Danish crowns for improvement of exchange	1920	long term		D. Kr.	3,400,000
Scandinavian loan	1921	1931	6 ½ %	Fmk.	246.295,000
				S. Kr.	32.467.500
				N. Kr.	43.431.500
				D. Kr.	4.613.400
Bond loan	1922	1972	7 %	Fmk.	150.000.000
From the United States	1923	1945	6 %		$8,232,000
From Sweden	1923	1963	6 %		$2,265,000
From Great Britain	1923	1963	6 %		£993,540
In 1924 : From the United States : Guaranteed Municipal loan 6 ½ % —maturity 1954—Series A : $3,900,000, Series B : $3,100,000.....					$7,000,000
The obligations taken from the Republic of Finland by the American Relief Administration for relief supplies furnished under the terms of the Act of Congress approved February 25, 1919, were funded in May, 1923, at $9,000,000, 3 % the first ten years and 3 ½ % thereafter similar to other funding agreements made between United States and her debtors. Bonds of Finland were issued to this amount to provide for the repayment of the principal. (1)					$8,955,000 (2)

Statistisk Arsbok for Finland, Ny Serie, Helsingfors, 1924.

FRANCE

The foreign debt of France as of July 31, 1924, stood as follows:

	Gold francs at average exchange in July, 1924 (3)
Political debt	30,815,000,000
Commercial debt	5,149,000'000
Total Gold francs.....	35,964,000,000

The following table, shows the essential details concerning the external debt as of July 31, 1924. With the exception of interest charges in addition to the $100,000,000 7 % loan floated in the United States in November, 1924, due December 1, 1949, the same status for the external debt now prevails.

1. POLITICAL DEBT:

England. Bonds handed to the British Treasury.....	£619,602,000
United States. Advances by the U. S. Treasury.....	$2,933,265,232

(1) *Cf. Senate Document* No. 23, 68th Congress, 1st session, Public. No. 41, 68th Congress.

(2) $179,325 in interest was paid to the U. S. on Dec. 15, 1924.

(3) The foreign debt of the French Government, French cities and French railways, excluding the Interallied debt, on November 1, 1924, aggregated $697,500,000, converting other foreign currencies into dollars at current rates of exchange. The service charges on this debt total $46,160,000 per annum. In addition, the French Government is paying $20,367,000 annually to the United States Government, representing interest on the purchase price of the surplus war supplies left by the American armies in France. *Cf.* letter of M. Clémentel, November 22, 1924, to Messrs. J. P Morgan & Co., New York.

2. COMMERCIAL DEBT:

Designation of Loan	Year of Issue	Maturity	Interest	Outstanding Amount
Loans in the United States				
Loan of 1920	1920	1945	8 %	$84,775,600
Loan of 1921	1921	1941	7 ½ %	$75,896,000
Loans of Lyon, Bordeaux and Marseille	1916	1934	6 %	$40,586,000
Cession of stocks				$407,341,145
Outstanding of Anglo-French loan		1930-40	4 ½ %	$13,858
Outstanding of 1917-loan	1917	1927		$2,110,000
Loans in England				
Treasury bonds handed to the Bank of England		1924-30		£52,500,000
Cession of English stocks		1924-29		£7,476,069
Loans in Japan				
Loan floated in Japan	1918	paid off	6 %	Yen 50,000,000
Treasury bonds issued in Japan.		in 1924		» 20,000,000
Bank Credits				
Spain		1927-9	6 %	Pesetas 339,500
Holland		Prolonged year to year		Florins 54,300,000
Argentine		Semi-annual payments of 1,500,000 gold pesos	5 %	Gold Pesos 19,425,795
Uruguay	1918	—		Urug. Piastr. 5,000,000
Canada	—	1926	5 ½ %	Can. $5,730,000
Egypt	1919	1926	—	£ T. 2,000,000
		Total in francs at par of creditor money		5,149,516,000

Ministère des Finances. *Bulletin de Statistique et de législation comparée.* Monthly.

Cf. Inventaire de la Situation Financière de la France au Début de la Treizième Législature, présenté par M. Clémentel, Ministre des Finances. Paris, Imprimerie Nationale, 1924. x-273 pp.

GERMANY

The external debt of Germany as of December, 1924, stood as follows:

I. *Reparations Payments*, total amount of which has not yet been stipulated. The payments, however, under the terms of the Experts Plan will consist of the following:

1st Year: (September 1, 1924, to August 20, 1925):

1 billion marks which consist of

800 million marks; German Reparations or International Loan (1).
200 » » Accrued interest from bonds of German Federal Railroads.

2nd Year: 1120 million marks which consist of:

250 million marks; Extraordinary budget.
250 » » Ordinary budget.
595 » » Accrued interest from bonds of German Federal Railroads.
125 » » Interest from industrial obligations.

(1) 7 % Gold Bonds, maturity in 1949. Shares on various markets were as follows: $110,000,000 in the U. S., £12,000,000 in Great Britain. £1,500,000 in Belgium, £3,000,000 in France, £2,500,000 in Holland, 100,000,000 lire in Italy, 25,200,000 kroner in Sweden, and £3,000,000 in Switzerland.

3rd Year : 1200 million marks which consist of :

110	million marks ;	Ordinary budget.
290	» »	Transportation tax.
550	» »	Accrued interest from bonds of German Federal Railroads.
250	» »	Interest from industrial obligations.

4th Year : 1750 million marks which consist of :

500	million marks ;	Ordinary budget.
290	» »	Transportation tax.
660	» »	Accrued interest from bonds of German Federal Railroads.
300	» »	Interest from industrial obligations.

5th Year : The so-called " Normal Year " : 2500 millions marks which consist of :

1250	million marks ;	Ordinary budget.
290	» »	Transportation tax.
660	» »	Accrued interest from bonds of German Federal Railroads.
300	» »	Interest from industrial obligations.

The subsequent years are to be based on the " Normal Year " according to the prevailing index of wealth (which is dependent chiefly on the domestic consumption of alcohol).

II. *German Federal Bonds* (Reichsschatzanweisungen) placed in America during the war :

18 million marks.

III. *Securities transacted in Turkey* during the war for the purchase of food supplies :

469 million marks.

(The amount of 469 million marks is assumed to be a maximum. It is likely that this amount is rated too high.)

IV. 200 million florins,

representing credits opened by the Netherlands in 1920 for a period of ten years with interest at 6 per cent. 60 million florins was to be used for the purchase of food supplies in the Netherlands. 140 million florins provided for a " revolving credit " for purchase of raw materials, principally to be imported via Holland. The 60 million credit shall be partly repaid by crediting Holland with 25 % of the price of coal delivered by Germany, this 25 %, however, not to exceed 20 million florins. In exchange for the whole credit the Germany Government engaged to supply around 1,080,000 tons of coal annually from 1920-23. (1)

All loans granted by Germany to other nations have been delivered up to the Allies in accordance with the terms of the Versailles Treaty.

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(1) *Cf.* League of Nations, *Treaty Series*, 1921, Vol. III, p. 157.

Bibliography : The following publications should be consulted : Calmette, Germain, *Recueil de documents sur l'histoire de la question des réparations* (1919-5 mai 1921) ; documents published by His Majesty's Stationery Office for the Reparations Commission ; *Material for a study of Germany's economy, currency and finance*, published by order of the German Government in October, 1924 ; *Reports of the Expert Committees appointed by the Reparations Commission*, Parliamentary Paper, Miscellaneous No. 17 (1924) : *Proceedings of the London Reparation Conference July and August* 1924, and one unofficial publication, Moulton, H. G. and McGuire, C. E., *Germany's Capacity to Pay*, published in 1923. In the latter will be found a tabular summary of the principal official proposals for the settlement of the reparation problem from 1920 to June, 1923.

GREECE

The external debt of Greece as of March 31, 1924, comprised the following obligations (1) :

LOANS UNDER THE CONTROL OF THE INTERNATIONAL FINANCIAL COMMISSION (1)

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
				Gold drachmai
Loan guaranteed by the three Powers .	1833	1873		44,046,011
Loan of 1881	1881	Dependent on assigned revenue and rate of exchange	5 %	77,861,000
— 1884	1884		5 %	67,768,500
Monopoly loan	1887		4 %	104,556,000
Rentes	1889		4 %	116,724,000
Loan, Piraeus-Larissa Railway	1890		5 %	44,518,500
Funding Loan	1893		5 %	7,226,000
Loan of 1898—guaranteed by the Powers	1898	due for conversion 1918	2½ %	92,140,000
Greek Railways Loan	1902 1904 1906	2000	4 %	54,694,500
Greek Government Loan of 1914. Authorized amount 500 million drachmai (gold)	1914	1964	5 %	316,362,500
		Total, gold drachmai		925,897,011
Greek Government Refugee Loan of 1924 under the Auspices of the League of Nations	1924	1964	7 %	£7,500,000 $11,000,000

LOANS NOT UNDER THE CONTROL OF THE INTERNATIONAL FINANCIAL COMMISSION

The total outstanding amount of these as of March 31, 1924, was 3,418,809,900 drachmai. Of this at least 217,944,300 represents foreign obligations, amongst others the 5 % National Defense Loan of 1907 redeemable in 1945 (15,948,000 gold drachmai) and a 4 % loan issued in 1910, redeemable in 1962 (99,282,000 gold drachmai).

Advances made by Allied Powers and others as of March 31, 1923 totaled 375,385,521 drachmai, as follows :

Designation of Loan	Interest	Amount Outstanding
		Drachmai
From the French Government as straight loan, in check and through the Provisional Government of Saloniki, 1914	5 1/4 %	30,000,000
From the British Government in drafts, checks, and through the Provisional Government of Saloniki	5 1/4 %	22,500,000
Actually paid part of 850 million in which Great Britain participated with 300 million	do.	190,135,000
Do. from the United States in which U. S., participated with 250 million	do.	75,000,000
From the Canadian Government : realized on $10,000,000 credit	5 1/2 %	38,280,755 (3)
Total Advances by Allies		355,915,755

(1) *Cf. The Monthly Summary of the League of Nations*, Supplement, November, 1924, pp. 33-36.

(2) *Compte rendu des opérations de la Commission Financière Internationale. Annual.*

(3) This loan in the latter part of 1923 was turned into a 25-year 5 % loan redeemable 1948 (*Commerce Reports*, January 7, 1924, p. 56.)

Carried forward	355,915,755
Drafts according to law 294 :	
St. Nazaire shipyards	11,469,766
Schneider Works	8,000,000
Total	Dr. 375,385,521
Further Greece has issued bank-notes on foreign credits that have not been realized to the amount of	801,908,130
Total.	Dr. 1,177,293,651

GUATEMALA

The outstanding external debt of Guatemala as of December 10, 1924 was £1,875,603. This comprised the following obligations :

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
External Debt Issue	1895 and 1913	non accumulative sinking fund of £15,000 to be applied by purchases on the market	4 %	£1,031,000
Deferred Certificates issuable in respect of unpaid interest under Agreement of May 10, 1913	1913	Sinking fund of £15,000 to start from July 1, 1917	none	£844,603

Informe de la Direccion de Estadistica. Guatemala. Annual.

Cf. Report of the Council, pp. 196-203.

HAITI

The outstanding external debt of Haïti as of December 31, 1923 was $18,660,000 and Fr. Fr. gold 32,500,000.

This comprised the following loans :

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
Customs and general revenues external thirty year sinking fund, six per cent. golds bond Series , A '	1922	1952	6 %	$16,000,000 (1)
Series , B ' (to redeem bonds of the Northern Railway of Haïti)	1923	1952	6 %	$2,660,000 (2)
Loan from France (gold) ..	1910	1923	5 %	ca. fr. fr. gold 32,500,000 (3)

(1) A loan of $40,000,000 was contracted with the United States in 1922 in order to repay the so called Dominican 5 % loan of 1875 of 25,960,380 Fr. Fr. gold and the 6 % loan of 1896 of 65,000,000 Fr. Fr. gold. Series ,A ' was used herefor. Redemption need not commence before 1937.

(2) Second portion of $40,000,000 loan. This portion was issued with the guarantees of the Government by the National Company of Haïtian Railroads.

(3) Outstanding amount to be paid on 5 % gold franc loan of 1910, 65,000,000 Fr. Fr. gold. Provision was made to repay the whole loan from the $40,000,000 loan, but a number of bondholders are retaining their bonds as they claim payment is due in gold francs.

HONDURAS

The outstanding external debt of Honduras as of December 31, 1923, was £29,114,775.

This comprised the following loans :

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
Conversion Loan	1867	1 % s f.	10 %	£279,740
Railway loan.....	1867	1874	10 %	£5,539,305
Government Railway Loan	1869	1876	6 2/3 %	£9,504,355
Government Railway Loan	1870	1885	10 %	£13,791,375

Cf. Report of the Council, pp. 211-219.

HUNGARY

The present Hungarian State, like Austria and Czechoslovakia, is responsible for a share of the debts of the former Austro-Hungarian Monarchy. (1) Similarly it is responsible for a " liberation " debt and has undertaken external loans since its independent existence.

OUTSTANDING AMOUNTS OF PRE-WAR DEBTS :

FRANCE : An arrangement was concluded in September 1921, regarding the consolidation of outstanding state-debt up to December 31, 1918. Treaury bonds were emitted) *ca. 80,000,000* Fr. Fr. interest at 5% from August 1921, to 30 June, 1922 and 6 % thereafter. There are now negociations for consolidating also the outstanding debt from June 1, 1918-July 26, 1921 (date of the entrance into effect of the Treaty of Trianon).
Amount of private debts guaranteed by the state *174.000.000* Fr. Fr.
An arrangement was concluded on the December 12, 1923, providing for yearly payments of 16.000.000 Fr. Fr.

ENGLAND : £3.800.000

An arrangement concluded with the English Government to pay provisionally £200,000 yearly payment was made in September, 1924,

Italy : Outstanding amount of state-debt..... Lires 5,500,000
Private debts guaranteed by the State ..... » 3,000,000

Consolidated on March 27, 1924, by means of Treasury bond (5 %). First payment of interest January 1,1925. Amortization not demanded before 1930.

BELGIUM : ..... B. Fr. 52,000,000

Covered by the liquidation of Hungarian assets in Belgium.

GREECE : ..... Dr. 4,800,000

Guaranteed part of the pre-war debt of the First National Savings Bank of Pest (to be funded in 7 years)..... Fr. Fr. 15,000,000

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(1) *Cf.* account of Austrian debts, *supra* p. 4, and Annex I.

OTHER DEBTS WAR-AND POST-WART DEBTS :

4 and 4 ½ % bonds (various emissions) (partly with interest up to March 31,1925, in gold.....	H. Kr.	773,067,144
	Gold Kr.	43,436,457
Outstanding state-debts from January 1-July 26, 1921	Gold Kr.	91,480,685
	Paper Kr.	111,703,906
Outstanding amount, June 30, 1923, on annuities which Hungary has to pay for the redemption of the Austro-Hungarian State Railways.....	Fr. Fr.	17,985,693
Annuity on Southern Railway debt.....	Gold Fr.	3,785,000

Relief Bonds for American corn, English freight and for the repatriation of Hungarian prisoners of war, issued in 1920 and 1921. All these bonds (6 %) mature on January 1, 1925, but negotiations for a prolongation are under way with most of the States concerned.

The United States.....	$1,939,000

(A funding arrangement was concluded in April 1924 : 3 % the first ten years and 3 1/2 % thereafter, maturity 1985). On December 15, 1924, $39,903 was paid in interest. (1)

Great Britain	negotiations for funding agreements with all these countries are under way.	£	108,000
France		Fr. Fr.	800,000
Holland		D. fl.	158,800
Denmark		D. Kr.	277,988
Norway		N. Kr.	127,080
Sweden		S. Kr.	194,600
Switzerland		Su. Fr	317,700
	Arrears of interest on these bonds.	Gold K.	751,871

War-Debts : Germany 5 % treasury bonds and arrears from Jan. 1, 1919, to Dec. 31, 1923	Mk.	150,000,000
	Kr.	44,100,009
Treasury-bill debts.....	Mk.	1.460,548,500
Outstanding from Nov. 1,1919 - Dec. 31, 1923.	Kr.	439,236,013
Ukraine	Kr.	64,500,000

In the early part of 1923 after the financial recontruction of Austria under the supervision of the League of Nations had proved successful, it was decided to apply the same principles to Hungary to remedy the unbalanced budget and further inflation. A reconstruction loan was authorized for 250,000,000 gold crowns and was floated in July, 1924, at 7 ½ per cent. interest, the amortisation period not to exceed 20 years with possible redemption in 15 years. The total demands of the treaty payments above-mentioned are now limited for the same period to an annual average of 10 million gold crowns. No reparation payment is to be made during this period other than certain coal deliveries. As of October 31, 1924, the outstanding *tranches* of the international reconstruction loan stood as follows :

(1) House Document 243, 68 th. Cong., ist. sess.

	In original currencies
British *tranche*	£6,480,214
U. S. A. *tranche*	$6,000,000
Italian *tranche* ..... It. lira	147,560,000
Swiss *tranche* ..... Sw. fr.	24,900,000
Swedish *tranche* ..... S. kr.	3,782,625
Dutch *tranche* ..... D flor.	14,150,000
Czechoslovak *tranche* ..... C. kr.	69,195,550
Hungarian *tranche*	$2,021,000 (1)

At rates on June 26, 1924, the loan totaled 253,603,573 gold crowns.

Annuaire Statistique Hongrois. Budapest (Annual).

Cf. League of Nations Document No C.616.1924.II, *Sixth Report by the Commissioner General of the League of Nations for Hungary*.

INDIA

The outstanding external debt of India as of April 1, 1924, amounted to £244,534,754. This is confined almost entirely to loans raised in England, a list of which follows :—

Designation of Loan	Maturity	Interest	Amount Outstanding
India 7 % Stock and Bonds....	1931 at par.	7 %	£1,960,517
India 5 ½ % Stock	1932	5 ½ %	21,759,454
India 4 ½ % Stock	1955	4 ½ %	40,000,000
India 3 ½ % Stock	1931	3 ½ %	88,974,593
India 3 % Stock	1948	3 %	75,389,438
India 2 ½ % Stock	1926	2 ½ %	11,539,986
East Indian Rlwy. Debenture Stock		4 ½ %	1,435,650
Eastern Bengal Rlwy. Debenture Stock		4 %	348,666
South Indian Rlwy. Debenture Stock		4 ½ %	425,000
Great Indian Peninsular Rlwy. Debenture Stock		4 %	2,701,450
Total			£244,534,754

Irish Free State.

The external debt of the Irish Free State is at present negligible, being confined to the amount subscribed in England to the National Loan issued in November, 1923, Of the £10,000,000 subscribed to this loan, only a very small amount was raised in England—not more than £1,000,000. The rate of interest was 5 %; the loan matures on December 1st, 1945.

Under the Irish Treaty, the transfer of certain properties between the British Government and the Government of the Irish Free State is provided for, but the liabilities of the latter in this connection can hardly be classified as external debt.

(1) A New York group of banks has purchased from Hungarian banks $1,500,000 of the series originally reserved for Hungary. *Cf. Commercial and Financial Chronicle*, 119, Sept. 6, 1924, p. 119.

ITALY

The foreign debt of Italy as of October 31, 1924, with the lire at par, was 23,041,000,000 lire. This consisted of :

Treasury bonds to England	14,453,000,000 lire
Credits opened in the United States	8,537,000,000 lire
Treasury bonds to the United States.....	51,000,000 lire

The foregoing does not include the Italian share of the pre-war debts of the former Austro-Hungarian Monarchy, which the Reparations Commission fixed at 4,087 % of the Austrian loans.

Annuario Statistico Italiano issued by the General Statistical Department of the Ministry of National Economy. Rome. Annual.

Cf. Supplemento alla Gazzetta Ufficiale No. 271 del 20 Novembre, 1924.

JAPAN

The Japanese foreign indebtedness outstanding as of August, 1924, stood as follows.

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
				Yen
4 % Sterling loan of 1st issue	1899	1953	4 %	92,748,500
4 ½ % » » » »	1905	1925	4 ½ %	174,072,337
4 ½ % » » 2nd issue.....	»	»	»	177,125,813
4 % » » » »	»	1931	4 %	244,063,479
5 % » »	1907	1947	5 %	224,543,533
4 % loan (issued in Paris)	1910	1970	4 %	173,626,002
4 % Sterling loan of 3rd issue	»	»	4 %	107,392,805
Debentures of the purchased railway companies (Old Kwansai Railway Company)	1906	1926	4 ½ %	9,763,000
Sterling debentures of the South Manchuria Railway Co.....	1907 1908 1911	1936	4 ½ %-5 %	117,156,000
6 ½ % American $150,000,000 loan (1)	1924	1954	6 ½ %	300,900,000
6 % English £25,000,000 loan	»	»	6 %	244,075,000
			Yen...	1,865,466,469

The 6 ½ % American dollar-loan and the 6 % sterling-loan were intended in part to refund the 4 ½ % sterling loans maturing in 1925, Ist and 2nd issue, of which 351,198,150 yen are outstanding. To secure the status of the Japanese foreign debt in 1925 these two loans should be deducted. The total outstanding debt will then amount to approximately 1,514,268,319 yen.

The following foreign government loans were outstanding in Japan at the end of April, 1923 :

	Yen
French Government.....	120,000,000
Russian Government	360,053,067
Chinese Government (railway loans)	85,000,000
	565,053,067

(1) $5.000.000 of this sum was issued in Holland.

For bibliographical references *cf. The Twenty-Third Financial and Economic Annual of Japan*, 1923, issued by the Department of Finance, p. 38. This excellent publication gives detailed information as to the finances of Japan both internal and external. *Commerce Reports, November* 10, 1924, p. 351, where the Japanese loans listed above appear. *Commercial and Financial Chronicle, February* 16, 1924, p. 735. *Report on Economic Conditions in Japan* 1922 *and up to June* 30, 1923, pp. 13-14, issued by the British Department of Overseas Trade. *Bulletin de Statistique et de Législation comparée, August*, 1924, p. 320, Ministère des Finances, Paris.

LATVIA

The external indebtedness of Latvia as of December 1, 1924, was $5,132,287, £100,000, and 24 million Esthonian marks. This comprised the following loans:

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
From the United States and American Relief Administration	June 30, 1922	Nov. 15, 1924	5 %	$5,132,287
To Great Britain (Lloyds Bank).				£100,000
" Liberation" debt Estonian marks.				24,000,000

The entire exterior debt will fall due before January 1, 1926.

LIBERIA

The outstanding external debt of Liberia as of December 10, 1924 was Lib. $1,366,000. This consists of a sinking fund gold loan for $1,700,000 authorized in 1913 at 5 %, to reach maturity in 1953. $1,558,000 was actually issued.

Cf. Report of the Council, pp. 230-233.

LITHUANIA

The outstanding external debt of Lithuania as of September, 1924 was

$7,665,972
£364,437
ca. fr. 4,000,000
ca. mk. 116,100,000

This comprised the following obligations:

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
By Funding Agreement of Sept. 22, 1924, the debt to the United States arising mainly from delivery of foodstuffs and medicaments from America and for stocks and military supplies received from France on American account was fixed at $6,000,000 ...	1924	1984	3 % the first ten years; 3 ½ % thereafter (*cf.* other U.S. Funding Agreements)	$6,000,000
Liberty Loan raised principally by Lithuanians in America	1920	1934	5 %	$1,665,972
United Kingdom for transports of goods from France to Lithuania and for supplies and war material, 1918-1919	—	—	—	£364,437
To France for locomotives and other supplies.....			ca. Fr.	4,000,000
To Germany			ca. Mk	116,100,000

By Art. 12 of the Treaty of Moscow (July 12, 1920) the Soviet Government exempted Lithuania from all obligations towards the former Russian State.

Cf. Ministère des Affaires Etrangères, Kaunas, *Situation Economique et Financière de la Lithuanie au début de l'Année* 1922, p. 49, 57. *Almanac de Gotha*, p. 1259.

LUXEMBOURG

The outstanding external debt of Luxembourg as of November, 1924, was 173,347,000 B. Fr. This arises from a loan of 175,000,000 B. Fr. issued in Belgium in 1912 by virtue of Art. 22 of the Convention (1) of July 25, 1921 between Luxembourg and Belgium establishing an economic union between the two countries. The loan bears 2 % interest and matures in 1971.

Annuaire Officiel. Published by the Commission permanente de Statistique. Luxembourg.

MEXICO

The outstanding external debt of Mexico as of December 31, 1923 was £81,165,718. This comprised the following loans :

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
Direct External Loans				in £
External Consolidated Gold Loan	1899	1945	5 %	13,313,562
External Gold Loan.....	1904	1954	4 %	10,364,252
External Gold Loan (2)	1910	1945	4 %	14,366,740
10-Year Treasury Bonds of 1913 - Series A and C.....	1913	1923	6 %	13,809,250
Other Issues guaranteed by Mexican Government				
City of Mexico Sterling Loan 1889 .	1889	at par 1% e. f.	5 %	2,008,975
„ Caja de Préstamos, etc. ", 35 years 4½ % Sinking Fund Gold Bonds ..	—	—	4 ½ %	7,227,260
Mexican National Packing Co. First and Special Mortgage Gold Bonds	—	—	6 %	960,000
Second Mortgage Gold Bonds.....	—	—	6 %	480,000
Mexican Internal Consolidated Silver Loan of 1894	1894	1/4% accumulative sf by annual drawings at par	5 %	13,185,372
Mexican Consolidated Internal Debt of 1886 Coupons in arrear from 30 June, 1914, to 30 December, 1922	1886		3 %	5,450,307
				£81,165,718

(1) *Cf. League of Nations Treaty series*, IX, No 256, for text.

(2) Authorized amount, 560,550,000 Fr. Fr., destined exclusively for the conversion or redemption of the 5 % loan of 1899.

In 1924 a $50,000,000, oil production tax external loan of 6 % gold bonds was floated subject to redemption at par as a whole and/or in part at 100 and interest upon 60 days notice. It is payable in U. S. gold coin.

Under the de la Huerta-Lamont agreement of June 16, 1922, and deposited under the Deposit Agreement dated July, 1, 1922, the following issues were returned to depositors upon presentation and surrender of the relative certificates of deposit to the issuing depositaries : Loan of 1899, loan of 1910, treasury notes of 1913, Series A, £6,000,000 ; City of Mexico 5% sterling loan of 1899 ; Republic of Mexico Consolidated 3 % Interna Debt of 1885 ; U.S. Of Mexico 5 % Internal redeemable bonds of 1895 ; National railways of Mexico guaranteed general mortgage 4 % 70 year sinking fund redeemable gold bonds due Ocober 1, 1977 ; National railways of Mexico two-year 6 % secured notes, due July 1, 1916. (1)

THE NETHERLANDS

The outstanding debt of the Netherlands as of November 30, 1924, was as follows :

Designation of Loan	Maturity	Amount Outstanding
6 % loan 1922 Series A	1972	florins 75,000,000
6 % loan 1922 Series B	1972	» 75,000,000
6 % loan 1923 Series C floated in New York in 1924 ...	1954	$40,000,000

The last named loan is kept entirely in America ; as to the first and second the amount of bonds circulating in Ameirca is estimated at 45,000,000 florins.

Jaarcyfers voor het Konijryk der Nederlanden. The Hague.

Newfoundland

The Funded Public Debt for Newfoundland for the year 1922-23 amounted to $54,957,765. This includes two loans of approximately $6,000,000 each, at 5 ½ %, raised in the United States in 1922, the exact figures and details of which are not available (2). Apart from the United States, Newfoundland is indebted to England for the following loans raised in London :—

	Designation of Loan	Maturity	Amount Outstanding	
Newfoundland	Government 4 % Stock 1888..	1938	£320,000	(as of Dec. 10, 1924
Do.	4 % Stock 1895..	1935	294,990	(do.)
Do.	4 % Stock 1896..	1936	200,000	(do.)
Do.	3 ½ % Bonds 1893..	1941	1,852,300	
Do.	3 ½ % Bonds 1901..	1951	465,000	
Do.	3 % Bonds 1897..	1947	325,000	
Do.	3 ½ % Stock 1905..	1945	390,000	(as of Dec. 10, 1924)
Do.	3 ½ % Stock 1910..	1953	800,000	(do.)
Do.	3 ½ % Stock 1912..	1952	400,000	(do.)
Do.	5 % Stock, 1923..	—	423,500	
		Total...	5,470,790	

(1) *Cf. Commercial and Financial Chronicle*, 119, April 9, 1924.

(2) $3,500,000 twenty-year 5 ½ % gold bonds were floated in the United States in 1924.

New Zealand

The outstanding external debt of New Zealand for the year ending March, 1924, amounted to £116,983,493. Of this sum, £2,106,600 was held in Australia and £114,876,893 in London. The gross annual charge in each case was £86,828 and £4,977,563 respectively.

In May, 1924 a loan for £5,000,000 was opened in London at 4 ½ % inscribed stock, repayable 1st March, 1944.

The following table shows the amounts of loans outstanding on the 31st March, 1923 :—

Amount Outstanding	Maturity	Amount Outstanding	Maturity
£2,000	1915	17,530	1936
1,000	1918	1,000	1937
1,460	1921	3,000	1938
1,000	1923	24,775,515	1939
10,530,865	1924	26,170,664	1940
11,583,597	1925	551,355	1941
14,581,922	1926	4,527,120	1942
4,967,180	1927	200,000	1945
5,900,126	1928	16,890,889	1946
4,076,050	1929	895,000	1948
32,064,202	1930	1,923,600	1949
8,497,220	1931	1,106,500	1950
896,640	1932	5,899,000	1952
4,618,570	1933-43	10,884,628	1963
600	1934	27,390,593	1958

Rates and Amounts of Interest Payable for year ending March 31st, 1924.

Rate of Interest	Amount at Rate
6 %	£7,589,820
5 ½ %	5,833,495
5 ½ %	3,311,520
5 %	39,303,773
4 ½ %	74,910,752
4 %	56,623,737
3 3/4 %	792,500
3 ½ %	19,919,377
3 %	9,662,790
Overdue	5,560
Redemption Bills	1,000,000
Total	£218,953,324

Cf. The New Zealand Official Yearbook (Wellington), p. 507-21, for the foregoing tables.

NICARAGUA

The outstanding external debt of Nicaragua as of December 10, 1924, was £842,200. This consists of the Nicaragua sterling loan of 1909 at 6 % (now 5 %) interest, to mature in 1945.

Boletin de Estadistica de la Republica de Nicaragua. Managua (annual).

NORWAY

The external outstanding debt of Norway as of June 30, 1924, was N.Kr. 646,829,487. (1) This comprised the following loans :

Designation of Loan	Year of Issue	Maturity	Interest	Amount Oustanting N. Kr.
Conversion loan	1886		3 %	24,604,032
Do, £3,560,000	1888	1963	3 %	50,183,637
State loan £2,188,000	1894	1943	3 ½ %	24,483,627
Do. Fr. 35,360,000	1896	1946	3 %	16,336,550
Do. » 45,000,000	1900	1950	3 ½ %	23,652,000
Do. » 50,600,000	1902	1962	3 ½ %	30,720,240
Eo. » 18,500,000	1903	1953	3 %	10,127,520
Do. » 57,215,000	1904	1964	3 ½ %	35,791,200
Do. » 57,870,500	1905	1964	3 ½ %	36,203,040
Do. £2,200,000	1911	1971	3 ½ %	38,562,760
Loan in Great Britain . £4,000,000	1921	1966	6 %	72,720,000
Loan for redemption of stock in principal Norwegian railway 1899 ..... £73,946	1899	1954	3 %	1,342,881
Loan in America for stabilization of exchange ($20,000,000)	1920	1940	8 %	100,000,000
State loan in America ($18,000,000)	1922	1952	6 %	67,140,000
State loan in America to cover budget deficit (20,000,000)	1923	1943	6 %	100,000,000
Certificate of debt handed to Swedish Riksbank	1923			10,000,000
Interest unpaid				4,962,000
				646,829,487

A 25,000,000 twenty-year 6 % loan floated in New York in August, 1924, should, now be added.

PANAMA

The outstanding external debt of Panama as of December 31, 1923, was $6,069,000. This comprises the following loans :

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
$3,000,000 railway loan guaranteed by the yearly due of the U. S. Govt. to Panama according to the Canal Treaty	1914	1944	5 %	$1,569,000
$4,500,000 from the United States for road construction	1923	1953	5 ½ %	$4,500,000

$453,000 is outstanding on a 5 % loan issued in 1915 to the amount of $1,200,000 This amount is deposited in the Metropolitan Trust Co. of New York for payment in 1925.

Boletin de Estatisticas. Panama (Monthly)

PARAGUAY

The outstanding external debt of Paraguay as of December 10, 1924, was £1,256,308.

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
External debt of	1886-1896	—	3%	701,680
Loan issued privately in London	1915	af. 1%	5%	£540,983 (per Dec. 31,122)
Loan from Argentine National Bank ($68,227,45 gold) converted at the rate of $5 to 1£				£13,645

(1) *Cf. Annuaire Statistique de la Norvège*, 1923, p. 243, to which the Statistical Bureau of Norway has added figures up to June 30, 1924.

The debt has been in total default for over three years. An agreement has now been reached providing for and securing payment of 3% interest on debts as from January, 1925, as well as for redemption of arrears and current redemption. This agreement, however, has not yet been ratified.

Anuario Estadistico de la Republica del Paraguay (Ascunsion).

Report of the Counal, pp. 280-5 ; *Commerce Reports*, Nov. 10, 1924.

PERSIA

The external indebtedness of Persia as of December, 1924, was £ gold 1,904,801.

At the end of 1913 the total external debt of Persia, owed entirely to Russia, England and the Indian Government, totaled some £6,565,000. In a treaty of friendship with Persia signed February 26, 1921, the Soviet Government renounced all claims of its predecessor to these loans, which were made " not with a view to the economic development of the country but rather for purposes of political subjugation ". (1) In 1919 the British Government desired to grant Persia a 20-year loan of £2,000,000 at 700, but the Persian Government, because of the political conditions attached, rejected the offer. (2)

Since the Ruissan loans have been repudiated, the following table of English and Indian Government loans as of 1913, but in which no change has been made to date, constitutes the present external indebtedness of Persia: (3)

Designation of Loan		Year of Issue	Maturity	Interest	Amount Outstanding
English and Indian Government loans	.....	1900	1915	5 %	£ gold 314,281
	.....	1911	1961	5 %	1,250,000
	.....	1912	—	7 %	140,000
	.....	1912	1914	7 %	100,000
	.....	1913	—	7 %	100,000

PERU

The total external debt of Peru as of December 10, 1924, was £2,712,850 and $7,000,000. This includes the following loans :

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
Salt Loan	1911	1938	5 ½ %	£811,460
Gold Bonds	1920	1946	5 %	£670,090
Guano Loan	1922	1948	7 ½ %	£1,231,300
Sanitation Loan Series Secured Gold	1924	1944	7 ½ %	$7,000,000

POLAND

The external debt of Poland in December 1924 consisted of the following obligations in a variety of currencies :

(1) *Cf. League of Nations Treaty Series*, 9, 1922, No. 268, Art. 8 for text.

(2) *Cf. Parliamentary Paper, Persia No.* 1, 1919, *Cmd.* 300, for text of agreement.

(3) *Cf.* Ghadimy, Hossein Khan Moschar, *Les finances publiques de la Perse*, p. 125

Designation of Loan	Year of Issue		Maturity	Interest	Amount Outstanting
Consolidation of relief loans from the United States 1919-1920. (Agreement of Washington, Nov. 15, 1924) (1)	1924	1984	3 % until 1932 and 3 ½ there after		$178,560,000
Loan in United States ..	1924	1973	6 %		$18,200,000
Loan from France			5 %	Fr. Fr.	779,858,404
Loan from France, authorized 400,000,000 Fr. of which 100 millon are taken up	1924			Fr. Fr.	100,000,000
British Government Relief Loan (funding agreement reached in Dec., 1924)	1924	1984	As for U. S. agreement		£4,500,000
Loan from Holland			6 %	Florins	13,737,520
Loan from Italy			6 %	Gold Fr.	36,300,000
Loan from Italy			6 %	Lire	77,990,258
Semi-governmental loan from Italy of March, 15, 1924 by Banca Commerciale (2).....	1924	1944	7 %	Lire	400,000,000
Loan from Norway			6 %	N. Kr.	16,526,857 £1,288
Loan from Denmark			6 %	D. Kr.	358,849
Loan from Sweden			6 %	S. Kr.	3,910,580
Loan from Switzerland ..			6 %	Sw. Fr.	73,600
Part of German pre-war debt (in respect of Upper Silesia)				Gold Marks	1,750,361 (3)
Do. (in respect of other territory).....				Do.	17,121,438

The following financial guarantees have been undertaken by the Polish Government :

To cities	Austrian Crowns	28,000,000
To societies and cooperatives.....	Pol. Mk. and	51,500,000,000 £143,083,116
To holders of vouchers and securities	Pol. Mk. and	7,600,000,000 £20,000,000

Having secured the balance of her budget for 1924 and having stabilized her exchange by the introduction of a new monetary unit, the zloty polsky which is equal to a gold franc and has 5.18 to the dollar, Poland is steadily working out the consolidation of her foreign debt.

Annuaire Statistique polonais de J. Weinfeld, Librairie Polonaise, Warsaw, *Statystyka Polski Warsaw*

Cf. La Vie Economique, published by Comité National d'Etudes sociales et politiques, 20 juillet-2 août, 1924, pp. 809-810.

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(1) Payment of interest and amortization suspended until 1930.

(2) The interest and amortization of this loan are guaranteed by the Italian Government in case of armed invasion of Polish territory, which would prevent the service on the loan. It is secured by a first mortage on the Polish tobacco monopoly. Art. 3 of the loan contract states that in case of armed invasion of Polish territory the Italian Government shall have the right to hoist the Italian flag on the buildings of the tobacco administration.

(3) Apportioned by the Reparation Commission, Nov. 18, 1924. The percentage ot the former Austro-Hungaricus loans alloted to Poland is given at page 44.

PORTUGAL

The outstanding external debt of Portugal as of December 31, 1923, was

£60,163,653
Escudos 11,149,200
Fr. 7,211,811

Consolidated Debt.

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
New External three per cent converted Debt of 1902 : Series I (Conversion of three per cent perpetual Debt of 1856-1892)	1902	1998	3 %	£19,860,280
Series II (Conversion of four per cent redeemable debt of 1890).	1902	1998	3 %	£1,119,215
Series III (Conversion of four and a-half per cent. redeemable debt of 1889-Interest Bearing Bonds.....	1902	1998	3 %	£8,804,297
Non-Interest Bearing Bonds ...	»	»	»	2,934,765
Tobacco Loan (1st and 2nd Issues) 1891 and 1896	1891 / 1896	1926 / 1931	4 ½ %	£1,441,556
Municipality Loan of Lisbon for which Government is responsible (1st and 2nd issues)	1886	»	4 %	11,149,200 escudos as of Dec. 31. 1922
Four and a-half per cent State Railway Loan of 1912	1912	1974	4 ½ %	£633,260
Irredeemable Consolidated Gold Loan of 1923, £4,000,000 ..	1923	»	6 ½ %	£4,000,000

Of these loans a total of 8,018,804 escudos is held by the Government.

Floating Debt

Supplement through the Bank of Portugal represented by Treasury Bills.	£ 200,000
Other supplements through the Bank of Portugal	£400,000
Supplement from baring Bros. & Co. Ltd, London.....	£250,000
Current Accounts with the bank of England : war debt with accumulated interest at 5 %.....	£ 20,467,200
With Baring Bros. & Co., Ltd., London.....	£31,976
With Baring Brcs. & Co., Ltd. London, drafts in transit.....	£17,591
Credit Balance at the Credit Lyonnais, Paris	Fr. 7,211,811
Treasury Bills (gold).....	£3,513

Annuario Estatistico de Portugal. Lisbon.

Cf. Department of Overseas Trade. *Report on the Trade, Industries, and Economic Conditions in Portugal,* January, 1924, by Stanley G. Irving. p. 36.

ROUMANIA

The outstanding external debt of Roumania as of January 1, 1924, stood as follows :

1. Pre-war debt	Fr. Fr.	550,000,000
2. Post-war debt :		
a) 4 % consolidation loan, 1922, (French issue)	Fr. Fr.	100,000,000
b) do (British issue)		£15,879,100 (1)
c) 4 % External loan, 1922, Sterling Bonds		£1,508,600 (1)

3. Obligations Imposed upon Roumania by the Treaties of Peace :

a) "Liberation" debt owed to the Allied Powers.	Gold fr.	235,000,000
b) Quota part of the Austro-Hungarian public debt contracted before the war for purely economic purpose, placed by the Reparation Commission at :		
1. Debt secured by the revenues derived from the public works which it was created		
To Austria	crowns	4,637,200
	marks	25,814,374
To Hungary	crowns	147,614,140
Steg	crowns	653,950
2. Unsecured debt		
To Austria	Gold crowns	17,498,148
	Paper crowns	101,556,466
To Hungary	Gold crowns	470,805,365
	Paper crowns	902,351,838
c) Value of property of the Austro-Hungarian State in territories transferred to Roumania. Estimated by Roumania at	1 milliard	Gold crowns
but by Austria and Hungary at about 4 milliards of gold crowns for property in Transylvania and 532,911,462 crowns for property in Bukowina.		
d) Value of expropriated property of English and French citizens in Bessarabia, estimated at		£ 1,086,879

The foregoing does not include the Roumanian share of the Austro-Hungarian loans. (2) Neither does it cover the obligations due to the Allied Powers, which as of the same date amounted to 2,057,972,899$_4$ gold lei thus divided in the currencies of the creditor States :

France :	Fr. Fr.	1,106.072,899
Great Britain :	£	23,000,000
Italy :	lire	151,000,000
Belgium :	B. Fr.	24,000,000

Annuaire statistique de la Roumanie. Bucharest. *Bulletin statistique de la Roumanie.* Direction de la Statistique. Bucharest.

For a full review of the Roumanian debt from 1913-1924 *cf. Ministère des Finance Bulletin de Statistique et de Législation comparée, August,* 1924, pp. 321-331. Also memorandum by Roumanian Delegate to the Interallied Conference in London in Parliamentary Paper Miscellaneous No. 17 (1924). Cmd. 2270, P. 169 et seq.

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(1) As of December 1923.

(2) *Cf.* p. 44.

RUSSIA

No attempt is made here to list or give any details concerning the highly nebulous debts of the old Russian Government. There are 15 direct external loans, some 24 railway loans, besides various other obligations. On January 21, 1918, the Soviet Government issued a decree which stated that "unconditionally and without exception, all foreign loans are annulled (1)". While a compromise settlement may be effected ultimately, the form that it will take is now purely problematical. Full payment of principal and interest could under no circumstances be made.

Prior to the outbreak of the war Russia had a foreign debt of 4,229,000,000 roubles, the largest external indebtedness of any country. Of this total 3,850,000,000 roubles represented state debt and 870,000,000 roubles guaranteed loans. After this Russia incurred obligations totaling some 6,681,000,000 roubles for war loans. (2) In the original currency the status of the war loans, the only ones on which definite figures exist, was as follows : (3)

Great Britain.....		£ 568,200,000
France		Fr.Fr. 3,950,000,000
United States.....		$282,136,011
Japan.....	Yen	255,000,000
Italy.....	Lire	36,123,836

On a percentage basis it is estimated that 80 per cent. of the pre-war government debt is held in France and 14 per cent. in Great Britain. Of the industrial securities France holds 32 per cent., Great Britain 25 per cent., Germany 16 per cent., Belgium 15 per cent., and the United States 6 per cent. Finally, of the war loans 70 per cent. is owed to Great Britain, 19 per cent. to France, and 7 per cent. to the United States. (4)

SALVADOR

The outstanding external indebtedness of Salvador as of December 31, 1923, was £2,250.000.

This comprised the following loans :

Customs First Lien Sinking Fund Gold Bonds of 1923 Series „ A " $6,000,000 - ($5 per £) (5).....	1923	1945	8 %	£1,200,000
Customs Second Lien Sinking fund Gold Bonds of 1923 Series „ B "	1923	1957	6 %	£1,050,000

Annuario Estadistico. San Salvador.

Cf. Report of the Council, pp. 310-318.

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(1) *Cf.* Pasvolsky, Leo, and Moulton, Harold G., *Russian Debt and Russian Reconstruction*, pp. 16-17, for English translation.

(2) *Ibid.* p. 16; *cf.* also the estimate for the external debt proper of £803,382,172, as given in the *Report of the Council* p. 308; this publication also gives a list of these loans.

(3) *Cf. La Dette Publique de la Russie* (Payot, Paris, 1922) p. 54.

(4) *Cf.* Pasvolsky, as cited, pp. 21-22. This is the most recent and reliable statement of Russian debts that has been printed to date.

(5) The purpose of this loan was to pay in cash out of the proceed as the interest arrears on the sterling loans of 1908 and 1915, debts due to bankers, and subsidies due to two railway companies. Any disagreement as to interpretation of the terms of the loan contract is to be submitted to binding decision of the Chief Justice of the Supreme Court of the United States.

SERB-CROAT-SLOVENE KINGDOM

The present external obligations of the Serb-Croat-Slovene Kingdom may be divided into four groups as given below :

Group I. Unsecured debts of the former Austro-Hungarian Monarchy taken over by the S. C. S. :— (1)

a) Austrian Debt :	
In gold (gold crowns)	23,876,356
In four currencies (gold crowns)	5,941,861
In paper crowns (Yugoslav crowns)	128,869,472
b) Hungarian Debt :	
In gold (gold crowns)	213,075,306
In four currencies (gold crowns)	91,754,000
In paper crowns (Yugoslav crowns)	614,364,878

Group II. Secured debt of the former Austro-Hungarian Empire taken over by the S. C. S. :

	Crowns
As capital	72,216,699
For line Zagreb-Karlovac, annually	480,000
For " Steg " Railway Company for the part of the line taken over by the S. C. S., 1/7/1919	Fr. Fr. 937,118

Group III. Debts absorbed by S. C. S. : (2)

	Dinars
a) Debts of Servia	46,023,000
b) Debts of Montenegro	1,875,000
c) Bosnian and Herzegovinian Debts	2,273,002
d) Debts of Croatia and Slavonia	580,761
e) Debts of Slovenia	269,426

Group IV. War and Post-war Debts :

a) To the United States	$51,758,486
b) To France	Fr. Fr. 1,486,581,250
c) To England	£26,754,915
d) Eight per cent Gold Loan in U. S., 1922, maturity 1962, of $25,000,000 (Received to date	$15,250,000

SUMMARY OF OBLIGATIONS OF S. C. S.

1) Unsecured debts of the former Monarchy :		
Total obligations in gold crowns		236,951,662
— — in four currencies		97,695,861
— — in Jugoslav crowns		743,234,350
2) Secured debt of the former Monarchy	Crowns	72,696,699
	Fr. Fr.	937,118
3) Debts of former States absorbed by S. C. S.	Dinars	1,021,189
4) War and post-war debts	U. S.	$67,008,486
	Fr. Fr.	1,486,581,250
		£26,754,915

For a full list of the loans as included in the foregoing table see Department of Overseas Trade. *Report on the Economic and Industrial Conditions in the Serb-Croat-Slovene Kingdom*, dated April, 1924, by Captain E. Murray Harvey.

Statistiski Godinjak Kraljevine Srbije. Belgrade.

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(1) *Cf.* Annex I

(2) Debts of Dalmatia not yet divided between S.C.S. and Italy. Same for Carinthia and Styria.

SIAM

The external indebtedness of Siam as of December 10,1924, was £12,723,420. This includes the following loans:

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
Sterling Bonds (gold) of 1905 originally £1,000,000	1905	1945	4 ½ %	£767,640
Sterling Bonds (gold) of 1907 originally £3,000,000	1907	1947	4 ½ %	£2,430,780
Drawing from the "Federated Malay States"	1909		4 %	£4,525,000
Sterling Loan of 1922	1922		7 %	£2,000,000
Sterling Loan of 1924	1924	1930	6 %	£3,000,000

Statistical Yearbook of the Kingdom of Siam. Bangkok.

Union of South Africa

The outstanding external debt of the South African Union for the year ending 31 st March, 1923, amounted to £131,656,402.(1) This comprised the following loans:—

Designation	Maturity	Amount Outstanding
Treasury Bills	various dates	£4,000,000
Cape 4 % Loan	1923	£1,843,471
Cape 4 % Stock	1923	£3,083,205
Union 4 % Debentures	1924	£4,000,000
Union 4 ½ % Loan	1925	£3,000,000
Natal 4 % Debentures	1926	£41,400
Natal 4 % Stock	1927	£304,500
Union 3 ½ % Debentures	1928	£2,000,000
Cape 4 % Stock	1936	£8,054,991
Natal 4 % Stock	1937	£2,849,500
Natal 3 ½ % Stock	1939	£3,611,000
Union 6 % Stock	1940	£11,000,000
Cape 3 % Stock	1943	£5,514,197
Natal 3 ½ % Stock	1944	£6,208,900
Union 4 ½ % Debentures	1945	£8,384,000
Union 5 % Debentures	1947	£1,500,000
Cape 3 ½ % Stock	1949	£12,261,238
Natal 3 % Stock	1949	£6,000,000
Transvaal 3 % Stock	1953	£35,000,000
Transvaal 3 % Stock	1958	£5,000,000
Union 4 % Stock	1963	£8,000,000
Total		£131,656,402

Official Year Book of the Union of South Africa, Pretoria.

SPAIN

The outstanding external debt of Spain as of June 30, 1924 amounted to

Pesetas 910,741,000

This arises from 4 per cent external bonds which date from the conversion operations of 1876 when this debt was created to replace the

(1) £8,000,000 of 5 ½ % bonds were floated in London in 1924.

foreign holdings of the old 3 per cent. consolidated debt. The old bonds, which represented foreign borrowings from France, Belgium, and England, going back beyond 1851, had been issued in sterling and francs, and the new perpetual external debt was issued in the same currencies.

It is estimated that at least half of the present external debt has been bought back by Spaniards, so that the present foreign holdings of Spanish government securities do not exceed Ptas. 500,000,000.

Anuario Estadistico de Espana, Madrid.

Cf. Bulletin de Statistique et de legislation comparée, January, 1921, pp. 136-146: *Report of the Council*, pp. 348-351; *Commerce Reports*. Nov. 8, 1924, p.631.

SWEDEN

The external debt of Sweden as of August, 1924 and November, 1924, was

S. Kr. 202,591,008 and
U. S. $30,000,000

This comprised the following loans, all of which are long term obligations:

Designation of Loan	Interest	Amount Outstanding
Funded Loan of 1880 in crowns, £, francs, and German marks	3 ½ %	S. Kr. 29,361,618
Do. of 1866, payable in crowns and German marks.	3 ½ %	49,927,111
Do of 1886, payable in crowns, £, francs, and German marks	3 ½ %	24,183,111
Do. of 1890	3 ½ %	18,332,888
Do. of 1894	3 %	16,878,600
Do. of 1899	3 ½ %	28,021,680
Do. of 1900	3 ½ %	36,320,000
Do. of 1904, 1906, 1907	3 ½ %	125,856,000
Do. of 1908	3 ½ %	54,480,000
Do. of 1911	3 %	72,00,0000
Do. of 1913	4 ½ %	72,000,000
Do. 1919 in the United States ($25,000,000).	6 %	93,250,000
	Total....	620,591,008
From July, 1, 1914, to December 31, 1923, Swedish State Bonds amounting to		418,000,000
were repurchased from abroad. Subtracting this from the total of the debt, the outstanding debt as of August 31, 1924 is.		202,591,008
In addition, Sweden floated in the United States in November, 1924, Gold bonds at 5 ½ % maturing 1954, to the amount of		$30,000,000

Cf. Monthly Statement of the Assets of the Swedish State and the National Debt No. 18, 31, August 1924; *The Swedish Nationa Delbt Office Report for the first half-year* 1923 *and for the financial year* 1923-1924.

SWITZERLAND (1)

The outstanding external debt of the Swiss Confederation as of January 1, 1924, but including a loan floated in April, 1924, was

U.S. $95,000,000.

The following loans are included:

Designation of Loan	Maturity	Amount Outstanding
8 ½ % Loan of August, 1919	1929	$24,000,000
5 % Loan of July, 1920	1940 (2)	21,000,000
5 % Loan of August, 1923	1926	20,000,000
5 ½ % Loan of April, 1924	1946	30,000,000

The original amount of these loans was $105,000,000. In 1915 Switzerland borrowed $15,000,000 in the American market, but this sum has now been redeemed. In addition to the foregoing list loans of the cities of Zürich and Berne for $6,000,000 each, at 8 per cent., and redeemable in 1945 or after 1925 at 107%, were floated on the American market. Of the three loans floated from August, 1919, to August, 1923, and the two municipal loans, fully 27 million dollars had returned to Switzerland by the end of 1923.

[*Annuaire Statistique de la Suisse.* Berne.

TURKEY

The external debt of Turkey as of March 1, 1923, including arrears of interest aud of amortized bonds to March 1. 1924, and specific guarantees totaled £ T. (gold) 163,610,624 (3)

This comprised the following obligations:

Designation of Loan	Year of Issue	Maturity	Interest	Outstanding Amount
Unified converted debt, 1903 issued under Decree of September 1/14, 1903 (supplementary decree to „ Decree of Muharrem ", 1881)	1903	1944 or 0.45 0/0 accumulative sf.	4 %	£ T. (gold) 45,389,726
Lottery Bonds („ Lots Turcs ")	1870-2	Drawings with premiums every two years	no interest	10,810,034
Consolidation Loan of 1890 (Osmanieh) (Unified converted debt)	1906	1981	4 %	2,749,464
Loan of 1896	1896	half yearly drawings at par, in 49 years, with sf. of about ½ %	5 %	3,431,625

(1) This statement of the Swiss debt is based upon a detailed analysis of the economic condition of Switzerland furnished by Mr. Robert Frazier, Jr., American Consul General, Zurich, Switzerland.

(2) Redeemable at 105.

(3) This excludes loans totaling £ T. (gold) 16,353,216 which, though usually listed with the Turkish debt, are secured on the Egyptian tribute and are thus really a part of the Egyptian debt.

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
Loan of 1903 (Conversion of 5 per cent German Loan of 1888)	1903	1958	4 %	2,773,588
Loan of 1903 (Baghdad Railway, First Series)	1904	1992	4 %	2,739,766
Loan of 1905 (Deutsche Bank)	1905	½ % s f applicable by purchases or drawings	4 %	2,769,202
Loan of 1901-1905	1905	do.	4 %	6,300,792
Unification Loan of 1904-06	1906	do.	4 %	3,418,419
Loan of 1908 (Baghdad Railway, 2nd Series) (Authorized amount £4,320,000)	1910	0.87538 % s f.	4 %	5,526,832
Ottoman Bank Loan of 1908	1908	½ % annual s f.	4 %	5,878,623
Loan of 1908 (Baghdad Railway (3rd Series)	1912	0.87538 % annual s f.	4 %	6,132,612
Loan of 1914 authorized amount : £ T. 35,200,000, £20,000,000 issued	1914	1963 or by ½ % accumulative s f.	5 %	27,977,888
Priority (Tombac) Loan of 1894	1893	1934	4 %	904,246
Railway Loan of 1894 (Paris) 40,000,000 fr.	1894	1958	4 %	2,031,614
Customs Loan of 1902 (Conversion of Five per Cent. Customs Loan of 1886)	1902	1958	4 %	10,643,566
Imperial Ottoman Government Loan of 1909 (issued in London and Paris)	1909	1949	4 %	8,981,117
Loan of 1911 from Government and Austrian banks. First portion 1911 £6,400,000.Second portion, £3,600,000 has not been issued	1911	1 % annual s f.	4 %	7,666,549
Hodeaidah-Sanaa Loan (Railway loan) (French)	1909	2009	4 %	1,480,014
Soma-Panderma Loan (Railway loan) (French and Imperial Ottoman Bank group)	1910	1992	4 %	2,346,477
			£ T. (gold)	159,952,154
In addition to the foregoing Turkey has undertaken certain railway, municipal and other and guarantees to a value, excluding the railway guarantees, of			£ T. (gold)	3,658,470
Total			£ T. (gold)	163,610,624

The Turkish debt has been controlled since 1881 by the Council of Administration of the Ottoman Public Debt. With the entrance of Turkey into the World War all payments on its debt ceased. Though a few scattered payments followed between November, 1918, and the entrance into force of the Treaty of Lausanne in August, 1924, no real settlement of the Turkish debt was possible.

By the Lausanne Treaty the Council of the Ottoman Public Debt is entrusted with the contributive part of the Turkish debt to be paid from March 1, 1920, by the territories detached from Turkey as a result of the World War (Lausanne Treaty, Art. 47). The decision of the Commission for the allocation of the old Ottoman debt was recently announced.

The charge falling on Turkey is reduced from £T 9,500,000 to £T 6,000,000. £T 17,500,000 is allocated to Greece, £T 12,500,000 to Mesopatamia (Irak) and £T 15,000,000 to Syria. (1) Before the announcement of this allocation of the debt the Turkish Government had taken over the collection of all the revenues entrusted to the Council of the Debt since the Decree of Muharrem of December, 1881.

For list of loans *cf. Report of the Council*, pp. 359-386. For guarantees, etc. *cf.* Block, Sir Adam, *Special Report on the Ottoman Public Debt*, (April, 1924). *Cf.* also U. S. Dept of Commerce, *Trade Information Bulletin No.* 268. "*Turkey's Foreign Debt*", by James R. Mood.

UNITED KINGDOM (2)

The outstanding external debt of the United Kingdom for the year ending March, 1924 was £1,125,813,339

Designation of Loan	Maturity	Interest	Outstanding Amount
U. S. A. Government Loan	1984	3% first ten years, 3 ½ thereafter	$4,577,000,000 £940,479,452
Ten Year Bonds	1929	5 1/2 %	$63,698,200 £13,088,671
Twenty Year Bonds	1937	5 1/2 %	$143,587,000 £29,504,178
Central Argentine Railway Company	1927	6 %	$15,000,000 £3,082,192
Strait Settlements Loan	1928	5 1/4 %	£3,341,000
Strait Settlements Loan	1929	5 %	£4,315,000
Loans from Allied Governments :—			
(3) France			£53,500,000
(3) Russia.....			£60,000,000
(3) Italy			£18,500,000
American loan (outstand-ing 31st March, 1924).....			2,846

In accordance with the terms of the funding agreement with the United States Government, Great Britain paid $91,968,688 in interest on December 15,1924.

UNITED STATES

The former Confederate States issued on the London market in 1863 a 7 % cotton loan. The approximate principal outstanding on this is £2,418,800. Interest has been in arrear from the date the first payment was due. This loan does not include the defaulted obligations of the southern states of the United States which have an approximate outstanding prinicpal of £12,000,000 and interest in arrears, computed at 6 %, around £36,000,000. (4)

(1) *Cf. The Near East*, November 13, 1924, p. 512.

(2) *Cf.* Appendix III for table showing debtors of the United Kingdom. For payments due annually to the United States see Fisk, Harvey, *The Inter - Ally Debts* (Bankers Trust Company, 1924) p. 351 ; *Report of the Secretary of the Treasury for 1923.*

(3) These items may be regarded as amounts to be set off against the sums owed by these countries to the United Kingdom.

(4) *Report of the Council*, pp. 428-9.

By a treaty signed April 6, 1914, but not entering into force until March 1, 1922, the United States agreed to pay to Colombia $25,000,000, $5,000,000 within six months after the exchange of ratifications, and the remaining $20,000,000 in four annual and equal installments. This sum is in settlement of the differences arising out of the part of the United States in respect of the separation of Panama from Colombia in 1903. There is outstanding, without interest, £10,000,000. (1)

The London market gives as outstanding a 4 per cent. loan for $118,489,400, redeemable in gold after Feb. 1,1925.

URUGUAY

The external indebtedness of Uruguay as of January 1, 1924, was

£26,294,816
$14,648,648
Gold pesos 2,243,000

This comprised the following loans:

Designation of Loan	Year of Issue	Maturity	Interest	Amount Outstanding
Bonds of the City of Montevideo, guaranteed by the State	1889		6 %	£966,058 (2)
New Consolidated External Debt 1891, 1896. £19,300,000 and £1,200,000	1891 / 1896	Negotiations are	3 ½ %	15,622,100 (3)
Loan of 1896 London £1,667,000	1896	under	5 %	796,720 (4)
Conversion Loan of 1905 $6,912,836 (£1,600,000 issued in Europe)	1905	way	5 %	5,875,651 (5)
Public Works Loan of 1909 (original 32,171,500 fr. in Paris)	1909	for	5 %	1,158,390
Gold Bonds of 1914 - authorized issue £2,000,000, reduced to £1,100,000	1914	fixing a new	5 %	1,084,180
Gold Bonds of 1915 - for the acquisition of the rights of the Pan-American Transcontinental Railway Company and purchase of part of line	1915	scale of re-	5 %	$1,467,968
External Gold Debt of 1919 (La Paloma to Rocha Railway)	1919	demption	5 %	£222,677
External Gold Bonds Debt of 1919 (East Coast Railway)	1919	on all loans.	5 %	£569,040 (6)
Dollar Bonds of 1921	1921		8 %	$7,180,680
City of Montevideo Sinking Fund Gold Bonds of 1922	1922		7 %	$6,000,000

There is still another item in the foreign debt of Uruguay, the so-called international debt to Brazil. It is reported that there were 2,243,000 gold pesos of this loan outstanding on January, 1, 1924.

Anuario Estadistico de la Republica Oriental del Uruguay. Montevideo.

Cf. Report of the Council, pp, 389-407; Commerce-Reports, Nov. 24, 1924, p. 463.

(1) *Cf. Treaties, Conventions, etc...* 1910-23, 3, p. 2538.
(2) 933,178 as af Dec. 10. 1924.
(3) 11.250,240 as af Dec. 10, 1924.
(4) 739,880 as af Dec. 10, 1924.
(5) 5,857.577 as af Dec. 10, 1924.
(6) 564,080 as af Dec. 10, 1924.

VENEZUELA

The outstanding external debt of Venezuela as of December 10, 1924, was

£2,233,680

This consists of the so-called Diplomatic Debt of 1905, interest at 3 %, and an accumulative sinking fund of one per cent. (1)

Anuario Estadistico de los Estados Unidos de Venezuela. Caracas Monthly.

APPENDIX I

AUSTRO-HUNGARIAN LOANS

Reference has been made in the instances of each of the so-called Succession States and some other States to the proportional obligation for the loans of the former dual Monarchy in application of Article 203 of the Treaty of Saint Germain and Article 186 of the Treaty of Trianon. The Reparation Commission decided, (January 23, 1923) that the secured debts of the former Monarchy would be assumed by the state or states in which the security, usually railways, is situated. The proportion was determined for each of these debts separately. The following were the unsecured debts and the approximate amount of the bonds stamped: (2)

Austrian 4 % gold rentes	Florins	241,926,800
	Kronen	137,277,960
Austrian 4 ½ % Treasury Bonds of 1914		£1,308,306
	Florins	1,666,879
	Francs	3,199,975
		£3,337,690
Hungarian 4 ½ % Gold Rentes	Florins	326,273,256
		£223,900
Hungarian 4 ½ % Rentes, 1913	Kronen	47,226,090
		£2,565,280
Hungarian 4 ½ % Loan, 1914	Kronen	152,452,480

The Reparation Commission (Jan. 23, 1923) divided these unsecured debts in the following proportions: (3)

Austrian Loans (to be taken over by the enumerated States as from July 16, 1920)		Hungarian Loans (to be taken over by the enumerated States as from July 26, 1921)	
Republic of Austria	36.827 %	Present Hungary	45.733 %
Czechoslovakia	41.700 %	Czechoslovakia	16.020 %
Roumania	none	Roumania	21.802 %
Italy	4.087 %	Republic of Austria	1.581 %
Poland	13.733 %	S. C. S. State	0.748 %
Serb, Croat, Slovene State	2.043 %		

(1) *Cf* Report of the Council, pp. 408,414

(2) As included in the Innsbruck Convention of June, 1923. *Cf. Report of the Council*, p. 75. The terms of this Convention yet remain provisional

(3) *Cf. Reparation Commission Communiqué* No 190

The Austro-Hungarian State Railway Loans above-mentioned include 1,563,938 obligations of 500 French francs at 3 %, or 781,969,000 French francs; and 168,000 obligations of 500 French francs at 4 %, or 84,000,000 French francs. (1) The percentages allotted in these instances are as follows: (2)

	3 % Bonds	4 % Bonds (payable in francs. and marks)
Republic of Austria	10.539	19.563
Czechoslovakia	62.808	80.437
Hungary	11.602	none
Roumania	11.890	»
Serb, Croat, Slovene State	3.161	»

The debt is to be assumed by each state concerned in proportion to the length of the lines in its territory. This proportion was determined by the Reparation Commission for each debt. Redemption will occur December 31, 1965.

APPENDIX II

Foreign Credits of the French Government

As of June 30, 1924 (3)

Debtor Country	Amount of credit (in francs. add ooo)	Debtor Country	Amount of credit (in francs. add ooo)
Austria	331,926	Lithuania	2,300
Belgium	3,067,295	Latvia	9,000
Esthonia	3,500	Poland	895,400
Greece	537,514	Portugal	9,000
Hungary	800	Roumania	1,132,000
Italy	350,273	Russia	6,513,300
Czechoslovakia	542,200	Serb, Croat, Slovene, State	1,738,566

Total : 15,133,074,000 French francs.

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(1) *Cf. Annuaire des Valeurs admises à la Cote officielle de la Bourse Paris* 1918-1921, I, p. 141 et *seq.*

(2) *Cf. Reparation Commission Communiqué* No. 196 bis. The table of percentages as given does not include the 1883 issue of 4 % bonds in marks. Austria's share of this burden was placed at 20,023 %, and that of Czechoslovakia at 79,977 %.

(3) *Cf. Inventaire de la situation financière de la France*, p. 271.

APPENDIX III

FOREIGN CREDITS OF THE BRITISH GOVERNMENT

as of March 31, 1924 (1)

Loans to Allied Governments :		Relief loans :	
Russia	£722,545,712	Austria	£10,794,051
France	623,278,933	Roumania	2,195,822
Italy	553,300,000	Yugoslavia	2,251,637
Yugoslavia with Montenegro	28,481,182	Poland	4,393,251
Poland	95,083	Czechoslovakia	473,597
Roumania	24,778,000	Esthonia	251,000
Portugal	21,544,300	Lithuania	16,811
Greece	23,354,507	Hungaria	116,430
Belgian Congo	3,550,300	Armenia	104,441
	£2,000,928,017		£20,598,040

Reconstruction Loan :

Belgium	£ 9.000.000

Other Loans

Armenia	£ 864.827

Unpaid interest as of March 31, 1924 totalled : £ 44,000,000

Loans to Dominions :

Australia	£89,271,000
New Zealand	£29,189,000
South Africa	£11,884,000
Other Dominions and Colonies	£1,146,000
	£131,490,000

APPENDIX V

FOREIGN CREDITS OF THE UNITED STATES GOVERNMENT

Compiled from Latest Treasury Reports
August 31, 1924 (2)

I. Bonds of Foreign Governments received under agreements for funding of their debts to the United States, pursuant to the Acts of Congress approved Februray 9, 1922, February 28, 1923, March 12, 1924, and May 23, 1924.

Great Britain	$4,577,000,000
Finland	8,955,000
Hungary	1,953,542
	$4,587,908,542

(1) *Cf. La Vie Economique*, 19-25 Octobre, 1924, No. 234, pp. 1070-71, *except for loans to Dominions, for which of Bulletin de Statistique et Législation comparée*, June, 1924, p. 1063.

(2) This table was furnished by Dr. Charles D. Westcott, American Consul in Paris.

II. Obligations of Foreign Governments, under authority of acts approved April 24, 1917, and September 24, 1917, as amended (on basis of cash advances, less repayments of principal):

Belgium	$347,210,808
Czechoslovakia	61,974,041
France	2,933,175,472
Italy	1,647,997,050
Greece	15,000,000
Liberia	26,000
Roumania	23,205,819
Russia	187,729,750
Serbia	26,059,865
	$5,242,378,807

III. Foreign Obligations Received from the Secretary of War on account of sale of surplus war supplies

Belgium	$29,818,761
Czechoslovakia	20,604,302
Esthonia	12,213,377
France	407,341,145
Latvia	2,521,869
Lithuania	4,159,491
Nicaragua	145,590
Poland	77,408,015
Rumania	12,922,675
Russia	406,082
Serb, Croat, Slovene State	24,978,020
	$592,519,332

IV. Foreign obligations received from the Secretary of the Navy on account of sale of surplus war supplies:

Poland $2,538,065

V. Foreign obligations received from the American Relief Administration on account of relief, pursuant to act approved February 25, 1919:

Armenia	$8,028,412
Czechoslovakia	6,428,089
Esthonia	1,785,767
Latvia	2,610,417
Lithuania	822,136
Poland	51,671,749
Russia	4,465,465
	$75,812,037

VI. Foreign obligations received from the United States Grain Corporation on account of final liquidation, given for relief pursuant to act approved March 30, 1920:

Armenia	$3,931,505
Austria	24,055,708
Czechoslovakia	2,873,238
Poland	24,312,514
	$55,172,966

VII. Foreign obligations received from the United States Shipping Board Emergency Fleet Corporation:

Poland $3,921,143

APPENDIX V

STATES WITH DEFAULTED OBLIGATIONS

	Approximate principal outstanding In U. S. $	Approximate interest in Arrears In U. S. $
Russia	8,731,370,910	2,479,232,485
Ecuador	11,723,745	6,547,520
Honduras	26,992,850	11,581,025
Paraguay	3,175,255	333,400
Mexico	19,625,000	11,111,250
Former Confederate States of the United States	12,094,000	49,524,930

The above table is taken from the *Report of the Council*, p. 429. Conversion from pounds is made at the rate of £ 1—$5. The interest is reckoned at an average of 6 per cent. for 50 years.

APPENDIX VI.

Par Value and Value as of December 15, 1924, of Major Currencies. (1)

As against U. S. $.

		at par (cents)	exange rate, (cents)
Argentine	Argentine paper dollar	42,44	38,75
Austria	Crown	20,3	,0014 1/8
Belgium	Belgian franc	19,3	4,97 3/8
Brazil	Paper milreis	32,45	11,50
Canada	Canadian dollar	100	99,375
Chile	Paper peso	36,5	11,40
China	Silver dollar for Hongkong		55,63
	tael for Shanghai and Pekin		75,38
			77,75
Czechoslovakia	Crown	20,3	3,02 3/8
Denmark	Krone	26,8	17,47
Finland	Finmark	19,3	2,52 1/2
France	Franc	19,3	5,37 1/2
Germany	Mark	23,8	23,8
Greece	Drachma	19,3	1,84
Hungary	Crown	20,3	,0013 3/4
Italy	Lira	19,3	4,31
Japan	Yen	49,8	38,38
Netherlands	Florin	40,2	40,30
Norway	Krone	26,8	15,15
Peru	£	$4,8665	4,21
Poland	Zloty	19,3	19,25
Portugal	Escudo	$1,0805	4,85
Roumania	Lei	19,3	,51
Spain	Peseta	19,3	14,09
Sweden	Krona	26,8	26,93
Switzerland	Swiss franc	19,3	19,36
Serb-Croat Slovene State	Dinar	19,3	1,49 3/4
Uruguay	Gold peso	$1,0342	97,09
United Kingdom	Sterling	$4,86 5/8	$ 4,69 1/16

(1) *The New York Times*, December 16, 1924, p. 38.

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BULLETINS Nos 9 and 10 APRIL 15, 1926

9

THE MOSUL QUESTION

by

V. F. M.

With 2 maps

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PREFACE

The present Bulletin was prepared by a well known authority who is familiar with the diplomatic, geographical, and other aspects of the Mosul question, and who has travelled extensively along the frontiers of the Mosul vilayet. Numerous works dealing with the countries and questions of the Near and Middle East have been produced by the pen of the same author.

In the case of the highly complex Mosul problem, it is rather difficult to present the case on the basis of diplomatic documents alone, for there are certainly numerous political and economic factors which underlie the events but do not find expression in such documents. Hints concerning such factors have been given in Chapter V.

Another difficulty experienced in the compilation of the present tract lay in the scarcity and the inaccessibility of Turkish sources. Finally, many stages of the negotiations such as the attempts of the Council of the League to act as a mediator between the two parties and the direct negotiations between the British and Turkish Governments now occurring, are outside the knowledge of persons not connected with the negotiations. Taken as a whole, however, the present Bulletin gives the general lines of the case and indicates many of the side issues as well.

W. R. B.

TABLE OF CONTENTS

I.	Sources cited	3
II.	Description of the "contested" zone	5
III.	Negotiations concerning Mosul	9
IV.	After the decision of the League of Nations	29
V.	Economic and political side of the question	38
VI.	Dates in the constitutional history of 'Iraq (*Annex*)	41
	Map I to face	9
	Map II to face	15

THE MOSUL QUESTION

I

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The sources in this pamphlet will be indicated by Roman numerals in brackets. Thus **(III, 273)** means source No. **III**, p. 273.

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Mandates. Final Drafts of the Mandates for Mesopotamia and Palestine for the Approval of the League of Nations, 1921. Cmd. 1500. **XXV**

'Iraq. Report on 'Iraq Administration. October, 1920-March, 1922. [No date or serial number.] **XXVI**

'Iraq. Report on 'Iraq Administration. April, 1922-March, 1923. Colonial No. 4. 1924. **XXVII**

'Iraq. Report on 'Iraq Administration. April, 1923-December, 1924. Colonial No. 13. 1925. **XXVIII**

'Iraq. Papers Relating to the Application to 'Iraq of the Principles of Article 22 of the Covenant of the League of Nations, 1925. Cmd. 2317. **XXIX**

Treaty Series No. 17 (1925). Treaty of Alliance between Great Britain and Irak signed at Bagdad, October 10, 1922; and Protocol to Treaty of Alliance between Great Britain and Irak of October 10, 1922, signed at Bagdad, April 30, 1923; together with Agreements subsidiary to the Treaty of Alliance between Great Britain and Irak of October 10, 1922, 1922, signed at Bagdad, March 25, 1924. 1925. Cmd. 2370. **XXX**

'Iraq. Papers Relating to the Application to 'Iraq of the Principles of Article 22 of the Covenant of the League of Nations. 1925. Cmd. 2317. **XXXI**

'Iraq. Report of the Financial Mission Appointed by the Secretary of State for the Colonies to Enquire into the Financial Position and Prospects of the Government of 'Iraq. 1925. Cmd. 2438. **XXXII**

Arabia. Agreements with the Sultan of Nejd regarding certain questions relating to the Nejd-Trans-Jordan and Nejd-'Iraq Frontiers. December, 1925. Cmd. 2566. **XXXIII**

'Iraq. Treaty with King Feisal signed at Baghdad, 13th January, 1926, with Explanatory Note. February, 1926. Cmd. 2587. **XXXIV**

Parliamentary Debates. House of Commons. Vol. 191. N° 13, Thursday, 18th February, 1926. Anglo-'Iraq Treaty: Motion for Approval. **XXXV**

II

DESCRIPTION OF THE "CONTESTED" ZONE

Whereas the Turks declared that the point at issue in the so-called "Mosul question" was the future destiny of the vilayet of Mosul, the British contended that the question left unsolved by the Lausanne treaty was the fixation of a frontier between Turkey and 'Iraq (without particular reference to the limits of the vilayet of Mosul).

The Council of the League of Nations, at its session held in Brussels in September, 1924, established a "provisional" line of *status quo* (the "Brussels line") which did not coincide with the northern boundary of the vilayet of Mosul. In December, 1925, this "provisional" line was adopted as the *final* line of delimitation.

Speaking therefore of the "contested" territory, one may conventionally consider as such the stretch of land within the following limits :

in the north, the "Brussels line"; in the south, the southern boundary of the vilayet of Mosul; in the west, the line separating the territories respectively under the French mandate (Syria) and the British mandate ('Iraq); in the east, the Persian frontier.

This territory comprises about 87,890 square kilometres and has a population of over 800,000. Since the conference held in Constantinople in May-June, 1924, the British Government claimed a further extension of the 'Iraq territory towards the north, which would have given 'Iraq an additional area of some 3,500 square kilometres.

The "contested" territory is a zone of passage from the torrid alluvial plains of Mesopotamia to the high Armenian table land. The altitude of the southern edge of the vilayet of Mosul does not exceed 200 feet. Then the ground quickly rises towards the northeast. The crest of the hills commanding Dohuk, Aqra and Rawanduz has peaks 1253-2273 feet high. Further to the north follows a depression of the divergent river-valleys: of Khabur and of the Greater Zab (some 500 feet above the sea-level). At last the country rises to the "Brussels line" drawn on the line of heights the altitudes of which vary considerably (e. g. 2320-853-1458 feet).

The highest range of mountains (over 4000 feet) towering in the midst of the country, occupied before the war by the Assyrian Christians, is left northeast of the Brussels line.

The "contested" territory is richly watered by the Tigris. This stream traverses the south-western part of the vilayet of Mosul. It has no tributaries on the right (southern) side but many considerable ones on the left side: Khabur (on which Zakho is situated); Greater Zab coming from the north and draining numerous streams ; Lesser Zab coming from

the east; then the shorter Adheim-su and, lastly, Diala, very important for irrigation of the lands lying on its lower course and belonging to the Bagdad vilayet. The Diala irrigation scheme would make 2,000,000 acres fit for cultivation of which 500,000 acres would be used for cotton growing. (XIII, 68 and XXXII, 23).

The "contested" territories are on the cross-roads of many waves of migrations and invasions. It has long been known that the population of the vilayet of Mosul from the ethnical point of view is extremely mixed, but a fact that has become prominent only lately is that the majority is formed by the Kurds — that "forgotten" people whose existence and national aspirations began to be recognized only after the war.

The racial composition of the population of the disputed territories has been very much contested between the Turks and the British. The following table shows the statistics of the Turkish census submitted at Lausanne in 1923 and those of the 'Iraq census in 1922-24.

Vilayet of Mosul

	Turkish census	'Iraq census
Kurds	263,830	494,007
Arabs	43,210	166,941
Turks	146,960	38,652
Christians	31,000	61,336
Jews		11,897
Yezidis	18,000	26,257
Total settled population	503,000	
Nomads	170,000	
Total	673,000	799,090

It has been shown by the Commission of Enquiry in 1925 that the line separating the two chief nationalities, the Kurds and the Arabs, can be traced on the spot. [1] As a complicating factor may be mentioned the composition of the *liwa* of Mosul where, according to the 'Iraq statistics, Arabs predominate: there are 119,500 Arabs as against 88,000 Kurds. But it must be remembered that, out of this total, 74,000 Arabs live in the city of Mosul and, evidently, the Arab majority exists only within the walls of the city. On the other hand, many of the towns situated along the ancient "high road" passing in the southern zone of the Mosul territory have a predominant Turkish population. Among these may be mentioned the towns of Tell-Afar, Arbil, Altun-Keupri, Kirkuk, Taze-Khurmatli, Tauq, Tuz-Khurmatli, Kifri and Qara-tapa [2].

Among the minorities [3] actually living in 'Iraq are the Assyrian mountaineers (Nestorians). Their original homes were situated in the southern part of the former vilayet of Van (at present vilayet of Hekkari), that is, north of the disputed territory. During the war they rose in arms against the Turkish Government and after many hardships retreated over Urmia

1. Vide *infra*, p. 16.
2. Vide XIII, 38.
3. H. Charles Luke, *Mosul and its minorities*, London, 1925.

and Hamadan into 'Iraq where the British authorities took charge of them. These Assyrians (some 25,000, XIII, 82) do not belong to the population of the Mosul vilayet, [1] but the desire of the British Government was to settle them in the north in a compact community within the limits of the territory under the British mandate. This explains the reasons which moved the British Government to insist upon the extension of the 'Iraq territory beyond the limits of the vilayet of Mosul. "The warlike Assyrian people", says the British memorandum of August 10, 1924, "were willing to give their loyalty to 'Iraq and would constitute a valuable frontier community to the 'Iraq state."

Administratively, the former vilayet of Mosul under the Turkish rule was divided into three *sanjaqs :* Mosul itself (comprising the districts (qazas) of: Mosul, Dohuk, Aqra, Sinjar, Zibar, Amadia and Zakho), Kirkuk (districts: Kirkuk, Rawanduz, Rania, Kifri, Erbil, Keuy-Sanjaq), Sulaimania (districts: Sulaimania, Gulamber, Mamuret-ul-Hamid, Bazian, Shehri-Bazar). Under the British-and-Iraq administration the territory has been divided into four *liwas:* Mosul (territories lying west of Greater Zab), Erbil (territories between the two Zabs), Kirkuk (territories on the Adheim-Su and the lower course of Diala) and Sulaimania (between the Lesser Zab and the liwa of Kirkuk, — near the Persian frontier).

From an economic point of view the "disputed" territory may be divided into three zones :

1. *Uncultivated* lands mostly in the south on the outskirts of the Mesopotamian plain, and northwest of Diala (cf. *supra* p. 6).

2. *Cultivated* lands in the zone stretching from northwest to southeast between Zakho and Qara-tapa. Most important is the tract between Mosul and Erbil. Other patches of cultivated land are situated along the rivers and on the slopes of the mountains.

3. Pastures occupy all the northern part of the vilayet. In the south they form wedges between arid and cultivated land.

Forests (chiefly oak) are found in the north near Amadia, Aqra, and in the districts along the Persian frontier.

Of the mineral wealth of the terrace-land of Mosul, oil is the most important. The southern Mosul oil-zone passes near Kifri and Tuz-Khurmatli ; the northern zone stretches between Kirkuk and Mosul. Further north around Al-qosh and Zakho, the gypsiferous rocks seem to offer possibilities of oil. The best chances of important discoveries center round Kifri, Tuz-Khurmatli and Kirkuk — all three in the southwestern *liwa* of Kirkuk. A railway under construction between Bagdad and Mosul had nearly reached Kirkuk by March 1925. [1]

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1. In 1901 total number of Assyrian Christians (*Nestorians*) was estimated at 13,573 families. Besides 25,000 Assyrian refugees now in 'Iraq, another 30,000 are reported in the U. S. S. R. (XIII, 52 and 87). Their kindred Chaldean Christians (i.e. *Roman Catholics*) living in the former vilayets of Mosul and Diarbekir counted some 6,230 families in 1901.

2. See XIII, 69 and in general : Dr. Walther Schweer, *Die türkisch-persischen Erdölvorkommen*, Hamburg, 1919, Abhandlungen des Hamburgischen Kolonialinstituts, Band XXXX.

In the neighborhood of Mosul are to be found the only stone quarries in the whole of 'Iraq. This stone, known as "Mosul marble", may prove of great utility for eventual rebuilding of Bagdad and other big cities. (XXI, 2124).

With regard to the commerce of the vilayet of Mosul, it is difficult to detach it from that of the surrounding country, as Mosul never formed an independent economic entity. British statistics on the trade of Mosul for the year 1910 are as follows:

Imports :	(in pounds sterling)	Exports :	
From Great Britain.....	37,850	To Great Britain	176,500
„ India	35,800	„ India	30,000
„ other countries	43,890	„ other countries	49,980
		„ other parts of Turkey.....	352,950

The statistics of the Government of 'Iraq for the years 1921, 1922, 1923 and the first nine months of 1924 are :

	Rupees
Value of produce exported from the former vilayet of Mosul to Syria and Turkey (national produce and produce in transit).....	8,500,000
Value of part of the goods (excluding cereals) exported from the *liwa* of Mosul to Bagdad only.....	18,600,000

Since the *de facto* inclusion of Mosul in 'Iraq, the trade *per annum* represents : with Syria and Turkey, 2,200,000 rupees, and (the *liwa* of Mosul alone) with Bagdad, 5,000,000 rupees.

Before the war the exports of the vilayet of Mosul consisted of cereals, horses, sheep, camels, gall nuts, wool, silks, women's veils, etc.

The principal trade routes are :

1. to Bagdad and further on to the Persian Gulf ; water transport is possible by the Tigris; railway terminus of the line following the river upwards from Bagdad is at Qala-Shergat (at the southernmost edge of the vilayet of Mosul);

2. to Syria overland, less used nowadays, though it must be borne in mind that the situation might change if the railway within the Turkish territory, (the former "Bagdad" railway), now having its eastern terminus at Nisibin, were prolonged to Mosul (earth-work down to Kisik-Keupri). Approximate distances from Mosul are : to Qala-Shergat 100 kilometres; to Nisibin, 200 kilometres; to Kisik-Keupri, 40 kilometres. [1]

There is a considerable number of caravan tracks towards the east (leading to Persia) and the north, but they either are of a local importance or serve principally to drain the produce of the hinterland towards the big emporium of Mosul.

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1. It may be mentioned that the Commission of Enquiry seems to have underrated the possibilities of the eventual development of trade and communications between the Turkish vilayet of Diarbekir (lying higher up on the Tigris) and Mosul. The conflicting interests with regard to the future direction of trade-routes are manifested by the Anglo-French agreement of May 9, 1916, by which the parties engaged themselves not to build a railway between Mosul and Samarra before the completion of a Bagdad-Aleppo railway which was to be constructed with the participation of both France and England (I, 245).

III

NEGOTIATIONS CONCERNING MOSUL

The following résumé of the Mosul question is chiefly concerned with the *diplomatic* and *legal* side of the negotiations conducted in 1920-1925.

The Allied plans during the war.

By an exchange of notes between Sir Edward Grey and the French Ambassador in London, M. Paul Cambon, (May 9, 1916), five zones were created in the southern part of the Asiatic Turkey.

1. A "brown" zone comprising Palestine with Jerusalem and Jaffa, — where an international administration was to be established. [1]

2. A British zone : Basra, Bagdad, Khanikin — where Great Britain was free to establish such administration or control as she might consider suitable.

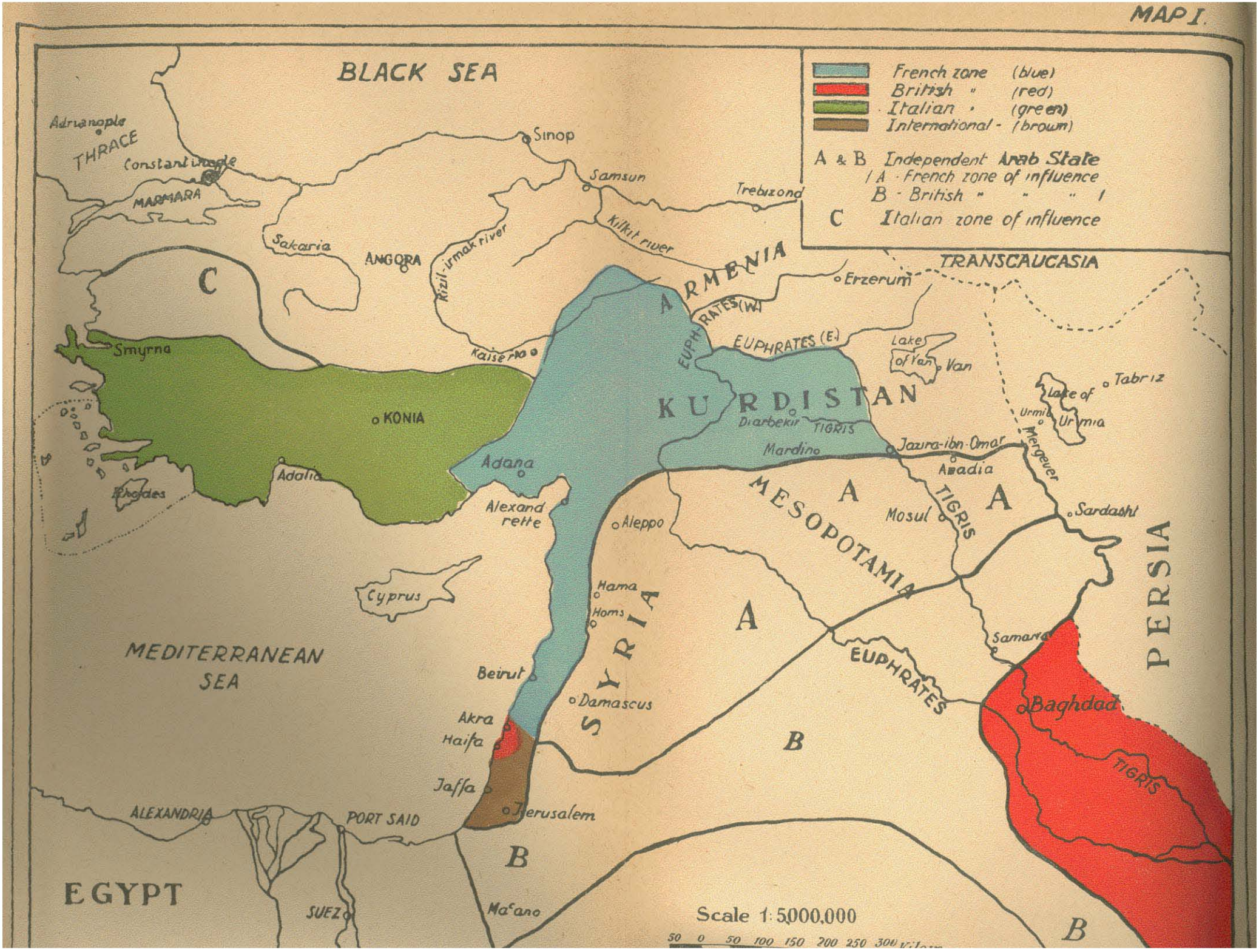
3. A French zone comprising the Syrian coast (Beirut, Antiochia, Alexandretta), Cilicia (Mersina, Adana), and the country between Cilicia and the Upper Tigris (Marash, Aintab, Urfa, Diabekir). Here France disposed of the same rights as England under paragraph 2.

4 and 5. On the intermediate stretch of land, between the British and the French zones, the two Governments were ready to recognize and protect an independent Arab State or a confederation of Arab States. The territory was divided into two "spheres of influence" in which England and France respectively had a priority to loans and enterprises and could furnish the staff of foreign councillors and employees. The French sphere of influence (A) comprised Damascus, Aleppo and Mosul, and on the east joined the Persian frontier. The British sphere of influence (B) occupied the Syrian desert, Tekrit, and the territory along the Persian frontier between the zone (A) and Khanikin (I and II).

In this way the Mosul territory *was* detached from 'Iraq proper and entrusted to France. This wedge of territory was, in all evidence, destined to separate the conflicting interests of Great Britain (in the south) and Russia (in the north), and thereby diminish the eventual frictions between them. Documents from diplomatic archives of the Imperial Russian Government show that at first Russia did not favor the appearance in the immediate neighborhood of her future frontiers of a new political factor represented by France (M. Sazonov's memorandum of February 29, 1916, II, 160). But finally by the note of April 26, 1916, Russia agreed to the project elaborated by M. Picot and Sir Mark Sykes [2], on condition that the region of Kurdistan situated south of Van and Bitlis should be included in Russia. Its limits were defined as follows: "the region between Mush, Seert, the Tigris, Jazira-ibn-Omar, and the line of peaks commanding over Amadia and Mergaver".

1. The ports of Akra and Haifa, situed in this zone were to be ceded to Great Britain.

2. It was this latter's intention to "create a French buffer in the Middle East between Russian and British territory". See an authoritative statement by the experts of the Foreign Office in Shane Leslie's, *Mark Sykes, His Life and Letters*, p. 250.


BLACK SEA
French zone (blue)
British " (red)
Italian " (green)
International - (brown)
A & B Independent Arab State
/ A - French zone of influence
B - British " " " /
C Italian zone of influence
Adrianople
THRACE
Constantinople
MARMARA
Sinop
Samsun
Trebizond
Sakaria
ANGORA
Kizil-irmak river
Kilkit river
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ARMENIA
TRANSCAUCASIA
Erzerum
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EUPHRATES (E.)
Smyrna
Kaiserie
Lake of Van
Van
Tabriz
Lake of Urmia
Urmi
KURDISTAN
Diarbekir
TIGRIS
Mardino
Jazira-ibn-Omar
Amadia
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KONIA
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After the Armistice.

After the Russian revolution broke out, the allied scheme collapsed and was gradually replaced by the present delimitation of the territories respectively under the French and the British mandates. M. Clemenceau accepted in principle Mr. Lloyd George's plan of leaving Mosul out of the French zone in exchange for the promise to allow a 25% participation in the Mesopotamian oil. This latter arrangement was finally arrived at in the San Remo agreement of April 25, 1920, signed by Mr. Lloyd George and Prof. J. Cadman on the English side, and by M. Millerand and M. Berthelot on the French side (III). On December 23, 1923, the decision taken by the Supreme Council in San Remo with regard to the distribution of the Oriental mandates between Great Britain and France [1] was completed by the direct agreement of the two Governments, represented by Vicount Hardinge and M. Leygues. A frontier line was established separating British mandates in Mesopotamia and Palestine from the French ones in Syria and Lebanon : in the north it followed the Tigris from Jazira-ibn-Omar downwards to the frontier of the former vilayets of Diarbekir and Mosul, and then inclined to the south following this latter frontier. In this way the vilayet of Mosul was left to the east outside of the French mandate (IV).

It was mentioned in the armistice provisions, signed on October 30, 1918, between Admiral Calthorpe, on behalf of the Allies, and the Turks that military operations were to be suspended on October 31. The Turks hoped to keep the positions actually occupied at that date, which included the greater part of the Mosul vilayet. The British, on their part, alleged that articles 7 and 16 of the armistice respectively enabled them to occupy points of strategic importance and mentioned the surrender of the Turkish garrisons in "Mesopotamia".

In an official letter dated November 2, General Marshal requested the Turks to surrender the territory of " 'Iraq", as described in a German military report published in 1917. Notwithstanding the Turkish protests the British flag was hoisted in Mosul on November 8, 1918, and the occupation subsequently spread over the whole area. But "General Marshal's line" did not include the districts lying northeast of Mosul (*e. g.* Rawanduz).

During the war the declared object of the Allies was the creation of an Arab state in Mesopotamia, but towards 1919 it was heard that some British representatives on the spot were pointing out the necessity of creating a Kurdish state as well. At that time many Kurdish districts were already included in the British administration.

Treaty of Sèvres.

On August 10, 1920, the Allies signed with the Ottoman representatives the ephemeral Treaty of Sèvres. The document is now interesting only as marking a further stage in negotiations.

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1. The proceedings of the meeting have never been published.

Article 27 of the Treaty of Sèvres and the annexed map (V) indicate the northern boundary of Mesopotamia as following more or less the limits of the vilayet of Mosul. It must be remembered that the boundary was really the one between Mesopotamia and *Armenia* which, according to the Treaty of Sèvres, was to form an independent state. On the other hand, articles 62-64 provide for a local autonomy of the Kurdish areas in Turkey east of the Euphrates, and, in case the Kurds living there should notify within a year their desire to separate from Turkey, the latter must renounce its rights over those areas. Moreover, adds the treaty, "no objection will be raised by the Principal Allied Powers to the voluntary adhesion to such an independent Kurdish State of the Kurds inhabiting that part of Kurdistan which has hitherto been included in the Mosul Vilayet" (art. 64).

'Iraq — an Arab State.

The Ottoman Government, having signed this treaty, was soon eclipsed by the new power that had arisen in Angora. The subsequent years were occupied by the struggle in Asia Minor in which Greece was to play the rôle of the Allies' mandatory. At the same time, among many difficulties, Great Britain was consolidating her position in Mesopotamia which finally took the form of an Arab kingdom ('Iraq) under the sovereignty of King Faisal. [1]

The occupation authorities twice consulted the population by means of a kind of referendum. The text of the "plebiscite" of 1919 seems to convey clearly the idea that at that time a great uncertainty prevailed with regard to the Kurdish element of the population. The questions submitted to the representatives of the population were the following : —

"1. Whether they were in favor of a single Arab state under British tutelage extending from the northern boundary of the Mosul vilayet to the Persian Gulf.

"2. If so, whether they consider that the new state should be placed under an Arab Emir.

"3. In that case whom would they suggest."

One sees that the whole conception of the Mesopotamian territories was that of an *Arab State* in conformity with the view point of the previous declarations concerning the war aims, and the impression is only corroborated by the refusal of the Sulaimania Kurds to participate in the vote of 1922 (*infra*, p. 42).

Treaty of Lausanne.

When, after the Greek collapse in Asia Minor, negotiations began in Lausanne on November 22, 1922, the frontier line between Turkey and the Syrian territory under French mandate had already been established by the article 8 of a separate agreement signed by M. Franklin Bouillon in Angora on October 20, 1921 [2], but the whole extent of the frontier between Mesopotamia ('Iraq) and Turkey had to be defined, as the Sèvres plan had no binding force on the new government of Angora.

1. See the events in 'Iraq *infra*, p. 42.
2. See VIII and IX.

Before the public discussion began on January 23, 1923, Lord Curzon and Ismet Pasha had examined the question of Mosul in private interviews. As Lord Curzon stated that it was quite "impossible for [his] Government to contemplate the surrender of the Mosul Vilayet" and as, on the other hand, Ismet Pasha declared that the Turkish Government could not "for a moment consider abandoning its sovereign rights over Mosul", a proposal was made from the British side that the League of Nations should be entrusted with the examination of the case. Lord Curzon referred not only to his own confidence in that Assembly but mentioned the fact that "the Turkish delegation in the last few weeks have themselves signified their confidence in that body by expressing their desire to become members of the League as soon as peace is concluded" (XI, 362).

On his part, Ismet Pasha advocated a plebiscite : "It was indeed difficult to admit that while it had been considered possible to consult the population of 'Iraq concerning the choice of Emir Feisal, it should be regarded as impossible to obtain an expression of their views on a far more important question — that of their union with such and such a country". (XI, 397).

To this Lord Curzon retorted that should the Turks decline the settlement by the League of Nations, Great Britain would act on the basis of Article XI of the Covenant providing for the obligatory intervention of the League in the case where threat of war exists. Lord Curzon actually did so.

In his final statement of February 4, 1923, Ismet Pasha offered to exclude the Mosul question from the programme of the Conference in order that it might, within the period of one year, be settled by *common agreement* between Great Britain and Turkey. Lord Curzon (XI, 843) replied that the case was already submitted to the League and all he could do was "to suspend the result of his appeal" for a period of one year. He would do it on two conditions : 1) that, if eventually the two Governments failed to reach a direct understanding, the intervention of the League i. e. determination of the frontier, would be resorted to in the manner originally proposed, and 2) that the *status quo* existing in that region should be preserved during the year in which these discussions might continue.

The final text of the Lausanne Treaty (art. 3) was as follows :

"The frontier between Turkey and 'Iraq shall be laid down in friendly arrangement to be concluded between Turkey and Great Britain within *nine* months.

"In the event of no agreement being reached between the two Governments within the time mentioned, the dispute shall be *referred* to the Council of the League of Nations.

"The Turkish and British Governments reciprocally undertake that, pending the decision to be reached on the subject of the frontier no military or other movement shall take place which might modify in any way the present state of the territories of which the final fate will depend upon the *decision*." [1]

The wording of this article was not at all explicit and led to a serious Anglo-Turkish conflict over the Mosul question.

"Status quo" disturbed.

Before the direct negotiations began the English and the Turks objected to the different actions of each other which were considered to be

1. Italics not in the original.

contrary to the engagement to respect the *status quo*. The Turks protested against the bombardment on August 16, 1923, and occupation on July 14, 1924, of Sulaimania by the troops of 'Iraq. The British replied on December 20, 1923, and September 30, 1924, saying that the British Government considered the whole of the vilayet of Mosul in its effective occupation and that the alleged measures had a local administrative character. Other recriminations concerned the admission of Mosul representatives to the 'Iraq Assembly, the flying over the Turkish zone by British aeroplanes, misbehavior of the Christian Assyrians, the activities of the Turkish frontier officials, and the like.

Conference in Constantinople.

In accordance with article 3 of the Lausanne Treaty, the Anglo-Turkish Conference sat in Constantinople from May 19 till June 5, 1924. The heads of the respective delegations were Sir Percy Cox, until September 15, 1923, British High Commissioner in 'Iraq, and Fethi Bey [1], President of the Grand National Assembly of Turkey.

The Turkish delegate insisted particularly on the Turco-Kurdish brotherhood, and on the fact that the majority in the vilayet of Mosul belonged to Turks and Kurds (XII, 182). Sir Percy Cox, on the contrary, drew Fethi Bey's attention to the question, the importance of which since the Lausanne Conference has considerably grown in the eyes of the British Government, namely, the future of the Assyrian Christians. It was desired that the new frontier should enable "the establishment of the Assyrians as a single compact community... if not always in the abodes of their ancestors, at least in the contiguous and suitable regions" (XII, 184). The Turks were of the opinion that such a frontier was an encroachment on the vilayet of Hakkari, lying north of Mosul, but Sir Percy Cox's reply was that article 3 of the Lausanne Treaty "does not point to the vilayet of Mosul but merely to the frontier between Turkey and 'Iraq", (p. 197). Fethi Bey having declared that he could not accept the frontier proposed by the British, Sir Percy Cox concluded : "In these circumstances, as I had already advised Your Excellency, I must according to my instructions put an end to the negociations and return to London." Sir Percy proposed then a draft of a joint letter to be addressed to the League of Nations, but the Turks thought that its signature was outside their competence.

30th session of the Council in September, 1924 (Geneva).

Consequently, on the demand of the British Government expressed in a letter of August 6, the question regarding the frontier between Turkey and 'Iraq was, in conformity with article 3 of the Lausanne Treaty, placed on the programme on the thirtieth session of the Council of the League of Nations.

The Turkish Government delegated Fethi Bey to represent it at Geneva. The British and Turkish points of view were again stated in two lengthy memoranda. Again the Turks insisted on a plebiscite.

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1. Pronounce : Fet-hee.

Two fundamental questions were raised by Mr. Branting (Sweden), rapporteur of the Council of the League of Nations.

1. Whether the parties considered themselves bound by the eventual decision of the Council ?

2. Whether the Council was free to propose an equitable solution regardless of the two conflicting views of the parties concerning the subject of discussion ("*frontier* between 'Iraq and Turkey" or "attribution of the Mosul vilayet") ?

The Turkish delegate first said he would accept "any frontier resulting from the consultation of the inhabitants" and that he recognized the Council's powers under article 15 of the Covenant of the League of Nations. Subsequently an agreement found its expression in the final resolution of the Council which simply stated that both the representatives undertook "on behalf of their respective Governments to accept in advance the decision of the Council on the question referred to it". The Council registered also the engagement of the parties not to disturb in any way the actual *status quo* on the frontier. Finally the Council decided to set up a special Committee of three members which was to lay before the Council all information and all suggestions which might be of a nature to assist it in reaching a decision. The three members of the Council particularly entrusted with the question were : Mr. Branting (Sweden), [1] Sr. Quinones de Leon (Spain), and Sr. Guani (Uruguay). Later on after the session held in Brussels in October the Council, as explained hereafter, appointed a special commission to report on the frontier under the resolution of September 30. [2]

Further incidents on the frontier.

Meanwhile some Turkish movements on the frontier provoked strong British protests. On October 9, 1924, the British Diplomatic Mission in Constantinople delivered to the Turks a note requesting them to reëstablish the *status quo* with a threat that, in the contrary case, the British Government "will from October 11 on recover all freedom of action in order to take all the military measures which could be necessary to reëstablish the situation" (XII, 167).

On October 10 the Prime Minister, Ismet Pasha, wired to the League of Nations declaring his readiness to submit the case to the enquiry and examination of the Assembly. He also requested the League of Nations to take measures in order to enforce the decisions already taken.

31st session of the Council in October 1924 (*Brussels*).

This led to a further discussion in the Council of the League of Nations in October.

The question was raised as to the exact meaning of the *status quo* which was to be respected on the frontier. On October 27 Lord Parmoor

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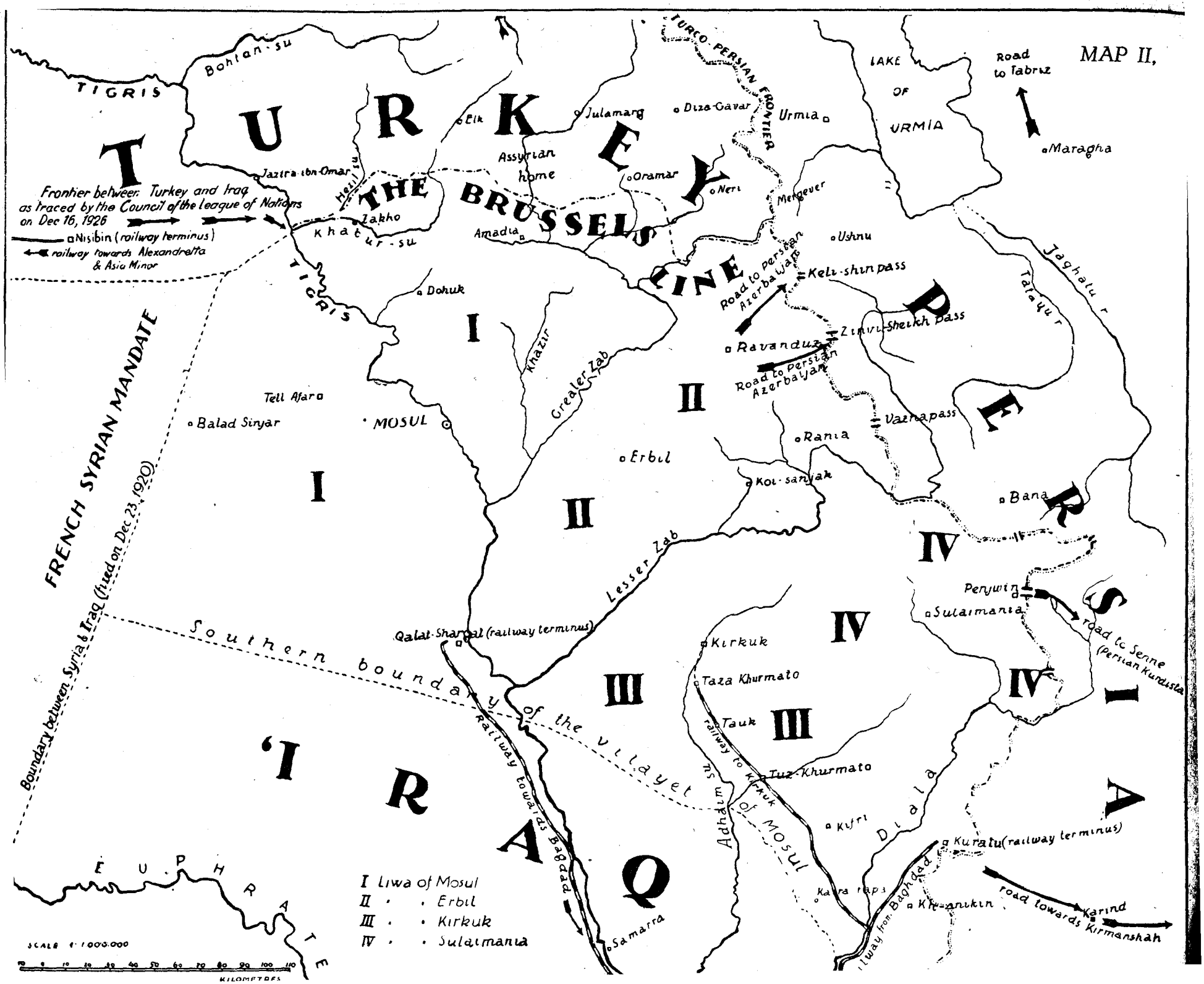
1. Died on February 24, 1925.
2. As a matter of fact two independent bodies composed each of three members : the Committee (at the Council's headquarters) and the Commission (sent to the spot), were entrusted with the question.


MAP II,
TURKEY
PERSIA
IRAQ
THE BRUSSELS LINE
TURCO-PERSIAN FRONTIER
FRENCH SYRIAN MANDATE
Boundary between Syria & Iraq (fixed on Dec 23, 1920)
Frontier between Turkey and Iraq as traced by the Council of the League of Nations on Dec 16, 1926
Nisibin (railway terminus)
railway towards Alexandretta & Asia Minor
TIGRIS
EUPHRATES
Bohtan-su
Jazira ibn-Omar
Hezil-su
Zakho
Khatur-su
Elk
Julamarg
Diza-Gavar
Urmia
LAKE OF URMIA
Road to Tabriz
Maragha
Assyrian home
Oramar
Neri
Mergever
Ushnu
Keli-shin pass
Road to persian Azerbaijan
Jaghatur
Tata-ur
Dohuk
Khazir
Greater Zab
Ravanduz
Zimvi-Sheikh Pass
Road to Persian Azerbaijan
Tell Afar
Balad Sinjar
MOSUL
Erbil
Rania
Vazna pass
Koi-sanjak
Bana
Lesser Zab
Penjwin
Sulaimania
Road to Senne (Persian Kurdistan)
Qalat-Sharqat (railway terminus)
Kirkuk
Taza Khurmato
Tauk
Railway to Kirkuk
Tuz-Khurmato
Southern boundary of the vilayet of MOSUL
Adhaim
Railway towards Baghdad
Kifri
Diala
Kuratu (railway terminus)
Kara tapa
Khanakin
Railway from Baghdad
road towards Karind
Karind
Kirmanshah
Samarra
I Liwa of Mosul
II . . Erbil
III . . Kirkuk
IV . . Sulaimania
SCALE 1:1000.000
KILOMETRES

produced a map on which were marked the limits of the zones which were respectively under Turkish and British occupation in July, 1923. British northern and Turkish southern lines did not coincide; between them was found a zone which Lord Parmoor considered as a *terra nullius*. Then there was on the map a third line (blue) which was traced north of the southern limit of Turkish occupation (i. e. within the Turkish zone) and represented the final frontier which Great Britain was requesting for 'Iraq. For the time being, the question was about the intermediate zone ("terra nullius") where, according to the British, Turkish authorities undertook some movements.

Fethi Bey repeated that his Government had never admitted any contest regarding the territories outside the limits of the Mosul vilayet. In his opinion eventual absence of Turkish troops in a zone belonging to the Hakkari vilayet did not weaken Turkish rights to that Turkish territory. The British "ultimatum" of October 9, 1924, consequently had no *locus standi*. On the other hand the British were wrong in modifying the *status quo* in Sulaimania.

Thereupon Lord Parmoor confirmed the previous explanations concerning the effective occupation of the Mosul vilayet by the British.

The "Brussels line".

On October 21 Mr. Branting read his report prepared in collaboration with his two colleagues of Spain and Uruguay: "It seemed to us possible", he said, "to propose a line very little different from the data respectively presented by the two parties and suitable to put an end to the uncertainty from which the actual difficulties have sprung." Mr. Branting laid a particular stress on the fact that the question at issue was "exclusively to settle a provisional situation in order to maintain order and peace pending the period of expectation." Such a proposal was in no way to prejudice the final settlement regarding the procedure to be adopted.

Mr. Branting communicated then a detailed description of the line which afterwards became known under the name of the "Brussels line".[1] It evidently made away with the notion of the zone described as "no man's land" and the British representative, Sir Cecil Hurst, forthwith gave an interpretation to Mr. Branting's report as giving to the parties the power of "integral administrative control up to the line itself".

After occasional explanation of details both parties engaged themselves to respect the "Brussels line", and the Council unanimously adopted Mr. Branting's resolution.

Commission of Enquiry and its report.

On November 17 the Secretary General of the League of Nations informed Ismet Pasha that the special "Commission" appointed by the Council had just begun its work. It was composed of Count Teleki, former Hungarian Prime Minister, Mr. af Wirsen, Swedish Minister in Bucarest, and Mr. Paulis, a colonel in the reserve of the Belgian Army.

1. The line was elaborated by Mr. Branting with the aid of a Belgian cartographer (XII, 266).

The communication added that the Commission had the intention first to go to London and then to Angora wherefrom it would proceed to visit the contested zone.

Later events are exposed in a lengthy and very detailed report which the three delegates presented to the Council on July 16, 1925, after a journey which lasted over three months. The Commission was accompanied by British and Turkish assessors. The presence among the latter's staff of two experts suspect to the 'Iraq authorities provoked long discussions. Other incidents resulted from the excessive zeal of the 'Iraq police.

It is well nigh impossible to summarize the mass of information contained in the report (XIII). Suffice it to quote the following characteristic statements :

1. "... As regards the period of Arab dominion.... except for a few small districts the disputed area has never been included in 'Iraq" (p. 26). As to later (European) sources these show "a fairly clear division into three areas according to which 'Iraq Arabi does *not* extend further north than Hit-Tekrit or the Jebel-Hamrin district". [1]

2. "The Kurds form the majority of the population. They are neither Turks nor Arabs. They speak an Aryan language... the only compact masses inhabiting large areas are the Kurds and the Arabs. These are the only two elements of the population of whose distribution advantage could be taken for the purpose of fixing a line which would separate different races. This line would follow the Tigris down to its confluence which the Lesser Zab — cutting off Mosul at its very gates from the fertile and densely populated country. Then south of the Lesser Zab, it would follow the Kirkuk-Kifri highway. All the other races are scattered throughout the country... If the ethnic argument alone had to be taken into account the necessary conclusion would be that an independent Kurdish State should be created, since the Kurds form five-eighths of the population"... (p. 57).

3. Of the four *liwas* composing the vilayet of Mosul the population is as follows : —

	Mosul				
	Total	City only	Erbil	Kirkuk	Sulaimani
Arabs	119,500	74,000	11,700	35,650	75
Kurds	88,000		170,650	47,500	189,900
Turks	9,750		2,780	26,100	
Christians	55,000	19,250	3,900	2,400	
Yezidis	26,200				
Jews	7,555	4,000	2,750		1,550
	306,000	97,250	191,780	111,650	191,525

4. "There is no national 'Iraqi feeling in the disputed territory, except among a section of the Arabs who have some degree of education; and in their case it is rather an Arab feeling, with chauvinistic and often anti-alien tendencies. Among the Kurds we find a growing national consciousness, which is definitely Kurdish and not for 'Iraq; it is more strongly developed in the south and decreases as one goes northwards, to die out entirely in the plain of Mosul and the mountains of Aqra. The national consciousness is also fairly strong among the Turks in the vilayet." (p. 78). "Popular sentiments in the disputed area... are probably somewhat in favor of 'Iraq [if] the statements given in all parts of the territory are taken together. These statements, however, were so variable, and so hedged in by conditions, that they can not be taken as the sole basis for the future political status of the country... Many of the partisans of 'Iraq state that if the mandatory régime were shortly to come to an end they would rather be restored to Turkey." (p. 85).

5. "The international situation of 'Iraq... seems unstable... Serious difficulties are being encountered owing to the tension between Sunnites and Shiites, the latter of whom are less

1. On the history of 'Iraq cf. also: A. Adamov, 'Iraq Arabski, St. Petersburg, 1912, 616 pp. with map (in Russian); and the latest: S. H. Longrigg, Four Centuries of Modern 'Iraq, 378 pp. with 6 maps, Oxford, 1925.

open to modern ideas of reform. It should be noted that the *Shiites* [1] are in a majority in the vilayets of *Bagdad and Basra*, while the *vast majority* of the population of the *vilayet of Mosul are Sunnites*. The relations between Kurds and Arabs are also uncertain. At the time of the Commission's visit the Government had not yet ventured to set up an 'Iraq administration in the Liwa of Sulaimania which was still ruled by British officials. The Commission formed the impresson that the mandate, in the shape of the existing treaty, must be maintained for something like a generation in order to allow of the consolidation and development of the new State..." (p. 85).

6. The Commission "recognize the necessity of protecting the Assyrian people.... [It] does not feel, however, that the solution proposed by the British Government is consistent with the principles of equity... The Turkish Government's objections to the presentation of new territorial demands after the Lausanne Conference seem by no means groundless. It appears from the documents of the Conference that from the beginning the British delegate claimed the northern boundary of the vilayet of Mosul as the frontier of 'Iraq... The British Government's proposals... as presented at Constantinople considerably exceeded mere rectifications... The Commission is led to conclude that the most satisfactory solution would be for the Assyrians to accept the offer, made by the Turkish delegate at the Constantinople Conference, that they should be allowed to return to their former homes. In that case it would have to be added that the Assyrians must continue to enjoy the same local autonomy as formerly and that their safety must be guaranteed by a complete amnesty". (p. 83).

7. "From the purely economic point of view the Commission thinks that the most advantageous settlement for the disputed territory would be to attach it to 'Iraq... If, however,... it were thought desirable to partition the disputed territory between Turkey and 'Iraq the settlement which would be most acceptable from the economic point of view would be to draw a frontier north of the Lesser Zab..." (p. 72).

8. "The territory occupied by the British and 'Iraq authorities still belongs in law to Turkey until she renounces her rights." (p. 84). "It is indisputable that Turkey retains her legal sovereignty over the disputed territory so long as she does not renounce her rights. 'Iraq has no legal right or right of conquest over that territory. The 'Iraq State did not exist at the termination of hostilities". (p. 83).

In the "general" conclusions (pp. 86-88) the Commission drew no decisive arguments from either geographical, ethnical, historical, economic, strategical, or political considerations.

The "final" conclusions were as follows (p. 88) : —

"Looking at the question entirely from the point of view of the interest of the populations concerned, the Commission considers that it would be some advantage that the disputed area should not be partitioned.

"On the basis of this consideration the Commission having assigned a relative value to each of the facts which it has established, is of the opinion that important arguments, particularly of an economic and geographical nature, and the sentiments (with all reservations stated) of the majority of the inhabitants of the territory taken as a whole, operate in favour of the union with 'Iraq of the whole territory south of the "Brussels line", subject to the following conditions : —

"1. The territory must remain under the effective mandate of the League of Nations for a period which may be put at 25 years.

"2. Regard must be paid to the desires expressed by the Kurds that officials of Kurdish race should be appointed for the administration of their country, the dispensation of justice, and teaching in the schools, and that Kurdish should be the official language of all these services.

"The Commission is convinced that if the League of Nation's control were to terminate on the expiry of the four-years Treaty now in force between Great Britain and 'Iraq, and if certain guarantees of local administration were not to be given to the Kurds, the majority of the people would have preferred Turkish to Arab sovereignty.

"The Commission is also convinced that the advantages of the union of the disputed territory with 'Iraq would in that case be exchanged for very serious political difficulties, and considers that, under those circumstances, it would be more advantageous for the territory to remain under the sovereignty of Turkey, whose internal conditions and external political situa-

1. The italics used in this summary do not appear in the original.

tion are incomparably more stable than those of 'Iraq. Whatever decision may be taken, it is essential, however, that 'Iraq should retain the *Diala region*, which is necessary for the solution of the irrigation problem.

"The Commission feels bound to leave it to the Council of the League of Nations to appraise the legal and other political arguments stated in its report, and to decide what relative weight should be given to them as compared with the other arguments. Should the Council, as the outcome of its examination, consider it equitable to partition the disputed territory, the Commission would suggest that the best line would be that approximately following the Lesser Zab..."

To these main recommendations the Commission added some special ones bearing on :

1. Measures for ensuring peace within the country ;
2. Protection of minorities, notably non-Moslem minorities ;
3. Commercial measures.

Kurdish rising of Sheikh Sa'id.

While the Commission was on its tour of enquiry in the disputed region certain events occurred in Turkey which in some degree influenced subsequent negotiations.

About February 16, 1925, the Turkish press contained the first news about a Kurdish rising in the area between Bitlis and Diarbekir. It was mentioned that the acknowledged head of the rebellion, Sheikh Sa'id (belonging to the Islamic religious order of the Nakshbandi), intended to found a Kurdish state with Diarbekir as its capital. The Turkish Government was taken unawares and only on March 27 did military operations against the rebels begin. On April 16 Sheikh Sa'id was taken prisoner. After trial by the "Court of Independence" he and forty-six of his followers were hanged in Diarbekir.

The following motives of the rising were mentioned: religious reaction against the secularisation undertaken by Angora, national Kurdish separatism, dynastic intrigues connected with the person of an Ottoman prince living in Aleppo, and foreign influence.

As to the last point nothing certain seems to have been proved, but the whole movement and its repression may be considered as an untoward incident from the Turkish point of view at a moment when the destiny of the neighboring Mosul vilayet which had a Kurdish majority was to be finally settled.

35th session of the Council in September, 1925 (Geneva).

The report of the Commission evoked much criticsm from both sides : it was submitted to a discussion at the 35th session of the Council held at Geneva in September (XIV). This time Lieutenant-Colonel L. Amery, British Secretary of State for the Colonies, pleaded for 'Iraq, while the cause of Turkey was entrusted to the Minister for Foreign Affairs, Tevfiq Rushdi Bey. [1]

1. His signature in French is: Tewfik Rouschdy.

Mr. Amery reminded the Council of the decision of September 27, 1924, by which it had approved the Anglo - 'Iraq treaty. [1] He thought that the Commission of Enquiry did not suggest any derogation from the present status of 'Iraq, but only the maintenance of the mandate "in the shape of the existing treaty". The British Government did not want to depart from its declared policy of using its good offices to secure the admission of 'Iraq to membership of the League of Nations as soon as possible. But, subject to these explanations, it

"is prepared, before the expiration in 1928 of the present treaty... to give effect to the provision contained in the Protocol of that Treaty by replacing it by a treaty of longer duration, which will safeguard throughout the kingdom of 'Iraq those conditions of stable government and reasonable consideration for local interests subject to which the Commissioners consider that the territory south of the Brussels line should continue in its present union with 'Iraq, and is prepared to continue its responsibility towards the League of Nations in this respect until such time, within the limit suggested by the Commissioners, as the Council of the League of Nations is clearly convinced that those conditions of stability which the Commissioners postulate are definitely and permanently secured."

Mr. Amery produced also a telegram from the Prime Minister of 'Iraq transmitting the following resolution :

"The 'Iraq nation represented by the Chamber of Deputies declares its strong friendship for Great Britain and expresses its desire to continue in alliance with her after the expiry of the present Treaty".

The British representative accepted the suggestions with regard to the Kurds, namely,

"that officials of the Kurdish race should be appointed for the administration of their country, the dispensation of justice and teaching in the schools, and that Kurdish should be the official language of all these services."

He also pressed for the extension of the frontier north of the "Brussels line" to enable the Assyrians to be settled near their ancestral home. The hopes of this ancient community of retaining a separate and homogeneous existence "could be satisfied by that moderate readjustment of the present frontier, which is, in any case, warranted by strategical conditions".

On the other hand, Mr. Amery protested against the proposal to delegate a special representative of the League of Nations to the contested zone, and he firmly opposed the idea of partitioning the contested zone between Turkey and 'Iraq, saying that such a diminution of 'Iraq's potentialities "would be entirely beyond its capacity" and for such a frontier the League of Nations could not expect the British Government or the British taxpayers to make themselves responsible. Such a partition would be "an even more serious and permanent danger to the stability of 'Iraq than the premature withdrawal of British support and might create a condition of affairs under which H. M.'s Government would feel it impossible to continue that support."

In his conclusion Mr. Amery said : "Whatever decision the Council may come to, H. M.'s Government will loyally accept it and I am confident that the same will be the attitude of the Turkish Government."

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1. *Infra*, p. 29.

Tevfiq Rushdi Bey replied by the statement that, according to the Commission, it might be said that the majority of the population would prefer Turkish rule if the question of a prolonged mandate was not introduced. This amounted to saying that the population was in favor of Turkey. There are Kurds in Turkey and Persia but there are no Kurds in 'Iraq. At the meeting of the Council held on September 19, 1924, Lord Parmoor described "the conception of a mandate as not popular among the people of 'Iraq" [1] and it will certainly not be the Turkish republic that will recommend to 'Iraq "to make sacrifices of its right of sovereignty and independence". The reasoning of the Commission may be summarized as follows : Turkey is more developed than 'Iraq and its situation is more stable. In so far as the question were limited to these two countries the contested zone would be given to Turkey, but, as England is a country more developed than Turkey, the zone must be given to England. But if the Great Powers themselves were to act on this principle "the whole world would eventually become too small for the Power which was considered the most developed."

Moreover, article 22 of the Covenant of the League of Nations (mandates) applies only to the territories having ceased to be under the sovereignty of the states which formerly governed them, but the Commission recognized that Turkey's sovereignty over Mosul has not yet ceased (XIII, 83). Therefore the mandatory régime is not applicable to this territory.

To this Mr. Amery replied that in the Mosul territory 500,000 Kurds represent over 62% of the population, 170,000 Arabs 21% and 38,500 Turks less than 5% of the total. The recent general rising against Turkey of the Kurds placed under her dominion makes questionable the argument concerning eventual sympathy towards Turkish Government of the Kurds who are at present independent of that Government. The question at issue, in his opinion, was the following : which is the most appropriate frontier between the two states ? "By the Treaty of Lausanne and by the declaration given to the Council of the Turkish willingness to accept in advance the decision of the Council, legal sovereignty will be whatever the Council decides... The question of legal sovereignty which has remained in suspense since the war depends entirely on the settlement of that issue and is not one of the factors affecting the issue itself."

Committee of Three.

Having heard these statements the Council, on September 4, appointed a Committee of Three to "review the problem and to investigate it with a view to reaching a practical and just solution." Members of the Council for the same countries as in 1924 were elected : Mr. Unden (Sweden), Sr. Quinones de Leon (Spain), and Sr. Guany (Uruguay).

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1. *Infra*, p. 44.

Preliminary questions.

Certain preliminary questions being raised, the Committee proposed that the Council should seek the advisory opinion of the Permanent Court of International Justice on them. They were as follows :

1. "What is the character of the decision to be taken by the Council in virtue of art. 3 par. 2 of the Treaty of Lausanne — is it an arbitral award, a recommendation, or a simple mediation ?

2. "Must the decision be unanimous or may it be taken by a majority ? May the representatives of the interested parties take part in the vote ?"

Mr. Amery accepted this proposal but affirmed that the declarations of the parties at the meeting of the Council on September 30, 1924, [1] meant "an arbitral decision to be given on the broad merits of the case, a decision binding on both parties, and not in any case a mere recommendation or the suggestion of a mediator which could afterwards be varied".

Tevfiq Rushdi Bey, on the contrary, contended that the proper interpretation of the Treaty of Lausanne showed clearly that the two parties resorted to the *good offices* of the Council and not to a decision given by the Council without their consent. He referred to Lord Curzon's statement recorded in the minutes of the conference of Lausanne, in which he said that the decision of the Council, upon which the Turkish Government would be represented, would have to be unanimous, so that Turkey could not be overridden. [2] The advisory opinion of the Court could not, therefore, in any way affect the rights of the Turkish Government under the acts of Lausanne or modify the rôle of the Council laid down by those acts. The minutes of the Lausanne conference and the stipulations of the Covenant concerning the powers of the Council in those international disputes which existed on July 24, 1923, were the only records which had any force whatever. The National Assembly of Turkey was not bound by any undertaking except the acts which it has ratified. The statements of Fethi Bey at the meeting of the Council in September, 1924, were made in the light of all the past phases of the question, including Lord Curzon's speech.

Mr. Amery considered this declaration as a disavowal of Fethi Bey's assurances on September 30, 1924, and said that in such case, until the Turkish Government definitely and explicitly renewed its pledge to accept in advance the decision of the Council, any pledge or assurance given by the British Government fell to the ground. Tevfiq Rushdi Bey replied that he had nothing to add or to retract.

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1. *Official Journal*, Oct. 1924, pp. 1358-9. At the meeting of September 30, 1924, Fethi Bey, having quoted Lord Parmoor's declaration, said : "By this declaration the British Government does in fact bind itself... to recognize the right of the Council to draw the frontier between Turkey and 'Iraq on any line that it thinks fit to adopt. Under these conditions, I agree that the question should be laid before the Council in the form just indicated by Lord Parmoor."

2. Lord Curzon's words at the second meeting on January 23, 1923, at the Conference of Lausanne: "The Council will have to decide what method of examination to adopt... I do not know what it will do ; but my point is that the Turkish delegation will be there just like ourselves, and when the two cases have been stated you will get the most impartial examination which it is possible to secure. Further, article 5 of the Covenant provides that the decision of the Council, upon which the Turkish Government will be represented, will have to be unanimous, so that no decision can be arrived at without its consent."

The Council adopted the resolution referring to the Permanent Court the two questions mentioned above (XIV, 1382).

General Laidoner to report on the status quo.

Before the session was over the British Government on September 21 requested the Council to despatch to the locality of the Brussels line a representative instructed "to investigate as far as possible, the charges which have already been made by the two Governments, British and Turkish, and to report immediately to the Council in the event of any similar occurence in the future." The Turks having also advocated steps to prevent the spread of alarming news concerning local incidents, the Council, on September 24, decided to "send to the spot a representative of the League of Nations instructed to keep the Council informed of the situation in the locality of the provisional line fixed at Brussels on the 29th October, 1924."

On September 28, General F. Laidoner (Esthonia) was appointed to this function with two assistants (from Czechoslovakia and Spain) and two secretaries.

As the Turkish Government finally refused to admit a representative of the Council to the area north of the Brussels line General Laidoner's and his assistants' investigation was necessarily limited to the 'Iraq side of the provisional frontier.

In his report drafted on November 23, General Laidoner admits that this circumstance "complicated [his] work considerably, and made it difficult for [him] to carry it out in the spirit of the first paragraph of the Council's resolution." [1]

On October 26, General Laidoner's party arrived in Bagdad. The journey on the frontier (near Zakho) lasted from the 6th to the 13th November. The conclusions as stated in the report are the following : —

1. "I found that the *provisional frontier*, [2] as fixed at Brussels, *is not a natural frontier;* certain parts of it, indeed, *are purely fictitious*, and can readily be crossed. Accordingly, as the frontier question is at present unsettled, and as it is so easy to cross the provisional line at various points, tribal and village chiefs naturally find circumstances very favorable to brigandage. Although *no attack of serious importance* has occurred, it is essential to realise that disturbances will always be possible until the frontier question has been finally settled..."

2. Occupation of certain villages by Turkish military posts and patrols was in some part accounted for by the *inaccuracies of the map.* At all events there were "no longer any Turkish posts south of the Brussels line."

3. As regards the overflying of the Brussels line by the British, General Laidoner thought he was not in a position to express a formal view on account of the impossibility of carrying out an investigation on the Turkish side.

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1. That is to investigate the mutual charges of the two Governments.
2. The italics as used in this summary were not in the original.

4. The presence in Zakho of some 3,000 deported Christians was fully confirmed. They mostly came from the villages in the zone between the Brussels line and that claimed by the British Government further to the north. Among the refugees there was a very small group of Moslems. Summarizing a special report prepared by his assistants and his own impressions, General Laidoner confirms that the population was disarmed, that deportations *en masse* have actually taken place and that the military of the 62nd Turkish regiment committed on the inhabitants "atrocious acts of violence, going as far as massacre". It was discovered that relatives of some of the families having taken refuge in 'Iraq were kept in Turkish concentration camps. Having confirmed the miserable condition of the refugees, General Laidoner adds also that "in order to ascertain the real causes of these deportations it would be necessary in the first place to hear the explanations of the Turkish authorities [1] and then to make an enquiry in the localities where the evacuated villages are situated, which I have not been able to do". (XVI)

The above-mentioned " special report " was drafted by General Laidoner's assistants (XVII) and is based exclusively on the declarations of the deported Christians, people whose total lack of culture is regretted by the investigators. A curious item in the document is the statement that these Christian populations "have not been generally speaking maltreated by the Kurds" "who even tried to protect them against oppressions." [2]

Permanent Court's Advisory Opinion.

In pursuance of the Council's Resolution of September 19, 1925, the Secretary General addressed, on September 23, to the Permanent Court of International Justice a request for an advisory opinion on the two preliminary questions with regard to the procedure to be followed in the Mosul contest.

The Council had requested both parties to be at the disposal of the Court, but only Great Britain sent a representative to the Hague. On October 8 the Turkish Government cabled to the Court to the effect that article 3 of the Lausanne treaty excludes any possibility of arbitration and that, therefore they will not send representatives to The Hague. They, nevertheless, forwarded to the Court certain written replies to the questions and distributed (unofficially) among the judges a printed consultation on the matter by Prof. G. Gidel (Paris) (XV-bis, 7, 287, 325). In the circumstances given this consultation was not considered by the court. The latter published its opinion on November 21 (XV).

In the first part of this document the Court retraced the events which led up to the reference of the case to the Court; then followed a detailed examination of the two questions. [3]

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1. The chief complaints on the Turkish side seemed connected with the Nestorian (Assyrian) question. Tevfiq Rushdi Bey at the meeting of September 24, 1925, spoke bitterly of "the attitude of the Nestorians who still remain in arms in the neighborhood of the Brussels line and who constitute in that district an element of trouble and disorder... The Nestorians still continue to work against their own country under the orders of a foreign Government, and when they fear punishment for their treacherous acts towards their own country they hurriedly take refuge on the other side of the Brussels line..."

2. Cf. similar statements made by the Commission of Enquiry: "Of all the Moslem races, the Kurds live on most friendly terms with the Christians" (XIII, 47); the Nestorian Christians too (the Assyrians) "seem to have had fairly good relations with the Kurds" (XIII, 53).

3. Cf. also *The Monthly Summary of the League of Nations*, vol. V, N° 11 (November 1925).

The Court opined that failing agreement provided for in article 3 of the Lausanne treaty there was no means of settling a dispute other than a definitive decision by the intervention of a third party — in this case the Council. This interpretation was based on the wording of the article itself and therefore, did not require a complete analysis of the preparatory work. [1] It was true that the powers of the Council were dealt with in article XV of the Covenant and that this article only contemplated *recommendations* without binding force. But the parties were free, *by an agreement* entered into in advance, to recognize that the recommendations would have a compulsory effect, as happened in the case of the frontier in Upper Silesia. Still less would the task of the Council be limited to a simple mediation. The parties certainly did not lose sight of this essential part of the Council's functions. It was in the event of a failure of that procedure that the Council would make use of its power of decision. As to the unanimity of the decision the Court invoked article V of the Covenant where this rule is explicitly laid down and no exceptions, unless expressly provided for, can be made.

The final conclusion of the Hague Court was as follows :

"1. that the "decision to be taken" by the Council of the League of Nations in virtue of article 3, paragraph 2, of the treaty of Lausanne will be binding on the Parties and will constitute a definitive determination of the frontier between Turkey and 'Iraq ;

"2. that the "decision to be taken" must be taken by a unanimous vote, the representatives of the Parties taking part in the voting, but their votes not being counted in ascertaining whether there is unanimity."

37th session of the Council in December, 1925 (Geneva).

At the December session the Council had to discuss the consequences of the Permanent Court's Opinion, to examine General Laidoner's report, and to settle finally the whole case of the frontier between Turkey and 'Iraq. (XVIII).

Approval of the Hague Court's opinion.

When, at the meeting of December 8, the "opinion" was read and its adoption recommended by the rapporteur (Mr. Unden), Mr. Amery summarized the situation by saying that, according to the Hague Court, the authority of the decisions of the Council was in no sense dependent on any assurances or declarations that either of the parties had made or might make: it was implied in the terms of article 3 of the Treaty of Lausanne. Therefore, there was no question of the British Government repudiating its treaty obligation.

Munir Bey, Turkish Minister in Switzerland, replied that the clause of arbitration can exist only in virtue of a free and clear understanding between the parties in the case. There must have existed a certain doubt as to the meaning of article 3 of the Lausanne treaty because it was referred to The Hague and, consequently, the understanding did not clearly

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1. This point evidently concerns Lord Curzon's declaration in the Minutes of the Lausanne Conference (Jan. 23, 1923). Vide *supra*, p. 21, note 2.

result from the text. "Turkey, while reserving her rights, expressed the view that there was no need to ask for a legal opinion in view of the intentional and complete silence on this subject of the text in question. Therefore, the Turkish Republic can not be considered as being bound by the advisory opinion of the Hague Court."

The Court gave its advisory opinion after hearing only one of the parties to the dispute and was influenced by arguments which no one refuted. The advisory opinion was not asked for by a unanimous vote (as it would be required by the provisions of art. V). It can be described as a legal consultation of a theoretical character without any practical bearing on the issue. According to the words of the Court itself (XV, 29), the Council is merely a body composed of representatives of the members of the League of Nations, that is to say, of persons delegated by their respective governments, from whom they receive instructions and whose responsibilities they engage. British intentions were clearly revealed in Lord Curzon's statement on January 23, 1923, which has not been duly weighed by the Court. In par. 2 of art. 3 of the Lausanne treaty it is not stated that the Council is called to play the part of an arbitrator. The words "decision to be taken" occur in par. 3 of which the only object is to stipulate that the *status quo* should be preserved; it is impossible to attribute to them the meaning of "decision to be taken *by the Council*" and to say that this decision ought to be compulsory because the frontier between the two countries *ought to be* finally settled. The difference between the first draft of article 3: "the dispute will be determined by the Council of the League of Nations" and that adopted by the Turkish delegates: "the dispute will be brought before the Council" [1] is very striking. The action of the Council can not in itself be described as arbitration as, in the words of the Hague Court, arbitration "has for its object the settlement of differences between states by judges of their own choice and on the basis of respect for law." The Council can play only the part entrusted to it under article XV (mediation and conciliation) or the part entrusted to it under article V (unanimous decision with the consent of the interested parties). The conference held in Constantinople can not be regarded as a fulfilment of the stipulation which recommended a friendly arrangement (art. 3, par. 1): proposals which the Turks had rejected at Lausanne were renewed and even considerably extended by Sir Percy Cox. In making such proposals the British delegation could have no doubt that they would be rejected. At the September session of the Council the Turkish representatives made important and useful proposals upon which no action has yet been taken. [2] Consequently, Munir Bey appealed to the Council to carry out the task of mediation and conciliation.

The Chairman proposed that the Council should proceed to vote on the adoption or rejection of the advisory opinion given by the Court. Munir Bey said that, seeing that this vote must be taken unanimously, the votes of the representatives of Great Britain and Turkey should be

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1. In the French text of the treaty : "sera porté devant le Conseil".
2. They were made at a secret meeting and nothing is known of them officially. The press mentioned Tevfiq Rushdi Bey's words concerning the readiness of the Turkish Government to cede to 'Iraq the districts that can be irrigated from Diala. Further details may be gathered from Mr. Kenworthy's declaration. Vide *infra*, p. 31.

included therein. Such a course was declined by Mr. Unden who also refused to indicate the article of the Covenant which he thereby invoked: he thought that such an indication was a preliminary question submitted for the opinion of the Council.

The Chairman (M. Scialoja) suggested the application for the proposed vote of the rule provided in the Covenant for the regulation of questions of procedure. Munir Bey objected to it saying that the rôle of the Council under the Lausanne treaty was not a question of procedure. This suggestion not having been accepted, Munir Bey made a declaration insisting on the fact that approval of the parties to the case was an essential and indispensable condition for a "recommendation" made by the Council to be regarded as a "decision". So it was understood by the Grand National Assembly when it ratified the treaty of Lausanne. The powers of the Turkish representatives "do not enable them to settle the question by arbitration or to defend their case before an *arbitrator.*"

The Chairman said that he first thought that the Council might vote by a simple majority according to the definition of questions of *procedure* laid down in the Covenant. But in the present case the Council might follow a stricter rule, in accordance with article 15 of the Covenant which contemplated a *unanimous* vote but without reckoning the votes of the interested states.

Mr. Unden's report in favor of accepting the advisory opinion of the Hague Court was unanimously adopted, the representative of Turkey voting against the report.

Munir Bey repeated that, in Turkish opinion, the vote which had just been taken was not a decision of the Council but merely a recommendation of which he would inform the Grand National Assembly of Turkey. In face of an arbitration the powers of the Turkish Delegation ceased to be valid.

The decision of the League.

The Council finally rid itself of the Mosul dispute, in its immediate aspects, on December 16. The head of the Turkish Delegation sent a letter which ran in part as follows :

"I should add that as all the proposals which I have previously made with the object of reaching an agreement and of facilitating the rôle of mediator and conciliator which we have always recognized the Council to possess, have had no result, and as the Council has decided not to carry out this rôle I find myself obliged to inform you that these proposals are now *ipso facto* null and void.

"I desire further to declare that the sovereign rights of a state over a territory can only come to an end with its consent, and that, therefore, our sovereign rights over the whole of the vilayet of Mosul remain intact."

The President regretted the absence of the Turkish delegates but said that this fact could not prevent the Council from fulfilling the duty assigned to it in virtue of article 3 of the treaty of Lausanne.

Mr. Unden's final report.

Mr. Unden then read his report (XX), mentioning the stages through which the question has passed :

"At every stage the Council has given both parties an opportunity to make suggestions or proposals which could be used as a basis for negotiation and agreement. After receiving and adopting the opinion of the Court and before reaching its decision it felt bound to do so once again. None of the suggestions offered by either side of the Committee seemed to it to constitute a starting point for further mediation with a view to friendly settlement... The Council has not thought fit itself to formulate proposals; such proposals should have been made by the parties themselves with a view to a compromise, and even so the Council could not act as mediator if the divergence between the proposals were so wide as to exclude all hope of conciliation. Moreover, the Council was bound to maintain its absolute right to take a decision — a right of which it would avail itself if necessary. In the absence, therefore, of conditions making it possible to reach a friendly solution, the Council finds itself obliged to use the power conferred on it by the Treaty." By article 16 of the Lausanne treaty Turkey renounced "all rights and title whatsoever over or respecting the territories situated outside the frontiers laid down in the present treaty and the islands other than those over which her sovereignty is recognized by the said treaty, the future of these territories and islands being settled or to be settled by the parties concerned." The Hague Court stated that "this renunciation is suspended until the frontier has been determined, but it will become effective, in the absence of some other solution, in virtue of the binding decision." (XV, 22).

The decision of the Council "can not be based on a more solid foundation than that provided by the report of the Commission of Enquiry."

The members of the Committee (Messrs. Unden, Quinones de Leon and Guani) arrived at the conclusion that two solutions were possible :

"1. the allocation to 'Iraq of all the territory south of the so-called Brussels line;

2. the partition of the disputed territory by a line for the most part following the course of the Lesser Zab."

In view of the special responsibilities of the Council in so important a matter the "members of the Comittee thought that they would benefit by consulting the opinion of their colleagues." [1] Then the first of the solutions suggested above "appeared the best adapted to solve the problem submitted to the Council". The final frontier between 'Iraq and Turkey would accordingly be fixed "on the line of demarcation established for the purpose of maintaining the *status quo* by the Council's resolution adopted at Brussels on October 29, 1924." [2]

The Committee following the recommendation of the Commission of Enquiry suggested to the Council that an essential condition of the decision offered was a prolongation during 25 years of the present régime in 'Iraq, as established by the Anglo - 'Iraq treaty of alliance. "If that condition be not executed, the decision will not become definitive."

The Committee took the view that the "continuation of this régime should at once [3] be assured by the conclusion of a new treaty between the

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1. The following states were represented in 1925 at the Council, besides Sweden, Spain and Uruguay: Great Britain, France, Italy, Japan, Belgium, Brazil and Czechoslovakia.

2. This decision does not take into account the criticisms of the Brussels line by Gen. Laidoner.

3. Cf. article VII of the undertaking of the British Government, approved by the Council of the League of Nations on Sept. 27, 1924, which reads as follows : "On the conclusion of the period for which the Treaty of Alliance has been concluded the Council of the League of Nations shall, if 'Iraq has not been admitted to the League, be invited to decide what further measures are required to give effect to article 22 of the Covenant."

British Government and 'Iraq". The British representative whose opinion was asked for by the Committee replied that he saw "no difficulty in submitting within six months a new treaty continuing the mandatory responsibility for 25 years, or until such earlier date as 'Iraq is, in the opinion of the Council, qualified for admission to the membership of the League.

The resolution proposed by the Committee of Three.

The Committee, therefore, proposed to the Council the following final resolution :

"The Council,

"Having regard to articles 3 and 16 of the Treaty of Peace signed at Lausanne on July 24th, 1923,

"In view of the conclusions of the report of the Commission of Enquiry,

"Adopting the reasons and proposals contained in the report of the Committee of the Council,

"Decides :

"1) The frontier between Turkey and 'Iraq shall be fixed as follows :

(Follows the description of the line totally identical with that of the "Brussels line").

"2) The British Government is invited to submit to the Council a new Treaty with 'Iraq, ensuring the continuance for 25 years of the mandatory régime defined by the Treaty of Alliance between Great Britain and 'Iraq and by the British Government's undertaking approved by the Council on September 27th, 1924, unless 'Iraq is, in conformity with article 1 of the Covenant, admitted as a Member of the League before the expiration of this period.

As soon as, within a period of six months from the present date, the execution of this stipulation has been brought to the knowledge of the Council, the Council shall declare that the present decision has become definitive and shall indicate the measures required to insure the delimitation on the ground of the frontier line.

"3) The British Government, as Mandatory Power, is invited to lay before the Council the administrative measures which will be taken with a view to securing for the Kurdish populations mentioned in the report of the Commission of Enquiry the guarantees regarding local administration recommended by the Commission in its final conclusions.

"4) The British Government, as Mandatory Power, is invited to act, as far as possible, in accordance with the other suggestions of the Commission of Enquiry as regards measures likely to ensure pacification and to afford equal protection to all the elements of the population, and also as regards the commercial measures indicated in the special recommendations of the Commission's report."

This resolution was unanimously adopted by the Council and formed its "decision" in virtue of article 3 of the treaty of Lausanne.

The representative of the British Government accepted all the suggestions of the decision and said he presumed that the obligation to observe the *status quo* on the frontier remained of full effect for both parties. The President, in the name of his colleagues, read a resolution "urging the two parties which have laid the question before [the Council] to reach a friendly agreement in order to put an end to the regrettable state of tension existing between them owing to the dispute for which a solution has just been found."

Thereupon Sir Austen Chamberlain, British principal Secretary of State for Foreign Affairs, read the following statement on behalf of his Government :

"The British Government have no wish to take up a rigid or uncompromising attitude towards Turkey. If they have pressed for a decision by the Council, it is only because they believed that until the Council has pronounced upon the question submitted to it by the treaty of Lausanne, it was impossible to find a common basis on which to found the discussion of our agreement with the Turkish Government. The British Government most earnestly desire to live on terms of peace and amity with the Turkish Government. The Council having given its decision, His Majesty's Government will gladly lend itself to conversations with the Government of the Republic of Turkey in order to see whether, while taking due account of the Council's decision, it may not be possible to render the relations between our two countries easier and safer. With this object in view the British Government is ready to take into consideration any proposal made by the Turkish Government which is compatible with their duty as mandatory to protect the interests of the people of 'Iraq."

IV

AFTER THE DECISION OF THE LEAGUE OF NATIONS.

British Government Declaration on December 21, 1925.

On December 21, the following motion was presented to the House of Commons by the British Government (XXI) :

"That this House approves the action taken by the representatives of His Majesty's Government at Geneva in accepting the award of the Council of the League of Nations on the 'Iraq boundary."

Before the debate took place the Labor opposition (65 present out of 147) requested the Prime Minister that the motion should not be immediately pressed to a division. When this request was rejected the Labor members left the House and thus took no part in the decision.

In the written statement read by the Prime Minister two principal objections made against the acceptance of the award were analysed :

1. that in so doing certain pledges which had been given by the Government have been broken,

2. that the award would involve the assumption for a very long time of unnecessary, costly, and dangerous commitments.

With regard to the first criticism Mr. Baldwin quoted his declaration in the House of Commons on May 3, 1923 : [1]

"Both parties being equally anxious that the commitments and responsibilities of His Majesty's Government in respect of 'Iraq should be terminated as soon as possible, it is considered that the period of the Treaty in its present form can conveniently be shortened... It is understood... that the present Treaty should terminate upon 'Iraq becoming a member of the League of Nations and in any case not later than four years from the ratification of peace with Turkey. Nothing in this Protocol shall prevent a fresh agreement from being concluded with a view to regulate the subsequent relations between the High Contracting Parties and negotiations for that object shall be entered into between them before the expiration of the above period."

The Prime Minister then stated that "the Protocol which brings the existing Treaty to an end in 1928 definitely pledges us to endeavor before 1928 to replace it by another treaty for the future... If 'Iraq was not admitted to membership of the League of Nations by August, 1928, then the British Government was pledged to the League after 1928 until such

1. This statement merely reproduced the declaration made by Sir Percy Cox in Bagdad.

time as 'Iraq was considered eligible for admission to the League, to make such provision as the Council would approve of for continuing to fulfil its mandatory obligations to the League in respect to 'Iraq."

As to the second charge brought forward against the award, the Prime Minister said : "The undertaking we have given is not for definite 25 years, but for what I believe... will be a shorter period, namely until such time as we may make it clear to the League of Nations that 'Iraq has acquired the stability which justifies its admission to membership of the League. It is not an undertaking to spend money on, or to keep troops in, 'Iraq, either for the maintenance of internal order or for its defense against external aggression, but to continue our coöperation and advice in maintaining a stable system of government."

What would be the case if, after the expiration of the present treaty, 'Iraq should be attacked by any foreign Power? As to this Mr. Baldwin stated that "it is obvious that the responsibility which we should have towards 'Iraq, if, as a fellow member of the League of Nations, she were the victim of unprovoked aggression, would certainly not be diminished by any treaty relationship with us which continued our mandatory position, but the League itself has a special responsibility towards a state over which it exercises a mandatory supervision, and if the aggression in question were directed to the forcible overthrow of the boundary fixed by the Council of the League itself, the responsibility of the League, as the authority directly challenged and affronted, would obviously be the primary and dominant one. Our responsibility in any future situation must necessarily depend on the circumstances of that situation."

The award of the League of Nations, said Mr. Baldwin, does not affect the British "policy of making 'Iraq stand on its own feet in respect to its expenditure or the provision for its external and internal security... The conditions laid down by the League in no way commit us to spend money on or to keep troops in 'Iraq beyond the term of the present Treaty expiring in 1928."

The Prime Minister alluded in conclusion to Sir A. Chamberlain's declarations in Geneva with regard to the readiness of the British Government to arrive at some agreement with Turkey which "will build, upon the League's recognition of 'Iraq's just claim for the retention of her territory, the superstructure of a mutually acceptable and binding settlement, and in order to give effect without delay to that statement of the Foreign Secretary I am inviting the Turkish Ambassador to meet me to-morrow to pursue this question."

Debate in the House of Commons.

The following characteristic features may be quoted from the debate that followed the Premier's declaration.

Mr. Runciman (Liberal): "If the risks I have described actually come to pass and we find we have to take military action in 'Iraq or Mosul, how can we operate 600 miles from our base without embarking on something which is a great deal more than a minor war...?

Major General Sir R. Hutchinson (Liberal): "Under the present decision of the League we accept a frontier which is well known in military circles to be a bad frontier... Ever

since I studied the problem I have found every Chief of Staff that I have had a privilege to talk to bitterly opposed to commitments so far removed from the salt water... A friendly Turk to us is almost a necessity..."

Major Clyn : "The trouble in the whole of this question... lies in the great Kurdish problem. Until the Kurdish question can be settled there will always be difficulty. At present the Kurds are split up between Persia, 'Iraq and Turkey. Turkey had always had trouble with the Kurds. If the Kurds are going to live a prosperous life under the administration of 'Iraq, it will mean that the Kurds in Turkey will be discontented and will probably rise against the Turkish Government and say: Why can not we be like our brothers in 'Iraq...?"

Captain Benn (Liberal): "Would it be necessary that in loyalty to the League we must accept that mandate? I do not think so, and moreover, the Commission [of Enquiry] did suggest an alternative plan... Since the Armistice we have spent £170,000,000 in 'Iraq... It has been stated that our financial commitments in 'Iraq have been reduced from £7,000,000 down to £4,000,000 and the Colonial Secretary very ingeniously says of that £4,000,000 £2,000,000 is required for the Air Force out there which under other circumstances we should have to spend, but that is not so... We have been told by outside critics that it was the Right Honorable Gentleman the Member for Carnarvon Boroughs [Mr. Lloyd George] who gave oil as the reason for staying in Mesopotamia. [March 25, 1920, Mr. Lloyd George said:] 'I can not understand withdrawing partly, and withdrawing from the more important and more promising part of Mesopotamia. Mosul is a country with great possibilities. It has rich oil deposits.' "

Mr. Wardlaw-Milne: "I should like to say at once as far as I am concerned or, as far as I know almost every other Member of the House, that we are not in 'Iraq because of oil or anything to do with oil whatever."

Lieut.-Comm. Kenworthy (Liberal): "I understand the Turks will be prepared to come to an arrangement with us something on these lines. They recognize that part of the vilayet of Mosul is necessary to the rest of the so-called province of 'Iraq for irrigation purposes, and the Diala area they propose to give to us in any case.... They propose a demilitarised zone on either side of the frontier to be agreed upon... They are prepared to enter into a pact of security between Turkey, Persia, 'Iraq and this country guaranteeing the independence and security, as far as they are concerned, of 'Iraq in perpetuity. They are prepared to come to terms with us about oil... On the question of the Christians on either side of the frontier that must eventually be drawn, they propose an exchange of population, an exchange of Christians and I presume they will offer us also the devil worshippers, if we want them, for Kurds and Turks who are left in the territory over which we should have a mandate... The present line is absolutely indefensible... I think the Turks are bluffing as regards immediate war, but there will always be the danger of hostilities."

Captain Cazalet (Conservative): "I sincerely hope that we shall be able to negotiate with the Turks, and perhaps by means of offering them a loan in the City of London on easy terms we may compensate them for the loss of dignity which they have suffered perhaps in Angora in not being able to alter the boundary of 'Iraq... I would plead with the House to support the Motion on the following grounds: First of all, because of our promises to the Arabs under the Anglo-French Protocol in 1918; secondly, because upon it depends the whole peace and prosperity of the Middle East; thirdly, because, I think of the Christian sects in the kingdom of 'Iraq... fourthly, from our Imperial point of view, because, I think, it is essential that we should have in 'Iraq, which lies on the main route between England and India, a place where we can land and keep our stores and supplies... [Fifthly], if we do not accept the decision... in a few years time we shall have to leave 'Iraq, and that means that we shall have to leave Palestine, and if we leave Palestine the whole of our policy in Egypt will have to be reconsidered... Finally, I, personally, believe and I am informed on good authority that it is far cheaper for us, from the point of view of actual case, to remain in 'Iraq under present arrangements than to try and withdraw."

Mr. Amery explained that the sum of £175,000,000 mentioned in the debate represented the whole expenditure in 'Iraq including the vast sums spent on demobilization. He also mentioned "the heavy cost of an unfortunate rebellion". The expenses have been progressively reduced as follows :

1920-21	£32,000,000
1921-22	£23,000,000
1922-23	£ 8,000,000
1923-24	£ 6,000,000
1924-25	£ 4,750,000
1925-26	£ 4,000,000

Of the present estimate half the expenditure is actual expenditure on 'Iraq; the other £2,000,000 represents expenditure upon Air force. 'Iraq itself pays the whole cost of the civil administration, and of the whole of the force of 7,000 police and an army of 8,000 men. [1]

Mr. Amery further stated that "no interest of any sort directly concerned with oil has influenced the policy of any British Government.... The contract between the Turkish Petroleum Company and the 'Iraq Government is a more favourable contract to a Government than any oil contract I know of elsewhere."

After the Armistice "we occupied Mosul itself, and the rest of what was Mesopotamia up to what was the natural frontier of 'Iraq... The present frontiers substantially were accepted by Turkey in the Treaty of Sèvres."

Mr. Amery reminded the House that the Labor Cabinet had it publicly announced in Bagdad in July 1924 that it did not intend to abandon its support of the frontier claim which had been brought forward on behalf of 'Iraq in Constantinople. In his declaration of September 3, 1925, Mr. Amery made it clear that according to his belief 'Iraq would be ready for admission to the League of Nations long before the limit of 25 years, which was mentioned "not as a probable or certain period of the termination of our responsibilities but as a maximum period."

"In one sense we are free to reject [the award] coupled with the condition that there may be some other award which the League can give. What I do say is that any other award would be disastrous for 'Iraq and this country and the refusal of its conditions would be going back directly upon the whole policy which every Government has pursued in this country since the War." [2]

As concerns the future defense of 'Iraq as mentioned by Mr. Baldwin, Mr. Amery stated that

"under the terms of the Military Agreement attached to the present Treaty we are, undoubtedly, directly bound as allies to assist in the defence of 'Iraq against external aggression up to August 1928... If 'Iraq were a perfect and independent State, a member of the League of Nations, we should have a certain obligation to prevent its territory from being wantonly violated... The obligation which we have is one in which the League of Nations is associated with us, and associated with us in a particular sense in respect of a violation of the decision which the League of Nations has come to in regard to the boundaries." On the other hand the speaker was thinking that the League of Nations is concerned not with the problem of defence against some hypothetical attack but with "certain general principles of administration which the League wishes to see preserved in any territory in which it takes specific mandatory interest." [3]

The House divided: ayes, 239; noes, 4, and the motion was approved.

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1. XXI, 2140.
2. XXII, 2149.
3. XXII, 2150-1.

Debate in the House of Lords.

The debate on the Mosul question took place in the House of Lords also on December 21.

Lord Parmoor, former British representative in Geneva for the Labor Cabinet, considered it a mistake to accept a mandate which might endure for 25 years. The frontier line could not be satisfactorily settled unless there was a friendly agreement between Turkey and Britain. Until the conditions were far more clearly ascertained it was radically unsound to acquiesce in a mandatory responsibility for such a long term.

Viscount Cecil said that in the case of any aggression directed against the boundary fixed by the League of Nations the responsibility of the latter, as the authority directly challenged and affronted, would obviously be the primary and dominant one. There was a great deal to be said for the view that the British ought never to have gone to Mesopotamia, but they did go there.

Lord Parmoor concluded saying that the mandatory period of 25 years was not a matter submitted to the arbitral decision of the Council of the League of Nations. The longer the British obligation remained the more difficult it would be to leave 'Iraq at any future time.

Anglo-Turkish Negotiations.

Immediately after the debate in the Parliament the Turkish Ambassador was received by Mr. Baldwin. A second meeting took place on January 5, in the course of which Farid-Bey submitted the Turkish proposals. [1] In the middle of January Sir R. Lindsay, the British Ambassador in Turkey, visited Angora with the declared object of sounding the views of the Turkish Government with regard to Mosul.

Debate at the Grand National Assembly.

After Tevfiq Rushdi Bey's return a debate took place in Angora at the Grand Assembly on January 10, 1926. The Turkish Minister declared that Turkey's principal object was that a boundary acceptable to both parties should be traced in the contested zone. He added that Turkey's rights to the vilayet of Mosul remained undiminished. The Assembly considered the question as being in suspense and, in view of the negotiations going on, passed to other business.

Anglo-'Iraq Treaty of January 13, 1926.

Mr. Amery had declared that the new treaty with 'Iraq could be submitted to the League before six months. In fact, the treaty was signed at Bagdad on January 13, 1926. (XXXIV).

In the preamble of this instrument the two parties, "anxious to give full effect to the stipulations in the decision of the Council of the League of Nations" of December 16, 1925, declared their decision "by means of a new Treaty to ensure due fulfilment of the said stipulations."

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1. According to a correspondent of the *Sunday Express* (Jan. 9, 1926) Turkey, considering the decision of Dec. 16, as null and void, refused to give up her claims on Mosul in exchange for a loan, but was willing to negotiate a *modus vivendi* with Great Britain.

Article I proclaims abrogated provisions contained in article XVIII of the former treaty of October 10, 1922 and in the Protocol of April 30, 1923, so far as they relate to the duration [1] of the treaty of 1922, and says that "the said Treaty shall remain in force for a period of 25 years from December 16, 1925, unless before the expiration of that period 'Iraq shall have become a member of the League of Nations."

The same stipulation applies to the various subsidiary agreements signed on October 10, 1922, in so far as their duration is dependent on that of the principal treaty of 1922.

In article II the parties agree to continue the discussion, already commenced, in regard to the revision of the agreements arising out of articles VII and XV of the treaty of October 10, 1922. Of these articles the first concerns the support and assistance to the armed forces of 'Iraq to be given by Great Britain, and the second provides "such financial assistance as may from time to time be considered necessary for 'Iraq".

By article III the British Government, without prejudice to articles VI and XVIII of the treaty of 1922 [2], undertakes at regular intervals to take into active consideration the following two questions :

"1. whether it is possible for [the British Government] to press for the admission of 'Iraq into the League of Nations;

"2. if it is not so possible, the question of the amendment, on account of the progress made by the kingdom of 'Iraq or for any other reason, of the agreements referred to in article XVIII of the Treaty of October 10, 1922" (i. e. of the agreements on military and financial assistance and on the execution of the treaties, agreements, and undertakings which the British Government "is under obligation to see carried out in respect of 'Iraq").

The periods at which the British Government will consider these two questions will be as follows: the first time in 1928 (at the time when the Protocol of April 30, 1923 "would have expired") and then at subsequent successive intervals of four years until the expiry of the 25 years of the present treaty.

Debate in the 'Iraq Parliament.

On January 18, the treaty was submitted to, and voted by, both Chambers of the 'Iraq Parliament. Fifty-eight members voted for the treaty while twenty members of the Nationalist opposition led by the former Prime Minister, General Yasin Pasha, had left the House in sign of protest (XXXV, 2268).

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1. The duration of the treaty of 1922 was 20 years. This period was reduced to 4 years by the Protocol of 1923. Vide *infra* pp. 42-43.

2. Article VI provides for the good offices of the British Government to secure the admission of 'Iraq to the League of Nations ; article XVIII permits the revision of the treaty at any time, subject to the consent of the Council of the League of Nations.

Debate in the British Parliament on February 18, 1926.

After this the treaty was sent to the British Parliament with a short explanatory note of the Colonial Office, dated January 28, (XXXIV, 5) wherein it is stated that the treaty does not affect "articles 1 and 3 of the Military and Financial Agreements respectively, viz., that 'Iraq shall accept as soon as possible, and in any case not later than the year 1928, full military and financial responsibility for the preservation of internal order and for the defence of 'Iraq against foreign aggression."

The debate which took place on February 18, to a great extent merely reproduced the arguments brought forth previously on December 21. The characteristic feature of the sitting was the presence of the members of the Labor opposition who, for the first time, presented their observations. The Secretary of State for the Colonies (Mr. Amery) moved :

"That this House approves the treaty signed between representatives of H. M. and of the King of 'Iraq, in order to fulfil the stipulation made by the Council of the League of Nations in connection with the settlement of the 'Iraq boundary."

To this Mr. Ramsay MacDonald, in the name of the Opposition, proposed the following amendment :

"[The House] declines to extend the period for which this country accepted any responsibility for 'Iraq, but urges the Government to use every effort to expedite the admission of 'Iraq to the League of Nations."

As Mr. Amery tried to prove that the Labor Cabinet had in fact followed the same line of policy as that now followed by the Conservatives, Mr. MacDonald wanted to show that former Cabinet's negotiation was going to be a totally different kind. It was then thought that, "whatever the relations might be after 1928, there was no Government of this country that was going to set on foot again the annulled Treaty of 1922." Lord Parmoor in Geneva said: "When the Treaty terminates, an interregnum will ensue for which some provision will have to be made. I do not think it necessary or desirable to discuss at this stage what should be done in such an eventuality." Now on the contrary, "the Treaty of 1922 which had been terminated by the Protocol, is being negotiated in its consequences in such a way as to tear up the Protocol and put back the Treaty with three or four years added to it." Then it is a "most extraordinary inaccuracy" to say that "when this country committed itself to accept the decision of the League of Nations, arising out of the Treaty of Lausanne, we committed ourselves not only to accept a decision regarding boundaries, but that we also committed ourselves to accept the decision of the League of Nations regarding future treaties." The League never asked Mr. Amery to accept that treaty until he himself said to the League: "We are prepared to take it." The only real reason the Treaty of 1922 is being set up again in 1926, is that there is danger that peace will not be maintained between 'Iraq and Turkey. But "with 'Iraq out of the League of Nations, protected by us, it would be our war if she were menaced by Turkey and the brunt of the responsibility would fall on our

shoulders." Now, in 1926, "two years before the determination of the Protocol, two years before it is necessary to take definite and specific action, to rush this House and this country into an obligation the meaning of which nobody can understand... at a time when 'Iraq, so far from being a blessing to us, in view of the situation in the Middle East and on the western side of Asia, may be the beginning of endless trouble, to select this moment to commit ourselves to this policy, to set up this treaty, confirmed in 1922, is sheer folly."

Mr. Hilton Young, [1] former head of the Financial Mission which visited 'Iraq in 1925, (XXXII) considered Great Britain's obligations towards 'Iraq as "an oath taken upon the field of battle." The country must be given time to become self-supporting. It occupies a nodal point in the interests of the British Empire." It lies upon the transit route to Persia. "You have swept Turkey off what is, by nature and geography, one of the great potential routes of connection between the human species." 'Iraq can not be seriously developed unless it includes the Mosul area.

Mr. Wallhead (Labor) in a sarcastic speech traced the history of the occupation of Mesopotamia. Before the British army reached Bagdad on March 11, 1917, by the secret treaty with France it had been decided that France should have Mosul and Great Britain the lower part of Mesopotamia. But then Mosul was transferred from French to British interests and it was obtained by "betraying the Arabs of Damascus." At San Remo "we calmly announced we had obtained the mandate for 'Iraq, and that the French had got that for Damascus." This aroused an indignation among the Arabs who revolted and as a result 9,000 of them were killed. Then King Feisal, expelled from Damascus by the French, was installed as a King in Bagdad. In Mr. Wallhead's opinion "so far from being of a temporary character, this occupation of 'Iraq is part of the military and naval alignments that are taking place. It is in line with the establishment of the base at Singapore and with the development of animosities in the Pacific." Great Britain "can not become friendly with the Turks and at the same time sneak their territory."

Mr. Kenworthy (Liberal), protested against the truculent attitude taken by some orators with regard to the Turks. England had only one frontier to defend on land, "the defensible frontier of India. Now we have this long and vulnerable frontier to defend."

The point of Sir Austen Chamberlain's final speech was that "the attack today has not been upon His Majesty's Government but on the integrity, the impartiality, the judgment of the Council of the League of Nations." The leader of the Opposition "can not make a shadow of the case against the Government which he is criticising without impugning the honour of the Council of the League." The Secretary of State insisted on the fact that Turkey was bound to accept the Council's resolution in virtue of the treaty of Lausanne, as it was confirmed by the Permanent Court of International Justice. With regard to the direct negotiations with the Turks he said :

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1. A Liberal, but a few days after declared himself an Independent.

"Our Ambassador has been at Angora and we are now considering the report which he has rendered to us of the conversations which he had, and considering what are the next steps and what are the possible proposals that we can make to the Turks. I will not speak with confidence of the results of these negotiations. I can only say that, on this side, they will be conducted with an earnest desire to arrive at a friendly settlement of our trouble and put our relations with Turkey on the footing which we all desire, and which for many years they occupied." [1]

Of special subjects touched during the discussion two may be particularly mentioned : the Kurds and oil.

Mr. Amery gave assurances as to the large liberty which "in cultural matters" will be given the Kurds, taking account of "their customs, habits and language." While so doing, we "aim at reconciling the Kurds with the 'Iraq State, as indeed, they are reconciled to-day. If they are so reconciled, the last thing they [2] will wish them to do is to look across the border and chase the dream of an independent Kurdistan carved out of Turkey and Persia. The last thing we want to bring about is any state of affairs in that part of the world which would breed unrest; what we want is stability."

In Captain Eden's opinion the present boundary has not solved the Kurdish problem but there is "every indication that the Kurds in 'Iraq to-day are doing their share, and doing it whole-heartedly to make 'Iraq a national success."

Mr. Kenworthy on the contrary thought that "the splitting up of the Kurdish race will lead to there being always agitation on either side of the line." The Turks to-day are against adventures into Arabia or Mesopotamia: "they only want their own little, consolidated country, and they ask at least that their co-religionists, the Kurds, shall be included."

On the other hand, the shadow of the oil dominated the whole debate and this question came up especially in the speeches of the Opposition. One of them formulated the following complaint: "For every oil well that you sink in Mosul you close down pits in this country and you increase the unemployment among the miners."

The following was Captain Eden's cautious statement with regard to oil prospects :

"There is actually no oil being worked in 'Iraq at all for export, that is to say, there is no oil being worked on a commercial basis. It is a fact that there is oil there which can generally be worked but we can not be certain for many years that oil is there in sufficient quantities to justify the construction of a pipe-line to the Mediterranean, and unless it is there in sufficient quantities to enable that to be done, it will not be worth working as a commercial enterprise."

Finally, Sir Austen Chamberlain, in order to refute the remark that the British Government in their acts have been actuated by the desire to secure oil in 'Iraq, lifted the veil from the Turkish proposals, in March 1925: "Turkey should have as much as she desired of the vilayet of Mosul... The other side [of the bargain] was that a British Company, approved by His Majesty's Government, should have the exploitation of

1. On March 7th, Sir R. Lindsay, British Ambassador in Turkey, for a second time, left Constantinople for Angora. After his return he proceeded to London.

2. Evidently 'we' is meant.

all the oil. Pipe-lines were to be necessary and a British company should have the construction of the pipe-lines. A port or two ports would be required, and a British company should have the concession for the ports. Five other ports and the concession for, I think, ...3,000 kilometres of railway were offered... The reply of His Majesty's Government was that they were trustees for 'Iraq... and that as mandatories and trustees they could not bargain away the rights and interests of 'Iraq and her people in exchange for concessions to British capitalists..." [1]

Subsequent to the debate, Mr. MacDonald's amendment was rejected by 265 as against 116 votes and the Government's motion accepted by 260 as against 116 votes.

V

ECONOMIC AND POLITICAL SIDE OF THE QUESTION

It remains now to mention briefly the economic and political factors which more or less invisibly underlie the outward diplomatic strife of which the consecutive phases have been outlined above.

1. Mosul is important as a base of supplies of cereals and other agricultural commodities for Bagdad, and 'Iraq in general, but political frontiers are not an absolute hindrance to the development of trade which follows geographical and economic necessities. Various commercial agreements between Turkey and 'Iraq could obviate the difficulties in this respect.

Much more important is the *oil question* "which has been left in the background during the negotiations between the two Governments" (XIII, 68). The Turkish Petroleum Company was founded on October 23, 1912, with participation of the Deutsche Bank (25%), the Royal Dutch Shell Company (25%) and the National Bank of Turkey (50%). The share of the latter was ceded, just before the war, to the Anglo-Persian Company. On June 28, 1914, the Turkish Government agreed to the concession applied for by the Turkish Petroleum Company. By virtue of the agreement signed at San Remo on April 24, 1920, (III), France secured for herself 25% of the net output of the Mesopotamian oil or eventually a share of 25% in the company that might develop the Mesopotamian oilfields, that is the share that formerly belonged to the Germans. Later on it became known that, as an outcome of the negocia-

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1. XIII, 68. As a matter of fact by March 1925 an oil concession on the whole of 'Iraq, with the exception of Basra, was already granted by the 'Iraq Government to the so-called "Turkish Petroleum Company". See *infra*, p. 39.

tions between the United States and Great Britain [1] the American group (The Standard Oil Company of New York, the Standard Oil Company of New Jersey, The Mexican Petroleum Company, the Gulf Refining Company and the Sinclair Consolidated Oil Company) obtained a participation of 20-25% in the Company. Under the pressure of the British Government the Anglo-Persian Company agreed to cede these Companies 25% out of its own share of 50%.

At the annual meeting of the Anglo-Persian Company in November 1925 the Chairman, Sir Charles Greenway, stated that the composition of the Turkish Petroleum Company was as follows : 47½% in possession of the Anglo-Persian, 22½% in that of the Royal Shell, and 5% in that of Mr. C. S. Gulbenkian (as a bonus for the latter's services rendered in 1914). This declaration provoked much discussion, and Mr. W. C. Teagle, Chairman of the Standard Oil Company, cabled to Europe saying that it was inexact that the Americans had retired from the Turkish Petroleum Company. [2]

The Turkish Petroleum Company had been actively pushing its negotiations with the 'Iraq Government and the concession was actually granted by the latter on March 14, 1925 while the Commission of Enquiry deputed by the League of Nations was still in Mosul. It is known (**XIII**, 68) that the concession in question is to cover the whole of the Kingdom of 'Iraq, except the vilayet of Basra. The concessionnaires will have the right to select 192 square miles divided into 24 rectangular areas of 8 square miles each. With the exception of these 192 square miles, the remainder of the zone covered by the concession is to be open to companies and individuals of all nationalities. The Government of 'Iraq has allotted a period of three years for a full survey of the country and for the selection of the 24 initial areas. This period began on September 14, 1925.

After that all the geological information obtained will have to be placed at the disposal of applicants for concessions, and one year afterwards any individual or company may request that the concession for any area be included in those which are originally put up to auction.

It is evident that the choice given to the Turkish Petroleum Company will ensure the best areas for it. Moreover, the combined shares of the Royal Dutch Company and the Anglo-Persian Company guarantee a majority to British interests. The chairman of the company will be English.

The inclusion of Mosul in the Kingdom of 'Iraq under the British mandate permits the Company to extend its rights to the principal areas situated near Kirkuk and to benefit by the powerful support of the man-

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1. For a review of this correspondence see W. R. Batsell, "The United States and the System of Mandates" in *International Conciliation*, October 1925, No. 213.

2. See W. Mautner, "Erdölpolitik und Mossulentscheidung", *Wirtschaftsdienst* (Hamburg), No. 49, December 4, 1925 (see also N°. 18, May 1, 1925), and the monthly *Petroleum*, Berlin, Jan. 10, 1926, N° 2, p. xvi.

datory authorities. The special financial mission sent to enquire into the position of 'Iraq reported in June 1925 (XXXII, 23): "We hope that 'Iraq may in future derive a large revenue from oil; but it would be rash to regard it as a certainty. The operations of the Turkish Petroleum Co. must remain practically at a standstill until the determination of the northern frontier." This last phrase shows the importance of the decision taken by the Council of the League of Nations on December 16th.

2. There was some uncertainty in the agreements between the Allies entered into during the war and mentioning only the creation of an *Arab* State or Arab States. The Kurds were "discovered" considerably later. A purely Arab state would not even comprise Kirkuk with its oil areas. The Kurdish national center within 'Iraq will keep both Turkey and Persia in check. [1] The Commission of Enquiry states that "out of estimated total of 3,000,000 Kurds, it is fair to say that 1,500,000 live in Turkey, 700,000 in Persia and 500,000 in the disputed territory. There are a certain number in Syria, but the number in 'Iraq proper is insignificant. Those of the Kurds in the disputed area who live on the northern side of the Greater Zab [2] are connected by their dialect, racial affinities, and personal and economic relations with the Kurds of the vilayets of Hekkari and Mardin in Turkey. Those living to the south of the Lesser Zab are more closely connected with the Kurds of Persia" (XIII, 87) [3].

3. By removing the frontier far to the north of the Mesopotamian plains Great Britain obtains more security for the imperial communications which may eventually be developed between the shores of the Mediterranean (Egypt, Palestine) and the Persian Gulf and India [4].

4. The Mosul settlement completes the encirclement of Persia by zones of British influence : Baluchistan to Basra by the Persian gulf and then by land from Basra to the district of Mergever in Persian Azerbaijan. How much Persia is to depend on 'Iraq from a commercial point of view is seen from Capt. Cazalet's speech in the House of Commons (XXI, 2123): "A mere glance at the map shows how these two countries must inevitably be linked together — in fact all produce which we in Europe send to Persia has almost inevitably to go through 'Iraq. One of the reasons why trade has not flourished hitherto is because the Persians did not know what was going to happen in 'Iraq in four years' time."

5. By controlling the northern part of the Mosul vilayet, Great Britain gets hold of all the roads leading up from Mesopotamia to the

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1. See *supra*, p. 31 for a statement by Major Glyn, M. P., on this fact.

2. The Lesser Zab is meant.

3. For further details on the important Kurdish question, see the Debates in the House of Commons on Dec. 21, 1925, and Feb. 18, 1926. *Supra*, pp. 31 and 37.

4. See the question discussed in Le Père A. Poidebard's "Mossoul et la route des Indes" (supplement to l'*Asie Française*, May 1923).

Persian province of Azerbaijan stretching between the Turkish frontier and the Caspian sea. [1] Before 1917 this province used to be called "the stronghold of Russian influence." This consideration may explain the insistence of the British on the inclusion within 'Iraq of the poor and remote district of Rawanduz, important only on account of its situation at the head of several tracks leading into Azerbaijan.

If such are the positive advantages accruing to Great Britain through the award of Mosul to 'Iraq, Turkey's reluctance to the loss of that territory is also self-evident.

Mosul is the eventual terminus of the former Bagdad railway stopping now at Nisibin, a place of no great importance. A trunk line "Mediterranean-Mosul" would greatly enliven the southernmost stretch of the Turkish territory. Mineral riches of Mosul, even if they are worked under a concession issued to foreigners, mean a considerable asset for the Turkish treasury. The wedge of Mosul is not without importance for direct communications between Turkey and Persia. The Kurdish question is greatly complicated for Turkey by the formation of a new presumable centre of Kurdish national movement outside of Turkey.

These practical considerations are aggravated for Angora by sentimental reasons: the new loss of a considerable territory is confirmed a long time after a successful war in Anatolia which led to revision of the whole situation and gave Turkey a hope that no further amputations of her territory would be required.

Such is the difficult situation not finally settled with the award of December 16, 1925. Negotiations still going on between London and Angora seem to indicate the possibility of a further compromise. [2]

VI

DATES IN THE CONSTITUTIONAL HISTORY OF 'IRAQ

The situation in Mosul is better understood in the light of general events in 'Iraq after the war. The principal dates of the local history, so far as they bear on the constitutional evolution of the new body politic, are as follows:

In April, 1920, the mandate over Mesopotamia was awarded to Great Britain by the Supreme Council at its meeting in San-Remo.

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1. The chief town of this province is Tabriz. Persian Azerbaijan must be distinguished from the Caucasian Azerbaijan, — a federal State belonging to U. S. S. R., of which the capital is Baku.

2. Among the facts more or less connected with the Mosul question was the somewhat demonstrative signature of a new treaty between Turkey and the U. S. S. R. which took place at Paris on December 17, 1925. See *European Economic and Political Survey*, N° 8, p. 7, for text.

The first draft of the mandate (XXIV) was submitted to the League of Nations on December 6, 1920. A new draft (XXV) was published by the British Government on August 29, 1921. Neither draft was approved by the League of Nations, for the relations between Great Britain and 'Iraq were later rebuilt on a new scheme embodied in the Treaty of October 10, 1922.

As concerns the administration of Mesopotamia it was first carried on under the guidance of the British military authorities in occupation of the country.

After a period of serious rebellion and troubles [1] a civil High Commissioner was appointed [Sir Percy Cox], and arrived on the spot in October, 1920. A provisional government was at once formed under the leadership of a local grandee (Naqib).

In March 1922 an important conference took place in Cairo under the presidence of Mr. Winston Churchill, British Secretary of State for Dominion Affairs. It was attended by the chief representatives of British protectorates and mandates in the Near East. Soon after Sir Percy's return from Cairo it became known that Amir Faisal, son of the King of Hedjaz, and himself former King of Syria, was to arrive in Mesopotamia. He landed in Basra on June 24, 1922, and on July 11 was proclaimed King of 'Iraq by the Council of State.

A sort of plebiscite took place subsequently. Ninety-six per cent of votes were found in favor of the election. The four per cent. of dissenters came chiefly from the Turkish and Kurdish population of Kirkuk. The Kurdish liwa of Sulaimania abstained from the vote (XXVI, 15).

August 23, 1922, King Faisal ascended the throne of 'Iraq. The first constitutional cabinet was formed on September 10.

October 10, 1922, a treaty of alliance was signed between Great Britain and 'Iraq, whereby the former undertook (art. 1) to provide the latter "with such advice and assistance as may be required during the period of the present treaty." England undertook (art. 6) "to use [her] good offices to secure the admission of "Iraq to membership of the League of Nations as soon as possible." The treaty was to remain in force for twenty years, "at the end of which period the situation shall be examined, and if the High Contracting Parties are of opinion that the treaty is no longer required, it shall be terminated. Termination shall be subject to confirmation by the League of Nations unless before that date article 6

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1. See Sir Aylmer Haldane, *The Insurrection in Mesopotamia*, 1920. (London, W. Blackmans, 1922).

of this treaty has come into effect, in which case notice of termination shall be communicated to the Council of the League of Nations" (art. 18). [1]

The treaty was completed by a protocol of April 30, 1923 which added that,

"Nothwithstanding the provisions of article 18, the present treaty shall terminate upon 'Iraq becoming a member of the League of Nations and in any case not later than four years from the ratification of peace with Turkey" [i. e. from August 6, 1924]. [2]

Both the treaty and the protocol were ratified by the two parties on December 19, 1924 (XXX).

In development of the principles laid down in the treaty special agreements were signed on March 25, 1924, on the number and conditions of employment of British officials in 'Iraq, on the military organization, and on judicial and financial matters.

As the Constituent Assembly was convened in Bagdad on March 24, the treaty with the subsidiary documents needed its approval. After considerable difficulties [3] this was given on June 11. 37 votes were in favor, 24 against, while 8 abstained. The actual resolution contained the following observations :

"This Assembly considers that many of the Articles of the Treaty and Agreement are so severe that 'Iraq would be unable to discharge the responsibilities of the alliance desired by the people of 'Iraq. But it relies upon and trusts the honour of the British Government and nobility of the British nation and is confident that they will not agree to burden 'Iraq nor to prejudice the aspirations of the people. It is only this confidence and trust on the part of 'Iraq which has induced the Assembly to accept the statements which have been received from His Excellency the High Commissioner on behalf of the British Government, to the effect that the British Government, after the ratification of the Treaty, will amend with all possible speed the Financial Agreement in the spirit of generosity and sympathy for which the British people are famous... This treaty and its subsidiary Agreements shall become null and void if the British Government fail to safeguard the rights of 'Iraq in the Mosul vilayet in its entirety."

The ratification of the treaty and the subsidiary agreements were exchanged in Bagdad on December 19, 1924.

Following these developments a discussion took place at the seventh meeting of the Council of the League of Nations, held at Geneva on September 20, 1924. Lord Parmoor pleading on behalf of the British Government declared that since the original draft mandate was drawn up and submitted to the League of Nations in December 1920, great changes had occurred in the situation. Four years ago, "there was no Arab Government in 'Iraq, no King Faisal, no treaty or subsidiary agreement, no constituent assembly, and no organic law" (XXI, 4).

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1. For the anti-mandate agitation and the circumstances which delayed the signature of the treaty, see XXVII, 9-25.

2. XXVII, 8 : "... Even King Faisal and his Ministers, while expressing constant gratitude for the support and favors received in the past, were undisguisedly delighted that a near term had been put to authoritative control by Great Britain of their affairs."

3. XXVIII, 22.

"We no longer think it practicable to adopt a mandatory form even to regulate our obligations towards the League. The conception of a mandate is not popular among the people of 'Iraq... 'Iraq has advanced too far along the path laid down in Article 22 of the Covenant for the particular form of control contemplated in that Article to be any longer appropriate... We have moved faster than could be anticipated when the Covenant was framed... In any case we are convinced that it would be quite impracticable to impose a mandate in the original form at the present stage. The local effect of any attempt to do so would be most unfortunate. It might have the result of undoing all the work that has been accomplished during the past four years... The only practicable course was to find some other means of placing our relations with the League on a proper footing."

The text proposed tended to bring the mandate into harmony with the treaty of October 10, 1922 :

"VI. In the event of 'Iraq being admitted to the League of Nations the obligations hereby assumed by His British Majesty's Government shall terminate.

"VII. On the conclusion of the period for which the treaty of Alliance has been concluded i. e. on August 6, 1928, the Council of the League of Nations shall, if 'Iraq has not been admitted to the League, be invited to decide what further measures are required to give effect to Article 22 of the Covenant."

..."The privilege and immunities including the benefits of consular jurisdiction and protection formerly enjoyed by capitulation or usage in the Ottoman Empire will not be required for the protection of foreigners in 'Iraq so long as the Treaty of Alliance is in force."

These modifications were adopted by the Council on September 27, 1924. (XXXI)

The contents of the new treaty which, following the award of the Council on December 16, 1925, was signed at Bagdad on January 13, 1926, have been presented above. [1]

1. A new political force in the person of the Wahabi Sultan of the Nejd is springing up on the southern border of 'Iraq. It is interesting therefore to mention a treaty signed between the Nejd and 'Iraq on November 1, 1925, which develops the principles of a previous agreement between the two parties signed in Muhammara on May 5, 1922, with a vew to establishing rules of good neighborhood. The treaty of November 1 was signed on behalf of the 'Iraq Government by Sir Gilbert Clayton. (XXXIII).

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177

BULLETIN N° 12 AUGUST, 1926

10

INTERNATIONAL ADMINISTRATION

(Political and Financial)

by

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CONTENTS

A. POLITICAL.

I. *League of Nations.*

1. The Saar Basin.
2. Free City of Danzig.
3. Upper Silesia.
4. Memel.
5. Exchange of Greek and Turkish Populations.
6. Greco-Bulgarian Emigration.

II. *International.*

1. Rhineland Occupation.
2. Straits Commission.
3. Morocco and Tangier.
4. Suez Canal.
5. New Hebrides.
6. Albania.
7. Spitzbergen.

III. *The Mandate System.*

IV. *International Waterways.*

B. FINANCIAL.

I. *International.*

1. The Banking Consortium in China.
2. The Dawes Plan.
3. The Ottoman Public Debt.
4. The International Financial Commission. (Greece).

II. *League of Nations.*

1. Austrian Reconstruction.
2. Hungarian Reconstruction.
3. Settlement of Greek Refugees.

BIBLIOGRAPHICAL NOTE.

INTERNATIONAL ADMINISTRATION

A. POLITICAL ADMINISTRATION

Present international administration is of two distinct forms :

A. That which lies within the province of the League of Nations (either by the Treaty of Versailles or subsequently referred to it by the Conference of Ambassadors).

B. That which arises from international agreements arrived at outside the sphere of the League of Nations.

I. LEAGUE OF NATIONS

1. *The Government of the Saar Basin Territory.*

By Articles 45-50 and Annex Section IV. Part. III of the Treaty of Versailles, the Saar basin territory was placed for a period of fifteen years under the government of a commission, of which the members are appointed by, and responsible to, the Council of the League. [1] The Treaty itself lays down that the commission shall consist of five members of whom one must be an inhabitant of the Saar Basin, not a Frenchman, one a French citizen, and the remainder of neither French nor German nationality. The members are appointed for one year and may be re-appointed. They can also be removed by the Council of the League of Nations. [2]

The chairman is appointed for one year from among the members of the commission by the Council of the League of Nations. He may be re-appointed. [3]

The appointments to the commission were made by the Council of the League at its second session in London, February 13, 1920. [4] At the same time the Council drew up and adopted certain "Directions for the Governing Commission of the Territory of the Saar Basin", the prevail-

1. Annex. Chapter II, paragraph 16.
2. *Ibid.*, paragraph 17.
3. *Ibid.*, paragraph 18.
4. See League of Nations Official Journal (hereinafter referred to as L. N. O. J.) first year, vol. 1, No. 2, March 1920, pp. 45-50.

ing spirit of which is contained in the following quotation : "The Governing Commission will have no occupation and no interest except the welfare of the people of the territory of the Saar Basin." [5]

Each member of the commission has control over certain administrative sections of government. Since officially taking control on February 26, 1920, the Members of the commission have been as follows :

French Member.

M. Rault, 1920-1926, President of the Commission, Interior, Foreign Affairs, Commerce, Industry, Labour.
M. Morize, 1926 —

Member from the Saar Basin.

Herr van Boch, 1920.
Dr. Hector, 1920-23.
Herr Land, 1923-24.
Herr Kossmann, 1924.
} Agriculture, Health, Public Relief and Social Insurance.

Other Members.

Count van Moltke-Huitfeldt (Dane), 1920-24.
C. of Espinoza de los Monteros [6] (Spanish) 1924.
M. Verensky (Czecho-Slovakia) 1924.
} Public Instruction, Ecclesiastical Matters and Justice.

Mr. R. D. Waugh (Canadian) 1920-23.
Mr. George W. Stephens (Canadian) 1923
} Food Supply and Finance.

The attributes of the commission, as stated in the Treaty, are those of an independent sovereign State, having "all the powers of government hitherto belonging to the German Empire, Prussia, or Bavaria, including the appointment and dismissal of officials, and the creation of such administrative and representative bodies as it may deem necessary". [7] By virtue of this last authority, the commission established in March 1922 an advisory council of thirty representatives elected for three years by all the inhabitants of the territory. To this was added a small technical committee of eight members to advise the governing commission on any subject submitted to it. [8] The advisory council held its first session in July, 1922, and meets regularly every three months. The first president was Herr Kossmann.

A court of appeal was established in June 1920 under the presidency of Professor O. Nippold (Swiss) assisted by two Swiss judges, two from

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5. *Ibid.*, pp. 50-52.
6. Died August 31st. 1924.
7. Annex. Chapter II, par. 19.
8. See L. N. O. J., 3rd. year, No. 5. May 1922, Part. 1. pp. 411-417 for constitution of these bodies. Also fifth report of the Governing Commission, L. N. O. J., Nov.-Dec. 1920.

Alsace-Lorraine, two inhabitants of the Saar, one Belgian, one Dutchman, one Czecho-Slovak and one Luxemburger. [9]

References.

Treaty of Versailles. Part III. Section IV, Articles 45-50 and Annex.

Minutes of the 2nd and 25th Sessions of the Council of the League of Nations.

Periodical Reports of the Saar Governing Commission to the Council (published in *L. N. O. J.*).

General Reports by the Secretaty-General to the Council concerning the Saar, issued two or three times a year in *L. N. O. J.*

A number of publications (in German) issued by and obtainable from the Governing Commission.

2. *The Free City of Danzig.*

By articles 100-108, Section XI, Part III of the Treaty of Versailles the Allied Powers pledged themselves to establish a Free City of Danzig which should be under the *protection* of, and have a constitution *guaranteed* by, the League of Nations.

The treaty also laid down that the Free City of Danzig should have a constitution to be drawn up "by representatives of the Free City in agreement with a High Commissioner to be appointed by the League of Nations". The High Commissioner was also to have the duty of settling all disputes arising out of treaties between Poland and the Free City. [10]

From October 1919 to November 1920, the City of Danzig was administered for the Allied Governments by their High Commissioner, Sir Reginald Tower, pending the negotiation of the treaty between Poland and the Free City, provided for in Article 104 of the Treaty of Versailles.

This treaty was signed on November 9, 1920. It closely follows Article 104 of the Treaty of Versailles, in that it provides for the inclusion of Danzig in the customs area of Poland and the application of Polish tariffs and customs laws. Poland also has control of the foreign relations of Danzig as well as the protection of her nationals abroad. Diplomatic relations between Poland and the Free City are carried on through a Polish representative resident in Danzig. [11]

By this treaty also was created the Port and Waterways Board composed of five Polish and five Danzig nationals with a neutral chairman appointed by the League of Nations. To this body is delegated the duty of "insuring to Poland without any restriction the free use and service of all waterways, docks, basins, wharves and other works within the ter-

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9. See fourth and sixth Reports of the Governing Commission, L. N. O. J., Sept. 1920 and March-April 1921.

10. Treaty of Versailles. Article 103.

11. Treaty between Poland and the Free City of Danzig, Nov. 9th. 1920 (League of Nations' Document, No. 20/4/365/2.)

ritory of the Free City necessary for Polish imports and exports"; [12] it also ensures the right to Poland to develop the port and have control of the railways connected with the port.

The constitution provided for under article 103 of the Treaty of Versailles was drawn up by a constituent assembly in May and was approved by the Council of the League of Nations in November 1920. It provides for an assembly (*Volkstag*) of 120 members elected by universal manhood suffrage, and a senate of eight "principal" senators including the president of the senate elected by the assembly for four years and fourteen "secondary" senators elected by the assembly for an indefinite term. Where the Free City is not represented in foreign affairs by Poland, it is represented collectively by the senate, the president of which is, in practice, the head of the state.

On November 15, 1920, the Allied Governments definitely established the Free City and the League of Nations came into control.

OFFICIALS OF THE FREE CITY OF DANZIG

High Commissioner.

Sir Reginald Tower (January-November), 1920.
Major General Sir Richard Haring, 1920-22, 1922-23.
Mr. Mervin MacDonel, 1923-24, 1924-25.
Dr. J. van Hamel, 1925.

President of the Senate.

Herr Sahm, 1920-1925.

President of the Harbour Board.

M. de Reynier (Swiss), 1920-1925.
Colonel Hugues de Loës (Swiss), 1925.

The salary of the High Commissioner is £3,200 ($16,000).

As a result of negotiations between the Council of the League of Nations and the Reparation Commission in 1922, the Free City was granted a moratorium for twelve months on the liabilities incurred by it as part of the German debt, and in September 1923, under the direction of the Financial Committee of the League, representatives of the Free City and of Poland agreed to the introduction in the Danzig area of a new currency, one unit of which equals 1/25 of a pound sterling (about 23 cents). This unit, a "gulden", became legal currency on January 1, 1924.

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12. Treaty of Versailles. Article 104, paragraph (4).

Finally, in April 1925, an international loan of £1,500,000 ($7,500,000) was successfully floated under the auspices of the League of Nations for purposes of economic development. Mr. Ter Meulen was appointed by the Council to act as trustee for the bondholders, to control the assets assigned as security.

References.

Treaty of Versailles. Part. III. Section XI. Articles 100-108.

Treaty between Poland and the Free City of Danzig, Nov. 9th 1922. League of Nations' Document N° 20/4/365/2.

Green Book issued by the Senate of the Free City of Danzig.

Constitution of the Free City of Danzig L. N. O. J. Special Supplement N° 7. July 1922.

Convention relative to the Cession of German Public Property situated in the Free City of Danzig, and also to the Transfer of a part of this Property to the Harbour Board of the Free City. May 3rd 1923. *Treaty Series N°* 24 (1924). Cmd. 2204.

Free City of Danzig International Loan. League of Nations' Document C. N° 204. M. 63. 1925. II.

General Reports by the Secretary-General about Danzig, issued two or three times a year in L. N. O. J.

Publications issued (in German) by, and obtainable from, the Government of the Free City of Danzig.

3. *Upper Silesia.*

The disputed area of Upper Silesia was placed by the Peace Conference, acting through the Supreme Council, under the control of Allied troops with the French commanding officer, General le Rond, in the quasi-official position of High Commissioner. This form of control was to continue until the holding of a plebiscite to decide whether the country should go to Germany or Poland. After, however, the taking of the plebiscite and the consequent Korfanty rising, the Supreme Council handed the settlement of the Upper Silesian question to the Council of the League of Nations whose award was accepted by the Conference of Ambassadors on October 20, 1921.

This award provided for a German-Polish conference to meet at Geneva under the presidency of a neutral to be appointed by the Council of the League. The conference was to draw up a general convention to elaborate the plan of frontiers and economic transfers outlined in the League's award. The period of transition for the working out of such transfers was set at fifteen years. [13]

The conference met on November 23, 1921, under the Presidency of M. Felix Calonder (Swiss), and after a period of six months the convention was signed on May 15, 1922. The convention was set up, in accordance with the suggestion in the award. [14]

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13. See Decision of the Conference of Ambassadors in the question of Upper Silesia. League of Nations' Document C. 420. M. 301. 1921. VII.

14. See page 6 of the Conference of Ambassadors decision already referred to.

1. A mixed commission of an equal number of Poles and Germans from Upper Silesia with a neutral president to be appointed by the Council of the League of Nations.

2. An arbitral tribunal composed of one German and one Pole with a president appointed by the Council of the League of Nations. [15]

The mixed commission has charge of the government of the Upper Silesian territory during the period of transition and also the task of supervising the execution of the convention. The arbitral tribunal is entrusted with the duty of settling private disputes arising from the application of the convention. All disputes regarding the execution and interpretation of the convention must be referred to the Council of the League of Nations.

The convention was ratified on June 3, 1922, and the mixed commission and arbitral tribunal began to function from that date.

MIXED COMMISSION

President :

M. Felix Calonder (Swiss).

German Representatives :	*Polish Representatives :*
Herr Buntzel.	M. Grabianowski.
Herr Theussener.	M. Kiedron.

President of the Arbitral Tribunal :

M. Kaeckenbeeck (Dutch).

The president of the mixed commission was appointed in May 1922 for a period of one year and was reappointed for an indefinite period in April 1923.

References.

Minutes of the 14th Session of the Council of the League of Nations.
Decision of the Conference of Ambassadors, Oct. 20, 1921.
Convention Germano-Polonaise, relative à la Haute-Silésie (no English version of this exists.).

4. *Memel.*

By Article 99 of the Treaty of Versailles, Germany renounced all her rights over the territory of Memel in favor of the Allied Powers, who administered it by means of a high commissioner (a French national) until January 1923, when a popular rising set up a *de facto* government in the city of Memel. It was decided (February 16, 1923) by the Conference

15. For the constitution of these bodies see Convention Germano-Polonaise relative à la Haute-Silésie, faite à Genève, le 15 mai, 1922. Sixième partie, articles 562-606.

of Ambassadors to transfer the government of the territory to Lithuania, with the provision of autonomous government, popular representation, and special regulations for the development of the commercial facilities of the port of Memel, the mouth of the Niemen. Delays in negotiations between Lithuania and the representatives of the Memel territory occurred, and on September 25, 1923, the Conference of Ambassadors referred the question to the League of Nations. The Council appointed a commission of enquiry consisting of:

Mr. Norman Davis. (U. S. citizen, formerly Under-Secretary of State.) Chairman.
M. Kröller (Dutch).
M. Hoernell (Norwegian).

The commission visited the territory in February 1924 and returned to Geneva with a draft convention which was adopted by the Council and signed by Lithuania and the Allied Governments in May 1924. The convention provided for the transfer to Lithuania of the territory of Memel, but with the grant of full legislative, judicial, and financial autonomy. The port was made of international concern, and its control placed in the hands of a harbour board, composed of one representative of Lithuania, one representative of the territory of Memel, and a president who may not be a national of any riparian state of the River Niemen, to be appointed by the chairman of the advisory and technical Commission for Communications and Transit of the League of Nations.

This convention has not yet been applied. Two conferences were held recently, one at Copenhagen and another at Lugano, between Lithuanian and Polish officials to settle the question of timber floating on the Niemen to Memel and certain other questions, but no agreement was reached. To date the Lithuanian Government considers that it is at war with Poland.

References.

Treaty of Versailles. Part III. Section X. Article 99.

Convention and Transitory Provision concerning Memel. (League of Nations' Documents N°° C. 664, M. 295, 1923. VII. and C. 678, M. 296, 1923. VII).

Convention concerning Memel. British White Paper Cnd. 2235 of 1924.

The status of the Memel Territory (L. of N. Document C. 159, M. 39, 1924. VII).

Lithuania. Ministère des Affaires Etrangères. Documents Diplomatiques. Question de Memel. 1er Volume. Depuis la Conférence de la Paix (1919) jusqu'au renvoi de la question par la Conférence des Ambassadeurs devant le Conseil de la Société des Nations (29 septembre 1923). Kaunas, 1923. 288 pp.

————. Documents Diplomatiques. Question de Memel. 2e Volume. Règlement de la question de Memel par le Conseil de la Société des Nations. Kaunas, 1924. 210 pp.

5. *The Exchange of Greek and Turkish Populations.*

By a convention [16] concluded subsidiary to the Treaty of Lausanne, January 30, 1923, the Turkish and Greek Governments agreed for the

16. Convention concerning the exchange of Greek and Turkish populations. See Treaty of Peace with Turkey and other instruments. Treaty Series No. 16. Cmd. 1929, p. 175.

obligatory exchange of all Turkish nationals of Greek orthodox religion in Turkish territory and all Greek nationals of the Moslem religion established in Greek territory, with the exception of the Greek inhabitants of Constantinople and the Moslem inhabitants of Western Thrace.

Article 11 of this convention provided for a mixed commission consisting of four members representing each of the High Contracting Nations from among the nationals of Powers which were not involved in Parties and of three members chosen by the Council of the League of the war of 1914-1918. [17]

This commission is charged with the supervision and facilitation of the emigration scheme and the execution of the liquidation (provided for in Articles 9 and 10 of the convention [18] of the movable and immovable property of emigrants, and it has power to settle all disputes arising from such liquidation. (Art. 12).

The expenses of the commission are borne by the governments concerned (Art. 17), [19] who furthermore agreed to facilitate the emigration work of the commission by advancing it funds at once (Art. 15). [20]

At its 26th session at Geneva on September 17, 1923, the Council of the League of Nations appointed Mr. E. E. Eckstrand (Sweden), General Manrique de Lara (Spain) and Mr. K. M. Widding (Denmark) as the three neutral members of the commission. Each of these members in turn holds the office of president of the commission [21]. The other members of the commission are as follows:—

Greek Representatives :	*Turkish Representatives :*
M. Jean Papas.	Tewfik Rushdi Bey.
M. Alexandre Pallis.	Hamdi Bey.
M. Antoine Calvocoressi.	Ihsan Bey.
M. Paul Canagiris.	Senieddin Bey.

References.

Convention concerning the Exchange of Greek and Turkish Populations.
Minutes of the 26th Session of the Council of the League of Nations.

6. *Greco-Bulgarian Emigration.*

By Article 56 of the Treaty of Neuilly-sur-Seine Bulgaria agreed not to place any obstacle in the way of persons wishing to enter or leave Bulgaria. [22] In pursuance of this agreement a special convention was

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17. *Ibid.*, p. 181.
18. *Ibid.*, p. 179.
19. *Ibid.*, p. 185.
20. *Ibid.*, p. 183.
21. See Minutes of the 26th. session of the Council of the League of Nations. L. N. O. J., 4th. year, No. 11. November 1923, p. 1312.
22. Treaty of Peace between the Allied and Associated Powers and Bulgaria. *Treaty Series No.* 5 (1920). Cmd. 522, p. 17.

concluded between Bulgaria and Greece on November 27, 1919, for the regulation of the reciprocal and voluntary emigration between the two countries of racial, religious, and linguistic minorities.

The convention further provided for a mixed commission consisting of one Greek and one Bulgarian member and two members appointed by the Council of the League of Nations. The commission has charge of the supervision of this emigration; it is responsible for the liquidation of property of emigrants, and advances to emigrants the value of their real estate. Its expenses are borne by the states concerned.

At its ninth session at Paris September 20, 1920, the Council of the League of Nations appointed Col. A. C. Corfe (New Zealand) and Commandant M. de Roover (Belgium) as the League representatives on the commission, [23] which began its activities on December 18, 1920.

II. INTERNATIONAL

1. *Inter-Allied Occupation of the Rhineland.*

Under the Treaty of Versailles [1] the Allied and Associated Powers were empowered to occupy that part of German territory west of the Rhine, together with the three bridge-heads of Cologne, Coblenz and Mainz, as a guarantee of the execution by Germany of the Treaty. This occupation is extended over fifteen years from the entry into force of the Treaty, a period which will conclude on January 10, 1935. During this time, however, the Allied troops will be gradually withdrawn [2]. The first evacuation, that of the Cologne Zone, was begun on December 1, 1925.

To provide for the control of the occupied area, a special convention was signed by the United States, [3] Great Britain, France, Belgium, and Germany on June 28, 1919, which set up a temporary régime of government during the period of occupation. There was created a civilian body, known as the *Inter-Allied Rhineland High Commission*, composed of one member each from America, Great Britain, France, and Belgium. [4] This body was made the supreme representative of the Allied and Associated Powers.

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23. See L. N. O. J., 1st. year, No. 7. October, 1920, p. 411, and No. 8. November-December, 1920, p. 84.

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1. Treaty of Versailles. Art. 428.

2. *Ibid.* Article 429.

3. It should be borne in mind that although the U. S. is mentioned throughout the convention, she too no part in its execution, as its coming into force as made dependent upon the ratification of the Treaty of Versailles. U. S. troops did, however, take part in the Army of Occupation, but were withdrawn in the spring of 1923, as a consequence of the French Occupation of the Ruhr.

4. Agreement with regard to the Military Occupation of the Territories of the Rhine. Art. 2.

The maintenance of the safety and comfort of the Allied troops is placed in the hands of this Commission, and any steps taken by them to ensure this have the force of law. [5]

The civil administration of the territory remains in the hands of the German authorities and the German courts continue to function except in regard to offences against the Allied armies, which are dealt with by military courts [6]. If, in its opinion, a necessity arises, the High Commission may declare a state of siege throughout all or any part of the territory. [7]

Acting under Article 270 of the Treaty of Versailles which provided for the application of a special customs régime if necessary to safeguard the economic interests of the population of the occupied territories, the Allied Powers at the Reparations Conference of March 7th. 1921, reached a decision, which was endorsed by the Conference of Ambassadors on April 2, 1921, empowering the High Commission to take this step. By special ordinance dated April 8, 1921, the High Commission, therefore, inaugurated a customs organization for the occupied areas. [8]

The present composition of the Rhineland High Commission is as follows:—

Great Britain	Viscount Kilmarnock.
France	M. Paul Triard.
Belgium	M. Southome.

References

Treaty of Versailles, Part. XIV. Guarantees, Section 1. Western Europe. Articles 428-432, and Article 270.

Agreement with regard to the Military Occupation of the Territories of the Rhine. Official Gazette of the Inter-Allied Rhineland High Commission.

Recueil des Ordonnances, instructions et décision de la Haute Commission Interalliée des Territoires Rhénans.

Recueil des Ordonnances douanières prises par la Haute Commission.

2. *The Straits Commission.*

On the same day that the signature of the Treaty of Lausanne (February 24, 1923) concluded peace between the Allies and Turkey, there was also signed the Convention relating to the Régime of the Straits.

By this instrument the Dardanelles are declared free and open to transport and navigation [9]. The convention also contains provisions for the regulation of navigation in time of war, and places the whole work of supervision and the carrying out of these provisions in the hands of an international commission constituted at Constantinople [10] and composed of

5. *Ibid.* Art. 3.
6. *Ibid.* Art. 3, paragraphs (d) and (e) and Art. 5.
7. *Ibid.* Art. 13.
8. See Ordinances N°s 77, 81 and 82 of the Rhineland High Commission.
9. Convention relating to the Régime of the Straits. Art. 1.
10. *Ibid.* Art. 10.

a representative of Turkey, who should be president, and representatives of France, Great Britain, Italy, Japan, Bulgaria, Greece, Rumania, Russia, and the Serb-Croat-Slovene State. In the event of the adherence to the convention of the United States of America, it also may be represented. [11]

The Straits Commission functions under the auspices of the League of Nations, to which it submits an annual report. [12] It has the right to frame and promulgate any regulations necessary for the adequate execution of its work. [13]

The Commission held its first meeting at Constantinople on November 13, 1924, and has met at regular intervals since that date. Owing to the refusal of the Serb-Croat-Slovene State to ratify the Treaty of Lausanne, and consequently the Straits Convention, and to the abstention from all international obligations of the government of the U. S. S. R., the representatives of these two powers did not sit on the Commission, the present composition of which is as follows : —

Turkey	Admiral Vassif Pasha. (*President*)
Bulgaria	General Markoff.
France	M. Cambon.
Great Britain	Commander Macdonald.
Greece	Commander Melitopoulos.
Italy	Signor Livio Borghese.
Japan	Commander Oka.
Rumania	M. Filality.

References

Treaty of Peace with Turkey and other instruments. Treaty Series N° 16 (1923). Cmd. 1929.

Report of the Straits Commission to the Council of the League.

Morocco.

In order to meet the demand of the German Government that Moroccan affairs should not be regulated without German participation, the Algeciras Conference was held in January 1906. This Conference produced the Algeciras Act of April, 1906, signed by the major European Powers and the United States.

The Algeciras Act embodied the following international administrative provisions : —

1. A police force placed under the sovereignty of the Sultan to be organized by French and Spanish officers and instructors.

2. The general inspection of the police force to be entrusted to a high officer of the Swiss army in residence at Tangier. Reports by this officer to be transmitted to the doyen of the diplomatic corps at Tangier.

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11. *Ibid.* Art. 12.
12. *Ibid.* Art. 15.
13. *Ibid.* Art. 16.

3. A National Bank of Morocco to be established. Certain cases affecting this bank to be referred to the Federal Court at Lausanne. The Reichsbank, the Bank of England, and the Bank of Spain were each to name, in agreement with their respective government, a censor over the National Bank of Morocco. These censors were to have certain control over the functioning of the Bank.

4. The diplomatic corps to have certain control over the taxation, customs, etc., in Morocco.

By the terms of this act, France became jointly with Spain the mandatary of all the Powers for the purpose of maintaining order and preserving equal economic opportunities to all states in Morocco. There followed on February 9, 1909, a convention between France and Germany that established in effect a Franco-German monopoly over Morocco. By a still later agreement signed on November 4, 1911, France secured virtually full liberty of action in Morocco and finally announced her protectorate over the area on March 30, 1912. All semblance of international administration disappeared from that date.

References

E. Rouard de Card, Les Droits entre la France et le Maroc, (Pedone, Paris, 1898); American Journal of International Law, Supplement, Vol. 1, 1907; Documents Diplomatiques of the French Government such as "Affaires du Maroc, 1901-1905" and Ibid. 1908-1910; Das Staatsarchiv, particularly vol. 73, 80, 81 and 83; J. B. Bishop, Theodore Roosevelt and His Time Shown, in His Own Letters, I, p.. 467-503 (Scribners, New York), 1920); Die Grosse Politik der Europäischen Kabinette, Deutsche Verlagsgesellschaft, Berlin), 1924-1925, 22 volumes.

2. *Tangier.*

The present government of the International Zone of Tangier is based upon an international convention signed at a special conference of the representatives of Great Britain, France, and Spain in Paris, on December 18, 1923, the ratifications of which were exchanged on May 14, 1924. This instrument placed the zone in a state of permanent neutrality and established therein an international régime.

The convention provided for:—

1. An international legislative assembly composed of four French representatives, 4 Spanish, 3 British, 2 Italian, 1 American, 1 Belgian, 1 Dutch, 1 Portugese, 6 Mussulman subjects of the Sultan of Morocco, and 3 Jewish subjects.[14] These last are appointed by the Mendoub, the representative of the Sultan in the zone, who also acts as president of the assembly.[15] The European members are nominated by their respective consulates.

2. A committee of control consisting of the consuls of the powers signatories of the Algeciras Act.[16]

3. An administrator to direct the international régime of the zone, with two assistants, one to be responsible for health and relief, the other for financial services. All these appointed by the Sultan at the instance of the committee of control, for six years, at the end of which the appointments will be made by the assembly.[17]

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14. See Convention for the organization of the Statute of the Tangier Zone. Treaty Series N° 23. (1924). Cmd. 2203. Art. 34.

15. *Ibid.* Art. 29.

16. *Ibid.* Art. 30.

17. *Ibid.* Art. 35.

4. A port commission to ensure the observance of the régime of economic equality in working of the Port, composed as follows : —

1. Representative of the Government of the Sultan.

1. Representative of the international assembly.

1. Representative of the committee of control. [18]

5. A mixed court of Tangier composed of French, British and Spanish magistrates and responsible for the administration of justice to nationals of foreign powers. [19]

6. A commission for the fixing of customs values, composed of representatives of the international, French, and Spanish zones. [20]

7. A native gendarmerie of 250 men, under a Belgian captain.

For the first six years of the régime the administrator is a Frenchman, the assistant administrator for health a Spaniard, and the assistant administrator for finance an Englishman.

The State Bank of Morocco enjoys the same rights in the international zone as it derives from its charter.

This statute definitely superseded the régime established in 1906 by the Act of Algeciras, which had virtually ceased to exist in 1912 when the French Government declared a protectorate over Morocco. The Act, which began to function partially on January 28, 1925, is not yet in full operation owing to the abstention of Italy and the United States.

Note on the Cape Spartel Lighthouse.

By an agreement signed at Tangier on May 31, 1865, [21] between Morocco and the leading European Powers, together with the United States, an international lighthouse was erected at Cape Spartel, Morocco. The lighthouse and the land on which it stands remain the property of the Sultan, and are protected by a Moorish Guard, but the administration and expenses are in the hands of the representatives of the contracting powers. An international commission exists for regulating the management of the lighthouse.

Germany acceded to the convention in 1878 and Russia in 1899, though by reason of recent events representatives of neither of these countries sit on the commission.

The Suez Canal.

This unique form of control, which is neither international nor national must nevertheless be included in any work on international administration. The Suez Canal is controlled by a company of which the directors are appointed by the British and French Governments which own the shares.

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18. *Ibid.* Art. 41.

19. *Ibid.* Art. 48.

20. *Ibid.* Art. 50.

21. See de Clercq, *Recueil des Traités*, Vol. IX, p. 291; also *American Journal of International Law*, vol. VI. Supplement, p. 14.

The company was founded in 1858, after the concessions made to M. de Lesseps by the Khedival Government of Egypt, and the shares were originally held in equal blocks by Great Britain, France, and the Khedive of Egypt. In November 1875, however, by Disraeli's historic *coup*, the British Government secured the majority of shares by purchasing those of the Khedive.

The company is registered under Egyptian law as an Egyptian company; it has its headquarters in Paris. Its president is always a Frenchman, as are also twenty of its directors and the whole of its secretariat and personnel, whether in France or Egypt. On the board there are ten British directors and one representative of Holland; before the war there was also a German director. This large body assembles on the first Monday of every month, when a report is submitted to it by the chairman of the committee of management (who is also the president of the company), which meets once a week throughout the year and directs the whole policy of the company, subject to the approval of the board. On this committee one of the British Government's representatives has a seat. Questions of finance are examined by a financial sub-committee; engineering problems are submitted to experts and, for ultimate advice, to an international commission of technical engineers, which meets in Paris once a year. Besides these, there are banking, legal, and other departments, such as are usual in all great undertakings.

The executive work is done in Egypt itself. There is at the head of all a superior agent, whose headquarters are in Cairo. He is the company's diplomatic officer and has charge of all its relations with the Egyptian Government; he co-ordinates the work of the two great departments that are under him — traffic and works; he supervises the medical staff, the architect's plans and the legal business of the company; the fresh water supply is under him; he acts as landlord for the Company, and is, in a word, directly responsible to the Board in Paris for everything that is done on the canal.

References.

Indices et Renseignements Généraux de la Compagnie Universelle du Canal Maritime de Suez.

Sir Ian Hamilton, "The Suez Canal", reprinted by the Company from the National Review for May, 1921. (Revised, June, 1924.)

The New Hebrides.

Strictly speaking, the Government of the New Hebrides does not constitute an example of international administration but of "condominium", a form of government by which two or more nations share sovereignty over a single territory.

An Anglo-French convention for the government of the group of Islands north of New Zealand, known as the New Hebrides, was signed in London on October 20, 1906, [22], establishing the group as a joint sphere of influence to be governed by two high commissioners (one French

22. For text of Convention see Martens, Nouveau Recueil Général, 3me Série, Vol. 1, p. 523. Also British Parliamentary Papers (1907). (Cmd. 3288). Vol. LVI, p. 649 et ibid. (Cmd. 3525). Vol. LVI, p. 737.

and one English). There was also provision made for joint court of the judges (one French, one English, and one neutral) and for French and British national events.

The system of government proved singularly unsuccessful, especially with regard to the joint court, where the questions of law and language proved of continual difficulty. On June 10th, 1914 and Anglo-French conference was held in London to remedy the outstanding defects as revealed by eight years experience. A protocol was signed on August 6, two days after the outbreak of war with Germany) but remained unratified, on account of the war, until March 18th, 1922 [23].

The government is now carried out by two high commissioners assisted by two resident commissioners. There is a joint court composed of one British judge, one French judge, and a third appointed by the King of Spain. Before this tribunal cases may be tried in French and in English, while the law administered varies with nationality of the prisoner. There also exist British, French, and native courts from which appeal may be made to the joint court.

The police force is divided equally between the two high commissioners, only uniting on occasions when it becomes necessary to utilize some or all of both of the divisions of the force. A number of public services, notably police, posts and telegraphs, public works, ports and harbours, and public health, and finance, are carried on in common by means of the high commissioners and their delegates jointly.

The condominium cannot in any aspect be looked upon as a satisfactory form of government, and there is some likelihood that Australia may purchase the group of islands.

References.

Martens, Nouveau Recueil Général. 3e Série, Vol. I.
British Parliamentary Papers (1907). Cmd. 3288. Vol. LVI and Cmd. 3525. Vol. LVI.
Protocol respecting the New Hebrides. Treaty Series No. 7. (1922) Cmd. 1681.
Notes exchanged between the British and French Governments respecting the New Hebrides Protocol of August 6th. 1914. Treaty Series No. 2. (1923) Cmd. 1827.

Albania.

By article III of the Treaty of London [24] of May 30, 1913, which concluded the first Balkan war, the governments of the Balkan League (Bulgaria, Serbia, Greece, and Montenegro) and of Turkey remitted to the Great Powers, (Great Britain, France, Germany, Austria, and Russia), "the care of settling the frontiers of Albania and all other questions concerning Albania."

The Conference of Ambassadors on July 13, 1913, appointed two frontier delimitation commissions to settle the north and south frontiers of Albania and placed the whole country under the administration of an

23. For text of this Protocol and the Anglo-French Notes concerning it, see Protocol respecting the New Hebrides. Treaty Series No. 7 (1922). Cmd. 1681. Also Treaty Series No. 2 (1923). Cmd. 1827.

24. For text of this treaty see Martens, Nouveau Recueil Général, 3me Série, vol. VIII.

international commission of control, [25] composed of one representative of each of the Great Powers and of Albania. The commission was instituted for a period of ten years and was responsible for the financial administration of the country.

The commission held its first session at Valona on October 15, 1913 and, at its suggestion, Prince William of Wied was installed by the powers as Mpret of Albania on March 7, 1914. The task was from the first fruitless owing to the absence of any law or order in Albania and the impossibility of raising a loan. Bitter dissensions took place also in the commission itself. Open disorder broke out throughout Albania in the summer of 1914, culminating in the latter days of July in Prince William's leaving to join a cavalry regiment in the German army and the accompanying departure of most of the international commission. Albania remained a prey to anarchy until its reconstruction by the Peace Conference as a sovereign state in 1920.

Spitzbergen.

On the invitation of Norway (May, 1909) to the "Powers interested", representatives of Germany, Russia, Sweden, and Norway met in conference at Christiania July 19-August 11, 1910 to draw up a convention for the internationalization of the Archipelago of Spitzbergen. A further conference in January 1912 approved this convention which created a permanently neutral zone open to all nationalities and incapable of becoming subjected to the sovereignty of any state.

1. An international commission composed of one member each from Norway, Sweden and Russia, appointed for six years and having complete sovereignty.

2. An international corps of police, commanded by a police commissioner appointed by the commission and subject to its control.

3. National courts exercising criminal jurisdiction over the subjects of their own countries.

4. A justice of the peace appointed by the commission to have jurisdiction over special cases.

The convention provided for the government of this zone :

An international conference at Christiania in June 1914 to consider the convention was brought to an abrupt end, owing to the outbreak of war, without arriving at any conclusion. The question of the internationalization of Spitzbergen, however, figured in the German-Russian treaty of peace, March 1918, whereby both countries agreed to work for its achievement.

Finally at the Peace Conference, by a treaty, signed on February 9, 1920, the Great Powers (Great Britain, France, Italy, and Japan) together with the Netherlands and Sweden agreed to the settlement of

25. The members of the Commission were as follows : Herr Aristotoles Petrovitch (Austria); M. Krajewski (France); Dr. J. Winckle (Germany); Mr. (now Sir) Henry Lamb (Great Britain); Commendatore A. Leoni (Italy); M. Petrieff (Russia); Midhat Frasheri Bey (Albania).

the sovereignty of Spitzbergen upon Norway with special provisions establishing:

1. Treatment of equality for nationals of all the signatory powers is guaranteed.
2. The establishment of a naval base is prohibited.
3. Russian nationals to enjoy equal rights pending the adherence of Russia to the Treaty.
4. The constitution of a Tribunal to deal with claims to land made by any government before the signature of the Treaty. The tribunal to be composed of one representative of each claimant state and presided over by a Danish judge.

III. THE MANDATE SYSTEM.

Although technically the mandate system is one of *national* administration and *international* responsibility, it falls within the scope of a review of international administration.

Article 22 of the Covenant of the League of Nations implies a concrete international obligation upon its signatories. By it the previous colonial possessions of Germany and Turkey, "inhabited by peoples not yet able to stand by themselves under the strenuous conditions of the modern world", should be "entrusted to advanced nations who, by reason of their resources... can best undertake this responsibility and are willing to accept". Such mandates are to be looked upon in the light of "a sacred trust of civilization". It is clearly stressed in the reply of the Allied and Associated Powers to the German Peace Commission that "the Mandatory Powers in so far as they be appointed trustees by the League of Nations, will derive no benefit from such trusteeship." [1]

In accordance with the Covenant the Council of the League appointed on December 1, 1920, a Permanent Mandates Commission, consisting of nine members, of whom one must be a woman, and the majority nationals of non-mandatory states, all sitting for an indefinite period. To the commission is attached a permanent director and a small secretariat forming the mandates section of the league's secretariat. To this commission each mandatory power must submit an annual report and this is done at the commission's yearly session at Geneva. Petitions from the populations of the mandated territories may also be forwarded to this body. All reports are passed on from the commission to the Council and from thence to the Assembly.

Mandates are of three kinds.

1. *"A" Mandates.* "Certain communities formerly belonging to the Turkish Empire, which have reached a stage of development where their existence as independent nations can be provisionally recognised, subject to the rendering of administrative advice and assistance by a mandatory until such time as they are able to stand alone [2].

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1. Reply of the Allied and Associated Powers to the German Peace Commission. Treaty Series No. 4. (1919).
2. Art. 22 of the Covenant, para. 4.

"A" Mandates, all of which were former Turkish territories, are as follows:

Territory	*Mandatory*	*Administrator.*
Palestine and the Emirate of Transjordania.	Great Britain....	Sir Herbert Samuel 1922-25. F. M. Lord Plumer 1925-
Syria and the Lebanon.....	France	General Gouraud 1922-23. General Weygand 1924. General Sarrail 1924-25. M. de Jouvenel 1925-
Kingdom of 'Iraq.....	Great Britain....	Sir Percy Cox 1922-24. Sir Henry Dodds 1924—

2. "*B*" *Mandates.* Peoples in Central Africa who "are at such a stage that the mandatory must be responsible for the administration of the territory under conditions which will guarantee freedom of conscience and religion, subject only to the maintenance of public order and morals, the prohibition of abuses, such as the slave trade, the arms traffic, and the liquor traffic, and the prevention of the establishment of fortifications or military and naval bases, and of military training of the natives for other than police purposes and the defence of territory, and will also secure equal opportunities for the trade and commerce of other members of the League [3].

"B" Mandates, all of which were former German Colonies, are as follows :

Territory	*Mandatory*
Cameroons (Five-Sixths)	France.
Cameroons (One-Sixth)	Great Britain.
East Africa (Ruanda-Orundi)	Belgium.
East Africa (Tanganyika).....	Great Britain.
Togoland (two-thirds)	France.
Togoland (one-third)	Great Britain.

3. "*C*" *Mandates.* These comprise South West Africa and certain of the South Pacific Islands, "which, owing to the sparseness of their population, or their small size, or their remoteness from centres of civilization, or their geographical contiguity to the territory of the mandatory, and other circumstances, can best be administered under the laws of the mandatory as integral parts of its territory, subject to the safeguards above mentioned in the interests of the indigenous population".

"C" Mandates, all former German Colonies, are as follows :

Territory	*Mandatory*
South-West Africa	Union of South Africa.
Samoa and other W. Pacific Islands.....	New Zealand.
Nauru	Great Britain, Australia and New Zealand. [5]
Pacific Islands South of the Equator.....	Australia.
Pacific Islands North of the Equator.....	Japan.

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3. Art. 22 para. 5.

4. Art. 22 of the Covenant.

5. This mandate is shared between the three states. For the first period of five years the administration is in the hands of the Australian Government.

The composition of the Mandates Commission is as follows :

Senhor Freire d'Andrade.....	(Portuguese)	M. van Rees.....	(Dutch)
M. Beau	(French)	Marquis A. Theodoli.....	(Italian)
Sir Frederick Lugard G. C. M. G.	(British)	Mme. Bugge-Wicksell	(Swedish)
M. Piene Orts.....	(Belgian)	Mr. H. Cliyuki Yamanaka	(Japanese)
Señor L. Palacios.....	(Spanish)	M. William Rappard.....	(Swiss)

References.

See, in particular the Minutes of the different sessions of the Mandates Commission as published by the League of Nations. Also the texts of the different mandates as published by the League.

The Annual Reports submitted to the League on each mandate are now published by the League. Prior to 1924 the reports are available only as published by the different Mandataries. The League reprinted the Reports for 1924. It is understood that beginning with the 1925 Reports the League will not make a separate reprint but will purchase copies from each government for sale like regular League documents.

IV. INTERNATIONAL WATERWAYS.

The principle of the freedom of international waterways was laid down by the Congress of Vienna, [1] but practical measures to secure such freedom were left to be embodied in subsequent conventions, each of which applied to a particular river.

The Treaty of Paris in 1856 declared the Danube open to all nations and instituted an international commission for executing repairs and improvements from Braila to Sulina (about 100 miles). This commission was at first appointed for two years only, but it was prolonged by subsequent agreements and finally in 1904 its powers were automatically renewed every three years. It included representatives of Austria, France, Great Britain, Prussia, Russia, Sardinia, and Turkey. In 1878 its powers were extended as far as Galatz and it was made independent of the riparian Powers. As no international agreement could be reached as to the undertaking of works at the Iron Gates these were left to Austria. She subsequently handed over her rights to Hungary.

In 1868 the Convention of Mannheim instituted a similar commission, composed of representatives of German States, for the Rhine. Outside Europe the International Congo Commission was set up by the Berlin Conference of 1885.

The Treaty of Versailles (Chapter XII Part 2) placed the rivers Elbe (art. 340) and Oder (art. 341) under the administration of international commissions on which non-riparian as well as riparian States are represented (art. 344) and provided for the creation of a similar administration for the Niemen at the request of any riparian state. This request

1. Art. 1 and 2 of the Regulation of March 24, 1925, regarding free navigation of Rivers; also art. 108 and 109 of the Final Act of Vienna of June 9, 1815.

has not been made (art. 342). As regards the Danube, the old Danube Commission, now consisting only of representatives of Great Britain, France, Italy and Rumania, was re-appointed (art. 346). A second commission, consisting of representatives of all the riparian states together with Great Britain, France, and Italy, was set up to administer the river above Galatz (arts. 347-8). This commission also took over the Iron Gates. The Mannheim Convention was modified. The Rhine commission now consists of 2 Dutch, 2 Swiss, 4 German, 4 French, 2 British, 2 Italian, 2 Belgian representatives and a French chairman, and its headquarters are moved to Strassburg (art. 355) and the jurisdiction of the commission was extended to the Moselle as far as the Franco-Luxembourg frontier and to the Rhine above Basle up to the Lake of Constance (art. 362).

The Treaty laid down the general principles regarding equality of treatment on international waterways and provided for the elaboration of them which was carried out in the Barcelona conventions on transit and on International Waterways.

At the conference held at Barcelona by the League of Nations in March 1921 a general convention on the regime of navigable Waterways of International Concern was adopted by the representatives of forty-one nations. This lays down as a first principle complete equality of treatment for the nationals, flags, and property of all contracting states on international waterways defined as follows:— "All parts which are naturally navigable to and from the sea of a waterway which in its course, naturally navigable to and from the sea separates or traverses different States, and also any part of any other waterway naturally navigable to and from the sea, which connects with the sea a waterway naturally navigable which separates or traverses different States;" together with other waterways expressly declared to come under the regime of the convention. The only exception to this principle is that a riparian state may reserve to itself the right of transport between its own parts. Customs formalities are reduced to the minimum, and the levying of dues prohibited except in so far as they are necessary to cover the expense of maintaining the navigability of the river. The relevant clauses of the transit convention regarding freedom of goods in transit are applied to waterways. It is recognised as the duty of each riparian state to maintain the river in a navigable condition in its own territory, and to carry out necessary works at request of another riparian state. Disputes are to be referred for mediation to the League Transit Commission, or, if necessary, for arbitration to the Permanent Court of International Justice.

References.

Treaty of Versailles. Articles 331-362.

Convention instituting the Definitive Statute of the Danube. Treaty Series No. 16. (1922) Cmd. 1754.

Convention instituting the Statute of the Navigation of the Elbe. Treaty Series No. 3. (1923) Cmd. 1833.

Conventions supplementary to the above. Treaty Series No. 17. (1924) Cmd. 2091.

Final Act of the Barcelona Conference.

B. FINANCIAL ADMINISTRATION

I. INTERNATIONAL.

1. *The International Consortium in China.*

May 20, 1911, the first consortium in China, called the "Four Powers Loan", was started to develop the Hukuang Railways. The membership was later extended to Russia and Japan and thus included six powers. Within a fortnight after his inauguration, President Wilson withdrew the support of the government from the American group because, in his words, "the conditions of the loan seem to us to touch very nearly the administrative independence of China itself." After this withdrawal international co-operation in China was supplanted by national action.

During the World War and the Peace Conference, the powers having political and economic interests in China were alarmed because of certain Japanese loans, totalling some $124,149,000, designed to secure control of the Chinese railways. For this reason, in 1919, the idea of an international consortium to lend money to China was revived. October 15, 1920, a new consortium agreement was signed by British, French, Japanese, and American financial groups, each being supported by its government. The agreement was made on the principle of "complete equality in every respect... and each of the parties hereto shall conclude all contracts with equal rights and obligations as between themselves, and each party shall have the same rights, privileges, prerogatives, advantages, responsibilities and obligations of every sort and kind." As yet the Chinese Government has not requested any loans from the consortium.

References.

J. V. A. MacMurray, Treaties and Agreements with and concerning China, 1894-1919, 2 volumes published by the Carnegie Endowment for International Peace (Oxford Univ. Press, New York), 1921; The Consortium; the official text of the four power agreement for a loan to China and relevant documents, published by the Carnegie Endowment for International Peace, pamphlet No. 40 (Washington, 1921); British Parliamentary Paper, "Correspondence respecting the new financial consortium in China". Cmd. 1214.

2. *The Dawes Plan.*

Owing to the dead-lock arrived at in the question of reparations, in consequence of the failure of the Ruhr occupation, the reparation commission, at the suggestion of the Allied Powers, appointed on November 30, 1923 a committee of experts to "consider the means of balancing

the budget and the measures to be taken to stabilize the currency" of Germany. The composition of the committee was as follows :

Brigadier General Charles G. Dawes. *President.*	U. S.
Mr. Owen D. Young.....	British.
Sir Robert Kindersley	
Sir Josiah Stamp	
M. Jean Parmentier	French.
M. Edgar Allix	
Baron Maurice Houtart	Belgian.
M. Emile Francqui	
Signor Alberto Pirelli	Italian.
Signor Frederico Flora	

The committee sat in Paris and in Berlin from January 11 to February 13, 1924 and presented its report to the reparation commission on April 9. The report and its execution were the subject of the London Conference (July-August 1924) at which the allied powers and Germany were officially, and the United States unofficially, represented. The report was adopted at this conference and the work of carrying it out was embodied in the London agreement signed by all parties on August 30, 1924.

The main principles of the Dawes plan, now in operation, are:—

1. The establishment of a new bank of issue administered by a German president and German managing board but with general board of seven Germans and seven foreigners, one of whom is the *Bank Commissioner*, to supervise its dealings with creditor nations.
2. The floating of a loan to Germany by foreign powers of 800 million gold marks for the stabilization of currency and the establishment of the new Bank.
3. This issue of mortgage bonds on the German railways, which are under the control of a special commissioner. There is also a *Trustee for the German Railway Bonds.*
4. The issue of mortgage bonds against all German industries, with the exception of agriculture. A *Trustee of Industrial Debentures* administers the bonds.
5. Revenues from customs, alcohol, tobacco, beer and sugar are assigned to the control of Germany's creditors, are guarantees for payments from the German budget after 1925-26. A commissioner of controlled revenues, assisted by five sub-commissioners, supervises these revenues.
6. The carrying out of the plan is in the hands of an Agent-General for Reparation Payments appointed by the Reparation Commission and resident in Berlin.
7. The work of supervising the use and withdrawal of the moneys received from Germany, and the control of transfers and the regularization of the execution of the programs for the deliveries in kind is in the hands of a transfer committee, composed of the Agent-General and five experts.
8. The work of co-ordinating the various functions provided for in the plan is carried out by a general co-ordinating board composed of the Agent-General (as chairman) the three commissioners and the two trustees.

On August 30, 1924 (the same day as that on which the London agreement was signed) the German government voted the necessary laws for the organization, the new bank, railway company, currency, etc., and the plan came into active operation on September 1st.

The officers appointed by the reparation commission to fill the various new positions are as follows:—

Agent General for Reparation Payments..	Mr. S. Parker Gilbert (American)
Commissioner of the Reichsbank.....	Mr. G. W. J. Binns (Dutch)
Commissioner for the German Railways...	M. Gaston Leveuve (French)
Commissioner for Controlled Revenues....	Sir Andrew Macfadyean (British)
Trustees for the Belgian Railway Bonds..	M. Leon Delacroix (Belgian)
Trustee for German Industrial Debentures.	Signor Bernardino Nogara (Italy)

The Transfer committee is composed : — Agent-Gen. *ex officio.* Chairman.

Mr. Joseph E. Stevett.....	(American)
M. Jean Parmentier	(French)
Mr. Henry Bell.....	(British)
Signor Pasquale Janvaccone.....	(Italian)
M. Albert Janssen.....	(Belgian)

The London agreement also made provision[1] for an arbitral commission to be appointed for five years by the reparation commission, to settle disputes arising between the reparation commission and the German government as regards the programs for the deliveries in coal, coke, sulphate of ammonia, etc.

On August 28, the reparation commission constituted the arbitral commission:—

Mr. Walter P. Cooke.....	(American) Chairman.
M. Marcus Wallenberg.....	(Swedish)
M. A. G. Kröller.....	(Dutch)
M. Rist	(French)
Herr Mendelssohn-Bartholdi	(German)

(b) A commission composed of three Germans and three representatives of the Allied Powers, to be appointed by the German Government and the Reparations Commission respectively, with power, in case of dispute to co-opt an additional member of neutral nationality, charged with : —

1. The determining of the procedure for placing orders, and the conditions for carrying out deliveries in kind.
2. Ensuring the fulfilment of Germany's undertakings with regard to the reference to arbitration of all disputes.
3. Examining the best means of applying the provision of the Experts Reports which are not of an anti-ecomonic character.[2]

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1. Clause 2 of the Agreement between the Allied Powers and the German Government concerning the agreement of August 9, 1924 between the German Government and the Reparation Commission.
2. Clause 3.

References.

Report of the Expert Committees appointed by the Reparations Commission. Cmd. 2105.

Germany's Economy, Currency and Finance, a study presented to the first Committee by the President of the German War Burdens Commission.

Proceedings of the London Reparations Conference, July-August 1924. Miscellaneous, 17. (1924). Cmd. 2270.

Reichsgesettzblatt. No. 32, August 30th. 1924. (Containing German Laws).

Report of the Agent-General for Reparation Payments, May 30th. 1925.

Report of the Agent-General for Reparation Payments, November 30th. 1925.

3. *Ottoman Public Debt.*

The international administration of the Ottoman Public Debt was established by the Imperial Decree of 20th. Mouharrem 1299 (December 8th. 1881) and is governed by a Council of administration consisting of the representatives by the creditor states, and a representative of the Ottoman Bank:—

British, Belgian and Dutch Creditors.....	One Delegate.
Italian Creditors	One Delegate.
French Creditors	One Delegate.
Turkish Creditors	One Delegate.

Prior to the war there were in addition German and Austro-Hungarian representatives, but these were eliminated by the Treaties of Versailles [3] and Saint Germain [4].

To this council is handed over the administration of the duties on salt, fisheries, silk, spirits, stamps, the *surtaxe douanier*, and the *Dîme* or 10 % tax connected with the railways, which were ear-marked for the debt payments.

With the entrance of Turkey into the World War all payments on its debt ceased. Though a few scattered payments followed between November 1918 and the entrance into force of the Treaty of Lausanne in August 1924, no real settlement of the Turkish debt was possible.

By the Treaty of Lausanne the council of the Ottoman Public Debt is entrusted with the contributive part of the Turkish debt to be paid from March 1, 1920 by the territories detached from Turkey as a result of the World War [5]. The report of the commission for the allocation of the old Ottoman debt was issued in April 1924. Prior to this the Turkish government had taken over the collection of all the revenues entrusted to the council of the debt under the Decree of Mouharrem.

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3. See Treaty of Versailles, Art. 259, par. 3.
4. See Treaty of St. Germain, Art. 210, par. 1.
5. See Treaty of Lausanne, Art. 47.

Reference.

Annual Report of the Council of Administration of the Ottoman Public Debt.

4. *International Financial Commission.* (Greece).

After the Greco-Turkish War of 1898, the great powers, (Great Britain, Germany, Russia, France, Austria and Italy) placed the administration of the Greek finances under the control of an international financial commission consisting of one representative of each power. But since the World War there remain only the representatives of great Britain, France, and Italy. The Russian representative was withdrawn in 1917 and the German and Austro-Hungarian Governments relinquished their rights under the treaties of Versailles [6] and Saint Germain [7].

Reference.

Annual Report of the International Financial Commission.

The loans under the control of the commission, together with the amount outstanding as of March 31, 1924, were as follows [8]:

Designation of Loan	Year of Issue	Maturity	Interest	Outstanding Amount
A. *Gold drachmai loans :*				
Loan guaranteed by the three Powers...	1833	1873		44,046,011
Loan of 1881	1881	Dependent on assigned revenue and rate of exchange	5%	77,861,000
„ „ 1884	1884		5%	67,768,500
Monopoly Loan	1887		4%	104,556,000
Rentes	1889		4%	116,724,000
Loan, Piraeus-Larissa Railway	1890		5%	44,518,500
Funding Loan	1893		5%	7,226,000
Loan of 1898—guaranteed by the Powers	1898	due for conversion 1918	2½%	92,140,000
Greek Railways Loan.....	1902 1905 1906	2000	4%	54,694,500
Greek Government Loans of 1914. Authorized amount 500 million drachmai (gold)	1914	1964	5%	316,362,500
B. *Dollar and pound sterling loan :*		Total : gold drachmai		925,897,011
Greek Government Refugee Loan of 1924 under the Auspices of League of Nations	1924	1964	7%	£7,500,000 $11,000,000

6. See Treaty of Versailles, Art. 258.

7. See Treaty of St. Germain, Art. 209.

8. For a list of these loans see Bulletin No. 4, External Governmental Indebtedness, published by the Reference Service on International Affairs.

Besides the foregoing there are four paper drachma loans, the service of which is slightly over 6,500,000 paper drachmai per year, under the control of the Commission.

References.

See Commission Financière Internationale Compte Rendu des Opérations de la Commission Financière Internationale pour l'année 1924. Vingt-septième exercice du 1er janvier au 31 décembre 1924. Athens, Imprimerie P. D. Sakellarios, 1925; The National Bank of Greece. A History of the Financial and Economic Evolution of Greece. By M. S. Eulambio, Managing Director of the National Bank of Greece. Athens, printed by S. C. Vlastos, 1924.

II. LEAGUE OF NATIONS.

1. *Austrian Reconstruction.*

Having become virtually bankrupt and failing to obtain assistance from any European power, Austria appealed through, Dr. Seipel, then chancellor, to the League of Nations at the 21st Session of the council (August 1922). The League at once took action through a special subcommittee of the council and, at the close of the Third Assembly two months later, a scheme had been adopted.

The scheme was contained in three protocols signed by Austria and the guarantor states (Great Britain, France, Italy and Czecho-Slovakia) in which the latter agreed to respect the political independence, territorial integrity, and sovereignty of Austria. All claims for Austrian reparations were waived.

An external loan of 650,000,000 gold crowns (£30,000,000) was floated and guaranteed by Austrian assets. For this purpose the gross receipts of the customs and the tobacco monopoly were "ear-marked". The guarantor states also made guarantees in definite proportions. (To these States Belgium, Sweden, Denmark, Holland, Switzerland and Spain were added at a later date). Special trustees were appointed for this.

A special bank of issue was established and to this was relinquished the sole monopoly of note issue.

The program of administrative and financial reforms necessary was carried out by the Austrian Government in coöperation with a commissioner-general appointed by and responsible to, the League of Nations, resident at Vienna and reporting regularly to the Council.

A committee of control, on which the guarantor states are represented, was constituted to watch over their special interest,

So successful was this plan that at the Sixth Assembly (Sept. 1925) the Austrian Government was able to showa balanced budget and that League supervision of its finances was no longer necessary. As from January 1, 1926, Austria became responsible for her own financial administration subject to certain restrictions to be maintained until the middle of 1926. League contral was finally removed in June, 1926.

Commissioner-General. Dr. Zimmerman (Dutch).

Committee of Control :

Marquis Cusani Confalonieri	(Italian) Chairman.
Dr. Roos	(Czecho-Slovakian)
M. Anderson	(Danish)
M. Botello	(Spanish)
M. Dinichert	(Swiss)
M. Janssen	(Belgian)
Count Lagerbielke	(Swedish)
Sir Otto Niemeyer	(British)
M. Patyn	(Dutch)
M. Seydoux	(French)

Trustees for the Loan :

M. Janssen	(Swedish)
M. Marcus Wallenberg	(Belgian)
Mr. Jay, of Morgan & Co.	(American)

References.

Financial Reconstruction of Austria. Report of the Financial Committee to the Council of the League of Nations, 1922.

Special Austrian Supplement of the L. N. O. J.

The Restoration of Austria. Document 716. M. 428. 1922. X.

Austria, Progress in Financial Reconstruction. Document C. 360. M. 161. 1923. X.

Reports of the Commissioner-General to the Council of the League.

2. *Reconstruction of Hungary.*

At the Fourth Assembly (Sept. 1923) the League of Nations, with the consent of the Reparations Commission (finally confirmed by that body by a resolution dated October 17, 1923) undertook the financial reconstruction of Hungary.

The plan adopted by the Council at its 27th. Session (Paris, December 1923) was on very much the same lines as that for Austrian Reconstruction, save that in the case of Hungary government guarantees for the loan were not thought necessary and also Hungary's share of reparations was not remitted, but was fixed for a period of 20 years at 10,000,000 gold crowns (£400,000, $2,000,000) per annum.

The principal points of the plan, which was contained in two protocols signed by Hungary and the guarantor states (Great Britain, France,

Italy, Czecho-Slovakia, Rumania and the Serb-Croat-Slovene State) were as follows : —

1. Stoppage of inflation of the Hungarian currency.
2. An independent bank of issue with monopoly of note issue.
3. The balance of the budget by June 30th. 1926.
4. A reconstruction loan of 250,000,000 gold crowns (£10,000,000, $50,000,000) guaranteed by specific Hungarian revenues to cover deficit until June 1926.
5. Control of Hungarian finances by a commissioner-general, appointed by and responsible to the Council of the League; resident in Budapest and reporting regularly.
6. A committee of control (appointed by the Reparations Commission) composed of representatives of the guarantor states to watch over their special interests.

Commissioner-General : Mr. Jeremiah Smith Jnr. (American). 1923-1926.
Committee of Control : Mr. Ter Meulen (Dutch). 1926—

Signor Caravazzoni	(Italian) Chairman.
M. Djouitch	(Serb-Croat-Slovene)
Mr. B. A. Kemball Cook	(British)
M. Bouniols	(French)
M. Neculcea	(Rumanian)
Dr. V. Pospisil	(Czechoslovakian)

(*Trustees for the Loan.* (Appointed by the Council).

Signor Bianchini	(Italian)
Sir Henry Strakosh	(South African)
M. C. ter Meulen	(Dutch)

References.

Special Monthly Summary "Financial Reconstruction of Hungary" 1924.
Monthly Reports of the Commissioner-General.
Financial Committee's Report. Document C. 772. M. 317. 1923. II.

3. *Settlement of Refugees.*

When the American Government announced in March 1923 that the relief work of the American Red Cross in Europe would come to an end on June 30, the question of providing for the 500,000 refugees in Greece came before the League of Nations.

On July 9 an Independent Settlement Committee was constituted, limited by its terms of reference to the establishment of refugees in productive work and expressly prevented from giving any charitable assistance. The Greek Government transferred to this committee full rights over 500,000 hectares of land and placed at its disposal the revenues from an external loan to be guaranteed by certain Greek revenues, which

were to be handed to the International Financial Commission at Athens.

September 1922-November 1924 a series of short term loans of £1,000,000 each were arranged between the Bank of England, the National Bank of Greece, and the Greek Government. In December 1924, however, a long-term loan of £10,000,000 covering the full amount required by the Committee was successfully floated.

The composition of the *Settlement Committee* is as follows : —

Mr. Henry Morgenthau, 1923-24	(American) Chairman.
Mr. Howland, 1924	
Mr. John Campbell	(Great Britain)
Mr. Delta	(Greece)
M. Eustaphoporilos	

References.

Refugee Settlement Plan. Document C. 524. M. 187. 1924. II.
Reports of the Inedependent Settlement Commission.

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Probably the best individual work on this subject is Experiments in International Administration by Francis B. Sayre, (Harpers, New York, and London) but this book was published in 1919 and makes no attempt to follow the process of events beyond the years immediately preceding the outbreak of war. Another exhaustive volume is Public International Unions, by Paul Reinsch (World Peace Foundation, Boston), 1916. An interesting chapter on Inter-Allied control is that entitled Inter-Allied Machinery in war-time, by George Rublee, which is included in The League of Nations Starts (Macmillan, 1920).

The subject is also well treated in International Government, by L. S. Woolf (George Allen and Unwin, 1916), The New World Order, by Frederick Hicks, (Doubleday, Page & Co., 1920), in An Introduction to the Study of International Organization, by Pitman B. Potter, (Century Publishing Co., New York), 1922, and in A Study of International Government, by J. W. Hughan (Harrap & Co., London).

For the work of international administration as carried on under the League of Nations, Maurice Fanshaw's Reconstruction, Five years' work of the League of Nations, (George Allen and Unwin, 1925) will be found invaluable.

March 31, 1926.

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A. Bulletin Series.

Present Status of the Post-War Settlement. (Bulletin N° 1, July 1, 1924, 12 pages)

Present Status of the Armament Problem. (Bulletin N° 2, September 15, 1924, 11 pages).

Summary of Source Material. (Bulletin N° 3, October 25, 1924. 12 pages). Indicates the principa publications issued by international organizations and by the American, British, and French governments.

External Governmental Indebtedness. (Bulletin N° 4, December 26, 1924, 48 pages) A concise survey of the external debt of all independent states.

Arbitration and Judicial Settlement of International Differences. (Bulletin N° 5, March 31, 1925). A survey of arbitral development since 1794, with special emphasis placed on arbitration treaties concluded since the World War.

International Position of the Union of Soviet Socialist Republics. (Bulletin N° 6, June 30, 1925, 36 pages). A survey of the diplomatic relations of the Moscow Government, the organization of its diplomatic and consular services, together with appendixes giving the texts of notes of recognition, a list of treaties concluded to date, and the Russian policy of the Government of the United States.

Budgets and Visible Commercial Balances of European countries. (Bulletin N° 7, August 15, 1925. 40 pages). Gives the global revenues and expenditures of all European countries from 1922, together with an itemized account of the budget for the current fiscal year. Also visible commercial balances from 1922 to 1925.

German Disarmament. (Bulletin N° 8, February 15, 1926, 23 pages). A survey of the diplomatic background of the problem and its status on the eve of the evacuation of the Cologne Zone.

The Mosul Question. (Bulletin N^os^ 9 and 10, March 31, 1926, 42 pages) A concise review of the major phases of the Mosul controversy.

International Administration. (In the press) Covers the general field of political and financial control over certain areas.

B. European Economic and Political Survey.

A reliable review, published twice a month, covering the major European events. Special studies deal with questions such as iron and steel production on the continent, French finances, Soviet-Swiss relations and the disarmament question. A list of the more important economic and political publications issued on the continent appears regularly.

C. Miscellaneous Publications. (Not included in Survey subscription.)

Annual Report of the Bank of France for 1925. English Translation. Price: $3.

European Economic and Financial Publications. A bibliography of all important sources of information regularly published. Price: $2.

New French Fiscal Laws. An English Translation of the complete law of April 4, with the salient particulars of the other laws. Price : $ 2.50.

Official Publications of European Governments. (In preparation.) This document will constitute an invaluable guide for all persons interested in international relations. Complete list will be given of all diplomatic documents published to date. This material has been prepared in each instance with the cooperation of the different governments.

France and her Capacity to Pay. The Memorandum presented to the Members of the United States War Debt Funding Commission by Senator Henry Bérenger, French Ambassador to Washington March 1926. Price $ 2.

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World Dominion Survey
195

CHRISTIAN PROGRESS IN BURMA

By

ALEXANDER McLEISH

AJMER, INDIA

(Late Convener of the Survey Committee of the National Christian Council of India, Burma and Ceylon)

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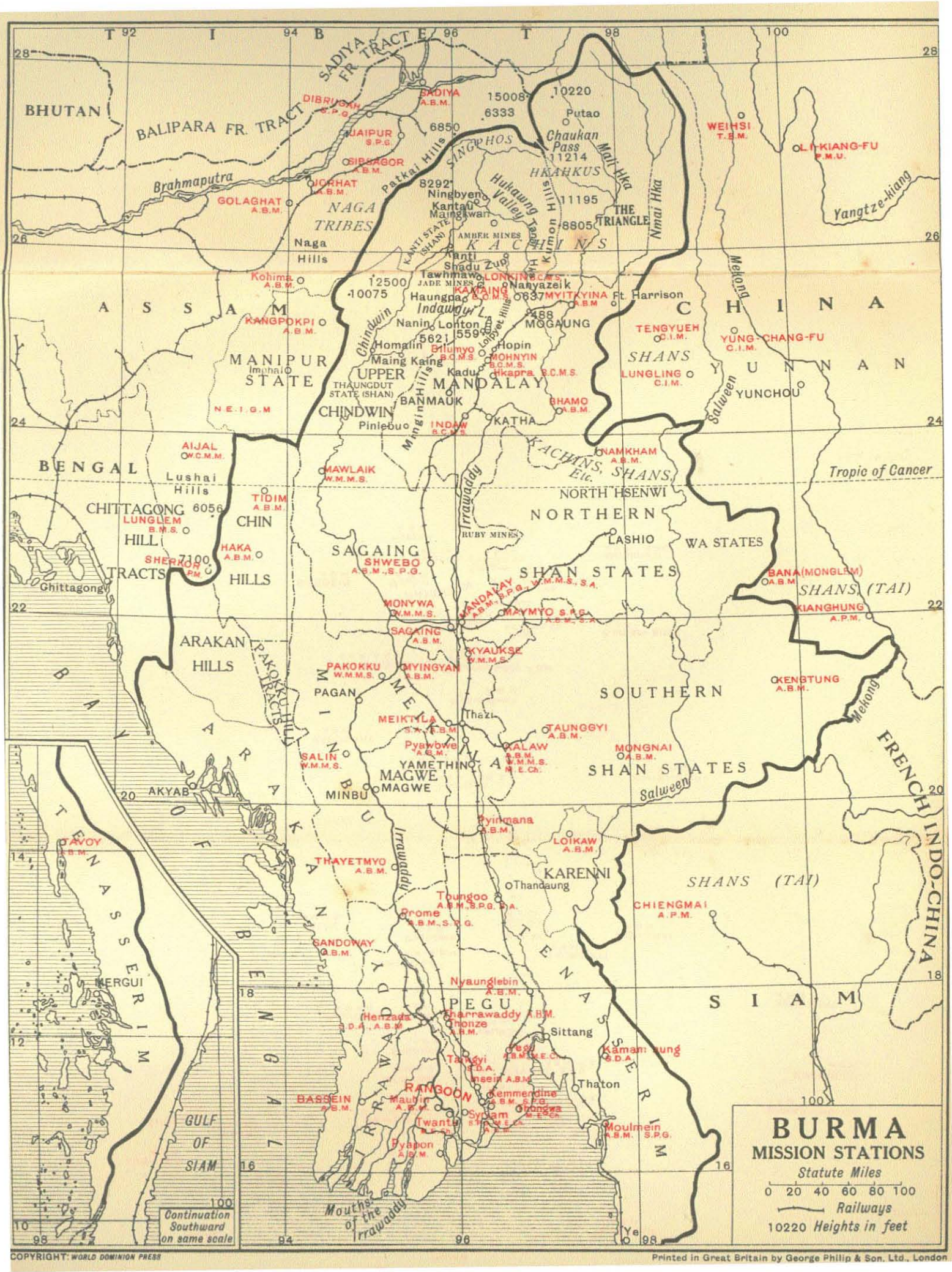
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NORTHERN SHAN STATES
SOUTHERN SHAN STATES
SHANS (TAI)
KARENNI
PEGU
MAGWE
MINBU
PAGAN
SAGAING
CHINDWIN
UPPER MANDALAY
ARAKAN HILLS
CHITTAGONG HILL TRACTS
Lushai Hills
GULF OF MARTABAN
GULF OF SIAM
TENASSERIM
Tropic of Cancer
Brahmaputra
Irrawaddy
Salween
Mekong
Yangtze-kiang
Chaukan Pass
THE TRIANGLE
SADIYA
DIBRUGARH
JAIPUR
SIBSAGOR
JORHAT
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KOHIMA
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LUNGLEM
SHERKOR
TIDIM
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YUNG-CHANG-FU
LUNGLING
YUNCHOU
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Ft. Harrison
MOGAUNG
LONKIN
KAMAING
NANYAZEIK
PUTAO
NGAMBYEN
KANTAU
MAINGKWAN
HUKAWNG VALLEY
KANTI STATE (SHAN)
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SHWEBO
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MONYWA
MAYMYO
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PAKOKKU
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TAVOY
MERGUI
HENZADA
THONZE
PEGU
SITTANG
KAMAUNG
THATON
MOULMEIN
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Ghittagong
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FOREWORD

THE WORLD DOMINION SURVEY SERIES attempts to describe briefly and clearly the situation in various countries of the world as viewed from the standpoint of the Kingdom of God. Twenty-four countries have now been surveyed.

The present Survey is to a large extent a compilation of material obtained when the Editor was Convener of the Survey Committee of the National Christian Council of India, Burma and Ceylon. Statistics were collected for the Burma Christian Council by the Rev. C. E. Olmstead, of the American Methodist Episcopal Church, and a pamphlet, entitled *A Survey of Christian Missions in Burma*, was issued by him in 1926. This has been used in the following Survey.

The method followed by the Rev. W. Sherratt, of the British and Foreign Bible Society, in a paper on " The Occupation of the Field " for the Edinburgh Conference has been followed in the chapter on " The Christian Occupation of Burma To-day." The Rev. W. Sherratt has read the present Survey and has made a number of suggestions which have now been incorporated in it.

Thanks are also due to the Rev. Sidney Gordon, of the Wesleyan Methodist Missionary Society, for carefully reading the manuscript and making a number of valuable corrections and additions.

Grateful acknowledgement is due to Dr. A. H. Henderson and the Rev. J. Herbert Cope, of the American Baptist Burma Mission, whose contributions

have been incorporated; to the Rev. A. T. Houghton, B.A., of the Bible Churchmen's Missionary Society of the Church of England, who at the request of the Burma Christian Council, has contributed the chapter on the Hukawng Valley and beyond; to Dr. H. Fowler, of Shanghai, for the production of the diagrams and graphs, which set forth clearly some of the aspects of the situation. To many others who by their help and criticism have shown their interest in this Survey, and to the Rev. W. C. B. Purser, of the Society for the Propagation of the Gospel, who has read the proofs and given some valuable suggestions, the Editor desires to express his indebtedness.

The valuable contribution by the Rev. R. Kilgour, D.D., of the British and Foreign Bible Society, on "The Bible in Burma" will be found in Appendix vii.

The Survey is not an official publication of the Council. It has been prepared for the World Dominion Survey Series in order to throw light upon the problems of the Indigenous Church and the need of the unevangelized areas and peoples.

The call of Burma's many races and languages is here presented in order that the Christian public may realize the problems which confront the missionary enterprise and the nature of the great unfinished task in every part of that most interesting land. If it leads to a more intelligent and prayerful interest in the work of the Church in Burma, it will have achieved its purpose.

ALEXANDER McLEISH,
Survey Editor.

April, 1929.

CONTENTS

CHAPTER		PAGE
	FOREWORD	iii
I.	THE LAND AND ITS PEOPLE	7
II.	THE WORK OF THE MISSIONARY SOCIETIES	20
III.	THE WILD FRONTIERS OF THE NORTH	
	(1) The Problem of the Frontiers	34
	(2) The Hukawng Valley and Beyond, by the Rev. A. T. Houghton	36
IV.	PEOPLES AND PROBLEMS OF THE SHAN STATES	
	(1) The Shans and their Neighbours	45
	(2) The Shan States, by the Rev. A. H. Henderson	47
V.	THE CHINS OF THE WESTERN FRONTIER	
	(1) Dawn Among the Chin Hills	53
	(2) Awakening of the Northern Chins, by the Rev. J. H. Cope	55
VI.	CHRISTIAN OCCUPATION OF BURMA TO-DAY	59

APPENDIX

	SUMMARY OF STATISTICS, 1926	83
I.	RACES, LANGUAGES AND POPULATIONS BY RELIGIONS	84
II.	AREAS, POPULATIONS, FOREIGN AND NATIVE WORKERS	85
III.	MISSION AND CHURCH STATISTICS..	89
IV.	RECENT STATISTICS OF THE FOUR PRINCIPAL MISSIONS	90
V.	LANGUAGES AND DIALECTS OF BURMA	95
VI.	COMPARISON OF PROTESTANT AND ROMAN CATHOLIC WORK	96
VII.	THE BIBLE IN BURMA, by the Rev. R. Kilgour, D.D.	97

MAPS AND DIAGRAMS

I.	MAP OF BURMA SHOWING MISSION STATIONS	iii
II.	MAP SHOWING RACE DISTRIBUTION	59
III.	CHART SHOWING NUMBER OF VILLAGES IN WHICH PROTESTANT CHRISTIANS LIVE	64
IV.	DIAGRAM SHOWING PROPORTION OF CHRISTIAN POPULATION OF BURMA	77
V.	DIAGRAM SHOWING CHRISTIAN COMMUNITY OF BURMA	78
VI.	DIAGRAM SHOWING INDIGENOUS AND FOREIGN WORKERS	79
VII.	DIAGRAM SHOWING PERCENTAGE OF EVANGELISTIC, EDUCATIONAL, MEDICAL, ETC., PROTESTANT INDIGENOUS WORKERS	80

CHRISTIAN PROGRESS IN BURMA

CHAPTER I.

The Land and its People

The Silken East.

The land of Burma even more than India has become associated in our minds with the colour and glamour of the East. As Japan contrasts with China, so Burma in our thoughts is contrasted with India. The greater continents are teeming with races who take life more seriously, while in these two smaller countries live people who seem to pass through life amidst laughter and flowers.

Rudyard Kipling has made us familiar with the mystery and beauty of the road to Mandalay, and every traveller in Burma gets the impression of a light-hearted, laughter-loving people who greatly enjoy life, whose women are free and happy, whose children have an ideal existence and whose men folk do not seem to have to work too hard.

On landing at Rangoon from India, it is difficult to realize that one has left India behind. There seem to be Indians everywhere. On the river, on the docks, in the streets, in the hotels, everywhere, in fact, where the visitor is likely to go, there are Indians. A walk will probably take one into the Chinese quarter, from that one may stumble on the Mohammedan quarter, and only gradually will one begin to get in touch with the Burmese people and the real Burma. There are more foreigners than Burmans in Rangoon. A visit to the great Shwe Dagôn Pagoda will, however, at once bring us into the Burmese atmosphere. Truly it is a great temple with its broad flagged spaces and its profusion of gilded buildings, its grotesque figures and its glittering pillars; everywhere are seen the

shaven-headed, yellow-robed priests and the gaily-clad crowds of worshippers carrying offerings of fruits and flowers. It presents a gorgeous picture of Eastern splendour, which is well called "The Silken East," and breathes the spirit of Southern Buddhism.

Rangoon is growing rapidly. Its population increases by thousands every year. The new spirit of nationalism and a growing materialism dominate its outlook.

Everywhere in the Delta region and along the river valleys an abundance of water produces luxuriant growth. Away to the east stretch the great plains and plateaux which reach into China. Yet, strange enough, Burma has been influenced more by India than by China. This, too, in spite of the fact that India is cut off by wide ranges of hills which have always prevented regular communication by land. Tibet and Assam are equally difficult of access. Even Burma's long coast line did not attract much commerce till the time of the British occupation. Nevertheless, it has received its religion and education from India, and to-day it is administratively a Province of the Indian Empire.*

Although thus situated between these two great countries, Burma has retained its independence of action. Neither the feet-binding custom of China nor the caste system of India have taken root here. Like India, ninety per cent. of the population live in villages. There is no overcrowding in this favoured land, for it is only one-tenth as densely populated as Bengal (57 as against 608 to the square mile). Although it is more than two and a half times as large as Great Britain, it has only one-third of the population of the latter. The greatest density of population is found in the south round Rangoon, and in the centre round Mandalay. The northern and western hills and the eastern plains are sparsely populated.

* Modern research has shown that the influence of China has also played a great part in Burmese history, especially in the early and middle periods. There are forty Chinese works and 4,848 *fussicules* in the Rangoon University Library.

Forty per cent. of the population live in the fertile Delta of the Irrawaddy, for the simple reason that fish and rice abound and it is easy to procure a living. The Delta, except for a few months in the year, is hot and damp. On the coast often over two hundred inches of rain fall annually, but this decreases on the inner reaches of the Delta to one hundred inches. The Delta climate thus appears like a continuous rainy season in India. Around Mandalay and in the middle of the Province there is a very definite dry zone: the climate here is like the Indian hot weather. In the hilly country to the west, north and east, the nights are always cold, as in the Indian cold weather.

These climatic zones determine the characteristic vegetation. In the Tenasserim swamps of the south-east mangroves flourish, and the Delta luxuriates in a tropical flora. In the dry zone, euphorbia, cactus and stunted scrub are found, while in the hilly tracts are far-extending forests of valuable trees, including teak, for which Burma is famous, and many varieties of wild fruit trees, among which is the "kilaw" tree, the fruit of which is so largely required for the modern treatment of leprosy. As in North India, some European fruit trees grow well on the hills.

Travelling through Burma, one is struck by the great extent of the forests. They stretch everywhere beyond the riverine and delta regions, and the cultivated areas have been reclaimed from the surrounding forest lands. The great area still covered by these forests is due to the sparsity of the population and the wonderful fertility of the soil. As one ascends the river beyond Mandalay, more labour has to be expended in cultivation, but still no really hard work has to be done; as has been said: "The cultivator tickles the ground and it laughs out a rich harvest."

History.

The early history of Burma belongs mostly to the region of mythology. Although the Burmese language definitely belongs to the Tibetan group, it somewhat

resembles Chinese in that it is monosyllabic and partially tonal, and it has also been affected by Pali from India. An old tradition has it that some of the Kshattriya princes came to Burma by way of Manipur (Assam State) and became kings of the Pyu people. Mon Khmer races followed, and are now represented by the Talaings.

For centuries Talaings and Burmans fought with each other, until finally the two peoples came to be united. The first king over the entire country that we hear of was Anawrata, who reigned about A.D. 1010. Kublai Khan, after conquering China, raided Burma about 1283, when the last king of Pagan, Narasihapadte, was subjugated. The Tartars were bribed to leave Burma about 1301, and were ousted from China by the Ming dynasty in 1368, which in turn was overthrown by the Manchus in 1644. For many years the Manchus lost control of South China, and consequently of Burma, so that not until 1767 do we hear of the Manchus attempting to subdue the country. Their first attempt in 1768 met with complete disaster, but, fearing a second invasion, the Burmese emissaries patched up a peace and made an exchange of presents. Other races, notably the Shans and the Karens, poured down upon the country and occupied areas here and there. All this meant interminable fighting, and the population was kept from growing.

After a long struggle the last Talaing or Pegu dynasty was overthrown by Alompra (Alaungpayā) in 1753, when the Burmese dynasty was founded. Alompra's fourth son, Bodawpra (Bodaw Payā), transferred the capital from Ava to Amarapura in 1783. Wars between Siam and Burma which raged about this time were concluded in a treaty in 1793.

This summary does little justice to the exceptionally continuous historical tradition connected with Burma. From the middle of the eleventh century A.D., when the main body of inscriptions may be said to begin, to the annexation of Upper Burma the historical record is practically unbroken.

A dispute with Great Britain arose in 1795 over Arakan and Chittagong. Later, an attempt to invade India by King Bagyidaw (grandson of King Bodawpra) in 1824 was countered by the occupation of Rangoon by the British. Assam, Arakan and Tenasserim were added to the possessions of Great Britain by treaty in 1825–26, and Rangoon was left to Burmese administration. Troubles at Rangoon, however, led to the British annexation in 1853 of the old Pegu Province of lower Burma. Ten years later a Province of British Burma was formed with Mandalay as the capital and the residence of the commissioner. The king at this period was Mindôn, who reigned for twenty-six years, but his son, King Thibaw (1879), behaved himself so badly that he was deposed in November, 1885. Thus only in the year 1886 was the whole of Upper Burma declared under British rule, which was extended later over unadministered territory to the borders of Tibet and China.

Peoples.

As the meeting place of many races—Aryans, Mongols, Dravidians and others—Burma undoubtedly is unique for so small a country. Apart from Europeans there are over one million foreigners, three million Karens, Shans, Chins, Kachins and others, and nine million Burmans. The Burmese language is the *lingua franca* of the country, although it is computed that there are a hundred and twenty-eight indigenous languages and dialects. The tendency is for the hill peoples, on settling down in more cultivated tracts, to adopt Buddhism and the Burmese language, which language tends to grow at the expense of the others. The Buddhist monastic schools have been a great factor in hastening this process, and so Burma, by such absorption, continues to become increasingly Buddhist.*

* One of the remarkable facts regarding Burma is its high percentage of "literacy." In Burma as a whole 31.7 per cent. of the people are literate.

The largest single group apart from the Burmans is the Karen people. Little is known regarding their origin and remarkable traditions; there is a theory that there was contact with the Nestorian missionaries in China, and they themselves have a tradition that a white brother would eventually come to them from over the sea bringing to them a lost book. This may account for the remarkable way in which they have responded to the appeal of the Christian missionary from the West and to the message of the Bible.

Another group of over a million is made up of Shans, most of whom reside in the Northern and Southern Shan States. They belong to the Tai race of Yunnan and Siam and are mainly agriculturists.

Another large group is the Kachin people. In the Northern Shan States there is a large Kachin village population, and a still unestimated number in the northern areas of Burma, especially in the Hukawng Valley.*

The Chins again account for about three hundred thousand, and are found in the hills and valleys of the mountainous tracts in the west from Arakan northwards.

To these may be added smaller groups such as the Palaung; the Wa who still practise head-hunting; the Padaung noted for the unwieldy brass neck bands worn by their women; the Brè who coil brass rods round their legs and arms; the La'hu, the Akha and many more.†

The immigrant population consists of nearly a million Indians and a small number of Chinese (150,000). Europeans number 8,630, and there is double this number of Anglo-Indians. One half of these are Roman Catholics.

The people in the hills are still so isolated that they remain in a more or less savage state. These hill areas extend in the form of an immense horse-shoe practically from the gulf of Bengal up the

* See Chapter III.

† Fifty-seven different indigenous races and tribes are recorded.

western border, along the north and down the eastern border. Certain unadministered or remote districts are not even recorded in the Census of 1921. The omitted districts are: the Hill District of Arakan; a large tract in Upper Chindwin; the northern area of Putao, with the exception of the Hkamti Long Shan States; and the uncontrolled portion of the Wa States. Only estimates of population were made for the unadministered part of the Pakokku Hill Tracts on the west, for the Somra Tract of Upper Chindwin and for the East Manglün Tract of the Northern Shan States. West, north and east, therefore, there are areas still outside effective Government control. These hills are not easy to move about in, and where valleys have been with difficulty cleared the people tend to settle down oblivious of the outside world, and many have never been out of sight of their native villages. Dialects have developed and strangers are not welcome.

These tribes are, however, being brought into contact with civilization. Several expeditions have gone among them recently and undertakings have been entered into to bring to an end slave-holding, head-hunting and human sacrifice. They no longer use poisoned arrows, and they are beginning to have doubts about the rightness of many of their former practices. They are learning also the use of money, and as a result many traditional ways of primitive life tend to disappear.

Burma is a Province of violent contrasts in climate, country, cultures and peoples.

Religions.

Burma is known as the most picturesque home of Buddhism. While sixty-one per cent. of the population of Ceylon are Buddhists, Burma has a Buddhist population of eight-five per cent. Other faiths in Burma respectively do not exceed five per cent. of the population. The proportions are as follows: Buddhists (84.8); Animists (4.5); Moslems (3.8); Hindus (3.7); Christians (2.0); Chinese (1.1); and

minor religions (0.1).* Buddhism and Animism are strongest in rural areas, while Hinduism, Islam and Christianity are strongest in urban areas.

A description of Buddhism as it exists in text-books gives but little idea of the actual beliefs of the people. Buddhism started from the Hindu pantheistic conception of the universe, and leads men to look to self for deliverance. Human personality is a curse to be got rid of, but as it is "I" which has to get rid of "I," so "I" becomes the centre and goal. Personality is doomed to extinction, morality exists apart from God and a spirit of stoic agnosticism is all the equipment with which men have to face life. Deeds, however, remain and the Hindu doctrine of Karma comes into evidence. Man is declared out of harmony with life and *suffering* becomes the great problem. The solution proposed is really self-assertion: "Be to your own selves your own refuge. By oneself the evil is done, by oneself one is purified." This is to be attained by suppressing all desires: "Those who love nothing and hate nothing have no fetters." To give up hope, to withdraw from the world, to seek repose, becomes the first object of the wise man. While it is pessimistic, yet it is full of pity, but its ethics are too self-centred to lift the cloud of uncertainty, depression and despair which falls upon its devotees. There is no future and on the cessation of all activity and desire release is attained from the misery of existence into the passionless peace of Nirvana: "Those who are free from all desire attain Nirvana." There is no light, no personality, no hope, and, while Buddhists will tell you that they look for Amida Buddha who by love will inspire them, yet

* The actual figures (1921 Census) do not quite account for the whole population and are estimated as follows:—

Buddhist	11,172,984
Animist	592,822
Moslem	500,592
Hindu	490,857
Christian	257,106
Chinese	146,430
Minor religions ..	8,308

they are helpless in face of the high ideals which Buddha himself entertained. "If one man conquer in battle a thousand times a thousand men, and if another conquer himself, he is the greatest of conquerors." But before that ideal they are helpless, as all men are save those who find all they need in the love of God, the grace of Christ, and the presence and power of His Spirit. So when we are told that "to cease from sin, to get virtue, to cleanse one's own heart—this is the religion of the Buddhas," we have learnt nothing save that Buddhism has no message to give to the man who seeks this ideal.

The tenets of Buddhism are almost nowhere held in their purity in Ceylon, Burma or Siam. Very early it was customary to look on southern Buddhism as distinct from that of the north. Its ritual undoubtedly is simpler than that of Lamaistic Buddhism and keeps nearer to the original teaching of Buddha, in which there is no place for God, but the actual practice of the faith has become greatly mixed with local superstitions and animistic beliefs. The *nat** worship of Burma still survives alongside their Buddhist beliefs. The Burman is a child of nature. He personifies the forces of nature and finds it possible to combine these primitive beliefs with Buddhism. He must still keep on good terms with the hostile forces of nature. He is, therefore, an Animist and a Buddhist at the same time. Yet the Burmese people owe a great deal to Buddhism. It has been mainly instrumental in making a more or less united nation, and it has cared for the education of the people. Every young man must spend some time in a Buddhist brotherhood, and the Buddhist day schools form an effective educational system which has proved a great factor in the process

* The *nats* are spirits representing the essential facts of the universe of which each person must take account, just as he does of gravity, friction, inertia, and fire. *Nats* are found everywhere in village, forest and field. At certain festivals *nat*-possessed women dance. The fear of the *nats* is very real, but it can scarcely be said that there is a *nat* worship with regular priests; it is rather like the ancient fairy-lore of Europe. The propitiation of these spirits forms a substratum of much of the Buddhism of the villages.

of civilizing the hill tribes on the west, north and east of their country. The ethics of Buddhism, however, fall far short in lifting its votaries even to the height of its own ideals.

Burma is still the most criminal province of India.* The impact of Western thought and institutions is breaking down organized Buddhism to-day in many directions. The Buddhist schools, which have done so much good work in the past, fail now to satisfy the aspirations of the people. The Buddhist monks find it difficult to retain their power and prestige before the tide of nationalism and political strife. The prevalent political agitation is devoid of real public spirit. It is more anti-British than pro-Burmese, if by the latter we mean devotion to good and great ideals for the community as a whole. "Buddhism,"† says the Rev. W. C. B. Purser, "with all its high standard of ethics for the individual, is deficient on the side of corporate morality." There is no basis for social service or great industry possible in the atmosphere of Buddhism. It certainly prohibits drunkenness and that is one great gain. As a religion it is not invulnerable. Brahmanism drove it out of India. Mohammedanism has had its conquests amongst the Buddhists. Thus to-day it has entrenched itself in Tibet and the north behind closed doors, and in the south it is coldly incurious to more progressive religions.

* The report on the administration of criminal justice in Burma for the year 1926 states: "It is regrettable to have to state that there was no diminution in the volume of crime during the year under report (1926). The total number of criminal cases brought before the courts in 1924 was 123,720, and in 1925, 124,414, while in 1926 it reached the stupendous figure of 134,109 cases. Since 1922 there has been a constant tendency for the volume of crime in the Province to increase. The number of criminal cases for ten thousand of the population has increased from 90 in 1922 to 106 in 1926. During the year under report (1926) one person out of every hundred in Burma was brought before the criminal courts on a criminal charge. This is an extremely serious state of affairs which cannot be viewed with equanimity." According to Buddhism all life is sacred and a Buddhist would hesitate to destroy a fly, yet the serious fact remains that over a thousand persons were under trial in 1926 for murder and culpable homicide.

† *International Review of Missions*, October, 1928, p. 656.

The Animist population of nearly six hundred thousand mainly occupies the outlying regions of Burma from Arakan on the north-west along the frontiers of Manipur State, Assam, Tibet, and down the east side along the frontiers of Yunnan, China, to French Indo-China and Siam. They are mainly savage tribes speaking innumerable dialects and having the greatest variety of social and tribal customs. Superstitions and *nat* worship dominate their lives and, while the practice of this most primitive of religions varies in detail, Animism creates the atmosphere of fear in which the people pass their lives. These Chins, Nagas, Kachins, Was and many others, offer a great and mostly untouched field still for the work of missions.

Hinduism is a foreign religion on the soil of Burma. Tamils and Telugus who have immigrated from South India make up a community of half a million and follow more or less the faith of their fathers. Brahmanism, however, does not flourish outside India.

The Chinese who number a hundred and fifty thousand are more of a racial group than a religious one. They are largely atheistic and materialistic in their outlook, but quite a number, possibly by reason of marriage to Buddhist Burmese wives, follow the main religious customs of the Province.

The Mohammedan community of half a million consists of an Indo-Burman group of three indigenous communities, numbering over one hundred thousand, the remainder being those who have migrated from India.

The Census and Christian Progress.

Christianity has made notable progress among many of these races during the last hundred years. A Government Census is compiled every ten years, the last having been taken in 1921. A Missionary Census was completed in 1926.

Before discussing at greater length the present situation revealed by the latest figures, it will complete

this review of the religions of Burma if the main facts of the 1921 Census are mentioned here.

No figures can in any adequate way represent the real impact of Christianity upon the religions and peoples of Burma, but in a certain limited sense we can obtain a view of the general situation, and that is all that is attempted here.

The total Christian community (made up of both Roman Catholic and Protestant Christians from amongst the indigenous races, Indian races, Europeans and Anglo-Indians) numbers 257,106. This community is twice as numerous in urban areas as in rural areas.

It is interesting to see what this figure means. First of all 71,941 are Roman Catholics, leaving 185,165 Protestants. The Baptist community is by far the strongest, being 160,656 as compared with the 20,410 of the Anglican community. Outside these two groups we have only 4,099 to account for as follows: Presbyterian, 1,508; Methodist, 1,424; others, 1,167. It throws still more light on the situation if we ask from what races these Christians are drawn.

Taking the non-Christian races alone, we have the following distribution of Protestants and Roman Catholics:—

	Pro-testants.	Roman Catholics.	Total.
Burma group and Talaings ..	9,046	6,335	15,381
Karen group	141,719	36,506	178,225
Shan, Chin and Kachin races ..	12,332	1,822	14,154
Tamils and Telugus	5,645	14,216	19,861
Other Indians	1,642	2,555	2,741
Others			1,456
	170,384	61,434	231,818

By Protestants and Roman Catholics the greatest work has been done among the Karens. The Roman Catholic work has been relatively more successful among the Burmans than has been that of the Protestant Missions. The latter, however, have been more successful among the smaller indigenous races than among the Burmans.

Turning to the work among the Indian races, the Roman Catholic work amongst the Tamils and Telugus is three times as strong as that of the Protestant Missions.

The Christians of Burma, both Protestant and Roman Catholic, are mostly concentrated in the delta district of the Irrawaddy and its neighbourhood. This is a most significant fact. It is in the delta region, in Upper Tenasserim, Pegu and the Irrawaddy divisions that the Karens mostly live, and this accounts for the large number of Christians. The Chin Hills district shows only 788, the Shan States, 12,027, and the Salween area (including the Karenni States), 10,329. The centre of Burma shows 9,675 and the north 5,870. The coastal areas have 13,919.

The strength of the Christian community among the smaller indigenous races is not shown to be very great, amounting to 4,046 among the Kuki-Chin, 4,551 among the Kachin, 1,026 among the Shan (Tai), 4,434 among the Lolo and 770 among the Mon (Talaings).

CHAPTER II.

The Work of the Missionary Societies

American Baptist Burma Mission.

Imperishably associated with the work of Christian Missions in Burma is the name of Adoniram Judson.

The East India Company were indirectly responsible for the early interest of America in Missions when it prohibited English missionaries sailing direct to India by British boats, thus necessitating their going by way of America. Contact with these missionaries on their way to India led Judson and some others to volunteer for missionary service.

Judson's early efforts to find a field of work led him into a series of adventures, the first of which was his capture by a French privateer while on his way to England. He eventually arrived in London, however, and tried to arrange with the London Missionary Society to send him and his friends out. This seems to have failed.

His offer for missionary service, however, led his own Church to form a missionary society—the now well-known American Board of Commissioners for Foreign Missions—which arranged to start a mission in India. Thus Judson, along with his companions and his young wife, finally arrived in Calcutta and became associated with the famous Dr. Carey, of Serampore.

This led to a change of conviction on the subject of baptism, and he and his wife were immersed at Serampore. Immediately after this the East India Company again unwittingly proved the finger of Providence, for it ordered Judson to leave the country and, after wandering about the East Coast trying

to avoid being captured and sent home, he found himself at Rangoon, where the English Baptists had begun work. He associated himself with that work, then in charge of Felix Carey, a son of Dr. Carey, and was again instrumental in causing the formation of a second American missionary society—the American Baptist Missionary Union (now known as the American Baptist Foreign Mission Society). The American Baptists had heard of his change of views and decided to support him. At this time the English Baptists retired from Rangoon and the work there passed into the hands of the American Baptists.

Judson at once got vigorously to work, learning the language, compiling a grammar and a dictionary, translating the Gospels, writing tracts and running a small printing press. By 1820 there were ten Burmese converts, the first fruits of the thousands which to-day make up the Church of Christ in Burma.

The great trouble of the early days was the treatment meted out to converts. Workers and converts were persecuted and arrested. It is interesting to note that Judson wore a yellow gown in Rangoon to indicate that he was a religious teacher, as were the yellow-gowned Buddhist priests. In Ava, where he went next, he wore a white gown, not desiring to be mistaken for a Buddhist. On the outbreak of war with England, Judson and his fellow missionaries were imprisoned, and for twenty-one months they endured great hardship. Owing to the devotion of his wife and servant, Judson's life was saved.

A treaty was negotiated with the Burmese authorities by the British, in which Judson helped as interpreter. He had hoped that he might be able to have a clause inserted promising religious toleration, but the Burmese Government would not consent to this.

After these experiences, as a result of which his wife died, Judson lived the life of a hermit, retiring from time to time to the jungle to fast and pray, and to translate the Old Testament. He visited America once only after thirty-three years' service. After his

return to Burma he lived a few years and died in 1850.

It is interesting to notice some of Judson's opinions regarding missionary work. He had no great belief in the efficacy of missionary schools as evangelistic agencies. He was opposed to concentrating workers in one place, and he disapproved of missionaries spending their time in ministering to their fellow countrymen. It may be that there is more in these opinions than is superficially apparent, and that his conception of the primary demands of evangelization in a land of villages with their own system of education was not so far wrong.

The work among the Burmans in which Judson was interested has grown steadily if slowly since his day. The Baptist Mission has Burmese work in twelve fields.* The Christian community is slowly increasing. Efforts are steadily being made to keep the Churches independent and self-supporting. "The Churches that give are the ones that grow, but we have scarcely touched the field"—says one missionary. Schools are carried on in many districts, but the Churches are more ready to support evangelists than schools.

Judson himself confined his work to the Burmans, but the Mission had begun work among the Karens as early as 1828, when George D. Boardman baptized Ko Tha Bya, the first convert. It was Mr. Boardman with his colleagues Messrs. Wade and Mason who reduced the Sgaw-Karen language to writing and translated the Bible into it.

It is ninety-six years since George D. Boardman, the pioneer of the Karens, died. To-day there is a great self-supporting missionary Karen Church of sixty thousand members. "Some are in the mountain regions where poverty is oft-times their daily portion; some are in the plains where harvests are sure. Few are rich, but from what they have, be it little or much, God is honoured and the work of His Kingdom

* Rangoon, Pegu, Meiktila, Henzada, Sagaing, Tavoy, Bassein, Thonze, Myingyan, Toungoo, Mandalay and Pyinmana.

strengthened." "Many of them are truly Apostolic; without them frontier service would have perished in its infancy." Altogether, there are eleven* Karen fields and many Churches.

Work is being steadily developed among the Buddhists and Animists of the Shan States. There are four stations in the Southern Shan States. Work among the Buddhist Shans is difficult. "At first the people listened quite attentively, for the story was new. Now it is old, and attention is hard to get and hard to hold, and converts are hard to win. Their religion is both Buddhist and Animist; most of the converts have been from the latter."

The Medical Mission at Namkham, the only station in the Northern Shan States, has grown greatly in recent years. There is a strong hospital staff, two small churches with a hundred and thirty-seven members and five schools.

The work among the Talaings centres round Moulmein, where there are six churches with their own pastors.

Among the Kachins there are seventy centres of work. Schools and evangelistic work are gradually winning the people, of whom about six thousand are under instruction. The district is a wide one, embracing a large part of the districts of Myitkyina, Bhamo and Namkham.

At Haka and Tidim in the Chin Hills there is work among the Northern Chins, while the Southern Chins are being reached from Thayetmyo and Sandoway.†

It will be seen from this brief review that the work of this Mission is very varied and extensive. It has entered into every kind of service for the peoples of Burma, including work for the Chinese and Indian populations. The Judson College at Rangoon is a famous institution, and, in addition, there are thirty-two high schools throughout Burma.

* Bassein, Rangoon, Toungoo, Tavoy, Mergui, Moulmein, Maubin, Tharrawaddy, Loikaw, Henzada. There are also two stations among the Karens in Siam.

† This work is fully described in Chapter V., p. 53.

In the whole Burma field* this Mission has 206 foreign and 3,199 indigenous workers. The Christian community now numbers about a hundred and seventy thousand, organized into 1,289 churches, over half of which are self-supporting. Out of 874 schools, 660 are self-supporting. Four of the five hospitals in Burma are carried on by the Baptists and twelve out of the fifteen dispensaries. The work of the other Missions appears very small when compared with this great work.

Anglican Mission—Society for the Propagation of the Gospel.

Prior to the second Burmese war of 1853 the Government chaplains had shown interest in mission work. In 1854 educational work was begun in Moulmein. " Some of the civilians "—says the Rev. W. C. B. Purser—" who were interested suggested the Chins of Arakan as a suitable sphere for missionary effort, and, had the suggestion been carried out, it is quite possible that by now there might have been as large a community of Chin Christians connected with the English Church as there are Karens connected with the Baptists."

Educational work, however, largely occupied the attention of the Society for the Propagation of the Gospel, and, under Dr. J. E. Marks, who arrived in 1860, it developed successfully. The first Burmese convert was baptized in 1863. This work in Moulmein was temporarily abandoned in 1872 owing to political troubles.

In 1863 Dr. Marks started a school in Rangoon, which eventually became the present St. John's College.

Dr. Marks also started work in Henzada, Myanoung and Thayetmyo, which began with great promise but, owing to lack of support at home, was left for other Missions to carry on.

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* Including two stations outside Burma whose work extends over the border.

Finally, Dr. Marks started a school at Mandalay which was attended by the king's sons. This work in Upper Burma was again not well followed up by the Mission, and not until the Winchester Brotherhood took it over in 1905 was any substantial progress made. The members of the Brotherhood, led by the Rev. R. S. Fyffe (later Bishop of Rangoon), had an uphill struggle to get the work started again.

Work among the Karens was begun at Toungoo in 1875, in order to help many Christians of the Baptist Mission, who, owing to a schism among them, were drifting back to heathenism. A small Burmese Mission had been started there two years previously.

Fifty years ago the diocese of Rangoon was formed under its first bishop, J. H. Titcomb. He ardently supported the educational work of the Mission. He did much also to revive interest in evangelistic work and consecrated the first Karen church at Toungoo. Owing to the trouble with King Thibaw, the Mission had temporarily to withdraw from Upper Burma, and the work in Lower Burma was meanwhile much strengthened. Work among the Paku tribe south-east of Toungoo was begun in 1888. A number of Karen clergy were ordained. Of the three main Karen tribes the Pwo, the Sgaw and the Brè (or Bway), the work has been among the latter two. The Sgaw language, however, is the one used, and this makes the work among the Brè more difficult. Schismatic movements among the Karens added to the difficulties of the work, notably a travesty of Christianity inaugurated by Koh Pai San, and a schism under Thomas Pellako, a priest whose license had been withdrawn.

The work in Upper Burma was reopened at Mandalay in 1885 under the Rev. J. A. Colbeck, but he died in 1888, and his place was difficult to fill. "A man of exceptionally devout life, his whole soul was devoted to his calling, and in every quarter where he laboured he left the impress of his saintly character."

The Winchester Mission, although it began in 1892, with one worker in Rangoon, later under the

Rev. R. S. Fyffe became the Winchester Brotherhood (1905) and was established at Mandalay. It has successfully revived that work and increased the Burmese and Tamil congregations, re-established the Madaya and Myittha out-stations, and reorganized the school. Work was also begun at Maymyo. In 1909 a community of women was founded.

The divinity school at Kemmendine was established in 1883. In 1887 the Shwebo Mission was opened as a medical station, and has made steady progress.

In 1903 Bishop Knight, the third bishop, was consecrated and had to face the task of reviving the Mission which had been reduced to a low ebb. Eight missionaries only were left, four for Burmese work and four for Karen work, together with sixteen indigenous clergy. Bishop Knight accomplished much, but for health reasons he had to hand over in 1909 to the head of the Winchester Brotherhood, the Rev. R. S. Fyffe. The work now developed in many directions, and was extended among Europeans and Anglo-Indians. Special schools and orphanages exist for the latter.

Work among the Burmans is carried on at Rangoon, Kemmendine, Moulmein, Prome, Toungoo, Mandalay and Shwebo. The educational work centres in St. John's College and St. Mary's High School for Girls, Rangoon. Evangelistic work in the cities is difficult. "Compared with the country folk"—says the Rev. W. C. B. Purser—"the Burmese townspeople are unmannerly and irreligious, and they make little response to the appeal of the Christian missionary. The country folk usually listen and acknowledge the truth of the message, even though they do not intend to follow it; the townspeople will not even listen, except when they think they can show off their own intellectual powers and vanquish the missionary."

"The work of the Church among the Karens has been incomparably more successful than among the Burmans. This is partly owing to the fact that Christianity has given the Karens a written language, and raised them considerably in the scale of civilization.

But it is also due to the remarkable traditions of the race."* The Karen Mission has been largely confined to Toungoo and the hills in its neighbourhood, and to the Delta district. At Toungoo there are both girls' and boys' schools as well as a European school, a catechists' training institute, a printing press and a dispensary. In the hills the Church grows steadily. There is also a growing work among the Talaing Karens in the Delta.

In 1895 Mr. C. R. Torkington began a work among the Chins, which is carried on from Prome and Thayetmyo. Touring is only possible during four months in the year, but there are many Christian communities among the non-Burmanized Chins of the hills. The Chins will either become Buddhist or Christian; it is not likely that they will remain long as they are.

The Society carries on work among the Nicobarese on the island of Car Nicobar and a catechist resides there. Several hundred of the islanders are Christians. So far no permanent missionary has been located there, and the Moslems are striving to win the people.

James Colbeck was the first worker in Rangoon among the Tamil immigrants, and afterwards carried on this work at Moulmein till 1885. Mandalay, Maymyo and Toungoo are also centres of Tamil work.

Work among the Chinese has had many ups and downs, and for its development a missionary who can speak Chinese is needed.

In 1914 the Rev. W. C. B. Purser opened an institution for the blind in Kemmendine, called "The St. Michael's Mission to the Blind." Here an education especially suited to blind children is provided under the leadership of a blind graduate—the Rev. W. H. Jackson.

The Society has 3,363 non-Christian pupils as compared with the 1,654 Christians in its 105 schools. It has thirty-seven foreign workers and 329 indigenous workers. The Christian community numbers 20,474

* *Christian Missions in Burma*—Rev. W. C. B. Purser—p. 164.

and Christians reside in 352 villages. Numbers, however, are but an inadequate way of estimating the devoted work of the Society.

Wesleyan Methodist Missionary Society.

The work of this Mission was begun in 1887 soon after the close of the third Burmese war.

Upper Burma, where for forty years the Mission has worked, is a hard field, and among the Buddhists there has been little progress—" there still appears no sign of any Christward movement in the near future."

" Long centuries of Buddhist teaching have led the Burman to ignore God ; he does not retain Him in his thoughts, and consequently the Christian message does not attract him."* They are unwilling to hear, and resent the approach of any one of themselves who has become Christian. The few who are attracted fear to sacrifice the things of this world and the majority remain indifferent. The wave of Nationalism which has been recently passing over Burma has made the work more difficult still, especially is this so in Mandalay, a centre of the movement and a stronghold of Buddhism.

The main avenue of mission activity has been through its schools. The Boycott associated with the Nationalist movement greatly retarded this work. At Pyawbwe the school has not yet recovered, but all other schools are now flourishing again.

The Wesleyan work among the tribes of the Shan Hills is more promising, notably among the Taungthus and the Palaungs. The response of the Taungthus is hopeful if it could be adequately followed up. The first convert has been baptized. Work has only recently started among the Palaungs and here also the first convert has been baptized.

The first home for lepers in Upper Burma was founded in Mandalay nearly forty years ago. The

* Wesleyan Methodist Missionary Society Report, 1926.

home is connected with the Mission to Lepèrs, and the senior Wesleyan missionary, residing at Mandalay, acts as honorary superintendent. It is well equipped and cares for about two hundred and fifty lepers and untainted children.

The stations of the Mission are at Mandalay, Pakokku, Monywa, Kyaukse, Salin, Kalaw in the Shan States and Mawlaik (Upper Chindwin).

There are now twenty-three foreign workers and eighty-six indigenous workers. The Christian community numbers 1,241. There are four high schools for boys and four boarding schools for girls, of which one is a high school.

American Methodist Episcopal Church.

The Mission was begun by Bishop J. A. Thoburn, D.D., in 1879, and the Burma Mission Conference was organized twenty-five years ago by Bishop Warne. The Mission works amongst the European and Anglo-Indian communities, the Indians, both Tamil and Telugu, the Burmese and the Chinese. The stations of the Mission are in Rangoon and neighbourhood, and in Pegu, Syriam, Thongwa, Thandaung, Mergui and Twante.

The foreign staff is still small, being in all thirty-five; the Board of Administration has nine missionary members, of whom three are usually on furlough. There are, however, 140 indigenous workers. The Christian community now numbers 2,659 gathered into ten Churches. During the year 1927–28 about two hundred were added to the Christian community, principally from among the Indian cultivators.

Three of the five district superintendents are now Asiatics, and full responsibility is being placed upon them. "They will have a heavy task"—says the Rev. H. J. Harwood—"Burma has been one of the most indifferent and unresponsive fields for Christian evangelism, and the walls of spiritual lethargy will not collapse through any human agency. One of the difficulties being met with is the fewness of those

who offer for Christian service. Too few are forthcoming to keep the work going forward satisfactorily, much less to supply a growing need."

School work is being carried on vigorously. Already there are two high schools, eight Anglo-Vernacular middle schools and thirteen primary schools. Work among girls especially is being steadily pushed forward.

Bible Churchmen's Missionary Society.

This Society opened work in North Burma in 1924, when the Rev. A. T. Houghton took up work at Mohnyin, six hundred and thirty-six miles north of Rangoon.

The whole of North Burma is practically a virgin field, hence there is a great opportunity for this Mission, not only amongst the Kachins, but amongst the Burmese-speaking Shan-Burmese and the Shans of the district.

The origin of this work is interesting. Mr. Houghton was brought into touch with the Kachins during a term of military service in Burma, and felt clearly called to the unevangelized Kachin districts. After ordination in the Church of England, he, his wife and sister (a trained nurse) settled at Mohnyin, on the Mu Valley line, ninety miles south of Myitkyina, in 1924, under the auspices of the Bible Churchmen's Missionary Society. A dispensary was opened, and already some 16,500 patients have been treated and the country all round opened up by this means to the reception of the message of the Gospel. The work is, of course, still in its infancy, but the first twelve Kachin converts have recently been received into the visible Church by baptism, and it is hoped that these are the beginnings of a great harvest.

During the winter months work is carried on from Hkapra as a base among the Jinghpaw villages in the foothills east of the railway. There are now four workers at Kamaing, engaged in evangelizing a large Jinghpaw area on the borders of the Hukawng Valley, and the first four converts from this district were

baptized last year. Lonkin in the Jade Mines area will soon be opened as an extension from Kamaing. It is situated on the river between Haungpa and Tawhmaw. Two of the Jinghpaw converts are receiving preliminary training this year to fit them as preachers.

Work among the Shan-Burmese began in 1926. The Shan-Burmese are the product of an early mixture of Shans and Burmese, who have developed their own racial characteristics and speak Burmese, except round the Indawgyi Lake, where Shan is mostly spoken. There are now seven missionaries devoting themselves to work among this people at Mohnyin and Indaw. Indaw is the first railway station south of the junction at Katha. Three missionaries are stationed at Bilunyo from which centre work is carried on among the Shans. The original number of three workers has increased to twenty.

The work of other Missions may be briefly mentioned.

The *Lakher Pioneer Mission* has its headquarters in Assam, but reaches the Kumi and Pachypi tribes of the hill district of Arakan and the Shandoo tribes of the Chin Hills, but there is no resident European worker in Burmese territory. Mr. R. A. Lorrain resides at Sherkor in Assam.

The activities of the *Salvation Army* in Burma are young. There is rescue work in Rangoon; a successful work is being carried on among young Burmese prisoners; there is also a soldiers' home at Maymyo. Work has also been started at Mandalay. There are about eighteen European officers.

The *Seventh-Day Adventists* reside in five districts: three workers are at Henzada; Meiktila has five; at Ahlone, Rangoon, there are seven; at Taikgyi, Insein, two; and at Kamamaung, Salween district, four.

Among the Societies and Associations which work in co-operation with the Missions are:—

The British and Foreign Bible Society.

The American Bible Society (working with the American Baptist Burma Mission).

The Christian Literature Society.
The Young Men's Christian Association.
The Young Women's Christian Association.

These all have their headquarters in Rangoon, and the nature of their activities is well known to all interested in Missions. A few facts may, however, be noted.

The work of the Christian Literature Society needs development. With relatively so large a percentage of literates in Burma, there has been a phenomenal development of the vernacular press. Burmese newspapers and illustrated magazines are to be seen everywhere. This constitutes a great opportunity for Missions, and with the help of the Rev. B. M. Jones, of the Methodist Episcopal Church, the local branch of the Christian Literature Society has been able to produce a considerable number of excellent and attractive publications. A full-time secretary is, however, required adequately to develop this important field of service.

The work of the Bible Societies has recently been signalized by the completion of a retranslation of the Bible in the Burmese language under the direction of the Rev. William Sherratt, of the British and Foreign Bible Society.

In concluding this account of missionary work in Burma, mention must be made of the Roman Catholic Missions.

In the seventeenth century priests came with the Portuguese traders, and so Roman Catholics were far in advance of Protestants. The record of their fortunes is a sad one. We hear of a Portuguese settlement at Syriam, where there was a massacre of Roman Catholics in 1612. This ended missionary work till 1692, when fourteen missionaries arrived at Pegu, and were also massacred. In 1719 two more arrived at Syriam, who revived the faith among the descendants of the Portuguese. Three missionaries perished in 1745, but other missionaries arrived from time to time. Four more were murdered about 1760 and some died, till there was only one priest left. Churches

were built at Rangoon and Mandalay in 1856, but the work in these places eventually was relinquished by the Italians and handed over to the French *Société des Missions Etrangères.*

The *Christian Brothers* began work at Moulmein in 1856, and the *Milan Society for Foreign Missions* at Toungoo in 1867. The great persecution which continually overtook converts led the Roman Catholics to give up direct evangelization among the Burmans, and now most of their work is among the Tamils, Karens, Chinese and Anglo-Indians. They have to-day a well-organized work centering at Rangoon, where they have built a magnificent cathedral. There are three bishops and three hundred European missionaries, and the number of Roman Catholics in Burma of all races is 92,600, compared with the 60,282 in 1911.*

* Further information will be found in Appendix VI. regarding the present position of Roman Catholic work in relation to that of Protestant Missions.

CHAPTER III.

The Wild Frontiers of the North

I.—The Problem of the Frontiers.

For some time past it has been known that human sacrifices and slavery still existed in the Hukawng Valley of North Burma, and in the unadministered area known as " The Triangle," adjoining the Hukawng Valley on the east. Sir Harcourt Butler, then Governor of Burma, paid a visit to Maingkwan in 1925, and announced that these practices must stop and that a British officer would visit the country once a year to see that they were stopped. It was made clear to the chiefs that human sacrifice among the Nagas and slavery among the Kachins* (Jinghpaws) must cease.

This visit was carried out in 1925–26 when J. T. O. Barnard, C.I.E., of the Burma Frontier Service, visited the valley and negotiated with the Naga and Kachin chiefs. At that time 3,445 slaves were freed at a cost of 196,163 rupees.

The unadministered tract referred to, called " The Triangle," is a large wedge of country between the Mali Hka and Nmai Hka, two upper branches of the Irrawaddy. An expedition similar to that mentioned, in charge of the same political officer—J. T. O. Barnard,

* According to the 1921 Census there are about 150,000 Kachins in Burma. Of these 63,949 live in the Northern Shan States and Katha district of the Mandalay division. In this area there are 13,855 belonging to the Atsi, Lashi and Maru who have often been mistaken for Kachins and were enumerated as such in the 1911 Census. In the Bhamo and Myitkyina districts there are 80,265 Kachins and 29,382 of the pseudo Kachins above referred to. Two or three dialects are spoken by them, altogether 145,618 speak their own language. These numbers do not include those in unadministered areas.

C.I.E.—was successfully undertaken here in 1926–27. As a result 3,989 slaves were freed, 270,255 rupees being paid in compensation. The remaining slaves were released later. Efforts are also being directed to a permanent settlement of the blood feud existing in the southern section of " The Triangle " between two factions of the Lahpai clan, known as Kumtao and Kumsa.

A concerted effort is at last being made to bring administration to bear on these regions, not without cost, as the recent murder of Captain E. M. West, I.A. (26th March, 1927) shows. Government has attempted little so far for the numerous wild tribes of the frontiers, and administered territory is broken up by large unadministered tracts. Roads, schools, hospitals and other signs of British administration are still few and far between.

These territories are poor and are only capable of producing small revenues. The Chin Hills administration, for example, costs twenty lakhs (£150,000) and the revenue is only four lakhs (£30,000). Hence many such areas have been left alone as long as possible and are known as unadministered territory. The people have followed their old traditions and customs and, as a rule, have not interfered with their neighbours.

Political exigencies and humanitarian considerations have in varying degrees led British administration to " annex " new territory. The district of Putao, for example, in the extreme north-east, was placed under administration in 1914 because of complications which arose between the chiefs and the Chinese. Similarly the abolition of slavery in the Hukawng Valley and " The Triangle," and along the Patkai range, will inevitably bring these territories under closer administration.

These wild tribes are a problem for Governments and for Missions. They are fine races and both the Chins and Kachins have proved their value in the ranks of the Indian army. Government is very cautious in granting Missions permission to enter during the

present disturbed state of the country. Its programme, however, has to be accepted and, as these tribes are brought under administration and their needs realized, there will be a call for Missions to enter; all the more so because they are poor and their country cannot be "exploited."

Administration will be costly and trade is not likely to develop rapidly. Latterly, overtures of Missions to enter have met with the approval of Government. Just as the tribes in the Naga Hills of Assam are being opened up to mission work, so these tribes will also be opened up. The three Missions which work in closest proximity to these areas are the American Baptist Mission at Myitkyina, the Bible Churchmen's Missionary Society at Mohnyin and the Wesleyan Methodist Mission at Mawlaik. From the map it would appear that the mission stations on the Assam side are nearer, but actually they are cut off by a most difficult border hill country in which there are no roads. The day may come when roads will be driven through to North Burma, but at present it is easier to approach these areas from Burma, although here too several roads will have to be made, especially one through the Hukawng Valley.

In other parts of the country mission work has met with much success among these very people. Among the Nagas there are ten thousand Christians in the Assam Hills, and among the Kachins and Shans there is a considerable Christian community (15,000 in the 1921 Burma Census). May we not hope that from among those who have found the light through Christ many may be found ready to go to their wilder brethren as Ambassadors of the Cross?

II.—The Hukawng Valley and Beyond.*

The Hukawng Valley and that portion of Upper Burma which borders on it is regarded, even in Rangoon, as "the back of beyond." This is

* This section (II.) has been contributed by the Rev. A. T. Houghton, of the Bible Churchmen's Missionary Society.

accounted for by the fact that the whole of the region north of Mandalay is largely undeveloped; there are scarcely any good roads, and the single railway line to Myitkyina provides a daily service of one train up and one down, with an average speed of ten miles an hour and a speed limit of twenty-five. North of the Shwebo district, in many parts one can leave the railway line and get into the densest jungle in a few minutes. The difficulty of communications is increased by range after range of hills, varying from two thousand to five thousand feet in height, covered with thick forest. But there are signs of a new policy. The projected bridge across the Irrawaddy at Sagaing, making through railway traffic possible, together with the proposal to lay down heavier railway lines so as to increase the present speed limit, will all tend to open up this largely undeveloped portion of the country.

The Hukawng Valley is situated roughly between latitude 26° and 27° and longitude 96° and 97°. This comprises an area of about six thousand square miles, but the actual Valley itself covers an area of about fifteen hundred square miles. The usual method of approach is by rail to Mogaung, six hundred and eighty-eight miles north of Rangoon, thence by road to Kamaing, twenty-five miles to the north-west. This is an unmetalled road, usable for motor traffic in the dry season but a regular morass with two feet of mud in some parts in the rains. Kamaing is the headquarters of the sub-division which borders on the Hukawng Valley, but unadministered territory does not begin for twenty-eight miles further north, at Shadu Zup, where the last Government Rest House is to be found. There is at present a rough cart road in existence, but a proper alignment as far as Shadu Zup has now been made, and work on the new road, to be continued to Maingkwan, has been begun.

A glance at the map would naturally suggest the Chindwin River as an alternative route, especially during the rains, at which season the Hukawng Valley is completely cut off from the outside world, owing

to the swampy nature of the ground. But, though the Chindwin River, developing into the Tanai Hka, passes right through the Valley, dangerous rapids below Dalu make navigation by boat impossible, and Irrawaddy Flotilla boats only get as far as Homalin on the Chindwin, just south of latitude 25°.

The Valley is bounded on all sides by mountain ranges of varying heights. On the east is the Kumon Range which extends from Mogaung northwards to Putao. Some of the peaks of this range attain a height of over ten thousand feet, and, like many of the peaks bounding the north side of the Valley, are covered with snow during part of the winter. On the west is the Patkai Range, and in these hills rising to six or seven thousand feet are to be found many of the Naga tribes. In the south the hills are less formidable and here are to be found the famous Jade Mines, mainly at Tawhmaw, which is only a little over two thousand feet above sea level.

It is probable that much of the Hukawng Valley is water-logged in the rains. Lesser rivers and streams abound and the country is all low-lying. The climate north of the Tanai Hka* in winter is said to be comparable to an Indian hill station, and here the country is free from the thick damp morning mists which are met with during the winter months in other parts of the Valley and in many parts of Upper Burma. Rain may be experienced at any time of the year, and then blood-sucking leeches abound. The insect life is said to be beyond description ! On the other hand, the heat is not so great as in other parts of Upper Burma.

There are good connections between the villages, but apart from the recognized paths thick jungle varies with tall elephant grass and the traveller can often only see a few yards ahead.

The population consists largely of Jinghpaws (Kachins), but there are two Shan settlements in the Hukawng Valley, at Maingkwan and Ningbyen, and another in the Dalu Valley. The two first are the

* The name of the higher reaches of the Chindwin.

remains of a once flourishing Shan kingdom, but the Dalu Valley community is really a colony founded by the Burmese kings as a buffer state against the Nagas. All these Shans, while still retaining their Buddhist faith in contra-distinction to the Animism of the Kachins, speak the language of their conquerors and in some cases have intermarried with them. It is probable that the total population of the Valley itself is not above fifteen thousand—a far smaller number than was originally estimated—though this does not, of course, include any of the Nagas or other kindred tribes living actually outside the Valley.

No one can be blamed for the state of affairs which prevailed, since it was only through the exploration of survey parties that slavery was discovered, and not until 1922 was the existence of human sacrifice among the Nagas verified. The Government acted with promptitude, and a complete inventory of slaves was made by Mr. J. T. O. Barnard, who, as previously stated, headed the expedition which systematically released them all.

In order to induce released slaves to settle in the Hukawng Valley and thus avoid the danger of depopulating the country of its most industrious inhabitants, all who agreed to take up land in the Valley itself were made a present of their freedom. Those who elected to migrate into administered territory were only *lent* the price of their freedom, which had to be paid back to Government in instalments. Naturally this has meant some hardship. In the majority of cases, only those who had relatives or friends outside chose to leave the land of their former slavery, and, because of this very natural choice, they have been penalized. The Jinghpaw is proverbially poor, and, though the ransom money is in no case large, it is not easy for a released slave to save up money when he already has the burden of finding the means of subsistence in a new environment. The case of an old woman known to the writer is in point. As a young woman she escaped from her slave master into administered territory, where

she married and settled down in a village on the Mogaung-Kamaing road. She had one son and one daughter and then her husband died. This woman, when her children had grown up, foolishly paid a visit to some of her former associates, thinking she would be safe after all that lapse of time. She was, however, recognized by her former master, again enslaved, and released only when the Government expedition arrived. Naturally she elected to return to her village, and consequently has had to repay her redemption money, and this largely devolved on her son, who had great difficulty in scraping the money together out of his small earnings.

The administration has many difficulties to face, one of the greatest being the age-long feuds, involving murders from one generation to another, which have to be unravelled. The "shăre" or hired assassin plays a great part in these vendettas, and the curious thing is that he is not regarded as a criminal, nor is vengeance taken on him by the relatives of the one he is hired to murder, but on the instigator of the deed. All these feuds have now to be settled by arbitration, and the annual visit of a Government official should be sufficient to prevent further trouble.

While individual officials are not only in favour of missionary work in the Hukawng Valley but regard such work as the best and surest method of pacification, the present policy of the Government is against allowing missionaries to enter, no doubt through fear of possible trouble which might necessitate a punitive expedition. This policy, however, has been so far modified that permission has been given to start medical work, and it is hoped soon to open up work of an itinerating character from Maingkwan.

The only missionaries who have visited the Hukawng Valley are the Rev. Dr. O. Hanson and Mr. G. J. Geis of the American Baptist Foreign Mission Society. They explored this area in 1906 and visited some thirty odd villages. The work of this Mission centres round three stations, all near the borders of China, Myitkyina (the terminus of the railway), Bhamo,

the beginning of the trade route to Yunnan in China, and Namkham, in the Northern Shan States. These stations all lie either on the Irrawaddy or east of it. The Kachin areas in the Mu Valley (between Naba and Mogaung) and the whole of the Hukawng Valley and surrounding region—all west of the Irrawaddy—have been, until recently, practically unevangelized. This untouched area comprises a territory about the size of Great Britain, and consists of Shan and Shan-Burmese settlements, besides the Kachins who are usually found in the hills.

The Kachin population around Kamaing where work has just been started consists largely of escaped or, more recently, freed slaves, and these seem to be unusually ready to listen to the glad tidings of redemption through the Lord Jesus Christ. One large village of nearly seventy houses was founded about thirty years ago by an escaped slave from the Hukawng, who is now the headman, and its population consists entirely of ex-slaves who escaped during these years. There are many other villages of the same kind in the neighbourhood. Of the more recently released slaves who have elected to settle in administered territory, some have added themselves to these existing villages, and others have settled in new villages nearer Mogaung on the railway.

The writer paid a visit to about fifty of these freed slaves near Mogaung in the spring of 1926, just after their release. The headman of the village near which they were settling had made a feast in their honour, and many bullocks were offered to the *nats* in sacrifice, and then partaken of in the feast. There was a marked contrast between the released slaves and the other Kachins who attended the feast. The former, both men and women, still bore the downtrodden air of serfdom, though from what one could gather they had not been cruelly treated. It was a great privilege to be able to tell them for the first time of release from the wider slavery of sin which embraces us all. It is probably true to say that the ex-slave population is less honest, less shy and

more forward in manners than other Kachins who are remarkably honest.

All alike are bound down by fear of the spirit world around them, and though they acknowledge a Creator, Karai Kasang, they do not worship Him for they say He is too far away, and they do not know what food to offer Him.

After the Hukawng Valley, the next objective of missionary work is the wild Nagas of the Patkai Range. There are, of course, many Naga tribes extending into Assam, and the American Baptist Foreign Mission Society is working on the Assam side among two or three of these tribes. On the Hukawng Valley side the Wanga Nagas are friendly, but the two tribes who have caused all the recent trouble are the Wild Nagas and the Human-sacrificing Nagas. The former capture the victims and sell them to the latter for as much as Rs. 600 per head, but do not themselves practise human sacrifice. It must not be imagined that this repulsive practice has been carried on on a scale equivalent, for instance, to that which once obtained in Mexico. The Naga is poor, and, if he makes a vow to offer this supreme sacrifice, will often through his poverty be unable to fulfil it in his own lifetime, and the vow will be performed at some time or other by his descendants. It is thus a comparatively rare practice in their worship of the spirits whom they desire to propitiate. Nor does the idea of human sacrifice, so repulsive to ourselves, imply inordinate cruelty on their part. There are instances where those who bought the victim in preparation for sacrifice grew so fond of him that the sacrifice never took place, and when the awful deed does take place the victim is made drunk, so that he may be relieved from the agony of suspense.

The Naga tribes with whom we are concerned are nominally under the suzerainty of Kachin chiefs in the Hukawng Valley, and I have been told by a Naga that all the men and boys speak Kachin, though amongst themselves they speak their Naga dialects, which alone the women can understand. In morals

they reach a higher standard than the Kachins, polygamy is unknown, and adultery is often punished with death. They are also free from the particular disease which is rampant in the Kachin Hills. On the other hand, the free hospitality of the Kachin is unknown among the Nagas, who do not admit visitors into their houses, and expect them to bring their own food. Their villages are large, and as many as seventy men, women and children may be crowded into one house. Owing to the constant strife between the different tribes, villages are perched on bleak mountain peaks, six thousand feet high, difficult of access. As among the Tibetans, washing is only practised at birth, marriage and death, and dress, in spite of the cold, is of the scantiest.

There seems to be every likelihood that, as the result of the recent expedition to the Naga Hills, human sacrifice will soon become a thing of the past. After visits paid to a number of villages, a big gathering was held at Shingbwiyang, in the Hukawng Valley, three days' march from the Naga Hills—it is significant that no villages lie between !—and here no less than eighty human skulls were handed over by Naga chiefs, as a sign that henceforth they intended to propitiate the spirits by other means. Inspired by this example, some rather truculent chiefs who had previously refused to give up human sacrifice marched back forty miles to their villages, and, travelling night and day, overtook the expedition further down the Valley and handed over twenty more skulls. When Kachins who stood round expressed disgust at their loathsome custom, they answered that from henceforth they wanted " to be good " like other people.

When Mr. Barnard passed through Naga territory in the spring of 1926, an influential chief promised to give up human sacrifices and tried to persuade others to do the same. There may have been other reasons as well, but shortly afterwards this chief was murdered, and it was given out that his promise to the Government official was the cause. Last year the son of the murdered chief followed the expedition

down to Kamaing. His name is Dang Sham, and he is about fourteen years old. He is now a pupil at the Government Kachin School, where the schoolmaster is a Christian. As one looks into the future, one can see in vision and turn it into prayer* that this boy may go back to his own people, knowing in his own life the saving grace of the Lord Jesus Christ, to tell them how it is possible in Christ " to be good " and to glorify the Creator in the mountain fastnesses of the Naga Hills.

*This prayer has been so far fulfilled that Dang Sham has recently professed faith and asked for baptism together with two of his Jinghpaw schoolmates.

CHAPTER IV.

Peoples and Problems of the Shan States

I.—The Shans and their Neighbours.

This interesting country consists of great ridged plateaux connected with the Himalayan system and extending across into China. Burma is accessible from China on this side, and about one-quarter of the population are Yunnanese. One-half are Shans and Kachins. The remainder of the population consists of Burmese races.

The Shan States—forty-one in number—have an area* almost equal to that of England and Wales, and a population of about one and a half million. Twenty-five persons to the square mile compared with the six hundred and eight of Bengal indicates large, sparsely populated areas.

Shans are also found outside the Shan States, chiefly along the basins of the Irrawaddy and its tributary, the Chindwin. In the valley of the latter the Burmans and the Shans live together, forming about one-third of the population respectively. The Shans fought long for supremacy in these valleys, the Burmans only getting the ascendancy in 1757, although two Shan States in the Upper Chindwin—Thaungdut and Kanti—still survive. In the most northerly district, Putao, the Shans are still dominant, but the figures we have given do not include this area.

The six Northern and the thirty-five Southern Shan States, federated since 1922 and now an integral part of British India, formed part of the old Burmese kingdom.

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* Area 56,313 square miles.

Three-quarters of the population of these States profess Buddhism and one-quarter are Animists consisting of indigenous tribes living in the hilly tracts. Thus about two-thirds of the Animists of Burma are found in these States. Most of the Christian converts are from the Animists. The American Baptist Burma Mission has four stations among the Southern Shans—Mongnai, Taunggyi, Kalaw and Kengtung, and one station, Namkham, in the Northern Shan States. The work among the Shans is uphill and progress slow. The Church at Kengtung, for example, has converts from Shans, Lahus, Tai-Lois, Was, Kachins and Kaws. There is, however, another station over the border at Bana village (Mong Lem) in Yunnan among the Tai (Shan) people. Last year 4,629 were baptized and there are now one hundred and seventy Christian villages with approximately 16,370 members. Among the same people the American Presbyterian Mission have advanced from Siam and have opened a station at Kianghung in Yunnan. This work among these Tai peoples of Siam, French Indo-China, Yunnan and Burma is of great promise. Their number has been estimated at about twenty million, and more than half of them are for the present completely beyond the sound of the Gospel. The China Inland Mission works among them at several places in Yunnan.

The Buddhist monastic schools have helped to secure a certain literacy not usual in such areas. This amounts to 8.2 per cent. of the population, which compares favourably with the 10.4 of Bengal or the 4.5 of the Punjab. There are no large cities, and between eighty and ninety per cent. of the people are connected with agriculture. Altogether there are nearly one million people speaking the Shan language in Burma. The Tai language like the Chinese is tonal. There are three alphabets in use in Burma and Yunnan. The field is a large one and the need great.

So far the aboriginal tribes have been found more responsive than the Shans. They are not so proud, not so reserved, not so phlegmatic. Their women and

girls are as free as those in Western lands. This has made the work among them easier than it would otherwise have been, for the women and children have been found more zealous than the men. These tribes are not congregated in towns but live in the hills and are scattered over wide areas. To reach these peoples entails considerable travelling over exceedingly difficult roads.

The last Census reported two thousand Christians in the Northern Shan States and eleven thousand in the Southern, but of these only 1,226 were returned as Shan Christians.

II.—The Shan States.*

The Shans dwell between Burma proper and the Yunnan Province of China. On the Burma side this line of division is sharp as a cloud mass in a blue sky, but Chinawards it is hard to say where the misty outline ceases to exist. Their history will explain this fact, for the Shans as we now know them are but the remnants of a mighty kingdom. They represent one of the oldest nations now existing in the world, older even than the Chinese. In the time of Abraham they were a civilized nation. They used to be settled in China, south of the Yang-tse-Kiang, and were strong enough to hold their own against the rise of the Northern Kingdom. Eventually, however, they were overcome and driven southward in different waves of emigration, themselves in turn dispossessing the less powerful people into whose lands they came. Thus was founded the Kingdom of Siam, the Siamese being of this Shan or Tai race. This took place before the Christian era, and some of the present Shan States have existed continuously since that early date. Where they thrust themselves into new lands and were stopped in their progress, their borders are clear-cut

* This section (II.) has been contributed by the Rev. A. H. Henderson, of the American Baptist Burma Mission.

and sharp, but along the line of their flight remnants were scattered as inclination or safety decided, so that the race stretched far into Yunnan and even to the island of Hainan.

At the present time the Shans still hold the place of conquerors, and no one disputes their claim to all the richest and best parts of the country. The physical formation has made this division of land easy. All the ranges of mountains run north and south, while between them lie fertile plains through which run streams of more or less importance, tributaries of the Salween and Mekong. These plains are the lowland rice fields, lush and rich as the ground softens under the rain and swelling streams, in places as mere pockets of golden grain among the hills, or again as miles of beautiful billowy green, where the wind sweeps unhindered over great stretches of growing rice plants. All round the circling edges of the hills cluster the Shan villages.

The Shans after thousands of years of seclusion have become conservative to the point of fossilization. Many of their industries show skill and ingenuity, but progress along these lines has long ago ceased. Now no one ever dreams of doing anything but copy, and the conclusive and satisfactory answer to all such questions as to why such and such a thing is done is: "It is Shan custom." The last great national change for that part of the Shan race with which we are dealing was when they accepted Buddhism some two thousand years ago, and ever since this false philosophy has been lulling their consciences to sleep with its shadowy promises of reward, while it saps all earnest personal endeavour by presenting to the human mind vistas of untold ages ahead through the gates of re-incarnation.

The separating hills and mountains are the home of the Hill people, now so long used to their highland forests that to come down on to the plains, even where there is room for them, means too often disease and death from malaria. These facts have fastened themselves on the lives of the people in the form of

blighting superstition. They believe in some cases that the spirits whom they worship do not like the water, and consequently villages on the more level plateaux are at times two or three miles from their water supply, a fact that does not tend to cleanliness.

But what a kaleidoscope these Hill people present! Was, Muhsos, Kwis, Kaws, Tai-Lois, Ens, Lisus, Padaungs, Palaungs, Black Karens, Striped Karens, Red Karens, Brecs, Taungthus, Taungdos, Chins, Kachins and many others less prominent. These, with knife, fire and hoe, wrest from nature some patch of hillside or mountain and, holding it for a brief year, sow their crops of rice, peanuts, beans or opium poppy, and then usually pass on to destroy again more virgin forest. These people have to toil for their rice perhaps three times as hard as the people of the plains, and scattered in far-off villages, separated by mountain peak and valley and reached often only by rugged toilsome mountain paths, they are largely shut out from the progress of the world. Their mental outlook rather resembles that of a child. Often they are willingly caked with dirt, a fact which some of them excuse by saying that it makes them "feel the sun less."

Among such diverse people, with but few exceptions, the one prevailing characteristic is that they are Animists. The Tai-Lois, Taungthus and some of the Black and Striped Karens (so called from their clothes) are now Buddhists, though they are far easier to win than the ultra-conservative Shans. But how varied are their morals, dress and customs! The Taungthus are hard-working, thrifty, self-respecting people, who love the rolling uplands and are closely in touch with their lowland neighbours, but have nevertheless the drawbacks of their vices, which are chiefly drunkenness and gambling. Then there are the wild Was, whose gruesome belief that a human head must be offered to the spirits every year in order that their rice fields may be made fertile leads to the formation of head-hunting parties which lie in ambush to surprise the unwary traveller. Between these two extreme types

are to be found the Black and Striped Karens, who are gentle, teachable folk if one can but rid them of their fear of evil spirits and the desire for drink. The Red Karens are found in Karenni, bordering on the Shan States, and have proved exceedingly resistant to the Gospel. They are wedded to their evil spirits, their totem poles and their liquor.

Among the Kaws a very low standard of morality is found. In their villages are erected public buildings for licentious orgies among the unmarried, while a Kaw gateway equals in pictured shame the uncovered walls of Pompeii. Fear, too, among the Kaws leads to the murder of twins, the parents being driven from the village to live naked in the jungle for a month. Many of the Hill tribes have fallen a prey to the opium curse. Palaungs, Muhsos, Lisus, Tai-Lois and Kaws raise opium for sale, and many use it. Among the Tai-Lois, in some places even children of six and eight years old are opium slaves, but the Government is slowly restricting this evil. West of the Salween the cultivation of the poppy is prohibited, while eastwards a rising tax is meant to reduce the profits more and more.

Marvellous has been the preparation by God's Spirit for the Gospel of Jesus Christ. Among the Buddhist Shans we find in Buddhism a very high moral code, backed by fearful threatenings of the consequences of evil doing. It is an awful condition, revealing the claims of righteousness and consequences of guilt, unrelieved by any outside help or forgiveness. How gracious then is the task of filling into the void created by an impersonal god the loving warmth of a living Father and Friend; to lift away the dread fear of inescapable consequences with the promise of forgiveness, and to point to a source of daily spiritual help for those who are trying and failing.

Christianity in a wonderful way meets the needs of Buddhists. To stop here, however, would make the statement far from complete.

Among the Buddhist Shans and large numbers of the Hill people, there is eager expectation of a coming

Saviour.* This belief of the Shans is founded on statements contained in their Buddhist literature. There is a coming Saviour, Aremetaya, and no figure in all their religious horizon more quickly rouses their interest. In one of their books regarding him is found the verse of Isaiah concerning Jesus: "Every valley shall be exalted, and every mountain and hill shall be made low, and the crooked shall be made straight, and the rough places plain," and they expect Aremetaya literally to fulfil this prophecy when he comes. Often as we preach of Jesus there comes the eager question: "Is He Aremetaya?" and the very name lends a hidden force to the question and depth to the answer. *Areyah* translated means "A holy one," while *Myetta* is the word for "love."† The Holy and Loving One is the coming Saviour, but Christianity teaches that He has already once come, and taught us how to live until He appears again.

Am I not right in saying that the preparation by God's Spirit has been marvellous? But even now we are only on the threshold of His wonder-working. In the Palaung houses there is a little room or shrine, kept inviolate and clean and lit with a little lamp, and when we ask the meaning of it all we are told that it is kept ready for the coming Lord. Yet this belief cannot be traced to any human agency, and it is even more clearly manifest among the Muhsos and Kwis. When missionaries came among them they found buildings for religious worship in which, differing from the custom of the country, there were no images or objects of worship. The people would gather and, in dim uncertain fashion, worship the great God above. It seems almost parallel with the wonderful traditions found among the Karens when Judson first came to Burma. So in the early years of this

* In Burma proper among the Burmese Buddhists there does not appear to be any expectation of a coming Saviour.—EDITOR.

† It would be unwise, however, to read into these words anything like the significance which attaches to the Christian idea of holiness and love.—EDITOR.

century the La'hus (as these tribes call themselves) were found wearing cords round their wrists in token of their bondage and need of a deliverer, and like the Karens they turned to the Christian missionary as God-sent, many coming to him in person that he might cut the cords that bound them, and thousands of them were baptized.

Let no man imagine that, because we have seemed thus to find the very footsteps of Jesus leading us onward, the path of the missionary is one of easy and triumphant progress, for truth and grace still have their age-long battle to fight with human nature. Yet it stirs one's heart to the depths to have a Shan congregation eager and attentive as we preach in the five-day bazaars. Often men are nodding acquiescence as we urge the different points, and far and wide the message travels, for often there are men in our audience who live eighty or a hundred miles away, the Shans being great travellers. Yet it takes long to break down the old conservatism that has become part of their nature, though there are many indications that the Shans, though slow moving, are not altogether unprepared for the change.

Often as we visit the homes we meet hospitable and kindly people, who are very willing to receive us. Nevertheless, there is a wall of reserve, a polite acceptance of all that is urged which makes any real heart to heart conversation very rare.

That the Northern Shan States should have one mission station only and the Southern four shows how immense is the field yet untouched. The only English Mission is that of the Wesleyan Methodists at the hill-station of Kalaw.

CHAPTER V.

The Chins of the Western Frontier

I.—Dawn Among the Chin Hills.

A glance at the map will show the position of these hills. It has a population of over a hundred and ten thousand, but the Chin language is spoken by about two hundred and ninety thousand, which shows that these people cover a wider area than the actual political district. They extend for a long distance south of the Chin Hills district.*

The hilly tract where they live is about eight thousand square miles in area, which is the same as that of the neighbouring Manipur State in Assam. It is remote from roads and difficult of access. No railway exists west of the Chindwin River. Cut up by innumerable valleys its villages are remote even from one another, and dialects have sprung up everywhere making missionary work very difficult. Among the Northern Chins, Government has recently introduced a strong educational programme. A Chin dialect and not the Burmese language has been adopted as the vernacular to be taught in these schools. This has been done with a view not only to the unifying of the Chin dialects, but also of preserving the racial identity of the Chin tribes. Left to themselves, it is noticed that whenever the hillmen come into contact with civilized Burma they learn Burmese and adopt Buddhism. Buddhism thus tends to spread, so that there are far more Buddhists to-day in Burma than there were when mission work was begun.

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* See map showing the distribution of the principal races, page 59.

There are four hundred and seventy-nine villages in the Chin Hills district, in forty-five of which Christians are resident. The Christian community is not yet large, consisting only of about one thousand Church members and five hundred others. About one hundred and fifty are baptized every year. Round Haka the work has been difficult and most of the converts come from Tidim and the north.

There are twelve organized Churches under pastor-evangelists, in connection with the American Baptist Burma Mission. Each Church has a treasurer and several elders who conduct the whole business of the Church. None of these are yet self-supporting but they have an annual income of Rs. 2,000. The Mission limits its grant to Rs. 1,000, and the older Churches of Burma subscribe Rs. 700. A great effort is being made by the Churches to support themselves, and the missionary now acts in an advisory capacity only, the general administrative and financial work being managed by an Association. Many of the pastors are ordained and the Church is practically autonomous. There are twenty evangelists, most of whom are as yet untrained. A Bible school has been established to give them a training in their own language.

The Society for the Propagation of the Gospel works among the Chins in the far south, and at present has an ordained native clergyman stationed at Prome. This work among the Chins was begun in 1895 at Thayetmyo by Mr. C. R. Torkington. It has been carried on steadily in the Prome and Thayetmyo districts and there are several hundred baptized Chins, mostly drawn from the non-Burmanized and more distant villages. These latter are mostly poor cultivators living on the edge of wild jungle. Those living on the plains beside the Irrawaddy are now mostly Buddhist and are almost impossible to reach. In the more hilly country to the west of the river and also to the east there are tracts where the future largely depends on whether Christian or Buddhist influence reaches them first. There is an urgent call greatly to extend the work being done by both these Missions.

II.—Awakening of the Northern Chins.*

The Chin belongs to the Tibetan-Burman group of peoples who are supposed to have come down the Chindwin Valley from the north. They were apparently driven into the hills on the west by succeeding migrations of Shans and Burmans, and for the last two or three hundred years have been a hill people. There are evidences that they once had a higher civilization. This is seen from the fact that they are completely clothed and do not appear ever to have been head-hunters or cannibals. There is even a tradition of a written language. They differ from many hill tribes in that violent crime is rare, polygamy not very common, women more respected, and warfare carried on less brutally than in many hill districts. After reaching the hills they quickly spread out in little villages in the narrow valleys and many dialects soon developed.

Owing to raids on the plains, about 1890 Government took over the administration of the Chin Hills, which is carried on through the tribal chiefs from whose orders there is no appeal. These men are for the most part ignorant and tyrannical. They are, however, respected by their people and careful supervision on the part of the administration prevents too many offences. The Chins are all cultivators with the exception of a few potters, blacksmiths, and traders. The women for the most part still weave and make the clothing of the family. Trade is increasing and bazaars are springing up at the military posts. Peddlers make their way from village to village. Some of the Chins have settled on the plains where they do not thrive. This is a pity as there is plenty of land at the foot of the hills, while it is being worked out in the hill valleys.

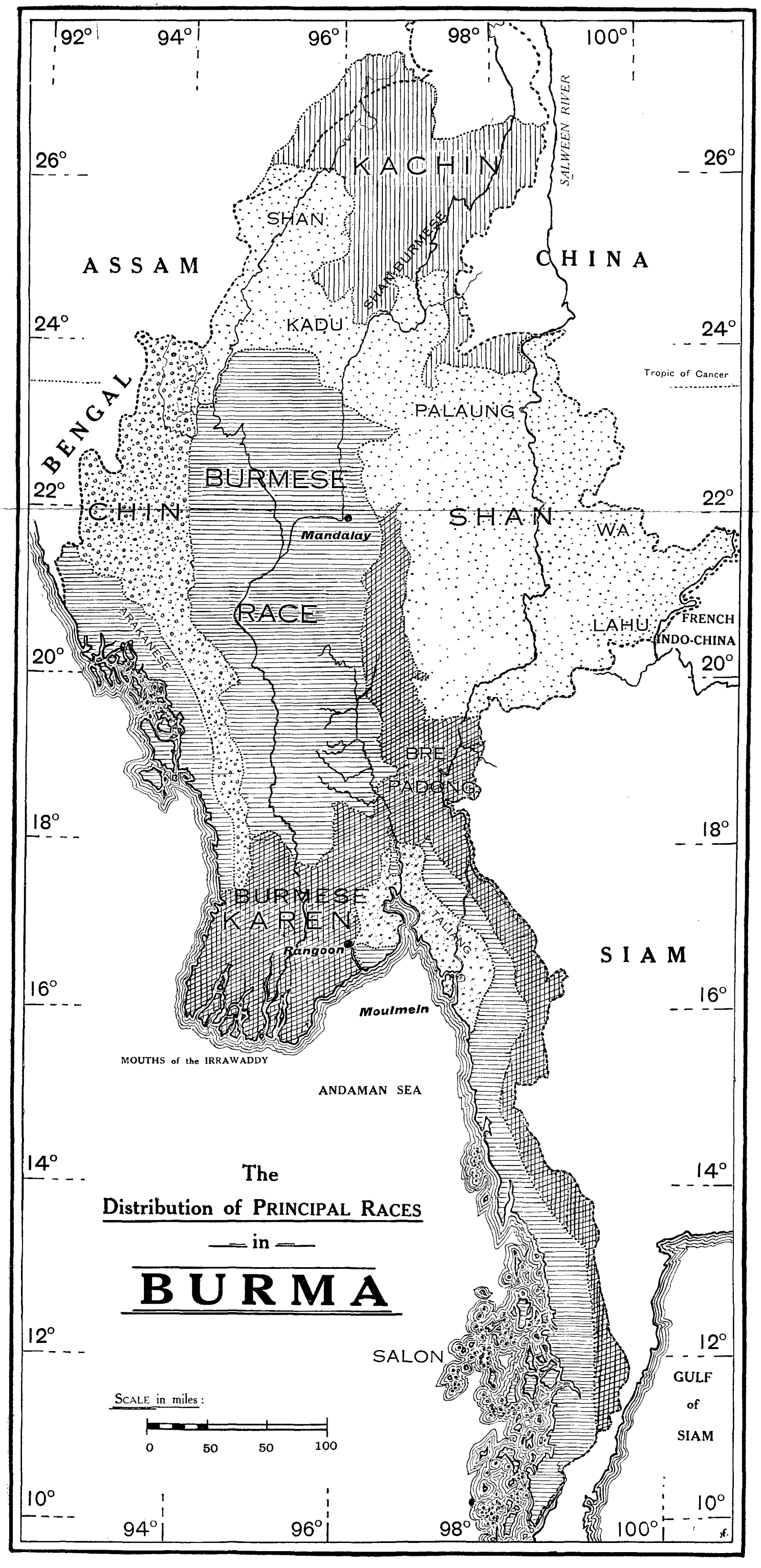
Mission work was begun at Haka in the Southern sub-division of the Chin Hills in 1899. Agriculture and medical methods were tried, but little success

* This section (II.) has been contributed by the Rev. J. Herbert Cope, of the American Baptist Burma Mission.

do without it. It is the custom, and when the mother is in the fields the baby is fed on beer all day.

To the west of the Chin Hills is the Lushai Hills district of Assam, where about one-third of the people are Christians. There was a great revival amongst them a few years ago, when large numbers became Christian. These people have greatly influenced the Chins.

I believe that, in the not distant future, there will be a like revival among the Chin tribes which have been evangelized, and when this comes about there will be a large and rapid increase in the Churches.



The Distribution of PRINCIPAL RACES in BURMA

SCALE in miles:

0 50 50 100

resources to its prosecution. Nearly half, therefore, of the total missionary staff, about 150, and 2,000 of the indigenous workers are engaged in work among the Karens, who number only a little over 1,000,000 of the population. Among the remaining 12,000,000 there are 200 missionaries and about 1,500 indigenous workers, that is to say about 1,700 in all.

The Protestant community among the Shans, Chins, Kachins, etc., is about 13,000. The work among these peoples who number about 3,000,000 is becoming increasingly fruitful, and accounts for nearly one-third of these 1,700 workers, leaving not more than 150 missionaries and 1,000 indigenous workers for work amongst the 9,000,000 Burmese-speaking people.

Another fact, however, vitally affecting work among the Burmans is that in the four great centres of Rangoon, Mandalay, Moulmein and Bassein, at least 600 workers are engaged mainly in educational work.

The total force in these four centres and their immediate districts with a population of 1,605,966 is as follows :—

	Foreign.	Indigenous.	Total.
Rangoon	104 ..	579 ..	683
Moulmein	23 ..	217 ..	240
Mandalay	25 ..	94 ..	119
Bassein	7 ..	555 ..	562
	159 ..	1,445 ..	1,604

These figures cover work of all kinds in these areas, and for the purposes of this calculation two-thirds would be a liberal estimate for the Burmese work, educational and other. That is to say, among 1,000,000 Burmans, 110 foreign and 800 indigenous workers are engaged, of whom, as we have said, 600 are in educational work. So we are left with 240 workers for the rest of Burmese Buddhist Burma (8,000,000).

During the last fifteen years the concentration in these four areas has very greatly increased, and no corresponding increase has taken place in the rural districts of the Burmese areas. It has to be admitted,

of course, that the colleges, schools and other institutions do not simply serve these cities, but also serve the whole of Burma, at least so far as Rangoon is concerned and, to a lesser extent, Mandalay.

Thus outside these centres and apart from the work among the Karens and indigenous minor races, on the most liberal estimate there are not more than 40 missionaries and 200 indigenous workers available for work among the 8,000,000 Burmans.

It naturally follows that there are many unoccupied areas. In the Burmese area of Upper Burma, the districts of Ruby Mines, Katha, Upper Chindwin, Lower Chindwin, Magwe, Yamethin, Minbu, and Thayetmyo are practically unoccupied, with the exception of Lower Chindwin, where there are three missionaries (Monywa), and Minbu and Thayetmyo, where there are five. In Lower Burma, with the exception of Sandoway which has four missionaries, there are no workers in the whole Arakan Division with nearly 1,000,000 people. In Myaungmya District (370,551) there are no workers. There are two women in Maubin District (330,106) ; no workers in Pyapon (288,994) ; no workers in Thaton (471,100) and one man in Mergui (135,465). These districts comprise half the area of Burma proper.

Amongst the minor races (Shans, Chins, Kachins, etc.), work can only be said to have been begun. There are 12,500 Christians among nearly 2,000,000, which result, when compared with the 9,000 among 9,000,000 Burmans, is full of promise.

Among the immigrant population of Tamils and Telugus, there are 5,600 Christians out of the total number of 878,000, and this work engages quite a number of workers. Thus, while progress is maintained steadily amongst the Karens, and the outlook is increasingly hopeful amongst the indigenous minor races, there is practically a deadlock with regard to the Burmans, except on the educational side. The hill tribes on the Assam border, with the exception of certain sections of the Chins, have still to be reached. The newly opened areas in the extreme north where

slavery has recently been abolished; the Nagas of the Patkai Hills of the Northern frontier, amongst whom human sacrifice is being suppressed; the Was and others on the Yunnan frontier; the Shans in the Northern Shan States; the Taungthus and the Palaungs and others too numerous to mention, have also still to be reached.

The present distribution of workers can readily be understood. Missionary advance follows the line of greatest response on the part of the people. "To him that hath shall be given." The Karens welcomed the Message and so have been followed up. The Buddhists rejected it, and still, for the most part, are indifferent and often antagonistic, and progress can only be made with difficulty.

But twenty-six workers to each million, a great proportion of whom are engaged in educational work, is not only an inadequate *evangelistic* force, but is hopelessly and ridiculously so. If the forces were approximately four times as strong and so adjusted as to face all the calls for evangelistic work, it would only, humanly speaking, be at the irreducible minimum. There are only about ninety ordained missionaries out of the three hundred and fifty-one foreign workers in the whole of Burma. The evangelistic problem cannot, however, be solved by merely counting workers.

Many other deductions might be made from the statistics to show how inadequate is the occupation of Burma and to emphasize the urgent need of greatly increasing the work, especially of the British Societies. Over two hundred of the three hundred and fifty missionaries belong to the American Baptist Burma Mission. What the condition of the missionary enterprise would have been in Burma without their invaluable co-operation, it is difficult to imagine.

Many interesting questions arise from a study of the missionary occupation of the cities, towns and villages. There are 79 cities and towns with a population of over 1,000, and 35,005 villages with under 1,000. Missionaries reside in 51 centres, 39 of which are among the 79 towns and 12 only among the 35,005 villages.

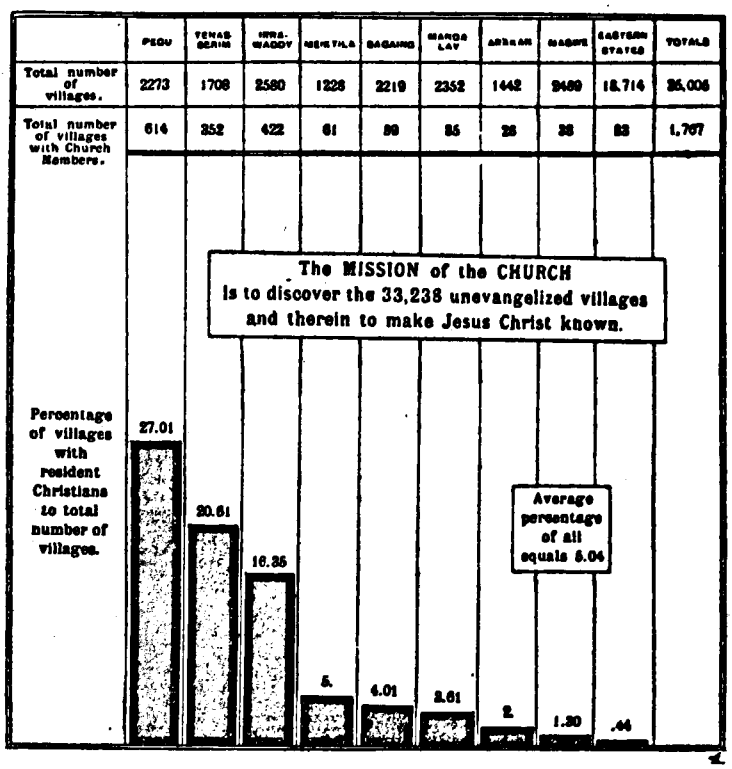
Protestant Christians reside in all the 79 towns and in 1,767 of the 35,005 villages. Only three cities have populations of over 50,000, Burma being pre-eminently a land of villages. Out of the 24 largest towns, missionaries reside in 20. Two of the unoccupied four were previously occupied, and two have not been occupied. Of the 39 towns with populations between 5,000 and 10,000, 12 are occupied; and of the 16 between 1,000 and 5,000, six are occupied. Protestant Christians, we have seen, live in 1,767 villages,* that is to say, in five per cent. of the villages. It is becoming more and more doubtful whether effective village work can be done from town centres. In the case of the small towns which are unquestionably centres of village life, it is feasible. Wherever the town has a life of its own, however, village work cannot be properly conducted from it as a centre, and those attempting it can never realize by how far they are failing to reach the village life.

The villages of Tenasserim, Pegu and Irrawaddy in South Burma are best occupied. But in the other divisions with the exception of Meiktila, where five per cent. of the villages are occupied, occupation by resident Christians ranges from three per cent. to one-half per cent. The unoccupied village areas are, therefore, very great. The following table and diagram show the villages where Protestant Christians reside.

	Protestant proportion only.
Arakan	28 out of 1,442
Pegu	614 „ „ 2,273
Irrawaddy	422 „ „ 2,580
Tenasserim	352 „ „ 1,708
Magwe	33 „ „ 2,489
Mandalay	85 „ „ 2,352
Sagaing	89 „ „ 2,219
Meiktila	61 „ „ 1,228
Eastern States	83 „ „ 18,714

* Roman Catholics reside in 566 villages, thus making 2,333 in all.

Chart showing number of villages in Burma in which Protestant Christians live, and their relation to total villages



"To discover where these unevangelized villages are is the task of the Missions working in these areas; but efforts should be made to bring these situations before the Churches in each area, and arouse in them a new zeal and determination to bring Christ to those who do not know Him yet."*

Before considering how this problem can be met it is necessary to examine the general educational situation. Educational work is carried on to a far

**A Survey of Christian Missions in Burma*, edited by C. E. Olmstead, 1927, page 27.

greater extent in Lower Burma than in Upper Burma. In the three divisions of Lower Burma there are five times as many schools as in Upper Burma. It is estimated that forty-two per cent. of the pupils are Christians; the rest are non-Christians.

The latest figures show the following situation :—

	Schools.			Scholars.	
	Primary.	Middle.	High.	Primary.	Middle & High.
Protestant	861	84	27	24,917	15,622
Roman Catholic	217	15	9	10,210	5,158
	1,078	99	36	35,127	20,780
Total	1,213			55,907	

In the 1,213 schools it is estimated there are 2,400 teachers—foreign and native—that is one to every 23 scholars.

In 1921 five per cent. of the schools of Burma were under Christian control with fifteen per cent. of the total pupils.

All Christians do not study in Christian schools, and an estimate gives 4,600 as the probable number of Christians attending Government Anglo-Vernacular schools.

The above table reveals a serious problem—that of primary school education in the villages. Many of the 861 Protestant primary schools reported are in the towns, so that in the 1,767 villages in which Protestant Christians live there must be a very great dearth of schools.

When it is remembered also that fifty-eight per cent. of the pupils are non-Christian, it is evident that a very large proportion of Christians must have no educational facilities in spite of all the money spent and efforts put forth. If we take the whole work

of Protestants and Roman Catholics together, about 1,300 teachers are employed in the 135 secondary schools, leaving 1,100 teachers for the 1,078 primary schools, very many of which are in the cities and towns. "If"—says Mr. Olmstead—"each of these primary schools were in a village, 1,078 of the 2,333 villages in which Christians (Protestant and Roman Catholic) live would be supplied with good educational facilities and a Christian leader. Such schools would become centres from which distinctive Christian influences would go out into the lives of the people, thus building up in a short time a vast constituency whose ideas would have a definite Christian tendency." It is evident that all mission schools are required for the education of the Christian community, and in such circumstances it is difficult to justify the education of so large a number of non-Christians.

Work in the villages, therefore, has just begun. Here conservatism and religious prejudice are strongest, here opposition is freely met with, and hence the importance of extending village work. To go to cities because village work is more difficult is to take the line of least resistance. The problem of the effective reaching of the villages is not however a simple one. "If we turned our programme about"—to quote the Burma Christian Council Report—"organized Christian schools in a hundred new villages a year for ten years, sent our missionaries to supervise these schools and build up their efficiency, and made special efforts to get teachers trained for this work, think what the influence would be within just a few years . . . such progress . . . as we cannot hope for under our present system."

This proposal suggests that a great extension of schools in the villages for general education is a desirable thing. Is it wise, however, for missions to embark on a programme of extensive village education? We are told by the Rev. W. C. B. Purser that the Burmese leaders oppose any increase in the number of village mission schools, and he suggests that this being so quality of work in existing schools should

be aimed at rather than an increase in their number. Even if it were judged wise to increase the quality of these mixed schools, while considerably more than half the villages in which Christians live have no school of any kind, the problem of how to reach the villages would still remain.

Admitting that it has become impossible for missions to contemplate an increase in the number of non-Christian schools, the question has still to be answered as to whether it is the function of missions to pursue a policy of better intensive general education. Such schools would require to be so efficient as to challenge the work of Government schools.

We have noted that over four thousand Christian children already attend Government Anglo-Vernacular schools. Many would advocate to-day the extension of this practice. So long as mission schools are content to work along the lines of a Government secular curriculum with a little religious teaching as an extra, and this too of very varying degrees of efficiency, especially in the villages, it cannot be said that real Christian education is being achieved by mission schools. This conception of a mission school is no longer satisfactory. It is becoming recognized that a truly Christian education can only be given in schools for Christian children, where the object in all parts of the curriculum is to draw out the full implications of the Christian consciousness and to develop Christian character. This cannot be done for the non-Christian pupil. Ethically it would scarcely be an honest thing to attempt, and psychologically it would not be wise. It cannot be right to attack and undermine the religious influences of the Buddhist home, and the religious life of the community such as it is, through schools for the children. In such an effort we are doing justice neither to the non-Christian nor to the Christian child. All modern educational theory supports this, and this explains much of the non-success of such schools so far, from the evangelistic point of view.

Burma, through its local Education Boards, which are largely Buddhist, is demanding compulsory primary education. These Boards wish to make Buddhist education universal and compulsory for all, including Christians and Mohammedans. At present the schools in the villages are either Buddhist or Christian, and even if each religious community were allowed to control its own schools it would take many generations to accomplish anything very considerable should compulsory education became the law to-morrow.

The problem before missions is to give much more effective Christian education to Christian children. If we are told, then, that these local bodies oppose the extension of Christian schools, we shall have to consider the question of how to reach the villages apart from the question of school work altogether.

Henceforth evangelistic work will require to be the main method of reaching the villages, the school becoming possible only when there are sufficient Christian children to justify opening it.

The whole question of what constitutes true Christian education will require to be studied from the very foundation, realizing that a Government secular curriculum with a dash of religious teaching is not Christian education at all.

The steady extension of general education must be depended on to prepare the people intelligently to apprehend the Christian message and to read and understand Christian literature.

An evangelistic programme for the villages calls mainly for native workers. In this connection one naturally thinks of the great possibilities latent in the growing Karen Christian community. A large number of paid mission workers among the other races are Karen Christians, although for them work among the proud Burmans is not easy.

We learn, however, that the Karens have developed strong communal tendencies, and are jealous and suspicious of their Burmese neighbours. "It is the exclusive spirit," says the Rev. W. C. B. Purser, "which has prevented them hitherto from playing

their part in the evangelization of the Burmese people."*

A great spiritual uplift is needed if the Karen Christians are to rise to the call of the present moment. Their Christian spirit must effectively challenge all communal and sectional selfishness, which is the besetting sin of Indian Christianity. The latter easily becomes self-centred and evangelistic zeal is hard to find. Not long ago Sadhu Sundar Singh told his fellow Christians that when he thought of what the Korean, the Chinese, or even the Japanese Christians were doing to win their own countrymen he was ashamed at their lack of evangelistic zeal.

The great service which Western missions can render the Burmese Church to-day is not to give them a mainly secular general education, or any other social or economic uplift, but to make a spiritual contribution which will infuse new life into the Christians themselves. This will solve the great problem of reaching the villages as nothing else possibly can.

Our reports tell us that there are many villages in which Christians live where there is no systematic Sunday school instruction. The Sunday schools are attended by 34,841 children, many of them non-Christian. Where are the other children of a Christian community which numbers about 280,000? A few districts record fifty per cent. of the community as attending Sunday schools, which shows that the situation elsewhere must be even worse than the average attendance would indicate. A great problem of Christian education exists, especially in Lower Burma where the number of paid indigenous workers is four times greater than elsewhere.

It is quite evident that there is little voluntary service on the part of the Church members, and too much reliance is placed on the paid workers for Sunday school work. This is not a healthy sign. When the Church organizes its Sunday school work independent of paid day school teachers, it will then begin to live.

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* *International Review of Missions*, October, 1928, p. 661.

The question, however, of the advisability of employing paid workers at all has not yet been properly faced. That voluntary work is seriously discouraged, and the self-propagating power of the Christian Church incalculably crippled, appears to be certain. The Rev. C. R. Purser, in his report for 1925–26, shows how crucial this matter has become :—

"As the years pass by, I find myself driven more and more to the conclusion that the policy we have been following in regard to the evangelistic work amongst the Burmese is fundamentally wrong. The general desire seems to be to seek out suitable men and then have them trained as catechists and later to get them ordained. The Board of Missions is then asked to find funds to supply them with salaries. The motive behind it all is, of course, a good and worthy one, that of throwing as many men as possible into the work of evangelization. But this pious attempt made by the foreign missionaries has in many cases not been met by the same piety from those whom they have thrown into the work. The keenness of the evangelist is seen as he wanders from village to village, humbling himself as becometh the disciples of the Master, having no fixed itinerary, but staying or going on as opportunity arises. When the missionary's work has met with a certain amount of success and he has won various disciples scattered over a large area, is it necessary to appoint an agent paid by foreign money to look after these new converts? It all depends on how we answer that question. Has it not been shown over and over again that this kind of work is done far more satisfactorily by honorary workers? . . . All missionaries desire the Native Church to be self-supporting. Does it not therefore seem strange that the people amongst whom we are working, though ready to give most amazingly liberally to anything connected with their own religion, yet when they become Christians close all these channels of charity? I think it is because we have not fully appreciated Burmese Buddhist philosophy. They look upon us as 'Thu-daw-gungs,' seeking merit, and give us the

opportunity of earning such merit by accepting of our charity. And it comes somewhat of a shock to some of them when they realize that they themselves are being asked for alms. If a convert has the Spirit of Jesus, his own prayers and Bible reading, with the occasional visit of the itinerate missionary, will turn him into a St. Andrew. He will seek out his brothers and the Native Church will grow independent of paid agents. For years to come they will require the inspiration and guidance of the foreign missionary. But the Native Church will only be a real and lasting one in so far as it produces its own voluntary missionaries. Any foreign money spent in this way seems to retard rather than hasten the time of a self-supporting Church. The desire for overseers will come from within. When the desire is there, there will also be found the means to fulfil the desire. Is it right at the present time to throw upon them an expensive native priesthood which they cannot yet support? Education, training, medical work, though intimately connected with evangelistic work, are, at the present stage of development, matters which hardly come within the scope of the problem of self-support.

"A glance at the accounts will show how much money has been spent in this district on evangelizing agents and how much money the Society is called upon to find in order to meet the amazing small proportion raised by the Native Church. In this area, the Burmese subscribe about one-fifth and the Chin about one-third of the cost of their priest and catechists. This does not take into account the money paid for their travelling expenses and the reduced fees allowed to the children (in some cases wholly free) to attend our Rangoon and other schools."*

Mr. Purser here touches upon a fundamental point in the establishment of an Indigenous Church, and more and more it must be recognized that no one should ever be paid with foreign money to preach the Gospel to his own fellow-countrymen. This has

* Quoted in *National Christian Council Review*, January, 1927.

been one of the gravest mistakes made by missions, the evil consequences of which are most far-reaching.

The country is so well supplied with civil hospitals and dispensaries (183) that there are only a few mission institutions. Protestant Missions have five hospitals and eleven dispensaries, and the Roman Catholic Missions have exactly the same number. They are found in the four divisions of Pegu, Tenasserim, Mandalay and the Eastern States.

What then are some of the conclusions to which we are led? The great problems of Burma are the evangelization of the nine million Buddhists; the evangelization of great village areas; the reaching of the half a million Mohammedans for whom little, if anything, is done; the evangelization of the great majority of the minor races, especially the Animist hill tribes with a population of 592,822; the problem of the half a million Tamils and Telugus who contribute only eight per cent. to the Christian population, both Protestant and Roman Catholic; the winning of the 150,000 Chinese who have shown themselves peculiarly opposed to Christianity. Faced with these untouched classes and unoccupied areas, the small force of workers is but a thin red line. The Christians are concentrated in certain definite areas, as are also the workers, and most of rural Burma is still outside Christian influence. Most of the really difficult tasks remain to be grappled with. The large number of educational workers, especially in Rangoon and Mandalay, leave but few for direct evangelistic work. In Upper Burma there is only one-fifth of the number of evangelistic workers found in Lower Burma. Christian village schools exist in less than half of the villages where Christians live. The great deficiency of Sunday schools shows that there is little voluntary service among the Christians, and that the paid workers themselves, especially in Lower Burma, do not do what they might. The number of workers in training is scarcely sufficient to keep things going, and is totally inadequate in face of the challenge before the Church.

The problem of Burma, as of so many other fields,

is to find a living Church which will be a sufficient witness of the love of Christ to the peoples of their own land.

In face of so many unreached districts a policy of delimitation of fields between the various Societies now at work may, in practice, easily become a hindrance. While such a policy is designed to prevent overlapping, it can only be justified where a Society is definitely planning to enter the field allotted. If evidence cannot be shown that such advance is being contemplated, no obstacle should be placed in the way of any other Society able to open new work.

There are some problems of Christian occupation which require special emphasis. We have referred to the impression which so many observers record of the aspect of general happiness and contentment to be seen in the villages of Burma. But this has its other side.

"Buddhism"—writes the Rev. Sidney Gordon—"associates suffering with demerit and, perhaps for this reason, the villager does not readily reveal his deeper feelings to strangers. To anyone, however, who establishes a friendship with the villager, and is taken into his confidence, a different picture is presented. Neglect of bodily ailments, ignorance and gross filth produce a catalogue of suffering and sores which call for what help he can give even with a few simple medicines. In the larger centres Government has provided hospitals and dispensaries, but, apart from cases of hurt likely to result in police proceedings, the villager rarely avails himself of such institutions. Travelling dispensaries could do much to meet his needs, but so far Government has not approved of these. We have seen that there are only twelve residential centres in 35,005 villages, and it naturally follows that missions have done little to meet the needs of the villagers. There is a great untouched field here. Despite nationalism, the village is still the social unit, and here the vast majority of the Burmans live. Without doubt this is the biggest problem before missions in Burma."

Another field which could be developed is also chiefly connected with village work, that of Burmese women. Compared with other Eastern countries, they are peculiarly free and accessible. They are, however, held fast by superstition and prejudice, which can only be broken through by the Christian spirit, and that largely by means of the work of women. With only one hundred and nine women workers, the majority of whom are in city institutions, there exists here a very great untouched field for women missionaries. Co-operation may be expected from Burmese Christian women who have taken a notable step quite recently. "They have formed themselves into the Burma Women's Missionary Society, have collected funds with which to stretch out helping hands to established stations by supporting workers there, and have just built themselves central office buildings in Rangoon, to be the pulsing heart of their growing activities. They have thus lined themselves up with the various Home Mission Societies which are working in various parts of Burma."*

The greatest problem of all is the relationship of the Buddhist population to the message of the Gospel. Regarding this the Rev. Wallace St. John writes :—

"The thoroughly established Buddhism of one hundred years ago, with its system of merit and severe legal demands, has in a measure lost its hold on the people. The people who, as a rule, would not listen to anything except the exhortations of the Buddhist monks are now ready to listen to the Christian message. The friendliness shown by missionaries and Christians of the country has won a general kindly feeling, and a slight knowledge of Christ has taken much of the bitterness out of the Buddhist opposition."

"The Buddhists, who are Burmans, Shans and Talaings . . . have shown great reluctance to give up their images and costly shrines and expensive monasteries. The missionary battle has been waged on all fronts. Buddhists are strongly fortified with

* A. H. Henderson, WORLD DOMINION, April, 1927.

their literature, their established customs and strong prejudices, in addition to the material enrichment their religion has had for many centuries. Buddhists have also always had their monastic schools for boys. They have taught the lads their religious liturgy and have trained them into grooves of living laid down by Gautama Buddha, which have emphasized great self-denial though no real self-sacrifice. It would be strange indeed if a religion such as this could be thrown off easily. Its enormous body of Scriptures, its regular instructions, its extreme reverence for its well-versed monks, are all calculated to make a permanent intellectual impression upon the people."

So far mission work among the Buddhists has too exclusively reached the lower social orders and the less educated. The educated classes and the students whose minds are being awakened are not being effectively touched. "A new evangelism"—says Wallace St. John—"is needed to appeal to this class." To-day new interests are occupying the attention of the educated classes, especially that of the new nationalism.

"There has been a revival of Buddhism,"—says A. H. Henderson*—"largely due to this nationalistic spirit, which feels that Buddhism is part of the old order, and should be bolstered up. A 'Buddhist Mission Press' has been started in imitation of the 'Baptist Mission Press.'" "A little while ago it was the fashion to have Young Men's Buddhist Associations as an offset to the Young Men's Christian Associations. The same spirit finds expression in rules passed prohibiting the visiting of pagodas by anyone unwilling to remove his or her shoes. Tracts, too, have been prepared and circulated to try and meet the Christian arguments."

"Christian preachers and missionaries are almost invariably accorded a welcome by the mass of the people. . . . In increasing numbers Buddhists are accepting the great truth of an Eternal God, the

* WORLD DOMINION, April, 1927.

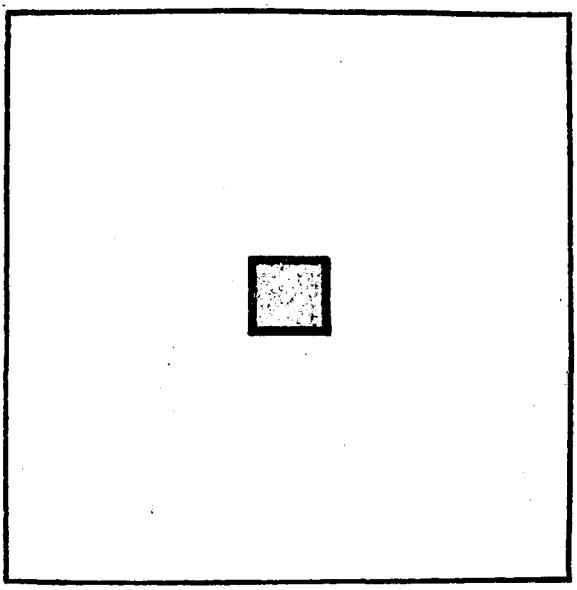
Ruler of the Universe, from whom Gautama was sent, probably never realizing that, on accepting this truth, they are knocking out the key-stone of the Buddhist arch. In two districts there has been awakened a desire among the Burmans to hear of Christ, and they have appealed to their Christian Karen neighbours to preach to them the Gospel; again a great change from the past."

The Protestant Christian community among the Buddhist Burmans has only grown from eight thousand in 1910 to a little over nine thousand in 1926, and is largely drawn from the very poorest of the people. The whole problem of Buddhism must be adequately faced. The Christian Faith is challenged, and a much greater evangelistic effort is called for in order to win the Burmans. The signs are propitious. They will not always be satisfied with the hopeless outlook and moral inertia of their ancestral faith. The day of a great harvest is bound to come.

"A crisis is approaching"—continues Dr. Henderson—"Buddhism is popularly supposed to last for five thousand years; but at the end of the first 2,500 will come a momentous change. After the expiration of this period, another Supernatural personality (known as the Sakya Min) takes control. Under his rule swift and condign punishment follows each sin. Every lapse will be immediately and unfailingly punished. This first period lacks only some thirty years for its completion, and there is trembling in the hearts of the Buddhists.

"This is spreading even among the common people, and should be a tremendous asset in the preaching of Christianity, for it must certainly help to bring about a realization of their terrible danger as sinners. This, in turn, must rouse interest in a Saviour who can deliver from sin. Then, at the completion of the 2,500 years, if these terrible judgments do not take place as they believe, their faith in the whole of Buddhism is likely to be rudely shaken. Now, therefore, is the time of all others for as widespread and clear a presentation of Christ and His Gospel as possible."

Diagram showing proportion of Indigenous Christians (1926) to the total population (1921)



Total Population	13,212,192
Indigenous Christians	274,105

This represents a proportion of 1 to 49 of the population. The population, however, has increased since 1921, therefore the diagram is approximate.

Chart Showing Growth of Christian Community.

Black Column—Protestant Christian Community.
Shaded „ —Roman Catholic Christian Community.

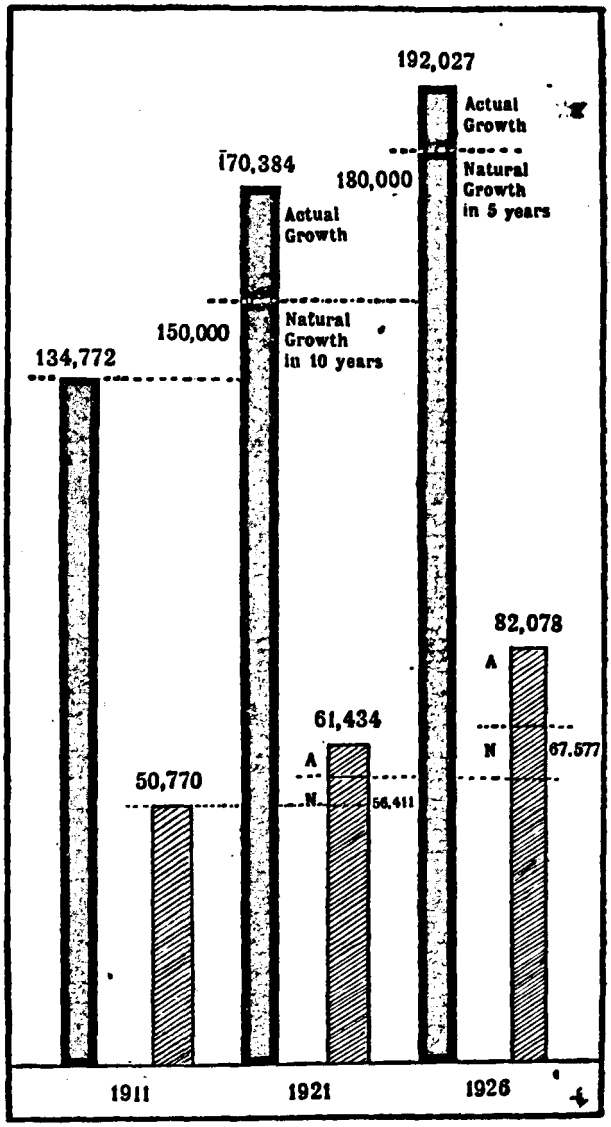
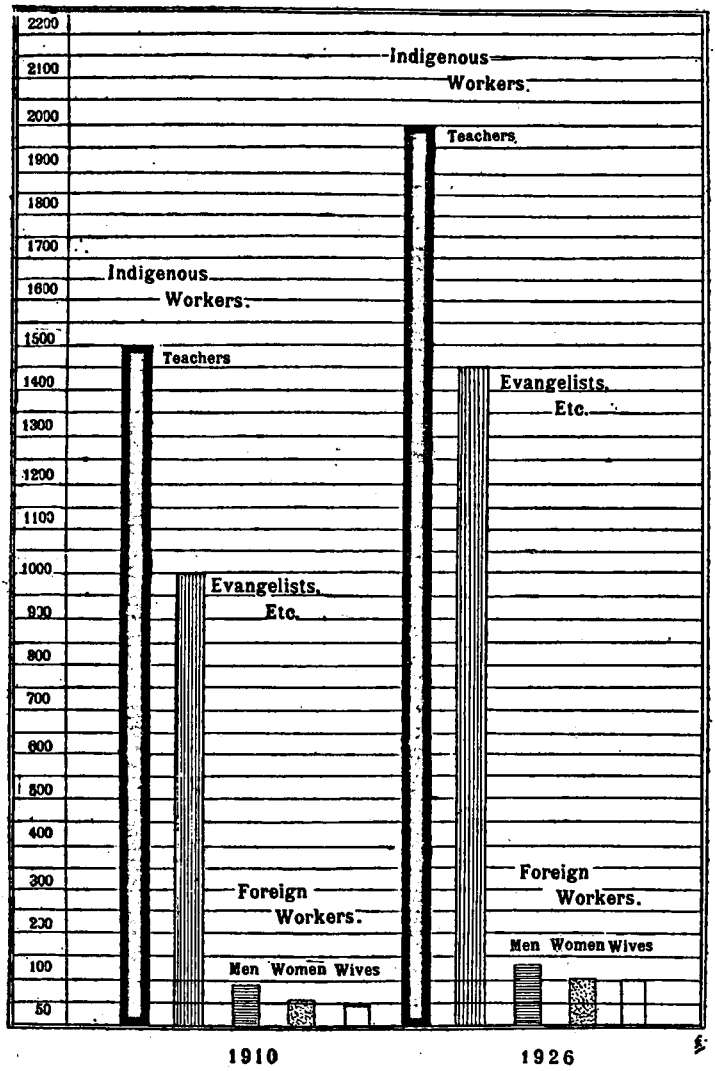
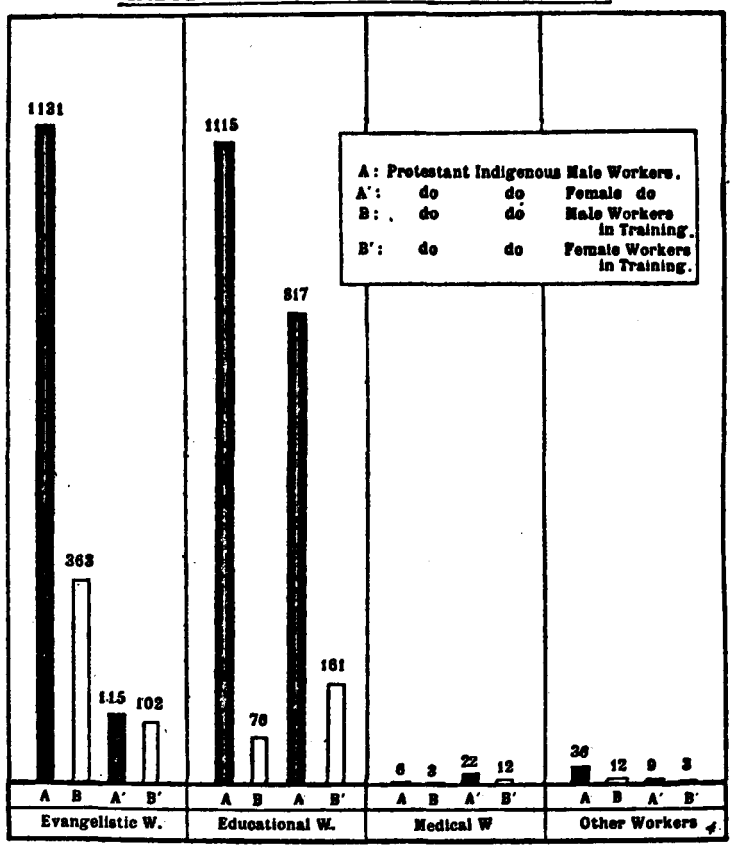


CHART SHOWING
INDIGENOUS and FOREIGN WORKERS in BURMA



This estimate of teachers and evangelists for 1926 can only be approximate, as the type of work of the last three hundred workers added was not stated. They have been distributed in the same proportion as that of the 3,251, first calculated by the Rev. C. E. Olmstead (1927).

CHART SHOWING
PROTESTANT INDIGENOUS WORKERS
—— and ——
INDIGENOUS WORKERS IN TRAINING,



This diagram represents the distribution of the 3,251 workers reported on in 1927 by the Rev. C. E. Olmstead. The 287 workers reported since would increase the columns proportionately, if added.

APPENDICES

APPENDIX		PAGE
	SUMMARY	83
I.	RACES, LANGUAGES AND POPULATIONS BY RELIGIONS	84
II.	AREAS, POPULATIONS, FOREIGN AND NATIVE WORKERS	85
III.	MISSION AND CHURCH STATISTICS	89
IV.	RECENT STATISTICS OF THE FOUR PRINCIPAL MISSIONS	90
V.	LANGUAGES AND DIALECTS OF BURMA	95
VI.	COMPARISON OF PROTESTANT AND ROMAN CATHOLIC WORK	96
VII.	THE BIBLE IN BURMA	97

List of Missionary Societies

1.	A.B.B.M.	American Baptist Foreign Mission Society (American Baptist Burma Mission).
2.	B.C.M.S.	Bible Churchmen's Missionary Society.
3.	B.F.B.S.	British and Foreign Bible Society.
4.	C.L.S.	Christian Literature Society for India and Africa.
5.	M.E.Ch.	Foreign Mission Board of the Methodist Episcopal Church.
6.	S.A.	Salvation Army.
7.	S.D.A.	Seventh-Day Adventists.
8.	S.P.G.	Society for the Propagation of the Gospel.
9.	W.M.M.S.	Wesleyan Methodist Missionary Society.
10.	Y.M.C.A.	Young Men's Christian Association.
11.	Y.W.C.A.	Young Women's Christian Association.

Summary of Statistics, 1926

Burma

Area	233,707 square miles.
Population	13,212,192.
Density	57 persons per square mile.
Protestant foreign workers	351
Protestant native workers	3,538
Protestant missionary residential stations	47
Protestant Christians (Census 1921)	170,384
Protestant Christians (Mission returns)	192,027
Protestant Mission schools	972
Pupils in schools	40,539
Hospitals	5
Dispensaries	11

APPENDIX I.

(*Figures taken from* 1921 *Census.*)

1. RACES AND LANGUAGES. (Certain population areas not included.)

Races.		Languages.	
Burmese and Talaing	9,116,010	.. .. ..	9,007,000
Karen	1,220,356	.. .. ..	1,220,099
Shan, etc.	1,746,737	Shan	1,018,000
		Chin	289,000
		Kachin ..	147,000
		Palaung Wa ..	157,000
		Others ..	147,000
Indian	878,236	.. .. ..	887,000
Chinese	149,060	.. .. ..	149,000
European and others	58,700	Indo-Burman and others ..	148,000
	13,169,099		13,169,099

2. MOSLEM POPULATION.

Zerbadis Moslems ..	93,482
Arakan Moslems ..	23,775
Arakan Kamans ..	2,163
Indian Moslems ..	366,271
	485,691

3. CHRISTIAN POPULATION (Protestant, Roman Catholic, etc.).

(*a*) *From Indigenous Races.*

From the Burma group	14,611	or 5.7 per cent. of total Christians.
,, ,, Karen ,,	178,225	,, 69.3 ,, ,, ,, ,,
,, ,, Chin, Shan, Kachin and Talaing groups ..	14,924	,, 5.8 ,, ,, ,, ,,
	207,760	

(*b*) *From Indian Races.*

From the Tamils ..	17,737	or 6.9 per cent. of total Christians.
,, ,, Telugus ..	2,124	,, .8 ,, ,, ,, ,,
,, other Indians ..	2,741	,, 1.1 ,, ,, ,, ,,
,, others	1,456	,, .6 ,, ,, ,, ,,
	24,058	

Total Christians from Indigenous and Indian Races .. 231,818

(*c*) *From other Races.*

Europeans	8,630	or 3.3 per cent. of total Christians.
Anglo-Indians ..	16,658	,, 6.5 ,, ,, ,, ,,
	25,288	

Total number of Europeans 25,288

GRAND TOTAL 257,106

APPENDIX II.

Areas, Populations, Foreign and Native Workers, 1926

Division.	District.	Area. Sq. Miles.	Population.	Station.	Mission.	Foreign Workers.				Indigenous Workers
						Men.	Wives.	Women	Total.	
Arakan.		**14,807**	**909,246**							
	1. Akyab	5,136	576,430	Nil.	Nil.	—	—	—	—	—
	2. Hill Dist. of Arakan	1,500	20,914	,,	,,	—	—	—	—	—
	3. Kyaukpyu ..	4,387	199,873	,,	,,	—	—	—	—	—
	4. Sandoway	3,784	112,029	Sandoway	A.B.B.M.	1	1	2	4	42
Pegu.		**13,707**	**2,309,293**							
	5. Rangoon	76	341,962	(Ahlone P.O.)	S.P.G.	1	—	—	1	—
					S.D.A.	3	3	1	7	—
				City	A.B.B.M.	21	17	10	48	403
					B.F.B.S.	1	1	—	2	31
					C.L.S.	1	—	—	1	—
					M.E.Ch.	4	4	7	15	96
					S.A.	6	3	4	13	13
					S.P.G.	3	—	2	5	28
					Y.M.C.A.	5	4	—	9	4
					Y.W.C.A.	—	—	3	3	4
	6. Insein	1,904	293,083	Kemmendine	A.B.B.M.	—	—	3	3	2
					S.P.G.	2	—	6	8	127
				Insein	A.B.B.M.	4	4	2	10	5
				Taikgyi	S.D.A.	1	1	—	2	4
	7. Hanthawaddy ..	1,866	364,624	Syriam	S.P.G.	1	—	—	1	—
					A.B.B.M.	—	—	—	—	5
					M.E.Ch.	1	1	—	2	28
				Twante	M.E.Ch.	1	—	—	1	
				Thongwa	M.E.Ch.	1	1	2	4	—
	8. Tharrawaddy ..	2,863	492,429	Tharrawaddy	A.B.B.M.	—	—	2	2	141
				Thonze	A.B.B.M.	1	1	—	2	

AREAS, POPULATIONS, FOREIGN AND NATIVE WORKERS—*Continued*

Division.	District.	Area: Sq. Miles.	Population.	Station.	Mission.	Foreign Workers.				Indigenous Workers
						Men.	Wives.	Women	Total.	
Pegu—*contd.*	9. Pegu	4,083	445,620	Nyaunglebin	A.B.B.M.	—	—	2	2	
				Pegu	A.B.B.M.	1	1	1	3	185
					M.E.Ch.	1	1	—	2	
				Sittang	M.E.Ch.	—	—	—	—	
	10. Prome	2,915	371,575	Prome	A.B.B.M.	1	—	1	2	22
					S.P.G.	—	—	—	—	15
Irrawaddy.		13,437	2,030,044							
	11. Bassein	4,127	489,473	Bassein	A.B.B.M.	3	1	3	7	555
	12. Henzada	2,872	550,920	Henzada	A.B.B.M.	2	2	2	6	256
					S.D.A.	2	1	—	3	2
	13. Myaungmya ..	2,650	370,551	Myaungmya	Vacant	—	—	—	—	—
	14. Maubin	1,640	330,106	Maubin	A.B.B.M.	—	—	2	2	90
	15. Pyapon	2,148	288,994	Pyapon	A.B.B.M.	—	—	—	—	17
Tenasserim.		35,788	1,613,523							
	16. Toungoo	6,135	381,883	Thandaung	M.E.Ch.	—	—	2	2	—
				Toungoo	A.B.B.M.	3	2	5	10	228
					S.A.	1	—	—	1	—
					S.P.G.	3	—	1	4	103
	17. Salween	2,666	50,379	Kamamaung	S.D.A.	2	2	—	4	5
	18. Thaton	4,831	471,100	Nil.	A.B.B.M.	—	—	—	—	6
	19. Amherst	7,059	417,910	Moulmein	A.B.B.M.	5	5	12	22	189
					S.P.G.	1	—	—	1	28
	20. Tavoy	5,308	156,786	Tavoy	A.B.B.M.	2	2	—	4	92
	21. Mergui	9,789	135,465	Mergui	M.E.Ch.	1	—	—	1	—
Magwe.		21,040	1,447,530							
	22. Thayetmyo ..	4,750	255,406	Thayetmyo	A.B.B.M.	1	1	—	2	13
	23. Pakokku	6,210	465,771	Pakokku	W.M.M.S.	1	1	1	3	17
	24. Minbu	3,293	274,302	Salin	W.M.M.S.	2	1	—	3	7
	25. Magwe	3,687	423,252	Nil.	S.P.G.	—	—	—	—	—
	26. Pakokku Hill Tracts	3,100	28,799	„		—	—	—	—	—

AREAS, POPULATIONS, FOREIGN AND NATIVE WORKERS—*Continued*

Division.	District.	Area. Sq. Miles.	Population.	Station.	Mission.	Foreign Workers.				Indigenous Workers
						Men.	Wives.	Women.	Total.	
Mandalay.		**28,788**	**849,361**							
	27. Mandalay	2,117	356,621	Mandalay	A.B.B.M.	1	—	4	5	43
					S.P.G.	3	—	4	7	28
					S.A.	1	1	—	2	—
					W.M.M.S.	2	1	2	5	23
				Maymyo	A.B.B.M.	1	1	2	4	—
					S.A.	1	1	—	2	—
					S.P.G.	—	—	—	—	—
	28. Bhamo	6,903	112,960	Bhamo	A.B.B.M.	3	3	—	6	53
	29. Myitkyina ..	10,651	118,382	Myitkyina	A.B.B.M.	1	1	—	2	19
				Mohnyin	B.C.M.S.	1	1	5	7	10
				Hkapra	B.C.M.S.	3	—	—	3	—
	30. Katha	8,917	253,725	Nil.	Nil.	—	—	—	—	—
	31. Putao	200	7,673	„	„	—	—	—	—	—
Sagaing.		**35,056**	**1,358,032**							
	32. Shwebo	5,714	391,284	Shwebo	S.P.G.	1	—	—	1	—
					A.B.B.M.	1	—	—	1	11
	33. Sagaing	1,825	326,908	Sagaing	A.B.B.M.	1	1	1	3	—
	34. Lower Chindwin ..	3,480	342,880	Monywa	W.M.M.S.	1	1	1	3	11
	35. Upper Chindwin ..	16,037	186,881	Mawlaik	W.M.M.S.	1	—	—	1	1
	36. Chin Hills	8,000	110,079	Haka	A.B.B.M.	1	1	—	2	24
				Tidim	A.B.B.M.	1	1	—	2	—
Meiktila.		**10,491**	**1,197,771**							
	37. Kyaukse	1,282	142,677	Kyaukse	W.M.M.S.	2	2	2	6	12
	38. Meiktila	2,287	289,897	Meiktila	A.B.B.M.	—	—	1	1	30
				Pyinmana	A.B.B.M.	3	1	—	4	
	39. Yamethin	4,176	323,189	Pyawbwe	W.M.M.S.	—	—	—	—	—
					A.B.B.M.	—	—	—	—	42
	40. Myingyan	2,746	442,008	Myingyan	A.B.B.M.	—	—	1	1	21

AREAS, POPULATIONS, FOREIGN AND NATIVE WORKERS—*Concluded*

Division.	District.	Area. Sq. Miles.	Population.	Station.	Mission.	Foreign Workers. Men.	Wives.	Women	Total.	Indigenous Workers
Specially Administered Territories.		**60,593**	**1,497,392**							
	41. Northern Shan States	20,156	585,924	Namkham	A.B.B.M.	1	1	—	2	
	42. Southern Shan States	36,157	847,618	Kalaw	A.B.B.M.	1	1	—	2	
					W.M.M.S.	1	1	—	2	
				Kengtung	A.B.B.M.	2	2	1	5	247
				Mongnai	A.B.B.M.	1	1	—	2	
				Taunggyi	A.B.B.M.	2	1	4	7	
	43. Karenni	4,280	63,850	Loikaw	A.B.B.M.	1	—	—	1	
	Additional workers (A.B.B.M.) (1926)					128 12	84 18	104 5	316 35	3,338 200
	Totals					140	102	109	351	3,538
	Roman Catholic Workers					Priests.	Lay.	Sisters.		
						86	26	188	300	945
	Protestant and Roman Catholic Grand Totals					..	..	..	651	4,483

APPENDIX III.

Mission and Church Statistics

Figures for Protestant Missions, 1926

Divisions and Districts.*	Christian Community.			Villages in which Christians live.	Census number of villages.
	Communicants.	Others.	Total.		
Arakan Division.	**593**	**600**	**1,193**	**28**	**1,442**
1. Akyab	—	—	—	—	870
2. Hill District	—	—	—	—	41
3. Kyaukpyu	—	—	—	—	354
4. Sandoway	593	600	1,193	28	177
Pegu Division.	**26,634**	**21,239**	**47,873**	**614**	**2,273**
5. Rangoon	9,785	7,341	17,126	10	—
6. Insein	8,394	4,512	12,906	302	375
7. Hanthawaddy	391	470	861	87	468
8. Tharrawaddy	2,884	1,538	4,422	50	549
9. Pegu	4,220	5,796	10,016	111	438
10. Prome	960	1,582	2,542	54	443
Irrawaddy Division.	**39,571**	**28,400**	**67,971**	**422**	**2,580**
11. Bassein	19,721	9,955	29,676	260	688
12. Henzada	6,053	3,018	9,071	105	621
13. Myaungmya	8,008	7,605	15,613	—	588
14. Maubin	3,954	4,600	8,554	50	311
15. Pyapon	1,835	3,222	5,057	7	372
Tenasserim Division.	**19,787**	**22,232**	**42,019**	**352**	**1,708**
16. Toungoo	11,519	13,300	24,819	236	560
17. Salween	204	511	715	1	89
18. Thaton	52	21	73	4	385
19. Amherst	4,682	3,800	8,482	70	348
20. Tavoy	2,280	1,050	3,330	41	179
21. Mergui	1,050	3,550	4,600	—	147
Magwe Division.	**834**	**668**	**1,502**	**33**	**2,489**
22. Thayetmyo	625	498	1,123	17	641
23. Pakokku	85	41	126	11	742
24. Minbu	24	11	35	5	339
25. Magwe	100	118	218	—	465
26. Pakokku Hills ..	—	—	—	—	302
Mandalay Division.	**4,769**	**4,809**	**9,578**	**85**	**2,352**
27. Mandalay and Mandalay City ..	2,332	2,733	5,065	43	332
28. Bhamo	1,882	1,440	3,322	25	555
29. Myitkyina	455	510	965	17	771
30. Katha	100	126	226	—	685
31. Putao	—	—	—	—	9
Sagaing Division.	**1,158**	**806**	**1,964**	**89**	**2,219**
32. Shwebo	84	165	249	13	632
33. Sagaing	30	36	66	—	282
34. Lower Chindwin ..	122	84	206	22	361
35. Upper Chindwin ..	19	21	40	9	465
36. Chin Hills	903	500	1,403	45	479
Meiktila Division.	**1,450**	**1,011**	**2,461**	**61**	**1,228**
37. Kyaukse	36	37	73	4	277
38. Meiktila	466	514	980	6	400
39. Yamethin	807	420	1,227	32	356
40. Myingyan	141	40	181	19	195
Eastern States.	**6,202**	**11,264**	**17,466**	**83**	**18,714**
41. Northern Shan States }	6,202	11,264	17,466	83	{ 6,610
42. Southern Shan States }					{ 11,412
43. Karenni Hills	—	—	—	—	692
	100,998	**91,029**	**192,027**	**1,767**	**35,005**

* For Areas and Populations, see previous table, p. 85.

NOTE.—Since these schedules have been prepared there has been a rearrangement of districts and divisions made by Government.

APPENDIX IV.

Recent Statistics of the Four Principal Missions *

1. American Baptist Burma Mission.
2. Society for the Propagation of the Gospel.
3. Wesleyan Methodist Missionary Society.
4. American Methodist Episcopal Church.

1. American Baptist Burma Mission.

Foreign workers.

Ordained men	53	
Unordained men	24	
Wives	66	
Single women	63	
Doctors and Nurses	(10)	
Total		206

Burmese workers.

Ordained men	335	
Other men and women	900	
Teachers (men)	1,053	
,, (women)	899	
Medical (men and women)	12	
Total		3,199
Grand Total		3,405

Churches	1,289	(954 self-supporting).
Church buildings	1,358	
Church members	103,346	
Baptisms (1927)	10,033	
Sunday Schools	792	
Scholars	37,286	

* These figures are somewhat more recent than those given in Appendix II. In the case of the A.B.B.M., two stations outside Burma are included, which partly accounts for the difference. The other small differences are due to additions to the staffs.

Educational Work.

Theological Schools	4		
Men		175	
Women		25	
Total			200
Colleges	1		
Men		244	
Women		71	
Total			315
High Schools	32		
Boys		4,737	
Girls		2,275	
Total			7,012
Secondary and Grammar Schools	82		
Boys and Girls		8,347	
Primary Schools and Kindergartens	754		
Boys and Girls		28,532	

Total number of Schools and Colleges 874, of which 660 are self-supporting.
Total number of Scholars, 44,570.
Native contributions, $255,033.

Medical work.

Hospitals	4
Dispensaries	12
Treatments	49,131
Fees	$13,938

2. SOCIETY FOR THE PROPAGATION OF THE GOSPEL.

Foreign workers.

Ordained men	15	
Unordained men	3	
Wives	6	
Single women	13	
Doctors and Nurses	(3)	
Total		37

Burmese workers.

Men—evangelistic	99	
„ —educational	132	
Women—educational ..	97	
„ —nurse	1	
Total		329
GRAND TOTAL		361

Villages in which Christians live..	352	
Church members	9,049	
Other Christians	11,425	
		20,474

Educational work.

Number of Schools ..	105		
Secondary pupils.			
Christian boys ..		327	
„ girls ..		215	
Total			542
Non-Christian boys..		1,052	
„ „ girls..		887	
Total			1,939
GRAND TOTAL			2,481

WESLEYAN METHODIST MISSIONARY SOCIETY.

Foreign workers.

Ordained and lay men ..	10	
Wives	7	
Single women	6	
Total		23

Burmese workers.

Ordained men	3	
Catechists	15	
Teachers	44	
Total		62
Women—Biblewomen ..	5	
Teachers	19	
Total		24
		86
GRAND TOTAL		109

Church members	784	
Others	457	
Total		1,241

Educational work.

4 High Schools with
50 Teachers.
239 Students in High School Classes.
1,002 Students in Primary and Middle Classes.
2 Middle Schools with
13 Teachers.
245 Students.

Women's Mission Schools for Girls.

4 Boarding Schools with
456 Day Scholars and
93 Boarders.

4. AMERICAN METHODIST EPISCOPAL MISSION.

Foreign workers.

Ordained men	9	
Unordained men	1	
Wives	8	
Single women	17	
Total		35

Burmese workers.

Men—ordained	14	
unordained	65	
Women—Biblewomen ..	3	
Teachers	58	
Total		140
GRAND TOTAL		175

Christian community.

Communicants	1,254	
Others	1,405	
Total		2,659
Number of Churches	10	

Educational work.

1 Boys' High School	pupils,	1,012
1 Girls' „ „	„	351
5 Boys' Anglo-Vernacular	„	662
3 Girls' „ „	„	557
13 Primary—boys and girls ..	„	540
23		3,122

Teachers in these Schools—131.

APPENDIX V.

Languages and Dialects of Burma

(*A.*). BURMA GROUP: Sixteen dialects are recorded, the largest of which is of course Burmese, with 8,400,094 speakers. The next largest is Yanbye (250,018).

(*B.*) LOLO-MUS'O GROUP: Eleven languages are known, the largest is Akha (34,265) and the next Lahu (22,742).

(*C.*) KUKI-CHIN GROUP: Forty dialects are known, the largest of which returned are Khami (26,571), then Sokte (27,363), but 130,000 are returned as "Chin" unspecified.

(*D.*) NAGA GROUP: Three dialects are spoken, but the largest, Tangkul, has only 236 speakers.

(*E.*) KACHIN GROUP: Three dialects are known, but most of the 145,618 Kachin speak the Kachin dialect proper.

(*F.*) SAK GROUP: Four dialects are known, of which Kadu (37,710) is by far the largest, 18,594 speaking Kadu only.

(*G.*) MISHMI GROUP: No speakers.

(*H.*) MRO has 14,324 speakers.

(*I.*) TAI GROUP: There are eleven dialects, of which Shan (unspecified) has 326,515 speakers and Shangali 474,878.

(*J.*) MALAY GROUP: Two dialects are spoken, of which Malay proper has the most speakers (3,446).

(*K.*) MON GROUP: Here there is one language, namely Talaing, with 189,263 speakers.

(*L.*) PALAUNG-WA GROUP: There are ten dialects here, of which Palaung and Pale are the commonest, with 117,725 speakers. There are 13,648 speakers of Wa, and 12,853 of Yanglam.

(*M.*) KHAN GROUP: No speakers.

(*N.*) KAREN GROUP: There are seventeen dialects, of which the commonest are Sgaw with 432,829 speakers and Pwo with 364,705.

(*O.*) MAN GROUP: Two dialects are known, the largest, Miao, has only 394 speakers.

(*R.*) CHINESE GROUP: There are 55,616 speakers of Yunnanese and 66,546 speakers of other Chinese languages.

(*X.*) INDIAN LANGUAGES: 880,406 speakers.

(*Y.*) EUROPEAN LANGUAGES: 24,441 speakers.

(*Z.*) OTHER LANGUAGES: 1,004 speakers.

APPENDIX VI.

Comparison of Protestant and Roman Catholic Work. 1926 Figures

	Protestant.		Roman Catholic.	
Christian Community* ..	192,027		82,078	
Foreign Workers	351		300	
Native Workers	3,538		945	
Stations and Out-stations ..	1,812		940	
Schools: Primary	861		217	
Middle	84	972	15	241
High (and Colleges)	27		9	
Pupils: Primary	24,917		10,210	
Middle		40,539		15,368
High	15,622		5,158	
Hospitals	5		5	
Dispensaries	11		11	
Orphanages	2		65	
Periodicals	8		2	

* Excluding Europeans.

APPENDIX VII.

The Bible in Burma

REV. R. KILGOUR, D.D.
Editorial Superintendent of the British and Foreign Bible Society

BIBLE TRANSLATION

Though Bible work in Burma is rightly associated with the name of Adoniram Judson, the translation and circulation of the Scriptures began even before he reached the country. The first portion of Scripture in any language of Burma was St. Matthew's Gospel, translated by Felix Carey, who in company with J. Chater had been sent in 1808 from his father, Dr. William Carey's Baptist Missionary Settlement at Serampore, to begin pioneer work in Burma. In 1811 they published a Burmese pamphlet containing Scripture extracts drawn from a manuscript version prepared by an Italian missionary at Ava. Then Carey translated St. Matthew's Gospel, of which 2,000 copies were published at Serampore in 1815, the first complete book of Holy Scripture in the Burmese language.

When Adoniram Judson reached the field in 1814, he began a new version of the same Gospel, which was published at Rangoon by the Mission in 1817. The next book issued was the Epistle to the Ephesians in 1821. Then with the aid of his colleague, G. H. Hough, he added by 1826, John, Hebrews, Epistles of John, and Acts, completing the New Testament in 1832. This was published by the American Baptist Missionary Union at Moulmein.

Then they started the Old Testament, beginning with the Psalter in 1834, which was followed by Vol. II. of the Old Testament (1 Samuel to Job) in the same year. Vol. I. (Genesis to Ruth) was published in 1835, and Vol. III. (Psalms to Malachi) completed the Bible in the following year. Judson's version soon became a standard work in Burma, and for almost a century it held the field alone. Many editions, both of the complete Bible and of portions, have been published.

As long as the Baptists were the only missionaries in the field, Judson's version, which contained definitely Baptist terms, was never questioned. But with the advent of missionaries of other Churches difficulties sometimes arose, not only because of the character of the translation, but also with regard to the supply of books. The first attempts at revision were begun about 1900, when a Committee, on which there were representatives of the S.P.G. and the W.M.M.S., met in Rangoon. The first result of this work was a revised version of St. Mark published in 1902. They continued to issue further portions of the New Testament in the following years.

Then in 1903 a most interesting new version was prepared by a Burmese Christian named Tun Nyein, a Government translator. This was an original translation prepared chiefly from the English Revised Version. Six years later an edition of Tun Nyein's version with slight corrections made by a Revision Committee was published by the B.F.B.S. One of the members of the original Committee, Mr. T. Rickard, S.P.G., died in 1903, and another, the Rev. A. H. Bestall, W.M.M.S., had left the country. The Revision Committee was reformed in 1914 by the inclusion of Saya George and the Rev. C. E. Garrad, both of the S.P.G., along with the Rev. W. Sherratt, Agent of the B.F.B.S. In twelve years this Committee completed a new translation of the whole Bible which was published in 1926.

Shan.

On both sides of the border between North-east Burma and South-west China the Shan tribes speak a language which belongs to the Tai group of the Siamese-Chinese family of Indo-Chinese languages. The editions are printed in the Shan character, which is rounded in form and is closely allied to the Burmese character. Here again the American Baptist missionaries were the pioneers. The first book of Scripture was the Gospel of St. Matthew translated by the Rev. J. N. Cushing and published at Rangoon in 1871. Mr. Cushing is really responsible for practically all the work that has been achieved in this language. After issuing the Gospels in 1880, he completed the New Testament in 1882 and ten years later he finished his version of the whole Bible.

Chin.

Linguistically there are two main divisions of Chin, Northern and Southern. The Northern includes the Kamhow, Sokte, Siyin, Thado-Kuki and Vaiphei dialects, but most of these are spoken by the Chins in the Bengal area rather than by those in Burma. The only version of Scripture in Northern Chin used on the Burmese side is St. Matthew's Gospel in Kamhow, the principal dialect of the Tiddim district. The version was made by the Rev. J. H. Cope and was published in 1915.

In the Southern dialect of Chin, St. Mark's Gospel, translated by the Rev. G. Whitehead, of the S.P.G., was published in 1921.

Karen.

The word " Karen " is the equivalent of the Burmese " Kayen " (signifying " aboriginal " or " barbarian "), a term applied to all tribes—except the Shans—occupying the highlands of Burma. Translations have been made in three dialects: Sgaw, Pwo and Bghai. American Baptist missionaries have prepared the versions in these three dialects. One of their first missionaries to the Karens was Jonathan Wade, who formed the alphabet, adopting Burmese characters, to some of which, however, he gave fresh values, while

others he modified by diacritical marks. When he retired in 1833, his colleague Francis Mason took up the work, and, with the help of a Karen Christian named San Quala, completed a version of the New Testament. After portions of this translation had circulated in MS., the whole was printed at the Tavoy Mission Press in 1843. After completing the New Testament, Mr. Mason proceeded to translate the Old Testament, which he finished in 1853. In 1874 the Rev. E. B. Cross began a revision of Mr. Mason's work. This was completed in 1896, and has frequently been reprinted. In 1921, by the kind permission of the A.B.F.M.S., in order to meet the needs of other Missions, the B.F.B.S. reproduced this Book, with the alteration of the word for " baptize " and its cognates.

Pwo Karen. Soon after the Sgaw Karen New Testament was finished, Pwo Karens themselves began to make versions in their own dialect. These were revised by Dr. Mason and Mr. D. L. Brayton. Matthew and Mark were published in 1852 and the New Testament about 1860. The Bible, completed by 1895, was largely the work of Mrs. A. T. Rose, Mr. D. L. Brayton and the Karen teachers, Kong-Louk and Myatthah. This Pwo Karen Bible also was, by the kind permission of the A.B.F.M.S., issued by the B.F.B.S. with alterations.

Bghai Karen. In addition to his work in Sgaw and Pwo, Dr. Mason also prepared versions in the third dialect known as Bghai or Bway, publishing the Gospels and Acts in 1857 and afterwards proceeding to the Epistles of James and John, Genesis and the Psalter in the following years.

Roman Catholics have also made a version of a Gospel in Karen. The Bible House Library possesses a copy of St. Matthew's Gospel translated by G. Conti, published at Toungoo in 1888.

Talaing.

In addition to the principal Karen languages, Talaing or Pegu, although chiefly spoken in Siam, is also used by about 175,000 people in Pegu and other coast-districts of Lower Burma. Here too the American Baptists have all the credit of Bible translation. An early version of the New Testament was made by Sarah Hall Boardman, before her marriage in 1834 to Adoniram Judson. In this task she received assistance from Ko Mam Bok, a Talaing convert, who translated from A. Judson's Burmese New Testament. In 1836 J. M. Haswell, of the A.B.M.U., reached Burma, and took over the work; and in the following year he supervised the publication of a Gospel Harmony which was published in 1837. By 1847 Mr. Haswell had completed the New Testament. Since then the Psalter has been prepared, principally from a version made in the middle of the nineteenth century by Ko Mam Bok.

Taungthu.

Taungthu, which is practically a dialect of Karen, is spoken over a wide district of the Shan Borderland, stretching from Taunggyi

to Thaton. A modified form of the Burmese character is used. The earliest translation was St. Mark's Gospel published in 1912. The version was prepared by the Rev. W. Sherratt, of the B.F.B.S., with the help of native assistants, one of whom, Maung Gyi, was baptized during the progress of the work. Latterly Mr. Sherratt had the assistance of another native called Tun Pe. The four Gospels are now in circulation.

Mawken.

Away down in the Mergui Archipelago a tribe of sea-gipsies, called Selunga, speak a language which is known as Mawken. The Rev. W. G. White, Anglican chaplain at Moulmein, with the help of Mawken assistants, translated St. Mark in 1913. This was published by the B.F.B.S.

Nicobarese.

In the Nicobar Islands there are several dialects, but only two, Nancowry and Car, possess portions of Scripture. Between 1768 and 1788 an attempt was made by the Moravian Brethren to evangelize the inhabitants of the Nicobar Islands. After twenty years of toil and hardship, during which no fewer than twenty-four missionaries laid down their lives, the mission was abandoned. In 1878 F. A. de Roepstorff, Assistant Superintendent of the Andaman and Nicobar Islands, while on furlough in Europe, visited Herrnhut, and there discovered, among the Moravian archives, manuscript vocabularies and a translation of almost the whole of St. Matthew's Gospel in the Nancowry dialect, prepared by the Nicobar missionaries a century earlier. These he deciphered, transcribed, and prepared for publication. The results of his work were published after his death by his widow, C. H. de Roepstorff, in 1884.

In several other Islands, known as the Car group of the Nicobar Islands, the Rev. G. Whitehead, of the S.P.G., assisted by John Richardson, a Nicobarese convert, translated the Gospels and Acts, which were published from 1913 to 1926.

BIBLE DISTRIBUTION

The circulation of Scriptures in Burma has varied considerably during the last twenty-five years. In the War period and thereafter, the figures reached almost 120,000, but for the last four or five years there have been many special difficulties and the reports show somewhere between 70,000 and 80,000. In addition to the languages definitely Burmese, a number of Books, which really belong to the Bengal and Southern India area, are sold by the Bible Society in Burma. These include Tamil and Telugu in considerable numbers, as well as portions in different dialects of Naga. It is interesting also to note that no fewer than 2,400 Bengal, 1,400 Oriya and 1,300 Urdu Books were circulated last year.

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