

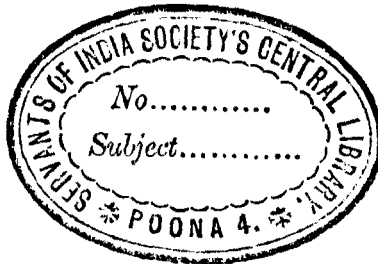
THE DEMAND FOR COLONIES

TERRITORIAL EXPANSION
OVER-POPULATION
AND
RAW MATERIALS

Prepared for the Economic Committee
of the League of Nations Union

by

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[This Report was prepared by the Economic Sub-Committee of the League of Nations Union. It has been approved by the Executive Committee for publication as a contribution to the study of the problems of Territorial Expansion, Raw Materials and Over-population; but the Executive Committee has not committed itself to any of the suggestions or ideas contained in this publication.]

THE DEMAND FOR COLONIES

TERRITORIAL EXPANSION, ACCESS TO RAW MATERIALS AND OVER-POPULATION PROBLEMS

I. THE MANIFESTATION OF THE PROBLEM

IT has lately become noticeable that among the three nations—Italy, Germany and Japan—which are now variously referred to as “dissatisfied,” “rampant,” “unsatiated,” or “have-nots,” there is a common grievance which is constantly being voiced. The stated details of this grievance are varied and many; the ultimate demand is the same and is usually precise. The demand is for territorial expansion.

ITALY

It has been voiced by Signor Mussolini on many occasions, but at no time more explicitly than in 1926, when, after returning from a visit to North Africa, he remarked:

“We are hungry for land because we are prolific and intend to remain so.”

In May of the same year Signor Mussolini elaborated the case for Italian expansion as follows: “It is, first of all, an expression of dignity on the part of the Italians, who are beginning to feel proud of their country; it is a necessity of economic and intellectual expansion to a young nation which has arrived late on the scene. . . .”

GERMANY AND EXPANSION

With regard to Germany, as far back as 1901, the demand was put, in a representative manner, by Arthur Dix*: “Because the German people nowadays increase at the rate of 800,000 inhabitants a year, they need both room and nourishment for the surplus. . . .”

And in 1930 (before the advent of the Hitler regime) Herr Rosenberg† explained that Germany must be able

* “Deutschland auf den Hochstrassen die Weltwirtschaftsverkehrers,” Arthur Dix (1901).

† “Der Mythos des 20 Jahrhunderts., p. 601 *et seq.* (1930).

“to procure sufficient territory for its future 150 million inhabitants. In this great battle for existence of the future—a struggle for honour, freedom and bread . . .—people must be forced eastward in order to free territory for German peasants to cultivate. Only thus can there be the possibility for the German people to breathe again.”

GERMANY AND HER EX-COLONIES

However contradictory may be the statements of the Nazi regime on this subject it is likely that the demand for the return of the German colonies will be made at an opportune moment. It is likely, also, that, in the matter of German territorial expansion, the return of the former colonies will not be enough. In the words of Franz Thordicke: “German tropical colonies in Africa were not the land for settlement that its racial energy and narrow boundaries so urgently needed. Nevertheless, the colonies had great economic and political advantages for Germany. . . .”

JAPAN

The theme of the Japanese grievance is similar, in essence, to that of Italy, and also to that of Germany; except that Japan has no loss of colonies to repair.

THE COMMON GRIEVANCES

“Economic expansion”—“intellectual expansion”—“honour, freedom and bread”—“territory to cultivate”—“dignity”—“room to breathe again”—“room and nourishment.” These words and phrases are constantly recurring in the usually somewhat un-precise expositions of “the necessity for territorial expansion.”

It appears that the demand for more territory springs generally from one or more of the following, real or imagined, needs:

1. The need for providing the surplus population of the home country with an appropriate outlet.
2. The need for a satisfactory access to raw materials, and for a degree of assured certainty with regard to disposal markets.
3. A third need, variously described as “psycho-

logical," "cultural," "intellectual" and "a matter of dignity and prestige," a need which evidently has to do with the benefits and prestige supposed to be derivable from Empire generally, manifesting itself in such things as colonial appointments, the amount of national colouring on the map of the world, and possessions considered as the frequently-accepted symbols of greatness.*

Such are the more important reasons usually to be found, explicitly or implicitly expressed, in demands for territorial expansion.

How far, it is necessary to enquire, do over-population and the alleged disadvantages in the matter of raw materials actually exist in the dissatisfied countries? And how far is their existence, if proved, a valid reason for territorial expansion?

II. OVERPOPULATION

In what sense can those countries which demand territorial expansion because they have "too many people" be said to be overpopulated? Have they more people than they are able to support and feed? Have they more people than they are able, or are likely to be able, to employ? Or do they suffer from too great a density of population, actual overcrowding, too many people to the square mile?

Italy's "overpopulation" would appear to be chiefly of the first kind. The evidence suggests that she has more people than she can, under present conditions, support at a standard of living which is reasonable relative to the standards of Germany, Great Britain and France.

The following figures show the growth of her population over the past century and a quarter:†

<i>Year</i>				<i>Population (in millions)</i>
1800	..	..	..	18
1901	..	..	..	32.5
1921	..	..	..	36.4
1934	..	..	..	43.06

* There is also Germany's special need, or claim, for the return of colonies.

† "Economic and Financial Position of Italy," p. 1 (Royal Institute of International Affairs), q.v.

"Her population has grown by more than 25 per cent since the beginning of the century, and though the rate of increase has fallen off in recent years the growth continues and is being fostered for national reasons. This, coupled with low average income per head, means that the standard of living, low in the beginning, rises far more slowly than the expansion of national productivity would lead one to think."

An estimate for 1929 made by the authors of the "Economic and Financial Position of Italy" indicates the relative lowness of the standard of living in Italy as follows: Italy 100, Belgium 142, France 157, Germany 234, Great Britain 436.

GERMAN OVERPOPULATION

In the matter of supporting her population at a reasonable standard of living Germany appears to have been much better placed than Italy in 1929. Since then, efforts to induce self-sufficiency and to obtain the maximum production from the land are believed to have had considerable effect. The amount of foodstuffs consumed in Germany has increased since the middle of 1933. At present about 86 per cent of the foodstuffs (computed according to calories) which are consumed in Germany are produced in Germany.

On the other hand, imports into Germany have shown a continuous tendency to decrease, with a consequent depressing effect on the standard of living; unless, of course, the bulk of the imports which fell away were luxury articles such as yachts, motor cars, etc., in which case the standard of living of the majority would not have been greatly depressed.

Nevertheless, though Germany may be said to be to a certain extent overpopulated in the sense that she cannot adequately support her population (in the present clogged state of international indebtedness and trade) it is in the sense that the country is believed to be too small ever to give its whole population full employment that most representative Germans *feel* Germany to be overpopulated; full employment, that is, with the length of the working day and week being as it is at present.

In this respect it is claimed that Herr Hitler has done much towards putting the nation back to work; and the figures of registered unemployed for May 1935 show a total of just over two million as against a reputed total of approximately five million in 1933, when the Nazi regime began. It is difficult to say how far these results have been achieved by such methods as the alleged requiring of employers to engage additional employees in excess of needs or to take on men whose low capacity makes them unprofitable at the current wage-rate; or even by enrolling the unemployed in military or quasi-military formations.

There seems good reason to believe that employment could be expanded considerably in the export trades if there were a cessation of the alleged boycott of German products, caused or increased by the Jews throughout the world and their sympathisers, and if there were any general lowering of tariff walls. There is, moreover, no proof that production for the home market could not be increased, given effective demand.

But will these things and the reputed increased employment in the armament and allied industries go far towards the permanent absorption of the balance of those five million persons who were unemployed when Herr Hitler became Chancellor?

The virtual impossibility of obtaining reliable detailed information on the internal German situation makes it hard to give a definite answer. It should, however, be emphasised again that the representative mass of Germans believe that territorial expansion is a very hopeful way of solving their "unemployment-overpopulation" problem.

ITALIAN OVERPOPULATION

Has Italy more people than she is able, or is likely to be able, to employ. It is generally agreed that in 1926 the Italian lira was overvalued. This made things very hard for the Italian exporter, and unemployment in the export trades rose rapidly. There ensued a stream of subsidies for employers in various industries "(particularly those hard hit by foreign competition, e.g. shipping and silk) which were expensively assisted as an alternative to supporting the labour thrown out of work by their collapse."*

* See "Economic and Financial Position of Italy," p. 22 *et passim*.

This kind of unemployment was accentuated by the world fall in prices of 1929 to 1931, and the drive for self-sufficiency became vital in the face of dwindling exports, visible and invisible. This decline in turn necessitated curtailment of imports, presumably with depressing effects on the Italian standard of living.

The following figures show the remarkable increase in unemployment since 1926:

			<i>Unemployed</i>
*1926	..	..	113,901
1927	..	..	278,484
1928	..	..	324,422
1929	..	..	300,787
1930	..	..	425,437
1931	..	..	734,454
1932	..	..	1,006,442
1935 (Jan.)	..	..	1,011,711

Italy, it seems, has more people than she can at present employ, chiefly because of trouble with her export market, due to (a) overvaluation of the lira, and (b) the virtual closing of markets, e.g. British and French and U.S.A. markets against Italy's exports by tariffs, preferential or merely protective.

JAPAN

In the matter of actual density of population Japan is probably a worse sufferer than either Italy or Germany. The following contrast of populations and areas is illuminating:

	<i>Area Sq. miles</i>	<i>Population†</i>
Australian Commonwealth	2,975,000	5,437,000
Japanese Empire	261,000	77,007,000

The figures are remarkable, even taking into consideration the fact that a very large part of the Australian continent is uninhabitable.

To sum up, Japan is decidedly overpopulated in the matter of density. Germany, while maintaining a standard of living which is remarkable in view of the conditions during the War and during the immediately post-War years, has

* "Economic and Financial Position of Italy," p. 45, q.v.

† Harold Cox, "The Problem of Population," p. 77 (published 1922).

probably, according to the available evidence, more people than she can hope permanently to employ—at least until there is a revival in Germany's export trade. Italy is probably overpopulated in the sense that she has more people than she can support at a reasonably high standard of living by her own home production, plus the imports which she is able to buy with her exports. Admittedly, Italy has herself been responsible for much of this overpopulation: she has deliberately fostered an increasing birth-rate. The situation is not unlike that which might be imagined if a village in one of the Depressed Areas were suddenly to begin giving bounties on each new birth in the village, in spite of the fact that employment was likely for some years to come to be virtually non-existent in the village, and difficult to come by even in remoter parts of the country.

Italy is overpopulated; one might almost say that she is "intentionally overpopulated."* It is, indeed, possible to hold that it would have been more provident of Signor Mussolini to have found a place in the sun for his young Fascists before, instead of after, giving orders that the birth-rate was to be increased.

III.A. THE DISABILITIES OF COUNTRIES WHICH HAVE INSUFFICIENT COLONIAL TERRITORY

What, precisely, are the disabilities in the matter of raw materials (and markets) suffered by countries which have no colonies?

The disabilities claimed, for instance, by Germany have been clearly stated by the late Sir Harry Johnston:

"The German people as a whole are resolved upon colonial expansion for two reasons. The first is that their country is far from producing naturally the bulk of the raw products required for their industries, and they

* Mention should also be made of the fact that Italian overpopulation is partly due to the refusal of America to receive Italy's and other emigrants, a refusal which was intensified after 1929. This is a cause *visible* in the Sicilian villages, in the mass of unemployed young men; visible, at any rate, up to the time of the Abyssinian war.

desire to assure themselves for the future a special control over, or access to, undeveloped regions in Asia, Africa and America, where these raw products can be obtained or where they can be cultivated; secondly, they require to be certain, in these days of the growth of empires, that a sufficient portion of the earth's habitable area will remain free and open for the sale of German manufactured goods or industrial products."

It should be noticed that "control over" is not really an interchangeable expression with "access to" or even "special access to." A "control over" necessarily implies the ability to prevent the "access to" raw materials of other countries: in peace-time by tariffs, differential export duties, restriction of output, etc.; in war-time by force of arms.

Italy's disability in the matter of raw materials is claimed to be much the same as Germany's. In any case, Italy depends very much on overseas trade for raw materials, not for food, but for the export trade in textiles and light industrial products on which the maintenance of a higher standard of national well-being depends. (In good harvest years Italy can virtually feed herself.)*

The Fascist Government is making strenuous efforts to substitute home products for these imported necessities, partly for prestige, partly to improve the trade balance, partly to free Italy from a dependence on foreign countries which might prove a difficulty in time of war. (It is very difficult for present-day governments to think of the question of colonies apart from the prospects of war.)

As regards metals, however, Italy must always depend on imports for over 50 per cent of her normal needs.

SUMMARY OF DISABILITIES

The disabilities claimed as real by the dissatisfied countries are, briefly, these:

1. That they have not the same facilities for obtaining their required raw materials as have the countries with colonies and/or mandates. (Very often this complaint is put in the form that they have not "free access" to raw materials.)

* See "Economic and Financial Position of Italy," p. 30 *et seq.*

2. That they are not equally sure of being able to find colonial markets for the disposal of their products.

3. That, in the matter of obtaining raw materials, they suffer from special currency difficulties from which countries which have colonies do not suffer.

How far is it true that Germany and Italy are *really* at a disadvantage with regard to raw materials and markets because they have no, or insufficient, *colonies*?

Of the British colonies, Joseph Chamberlain once spoke as follows: [In our colonial policy] "we offer in all these markets over which our flag floats the same opportunities, the same open field, to foreigners that we offer to our own subjects, and upon the same terms."

And Lord Lugard writes in *The Times* of September 20th, 1935: "All the mandates which the British Parliament controls—whether in Asia or Tropical Africa—enforce equal commercial opportunity for all races. There are no restrictions of any kind in the colonies, protectorates or mandated territories in favour of the home markets or the export or the shipping of commodities. . . . It is true that there was an imposition of quotas and special duties against the invasion of cheap Japanese goods in West Africa. But these quotas cannot be imposed in East Africa under the Convention of St. Germain, 1919, and the mandate, and they in no way operate against either Germany or Italy. Their nationals are free to trade on precisely equal terms with ourselves in every British colony."

These statements are no longer precisely accurate except in regard to mandated territories. Since 1931-32 there has been an almost complete break with the traditional British policy for colonial territories and protectorates. As Mr. Ramsay Muir has written in the *Manchester Guardian* (September 14th, 1935): "In 1932, as part of the new British policy of protection, all the British dependent colonies, except those under mandates, were forced to set up protective tariffs against all foreign countries, with preferences for Britain and the Dominions.

"And now there are rumours that the Congo treaties are to be cancelled, and these territories also (which are held mainly by France and Belgium) barred to the trade of the rest of the world."

It may be as well at this point to say something of the history of the control of raw materials and colonial discriminatory export duties in general. As regards preferential import duties in British colonial possessions, the Colonial Office "Schedule of Tariffs in the British Empire" provides convincing evidence that preferential import duties for goods having their origin either in the United Kingdom or other British possessions do now exist very widely in the British colonies.*

IIIb. THE CONTROL OF RAW MATERIALS IN THE PAST AND SOME COLONIAL DISCRIMINATORY EXPORT DUTIES†

The increasing dependence of industrial nations upon imports has tended to encourage the extension of export controls. Every country having a monopoly or a quasi-monopoly of a particular material has had an added incentive to exploit the advantages of its position. In the exercise of these controls governments have played an increasingly important part. Although commodities subjected to export restrictions are usually produced and sold by private enterprise, the effectiveness of monopolistic control has, in all cases, depended very largely upon the measure of government support. Since the turn of the century, moreover, there has been a marked development of control.

There are three main objects of control:

1. The desire to obtain public revenue. The usual method of achieving this objective is through export taxes.

2. The desire to maintain or increase the profits of the producers of the raw material. To this end government help is frequently enlisted. In some cases, indeed, the State may go the whole way by restricting output to the point that will yield the greatest profit to the

* See "Colonial," No. 97, in three parts, published by Stationery Office, particularly, e.g., sections on Malay States, British Guiana, Gambia, Northern Rhodesia, St. Helena, etc.

† "International Control of Raw Materials," q.v. Wallace and Edminster (The Brookings Institution).

industry. This was done notably by the British in the Stevenson Restriction Act, the object of which was to regulate the price of crude rubber.

3. The third object of control is to foster and extend domestic manufacturing industry, i.e. to favour domestic industries using the raw material by enabling them to secure it at a lower price than their foreign competitors have to pay.

There have been many instances of all these various kinds of control, of which, perhaps, the most important were the following: The Chilean control of sodium nitrate, the Japanese camphor monopoly, the Franco-German potash combine, the Brazilian valorization and control of coffee (this practice consists in the State endeavouring to regulate prices by buying up a part of the existing supply and withdrawing it from the market), the Stevenson rubber scheme, and the Canadian embargoes on pulpwood.

The Stevenson scheme, which caused a great deal of anxiety, particularly in the U.S.A., with its enormous automobile industry, was an attempt on the part of British interests to secure for the producers, through the medium of a carefully elaborated scheme of virtually direct regulation of exports (and, in effect, of output), much higher prices than would have been possible in the absence of regulation.

It is important to emphasize that the scheme, which was adopted on November 1st, 1922, and abandoned on November 1st, 1928, did not discriminate in favour of Great Britain or of any country. The cost was raised equally to all consuming countries.

On the other hand, there have been a certain number of specifically discriminatory export duties. For these duties there are also, in the main, three possible functions:

1. The raising of revenue.
2. The aiding of national shipping and trading interests. (Duty is remitted in whole or part on condition that the produce is shipped to the mother country.)
3. The stimulating of manufacture in the home country. (In this case duty is remitted in whole or part only in the event that the produce is to be further processed in the mother country.)

Portugal, for instance, makes wide use of discriminatory colonial duties to favour her shipping, and the port of Lisbon has been built up largely as a warehouse and trans-shipment centre for colonial products.

France has long imposed discriminatory colonial export duties on a few products, and has increased the number since the War.

The other colonial Powers do not ordinarily enforce discriminatory export duties in their colonies, though such duties are found in Spanish Guinea, and in Italian Libya and Somaliland. Since 1913 the United States has permitted no export duties of any sort in its dependencies, except in the Virgin Islands.*

There is, however, one notable instance of discrimination on the part of Great Britain for the promotion of home manufactures by means of a differential export duty on colonial tin ore.†

“Great Britain maintains two discriminatory export duties on tin ore—one of them in the Federated Malay States, the other in Nigeria. In 1903 the Federated Malay States, which were then producing about 60 per cent of the world’s tin, imposed a prohibitive duty upon all tin ore exported without guarantees that it would be smelted in the Straits Settlements. The Federated Malay States are protectorates, and, theoretically, quite distinct from the colony of the Straits Settlements. Sir Frank Swettenham was, however, both High Commissioner of the Federated Malay States and Governor-General of the Straits Settlements, and it is clear that he initiated the discriminatory duty whose object was to safeguard the interests of the smelteries in the Straits Settlements. In 1904 the exemption from duty was extended to exports to the United Kingdom, and in 1916 to those to Australia.”

There is no doubt that this discriminatory export duty was a serious handicap for the American smelteries erected during the War. “After the World War, Great Britain also put into effect a differential export duty on tin ore from the African colony, Nigeria. This colony produces less than 5 per cent of the world’s tin. The duty, however, reinforces

* Wallace & Edminster, p. 238 op. cit.

† p. 244 op. cit., q.v.

the Malayan duty and tends to preserve to the British Empire a monopoly of tin smelting co-extensive with the Empire's resources."

Two other discriminations were maintained by Great Britain for several years after the War. "In 1910, India established an export duty of 15 per cent ad valorem upon untanned hides and skins, which were designed to protect the tanning industry of India. The discriminatory feature of the duty was that two-thirds of the amount was remitted if the raw material was shipped to other parts of the British Empire and tanned therein." But the quasi-monopoly of lighter hides was not as conclusive as had been supposed, and the duty was repealed in 1923.

Secondly, in 1916, the British Parliament approved, and in 1919 there was put into effect, a discriminatory duty upon palm kernels exported from West Africa. The rate was two pounds sterling per ton, which was frankly intended to be prohibitive. But the Act was found difficult to administer, and was criticised because it limited the market for the native producers. It was repealed in 1922, two years before the expiration of the term originally set.

Thus it appears that while discriminatory export duties do exist, and while a very notable British discrimination exists in the matter of the supplies of tin ore, yet on the whole this *kind* of discrimination is the exception rather than the rule.

On the whole, there is a large amount of equality of access to raw materials, so far as opportunity of purchase is concerned, in most colonial territories.

IV. EQUALITY OF ACCESS IN MANDATED TERRITORIES

How far, if at all, are Germany and Italy really at a disadvantage in obtaining raw materials and finding markets in mandated territories?

In submitting his Second Draft of the Covenant of the League of Nations on January 10th, 1919, President Wilson included the following note: "The Mandatory State or agency shall in all cases be bound and required to maintain

the policy of the Open Door and equal opportunity for all the signatories to the Covenant, in respect of the use and development of the economic resources of such people and territory.”

This principle has, in fact, governed the subsequent arrangements in mandated territories; although at the Peace Conference not one of the leading Powers, U.S.A., Italy or France, was in a position to advocate the Open Door as a matter of principle.* As for the position of Great Britain, the British Dominions had decisively abandoned Open-Door policy; and in a number of the formerly Open-Door Crown colonies, differential export duties were in force, with powerful political groups in England urging an extension of closed-door policy. And while the Peace Conference was in session the House of Commons passed the Imperial Preference Bill adopting this principle for Great Britain.

All the more remarkable, therefore, that the Open-Door policy was, in fact, adopted for the territories under what were called “A” and “B” Mandates. How far, in practice, does this policy ensure equality of economic opportunity to all countries?

The general answer seems to be: the policy, supervised by the Permanent Mandates Commission, has succeeded in establishing and maintaining a remarkable degree of equality of economic opportunity in the areas under “A” and “B” Mandates. The means at present at the disposal of the Commission for its task of, among other things, maintaining the Open Door in these areas are as follows: annual reports by the mandatories giving information suggested by the questionnaire; discussions with accredited representatives; petitions sent to councils by dissatisfied groups; advice to the Council to request special information.† More effective instruments for the use of the Mandates Commission may yet be devised, including opportunities to hear petitioners directly and facilities for the Commission to hold inquiries on the spot, i.e. in the mandated territory. To both of these proposals, however, there are, at present, political or practical obstacles.

* Gerig, “Open Door and the Mandates System,” p. 86.

† See Gerig, “Open Door and the Mandates System,” p. 125

Professor Laski has made the suggestion that there should be "accredited to each mandated territory of the League a commissioner who will act as its ambassador upon the spot." This commissioner would come from a State other than the Mandatory Power, and would watch on its work and report independently to the League. "At present it appears to Professor Laski that the mandatory merely reports from time to time that its conduct has been good."*

The Mandates Commission undoubtedly succeeds in gathering reliable information, and keeps a very vigilant look out for evasions or infractions of the Open-Door regime in these areas. There are, however, certain respects in which the Mandatory Power is bound to enjoy special advantages, even in the areas of the "A" and "B" Mandates.

Firstly, the Mandatory Power appoints the administrative and technical staffs from its own nationals. These staffs would be normally inclined to favour the trade of their respective countries. In the words of Lord Lugard: "With the exception of large public works (railways, etc.) which, in a mandated territory, must be submitted for international tender, the local government obtains all its supplies from the homeland."

Secondly, there is the question of "essential public works and services" which the mandatory specifically (e.g. in the case of Tanganyika) is free to *organise* on such terms and conditions as he thinks just.

This question has been given considerable prominence in connection with a loan made to Tanganyika in the terms of which a "purchase" or "tying-in" clause was included. That is to say, a condition was attached by the lender (Great Britain) that all "Purchases made by the mandated territory out of the proceeds of the loans or guarantees must be made in the lending country." In this particular case the fact that the Commission was assured that the loan was to be used for "essential public works" in Tanganyika and, therefore, was covered by the exceptions clause in the mandate.

But the question of the legitimacy or otherwise of a "tying-in" clause attached to a loan which is not specifically

* See Gerig, "Open Door and the Mandates System," p. 127, q.v.

to be used for "essential public works," still remains undecided.

In Lord Lugard's opinion: "When the suzerain has special claims, such as the expenditure of large sums without any direct return—e.g. the Uganda railway and liberal financial assistance—there is some justification for considering that these special advantages are a fair *quid pro quo*."

So much for the most usual special advantages.

In regard to concessions and investments, questions are frequently raised relating to

The granting of contracts without clear offer to public tender;

The consolidation of enterprises tending to monopoly;

The exclusive exploitation of resources;

The mortgaging of public works as security for loans;

The question of customs duties.

In keeping with the principle of "no special benefits" the Mandates Commission is careful to see that wherever customs unions exist a proper apportionment of the receipts should go to the mandated territory.* In the matter of differential import duties, which are prohibited in all territories under "A" and "B" Mandates, when the Chairman of the Commission drew attention to the fact that in May 1921 the French Government had extended to the Cameroons the decree of February 17th, 1921, regulating the customs regime in French Equatorial Africa (Article 54 of which provides for special preference to be given to goods of French origin), the representative explained that, in practice, these sections of the decree were not applied to the mandated territory. Subsequently the wording of the decree itself was altered.

Troublesome customs formalities placed in the way of imports of certain origins, amounting to discrimination, have not been tolerated by the Commission. And a flagrant case of tariff discrimination in Syria and Lebanon was effectually corrected by the Commission in June 1928.

On the whole, therefore, the Permanent Mandates Commission is remarkably successful in enforcing those equalities of economic opportunity which are provided for in the terms

* See Gerig, "Open Door and the Mandates System," p. 159 *et seq.*

of the mandates. There is still room, however, for greater precision on the matter of the exceptions clause in the "B" Mandates, relating to "essential public services," on the "purchase" or "tying-in" clause, and on the mandatory's right to grant concessions privately when the sum is below a certain amount.

The problem of monopolies has considerable bearing on the question of equality of economic opportunity. It seems that fiscal and administrative monopolies must be allowed to enable the mandatory to perform legitimate functions on behalf of the natives.

"Secondly, certain enterprises, like railroads and quasi-public utilities, by their nature must be monopolistic. And, although the mandatory is expected in general to see that contracts are offered to public tender, the exceptions clause in the 'B' Mandates relating to 'essential public works and service' can easily be construed to cover such enterprises. Moreover, in the 'A' Mandates a certain reasonable latitude must be allowed to the mandatory to promote enterprises in which the benefit of the natives outweighs the possible interests of the investing nationals of other States."*

In the matter of offering contracts to public tender, something might still be done towards obtaining more adequate publicity.

Nevertheless, it is a fact that there is a very large degree of equality of economic opportunity, both theoretical and actual, in the mandated territories.

V. EQUALITY OF OPPORTUNITY IN ACCESS TO RAW MATERIALS IN GENERAL

How far, then, in effect is there equality of access to raw materials for all countries who require them?

In the case of territories under "A" and "B" Mandates there is a very high degree of equality of access. There are also facilities for disposing of goods in these territories on an equal footing with the country holding the mandate.

* B. Gerig, "Open Door and the Mandates System," p. 183.

In the vast majority of British colonies, and in most other colonies, there is, with the exception of special concessions and special instances such as the tin ore and rubber schemes, an equal *right*, for, e.g. Italy or Germany, to buy raw materials.

But there is not an equal *ability* on the part of Italy and Germany to buy. The reason is precisely because there is not an equal *right* for Germany and Italy to *sell*: firstly, to the particular colonies or countries from which it desires to import, and, secondly, to other countries, by means of which it could discharge its indebtedness.

Italy and Germany have a large measure of equal access to raw materials in the colonial territories of the world. But the existence of even merely protective, as well as preferential, tariffs in the world as a whole deprive them of some of the advantages of this equality.

Thus, it is true to say that Italy and Germany cannot get the raw materials they require. But it is mainly not true to say that they cannot get them because they have insufficient colonial territory. They cannot get raw materials because they cannot pay for them. They cannot pay for them because of the tariffs put up against their exports, not only by the colonies, but by Britain, the Dominions, U.S.A., France—in fact, by almost every nation in the world.

CURRENCY DIFFICULTIES

It is sometimes said, in addition, that the fact that Germany and Italy have no colonies imposes additional embarrassment on them in the matter of procuring currency with which to buy their raw materials.

In so far as such currency disabilities exist they are often due, in the first instance, to the restrictions and conditions placed upon exporters by the Italian and German Governments themselves. These restrictions themselves are due to the difficulty of obtaining foreign currency at all (by way of payment for exports). And this, in turn, is due, partly, in the case of Italy, to the overvaluation of the lira and the cessation of emigrants' remittances, but in an overwhelming degree to the protective and preferential tariffs existing in the world as a whole, which make it so hard for

Italy and Germany to sell their goods and thus obtain that foreign currency.*

It is, moreover, sometimes claimed that if, e.g. Italy had Colony X, now possessed by the English, she would be able to obtain her raw materials more expeditiously by paying for them in lire.

She can, as a matter of fact, only pay for them in lire if the people from whom she buys desire lire to purchase Italian goods. Otherwise, the sellers of the raw materials would not be willing to receive lire from Italy in payment. This is true whether Colony X, in which the sellers live, belongs to Italy or to England. For this reason the transference of Colony X from England to Italy would only make it easier for Italy to obtain colonial raw materials if Italy could thereby remove the barriers raised against the import of Italian goods to Colony X. Thus, the currency difficulties which Italy has to face in the purchase of raw materials are only lightened by the possession of colonies if such colonial possessions make it easier for her to sell her exports, e.g. by closing the colonial market to non-Italian goods.

To sum up, Italy has no import difficulties as such: she can import as much as she likes. But she cannot export, i.e. pay for the imports. Hence the reluctance of other countries to buy from her, i.e. to handle lire at all.

Other countries, on the whole, do not want lire. Nor is there any reason why Colony X, even if it were transferred to Italy, should necessarily want lire. The fact that Italy, instead of England, "possessed" Colony X would only ease Italy's situation in so far as Italy could take steps to open a market which was previously closed to her, or was willing to close the market to all goods except her own.

In an illiberal world, where other countries are pursuing exclusive policies with their colonies, it is, perhaps, to be expected that Italy should wish for colonies in which to be exclusive on her own account.

* It is worth noting that not all countries with colonies (or mandated territories) have the same currency as their colonies (or mandated territories). Great Britain is a case in point. The sterling currency does *not* prevail in Palestine or Kenya, and various other Crown colonies or mandates. Even where, as in some Dominions, it does prevail (e.g. in Australia and New Zealand) there have been, of recent years, and still are, heavy "agios" with London—sometimes as much as 50 per cent. This is equivalent to a depreciation of the local currency.

If, therefore, it is in order to pursue a policy of "assimilation" that Italy wants a colony, things would probably be slightly easier for her, for the time being, if she had one; but such a step would serve still further to complicate a world situation which has already been brought near to disaster by "assimilation" and "closed-door" policies.

There is this also to be added, that, in a colony run as a department of Italy, the Italians would be themselves responsible for any instabilities in the value of the currency.

To sum up: it is true to say that the non-colonial Powers have access to raw materials equally with colonial Powers. But it is not the whole truth.

The spectacle of, for instance, Britain saying to Italy or Germany: "Anyone who likes is at liberty to go and get raw materials from our colonies," and leaving it at that, is not unlike the spectacle of a wealthy industrialist saying to a bankrupt competitor: "Anyone is at liberty to walk into the Ritz Hotel and order a dinner there." Very likely they are. But it is as well for them to have some money with which to pay the bill.

VI. SUBSIDIARY GRIEVANCES OF COUNTRIES WITHOUT COLONIES

What are the other disadvantages, apart from the embarrassments with regard to population and raw materials, suffered by countries without colonies?

An article in the *New Statesman* of October 12th, 1935, made the following points which are relevant to this subject:

1. Lack of colonies is frequently held to be synonymous with lack of prestige for a great Power. Colonies are accepted in many quarters as the symbols of greatness.

2. The military argument: "Areas which yield war materials are prized above others, and the development of aerial warfare gives fresh value in war to colonies widely dispersed."

3. "They [the countries without colonies] have no assurance of supplies in case of war, or threatened war,

or the application of economic sanctions. Nor, even in peace, can they buy with their own currency, or at a price that represents a fixed value of their currency. They can get no preference such as nations can enjoy when they have colonies of their own. They will acquire no prestige, no colonial appointments, no exclusive spheres of influence. They can look for no accession of military strength, no national air routes over the world."

In addition to all this, they will have no jobs for younger sons, such as are open to a certain number of Englishmen in the various colonial Civil Services. They will have no access to Government House, no network of possible introductions for their business men and travellers. No openings for "potential Lyauteys and Lugards."

"In the thousands of young men who formed the original *fasci* there must have been many who, in a country with a large colonial empire, would have been soldiers and officials. . . .

"It is to be hoped . . . that there may be a real stock-taking of the position, based on recognition of the fact that one reason why colonies are an asset of imperial control is the possibility they offer of a career for young men who, failing that, may well be potent factors in revolutionising their own countries and, in the not very long run, making a peaceful Europe impossible."*

VII. "MORE COLONIES" AS A SUGGESTED SOLUTION FOR OVERPOPULATION

Supposing that measures of territorial expansion could be arranged for Italy, Germany and Japan, would that help to solve their problems of "overpopulation"?

Do past facts indicate that such measures would help?

Of the ex-German colonies, W. H. Dawson has written: "None of the territories taken from Germany during the War offers any large scope for a white population. As a German colonial authority has said of these territories, the

* D. V. Brogan, *The Spectator*, October 27th, 1935.

fertile ones are, in general, unhealthy, while the healthy ones are unfertile.”*

Between the years 1800 and 1920, the population of Germany increased from 23,180,000 to 59,853,000. Between the years 1816 and 1922, only 4,503,000 Germans emigrated, and of these only a negligible proportion settled in the German colonies.

Between 1878 and 1882 there was a remarkable increase in German emigration. But, “although the marked exodus of German population from 1880 to 1884 came just at the time when this argument was needed to press the case for the colonies at home and abroad, later events in Germany and later conditions in the colonies combined to render the emigration argument unsound and unavailing. These factors, too, changed the character of her colonial trade policy. First, Germany was rapidly changing from an agricultural to an industrial country. This tremendous increase in factories and industrial activity gave an outlet for the population at home. They no longer exported human beings, but goods. Next, scarcely any of the territories in Africa and in the Pacific which were available proved habitable for a white population—South-West Africa and the highlands of German East Africa were the possible exceptions. And the total white population of all German colonies in 1913 was only 28,000, of whom 10,000 were non-German.”†

It will be seen from this that an overwhelming proportion of the increased German population was absorbed and supported by increasing industrialisation at home, and only a small proportion emigrated, of whom again only a tiny fraction emigrated to the German colonies.

A detailed study of the population and occupation figures for the years between 1882 and 1907 discloses remarkable evidence in the same sense. In Germany, as in Britain during those years, the increase in the occupied population in Germany was more rapid than the growth of the total population, and the ratio of the population occupied in industrial production to the whole occupied population grew with each census. In the space of twenty-five years

* Preface to Schnee: “German Colonisation, Past and Future,” p. 42.

† B. Gerig, “Open Door and the Mandates System,” p. 60.

the total population increased by 38 per cent, the occupied population by 49 per cent, and the number of persons engaged in industry by 72 per cent.*

As regards Italy, it has long been recognised that her existing colonies are not climatically suitable for Italian emigrants. It is, accordingly, difficult to understand why one of the reasons given for the attempted Italian colonisation of Ethiopia should be "the necessity for an outlet for the surplus population of Italy." Eritrea, which, in the uplands beyond Asmara, resembles much of Ethiopia, hardly provides an example of widespread and successful settlement by Italians.

According to an evidently well-informed writer in the *New Republic*†, an Italian settler going to Ethiopia would have to be heavily subsidised by the Government, so as to be able to take with him complete supplies, including building materials, agricultural tools and seeds. For forty years Italy has made spasmodic attempts to colonise Eritrea. After forty years the total Italian population engaged in agriculture is 84 persons.‡ The present normal European population of Eritrea is 4,565, most of whom are government officials.

Recently, under Mussolini, attempts at colonisation were finally abandoned because of the high costs. As it is, Italy's annual subsidy to Eritrea runs around 23,000,000 lire, and to Somaliland around 42,000,000 lire.

There is another drawback. Throughout Africa the individual white farmer, depending on his own labour, has never succeeded in competing with the native worker under white management and backed by European capital. "An Italian peasant farmer in Ethiopia would either drop to the native standard of living or starve to death. The only opportunity for Italians in Ethiopia is as business men, managers and technicians." It would appear, therefore, that although Italy might be able to solve her population problems by migration to such places as Canada or Australia, she could not solve them by settling Italians in any of the

* See W. Woytinsky, "Three Sources of Unemployment" (I.L.O.), p. 29.

† U.S.A., N.R., August 7th, 1935.

‡ Sir Norman Angell in *The Spectator*, September 20th, 1935.

territories which might, in fact, be likely to come her way in the course of "territorial expansion."

For Japan, the situation seems to be much the same. In the case of Korea, for instance, the passport returns enumerate 78,034 as the total immigration between 1868 and 1904.* According to Foreign Office returns there was very little settlement of emigrants in Korea. This was natural, since the country could not offer any inducements to Japanese labourers. The migrants sought to better their economic condition, but independently of employment offered by Koreans. Furthermore, the majority of these migrants returned home after a brief sojourn. After 1905, however, and more particularly after 1910, the Japanese Government offered many inducements to the Japanese to settle in the country. As a result, in 1923 there were 403,101 Japanese residing in Korea.

"Japan, like Italy, has talked of the needs of expansion: she has possessed for forty years colonial territories of relatively sparse population. Yet in those forty years those sparsely-populated territories have taken less than one year's increase of the Japanese population."†

Past facts do not afford grounds for much hope that the overpopulation problem can be solved by the acquisition of colonies. On the theoretical side, Sir Norman Angell has for long argued that this is inevitable in the present organisation of world and national trade.

"Italy speaks of her 'population problem'," he writes, in an article in the *Daily Herald*,‡ "but Britain has her population question, too. She has two million unemployed, and an 'empire' does not enable Britain to solve that problem. She cannot send unemployed to Canada, or Australia, or to any British colony, because all they could do as emigrants would be to produce more meat, or butter, or fruit, or poultry for the British market in competition with producers in Great Britain, already clamouring for protection, and already taking steps to limit the production of such goods." Under present conditions that seems to be the final word on this subject.

* "International Migrations," Vol. II, p. 632 (Nat. Bureau of Economic Research).

† Sir Norman Angell in *The Spectator*, September 20th, 1935.

‡ *Daily Herald*, October 19th, 1935.

There is, however, one subsidiary point worth mentioning here. That is the "part played in colonial development by the continual stream of private services and goods with which the mother countries of the great imperial groups have supported emigration and native development in the past. England and France have supported their Empires with such streams of capital over a long period: the investments of the chartered companies of the eighteenth century (and later decades of the nineteenth century) being the forerunners of colonial government loans that to-day represent a high figure per head of our Imperial population: these investments provide the capital that every settler in an undeveloped country requires before his energies can be exercised to the best advantage.

"In their present economic circumstances Germany and Italy would not be able to find the money for this; if they entered the world money market they would have to respect the 'Open Door' and free trade in those areas, before foreign investors were interested."*

"The migration argument counts," says a writer in the *New Statesman*, "because it possesses emotional value; but it has little economic basis."

VIII. "MORE COLONIES" AS A SOLUTION TO THE PROBLEM OF RAW MATERIALS

Do past facts indicate that, supposing measures of territorial expansion could be arranged for the unsated nations, this would help to solve their problem of access to raw materials?

The following table shows the percentage of the Total External Trade of three countries, with their colonial possessions, 1910-1913:†

<i>Mother Country</i>	1910	1911	1912	1913
England ..	24.1	23.4	24.8	26.2
Holland ..	33.0	36.1	34.2	35.4
Germany ..	0.4	0.54	0.54	0.5

* Arthur G. Wrightson. Letter in *The Spectator*, October 4th, 1935.

† B. Gerig, "Open Door and the Mandates System," p. 69.

In 1913 sisal hemp was the only commodity imported into Germany from her colonies which constituted more than 8 per cent of the total value of the commodity so imported. Before the War, Germany fed a large part of her population with food from overseas territory which she did not need to own; and but for the intervention of the War she could have continued to do this.

According to Sir Norman Angell*: "It is not true that the main economic need of modern nations is territory for raw materials and markets. . . . The problem is more one of glut than one of scarcity. No country in the world refuses to part with the raw materials and markets that it produces. All are ready to sell to anyone with money. Money must be forthcoming, whether the raw material is bought from conquered territory or from foreign countries."

But is it not possible that the conquering country might remove the existing tariffs from the conquered territory and set up preferential tariffs, which would tend in the direction of making the conqueror's country and the conquered territory one large trading unit, e.g. England and Wales, or France and Algiers? This "assimilation" is the direction in which French policy has always tended, and there seems no reason to believe that it is not the direction for which e.g. Italy would like to be heading. Deplorable as this may be for the world as a whole, it would undoubtedly make things immediately more comfortable for Italy in the present exclusive state of mind of the chief trading nations. When self-sufficiency is the order of the day it becomes expedient for everyone to have as large and rich and varied a closed unit as possible in which to be self-sufficient.

The advantages to the conquerors of conquering territory and placing it under their own flag depend on whether they are prepared to open a market hitherto closed or to go the whole gamut of assimilation and make it a closed territory, with all the paraphernalia of preferential and discriminatory tariffs. They will then have the advantage of having no customs barriers between themselves and the vassal territory, the advantages of having a common currency which is either stable or unstable in a consistent way throughout the whole trading unit, and, incidentally, they will have dealt

* *Daily Herald*, September 6th, 1935.

an additional blow to the Open-Door policy, which seems likely in the end to provide the only permanent solution.

This, however, could not be called the achievement of free access to raw materials. It would be, in effect, a re-shuffling of the "special control" over the sources of those raw materials, essentially involving an ability to prohibit "free access" to everyone else.

It is quite possible, however, that spokesmen of the dissatisfied countries may have got into the habit of using the term "free access," when, in reality, they mean "special control."

In a letter to the *Manchester Guardian*, Mr. Harold Goad, of the British Institute of Florence, states the Italian case for expansion, with particular reference to currency difficulties:

"The bills for moneys owing to Italy are quite insufficient to-day, through no fault of the Italians, but through the artificial restrictions placed upon them by foreign countries. . . .

"If Italy had a really productive colony, which, unlike the sands of Libya or Somaliland, could be profitably developed, her merchants could buy there at least a portion of these raw materials and pay for them in lire."

The implication here seems to be that Italy definitely wants, not "free access" to, but special control over some new colony. Indeed, for reasons which have been put forward already, it seems that the acquisition of a new colony would be of small benefit to her, even in currency matters, *unless* she were prepared to introduce into that colony a drastic closed-door policy in favour of herself.

With regard to Mr. Goad's argument that Italy has not enough bills owing to her because her exports have been excluded, this could be met by a lowering of tariffs to admit Italian (and other) exports. Such a step would give her the means of free access to raw materials. The cession to her of a new colony would give her, in addition, the means of preventing the free access of others.

On the other hand, as Sir Norman Angell points out, "Britain built her greatest export trade upon raw materials produced in a foreign state. It would not have helped to save the British cotton trade if the sources of raw material had been in the Soudan or India rather than Louisiana.

Ownerships' have not enabled us to obtain the cotton for nothing, or necessarily, indeed, any cheaper, nor materially have facilitated the mechanism of economic change, by which we pay for it. We cannot secure nickel or asbestos from Canada for nothing."

IX. POSSIBLE WAYS IN WHICH THE OVERPOPULATION PROBLEM MIGHT BE SOLVED

(a) Is there a possibility of solving the overpopulation problem by migration to newly-allotted or newly-mandated territories?

We have already seen that the possession of colonies did not help Germany to ease her overpopulation problem. Japan has obtained no considerable relief from the possession of Korea, Formosa and, now, Manchuria. Italy has not been helped by her colonies in this respect; they were admitted to be climatically unsuitable. But what territories *are* climatically suitable? In Mr. Ramsay Muir's words: "Will anyone suggest that Canada should be given to Italy, Australia to Japan, and Brazil to Germany? Yet these are the half-empty lands in which civilised people can settle."

(b) Is it possible that the "overpopulation" problem can be solved by the absorption and support of surplus population at home, through increased production and cultivation and effective distribution?*

This question is difficult to answer, for the reason that it is almost impossible to obtain a reliable estimate of the productivity of the dissatisfied countries, so as to compare that potential production with the actual level of production

* It would be wrong to overlook altogether, in this connection, the possibility of such a redistribution of income within a country, and such control of investments and industrial capital as would enable it to ensure that its whole increasing population should at all times possess an "effective" demand for the whole of its products. Such a proposal might be ruled out as impracticable in Germany and Italy, equally with Great Britain and France. It cannot, however, be left entirely out of account that the U.S.S.R. claims to have definitely and permanently abolished involuntary mass unemployment, even among a population increasing at a greater rate than any other.

existing at the present time. In Germany and Italy, for instance, it is often claimed that home production for home consumption has virtually attained the highest level possible. It is hard to verify this statement, since, although it is known that there are still two million unemployed in Germany, it is difficult to know whether any available raw materials in Germany are not being put into use, and whether the country, as a whole, needs the things (e.g. houses?) to the production of which the idle men and the idle raw material could contribute.

If it is the case, as it seems unlikely, that in Germany and Italy home production for home consumption has really almost attained the highest level possible, then the only hope for a rise in standard of living capable of supporting the entire population is an increase of ability to consume and a reduction of tariffs, etc., in other countries, so that Italy and Germany may be able to sell more of their exports in order to buy more imports to contribute to that rising standard.

(c) Is the overpopulation problem capable of being solved by a present migration from the overpopulated countries to foreign lands?

We have already recorded Sir Norman Angell's view that, under present conditions, migration is not a practicable solution for the "population problem."

On the other hand, there is Mr. Ramsay Muir's view:

"Meanwhile, the restoration of a real degree of freedom of migration is the only way in which the pressure of population in the overcrowded countries can effectively be relieved; and the thinly-peopled countries ought to be made to realise that they have a duty to civilisation in this respect."

For Germany, W. H. Dawson proposes the following special solution: "This larger problem might be best solved by an agreement with Brazil for the establishment, at some future time, of a politically independent German Democratic State as part of that vast and sparsely-populated territory.

"Such an arrangement, since it would not raise the Monroe Doctrine, as hitherto understood, should not provoke hostility in the United States, particularly if the American Government were consulted beforehand and were kept informed of all subsequent negotiations."

So far as Mr. Ramsay Muir's view is concerned, for migration to have a chance of being a success in the near future it is essential that the countries which are to take in emigrants should be in an economically receptive condition, i.e. that they shall have no unemployed and a reasonable standard of living, and that they shall be looking for men who will, by their work, contribute to a higher standard of living. This may seem to be asking a good deal, and certainly such a state of affairs is not possible until steps are taken to raise consumption in the countries capable of receiving emigrants, firstly by direct internal methods, secondly by removal of protective tariffs in the outside world, permitting these countries to sell increased exports in return for standard-raising imports.

"Underpopulated" countries and colonies cannot possibly take in new emigrants until they have devised means of feeding and employing the population which they already have. Most of the colonies, moreover, are seriously in debt, and have no way of paying those debts except by sending back to the "Mother-Country" their own products, which have no certainty even of being admitted to the Mother-Country.

"It ought not to be forgotten that the Scottish and other sturdy emigrants who were lured out to . . . Canada, Australia and New Zealand last century were encouraged to believe, in absolute faith, that England would provide them with a market for their cereals, wool and dairy produce, from generation to generation. . . . When they later allowed themselves to be persuaded by glib commercial travellers to buy agricultural machinery with borrowed credit, they were told that this increased output would assure their relations in England of fuller bellies."*

But, on the whole, this was not to be. Colonists have been run seriously into debt through the Mother Country's frequent unwillingness or inability to accept the debt payments in the only form (i.e. colonial products) in which the colonies were capable of paying.

It seems clear that if emigration is to be resumed, either

* *New English Weekly*, September 12th, 1935.

a channel must be guaranteed through which colonists will be able to pay off the initial loan capital with which they are started or they must be started with capital which is not loan capital. As Mr. P. C. Loftus, M.P., wrote recently in a letter to *The Times*:

“It may be objected that emigrants cannot be settled without capital. I agree, but the capital need not of necessity be loan capital, and, considering the vast sums we spend on unemployment assistance, some grants free of interest might be made available for experiments. . . .”

A satisfactory arrangement for providing potential colonists with capital which is either free from interest or carrying interest which is guaranteed as payable through the medium of colonial goods is a pre-essential for the resumption of emigration on any appreciable scale.

X. POSSIBLE SOLUTIONS TO PROBLEM OF ACCESS TO RAW MATERIALS

(a) Transfer of territory from surfeited to unsurfeited nations.

This is a proposal about which there has been a good deal of talk and vague speculation. The view that any such transfer is highly undesirable was put by Lord Lugard in an article in *The Times*:

In the first place, he writes, “the belief that Great Britain has vast empty and colonisable lands at her disposal in the Dominions is entirely fallacious, since the British Parliament has no voice whatever in the immigration policy of the Dominions (including South Africa and Southern Rhodesia) and the external territories and mandates which they control.

“Moreover, with regard to the present transfer suggestion, those who live in colonies have the full status of British subjects; and ‘British subjects,’ said the Prince of Wales, ‘are not for sale’.”

Compare with this a passage from President Wilson's address to Congress:

"The principles to be applied are these: that peoples and provinces are not to be bartered about from sovereignty to sovereignty, as if they were mere chattels and pawns in a game."

In order to effect such a transfer, as Lugard points out, repeated assurances that there would be no change—assurances upon which those who invested capital in the country relied—would be set aside. Moreover, the popular outcry against such a transfer would probably be immense.

On the other hand, and with special reference to a possible transfer-back of the German colonies, we have the view of W. H. Dawson:*

"If it should be said that it would now be difficult to return, say, Tanganyika to Germany because many British subjects have since bought estates and settled there, the answer is that in appropriating this territory we did an inexcusably foolhardy thing in the face of ample warning, and further, that our Government was not in the least squeamish when, for political reasons, it was found expedient to hand over Jubaland to Italy and other African territory to Belgium, though the transfer of British nationals to new sovereignty was similarly involved in each case."

It has been and may be objected, that the return of Germany's colonies at the present time, supposing that it could be accomplished, would involve in effect the establishment of miniature Nazi or Fascist autocracies in these territories. This may be regarded either as a valid and grave objection, or it may be regarded as an up-to-date version of the immediate post-war allegation that the Germans used "brutal, inhuman and Prussianising" methods in her treatment of the natives, and were, therefore, unfit to govern.

(b) Then there is the suggestion that the Colonial Powers should place some of their colonies under a mandate

* Preface to Scheme, *op. cit.*, p. 43.

system. In Lord Lugard's words: "The principles of that system are already applicable to British colonies." But on the economic side this traditional policy of the British Empire has, unfortunately, been almost entirely abandoned since 1931 or 1932.

Germany or Italy, it is pointed out, would probably not value this suggestion unless they held the mandate over them. And if they did hold the mandate over them, then, it is alleged, there would be a danger of petty Nazi or Fascist autocracies springing up in them. But it is doubtful whether such a thing could actually happen even under the present Permanent Mandates Commission with its comparatively limited powers; and ways have already been suggested whereby those powers could be strengthened.

(c) There is another suggestion, subsidiary to the last, to the effect that some or all of the territories under European control in Africa should be placed under a "Collective Mandate" administered by the League. This, according to Lord Lugard, can hardly mean a condominium of Powers jointly controlling a particular colony because the Powers' "native policies" differ very much. It means, evidently, that the League should assume the direct government. Actually, in Lord Lugard's view, the officer appointed as governor would dictate the policy; and his nation, presumably Germany or Italy, would become *de facto* the mandatory.

To what League authority would such a governor be responsible? At present, there is available only the Permanent Mandates Commission, which Lord Lugard regards as most unsuited for the exercise of mandatory functions.

On the other hand, Professor Laski holds the view that the sovereignty over the mandates resides in the Council of the League, and makes the suggestion, noted above, that there should be "accredited to each mandated territory of the League a commissioner who will act as its ambassador upon the spot."

In connection with this suggestion there would need also to be investigated the incidence on the League tax-payer of the cost of maintaining collective mandates.

In conclusion, Lord Lugard writes: "Is there nothing constructive to suggest? I fear little so far as Africa is

concerned, beyond what Sir Samuel Hoare has proposed, together with the possibility of including in the Civil Service, at least in mandated territories, qualified officials from foreign nations."

(d) A fourth suggestion is sometimes put forward to the effect that Britain should give a lead by allowing her tropical colonies to be placed under mandate.

Where, in British colonies, differential tariffs, quotas, and restrictions exist, these would have to be abolished. Such a step as that contemplated would only be of considerable value in so far as it infected the French, the Belgians, the Dutch, and the British Dominions (and Britain and U.S.A. also), with a desire to dispense with their differential tariffs.

It must, however, be remarked that the mandated territories themselves are in-actively responsible, to a certain extent, for the present plight of Italy and Germany, since the fact of the existence of their merely protective tariffs makes it more difficult for Italy and Germany to dispose of their requisite volume of exports.

Along these (d) lines it seems unlikely that anything will help except the removal of all differential tariffs and the drastic lowering of protective tariffs.

If tariffs, even protective ones, are to be drastically reduced, some mechanism will probably be irresistibly demanded by those who fear that countries with a relatively high standard of living would inevitably find their standard forced down to the level of countries with lower standards, irrespective of the relative efficiency of the administrators and wage-earners of the several competitors, or the equipment and organisation of their industries.

Fifthly, Dr. C. Delisle Burns has suggested that agreement might be reached among various countries for the States themselves (as opposed to the private traders of those countries) to obtain quotas of raw materials from certain colonies; this to be combined with a move toward the mandate principle in all countries. "There is," says Dr. Delisle Burns, "a psychological need for this."

The main difficulty in the way of obtaining raw materials has been seen to be the difficulty of payment. Agreement, say, between Britain on the one hand and Italy and Germany on the other, as to quotas of raw materials from a British

colony would seem likely to facilitate matters only if Britain were prepared to take payment in some medium which Germany and Italy were able to provide. The most likely and hopeful medium of payment is goods and services. But Britain is notoriously unwilling to take German (or, indeed, any foreign) goods. (It was, no doubt, accidental, though it was unmistakable, that the 1932 British tariff scheme pressed particularly hard on German products. A table published by the *Economist*,* based on 1930 import figures, showed that whereas in 1930 over 89 per cent of imports from Germany came in free of duty, after the ratification of the Ottawa schedules, 24.2 per cent of such imports would be subject to 10 per cent duty, 49.7 per cent to duties ranging from 11 to 20 per cent ad valorem, and 10.9 per cent to duties exceeding 20 per cent ad valorem, leaving only 4.5 per cent of the imports free of tax.†)

The other remaining media of payment, apart from goods and services, are credit—i.e. running Germany into debt—and gold.

The fact is that Britain and other creditor countries often behave nowadays as if they do not wish to receive payment at any price. They act as if they infinitely prefer that the countries which buy from them should run themselves indefinitely into debt; or that they should, if it suddenly suits the whim of the creditor country, make payment in gold—thus probably upsetting their own (i.e. the debtor country's) internal monetary arrangements.

This is one representative attitude on the part of certain creditor countries; the alternative attitude on the part of the same countries is as follows: "We are perfectly willing to allow other countries to have our raw materials *provided that they can pay for them*. But they cannot pay for them. We are aware that the reason why they cannot pay for them is that we will not allow them to sell us their goods. But the fact remains that they cannot pay for them. Therefore, since they cannot pay for them, it is unreasonable for them to expect that we shall allow them to have raw materials from our colonies."

On the face of it, it looks as though agreed quotas of

* Supplement to the issue of October 22nd, 1932.

† See "Survey of International Affairs," p. 6.

raw materials for trading States might be a valuable device after, but not before, raw-material-producing Powers shall have decided to allow the raw-material-buying countries to pay—in goods and services.

(f) A sixth solution is generally put forward in vaguer terms even than the foregoing proposals. It may be indicated roughly as a suggestion for a "common currency."

The sort of thing which is meant may be gathered from Mr. Harold Goad's statement, quoted above, to the effect that Italy's situation would be eased if she had a colony from which she could buy in lire.

As has been claimed above, commercial people in most countries other than Italy (e.g. France, Britain, U.S.A.) do not, for the most part, want lire. The only use for lire is for British, etc., importers to buy Italian goods and bring them back to Britain, etc. But the tariffs in Britain, etc., make the imported Italian goods too expensive to sell, for the most part. In the ordinary course of events this lack of demand for the lira might have depressed its value, cheapened it in terms of the pound, and made it more worth while again for British importers to buy Italian goods. But Signor Mussolini deliberately kept up the value of the lira.

"We will defend the lira to the last breath, to the last drop of blood . . . our lira, which represents the symbol of the nation, the sign of our wealth, the fruit of our labours, of our efforts, of our sacrifices, of our tears, of our blood."

The lira was kept propped at a very high value. Foreign countries instituted formidable tariff schedules. Hence, foreign importers, in protective or preferential tariff countries, do not, on the whole, want lire. Nor do colonies or mandates want so many lire as they might, because their own tariffs make it impossible to buy so many Italian goods.

Supposing one such colony or mandate were made over to Italy, would the people in that colony want more lire, would they be prepared to send Italy more raw materials than formerly? Only, surely, if they could make use of more lire than formerly; only if they could import a greater volume of Italian goods, only if their protective tariffs were removed to Italian goods, in order to make those goods cheap enough.

The fact that the traders of a non-Italian colony have to

buy lire which are "over-valued" in terms of other currencies, might appear to make the importation of Italian goods a more expensive business even than the ordinary protective tariffs make it.

If this same non-Italian colony (or mandate) were transferred to Italy, the imports would still have the protective tariff difficulty in the mandate, and also in the colony (*unless* the Italians gave a further blow to the Open Door by a preferential tariff in favour of Italy), but the colony would not have to buy-in over-valued lire. She would be, on the other hand, working in terms of an over-valued lira, and if Italian importers were more able and willing to buy from her, the chances are that the importers of other countries would be less willing to do so.

It would seem that any step taken at present to give the dissatisfied countries a special control over the sources of raw materials (i.e. not only freedom of access, but freedom to forbid access to others) to counter-balance the special controls of the satisfied countries, is only going to embarrass still further the ultimate solution of this problem. In this case, two blacks will most emphatically not make a white.

On the other hand, as a well-known writer has said, 'One of the greatest possible steps towards world peace would be a treaty signed by the ten leading colonial Powers guaranteeing the Open Door, not only in their own colonies, but in the independent countries of the world, such as China, Turkey, Mexico, Siam, Liberia, Abyssinia, Persia and Afghanistan, and placing the supervision of such an agreement in the hands of some impartial international tribunal.'*

Clearly, this point of view is open to the criticism which will almost certainly be directed at it, probably in terms such as the following: Here are vast and varied problems, involving overpopulation, the inability of entire nations to get at the raw materials which they need, and a persistent demand for the conceding of colonial territory; and the only constructive suggestion you make, the only proposed "cure" you have, is a return to universal Free Trade.

Admittedly, the proposal is neither novel nor spectacular. Nevertheless, if it were possible to gain a wider and more

R. L. Buell, "International Relations," p. 441.

influential recognition of the fact that the present closed door and intensely protective policies are responsible not only for the obvious, first-hand difficulties of international trade, but also for the secondhand, but highly important, grievances and resentments felt by whole nations who are, in fact, unable, owing to these policies, to dispose of their products or their surplus people, or to buy their required raw materials, then, indeed, something of consequence might still be accomplished through the unspectacular medium of "Free Trade."

A further suggestion put forward as a contribution to the discussion of the subject, but not generally accepted, is that the psychological difficulty concerning "dignity and prestige" might be met by the flying of a League of Nations flag over the national flag of the Mandatory Power in mandated territories, and by other formal acts and ceremonies designed to emphasise the League's authority.

Is there nothing that we, in Great Britain, for instance, can do besides? As a writer in the *New Statesman** suggests: "We can undertake neither to discriminate against foreign capital nor to allow either British or foreign investment in our colonial territories, except on terms which fully safeguard native rights and interests.

"Can we also offer to place our colonial administration under League inspection, so as virtually to hold our colonial Empire under mandate from the League? Only if the League is changed and revived as a result of action against Mussolini."

And even then there would be immense electoral and propaganda difficulties in view of the probable public outcry.

"Remove the war danger," continues the same writer, "and economic nationalism and the desire for autarchy will speedily recede, and with them will recede the passion for colonial monopoly. Remove the war danger, and we begin to be rational about colonies. But can we remove the war danger when the colonial question is an integral part of it?"

* October 19th, 1935.

XI. CONCLUSIONS

1. Unsatiated Powers, particularly Germany and Italy, demand territorial expansion because they cannot obtain the raw materials which they require, or sell their own produce, because they are overpopulated, and also because expansion is necessary for the sake of "dignity" and prestige.

2. It is true that Germany and Italy cannot get the raw materials they require. But it is mainly not true that they cannot get them because they have insufficient colonial territory. Yet, the actuality or the possibility of such schemes as the Stevenson Rubber Scheme and the Malayan and Nigerian tin ore schemes continues to exist. This makes it intelligibly hard to convince the countries without colonies that there is "nothing in colonies." The truth is that they cannot get materials because they cannot pay for them. They cannot pay for them because of the protective tariffs, not only of the colonies, but of the Dominions, England, France, U.S.A., etc., which make it impossible for e.g. Italy and Germany to sell the required volume of her exports to get the money to pay for her required imports.

3. To the mandated territories (as to nearly all of the British colonies) there is a large measure of equality of access for all countries. But the equality is on the plane of difficult and not of easy access. All States are not equally free, but they are all equally obstructed (by tariffs, etc.) as regards access. It is arguable that this fact hits the naturally poor and infertile countries (e.g. Italy) more than the others, since those countries are more dependent on overseas trade for the maintenance of a reasonable standard of living. (This, however, is not to say that "rich" countries, e.g. Great Britain, are not also highly dependent on foreign trade.)

4. It is, on the whole, true that, while economic nationalism restricts international trade as it does at the present time, Germany and Italy are overpopulated. But it is not mainly true that they are overpopulated because they have insufficient colonial territory.

In the past, colonies have not been of much avail as a

means of absorbing surplus population. If Italy is overpopulated it is largely because she has deliberately set herself to become so. And it seems as though, until the principle governing world consumption is "from each as his ability to each according to his need," Italy (seeing that she herself is a relatively poor country naturally) has only herself to blame if she grows a hot-house population which cannot be supported by the products of Italy herself and the things which she can exchange against those products of hers which she does not herself use.

While one has not the right to expect that Italy would have deliberately restricted her population, it seems at least improvident of her to have deliberately fostered a rapidly increasing birthrate.

5. If neither the problem of raw materials nor that of overpopulation is capable of a large measure of solution along the lines of territorial expansion, what is it that is behind the persistent demand for such expansion? There remains the sense of dignity and prestige which some members of the "unsated" nations clearly believe that territorial expansion would bring in its train. It seems that in many instances the demand for territorial expansion springs from a desire not for access to raw materials but for control of them, from a desire not for economic but for political opportunity, and from a solicitude not for the ordinary course of peace, but for the possible eventuality of war.

6. When all this has been said there still remains the fact that the unsatiated nations are in some senses, and in their own estimation, largely overpopulated, that they are not able to obtain the raw materials or the colonial markets which they require. It is also the fact that they regard their dignity and prestige as demanding the possession of colonies, or more colonies, of their own.

7. With regard to the problem of raw materials and markets, an indispensable first step to a solution is not only the removal of preferential tariffs, but also the lowering of excessive protective tariffs, including those in mandates.

The idea of an agreement between trading States for quotas of raw materials might also be borne in mind;