

## Access to Raw Materials and the Need for Expansion

By Ole Wang

We have been witnessing during the last couple of years a growing unrest between the nations and it is evident that one of the causes, perhaps the main cause, of this unrest and tension lies in the claims made, especially by Germany, Italy and Japan, for colonies in which to—

- (a) obtain supplies of raw materials for their industries and foodstuffs,
- (b) get markets for the products of their home industries,
- (c) find room for their increasing populations.

Let us examine each one of these points to see whether they have any real basis, whether they are the real cause of the trouble.

During this examination we should keep clearly before us what we mean by "colonies." A colony must, in this connection, be defined as a territory where the decision as regards economic and other policy lies with the government of the mother country. It should then be borne in mind that the greater part of the British Overseas Empire (including India) has now reached Dominion status. These countries are, according to the Statute of Westminster, perfectly self-governing in their trade policy and can (and do) impose barriers against trade with and immigration from Great Britain. It is true that they have made preferential agreements with her, but there is nothing to prevent them from doing the same with other countries. These Dominions will therefore, for the sake of this argument, be considered as perfectly autonomous countries.

It will then be found that of the important raw materials there are two, which are almost entirely derived from the colonies, viz., palm oil and rubber. Of copra about two-thirds of the world production comes from colonial areas and of tin and phosphates a little over one-half. Of the great majority of raw materials, however, only relatively small percentages of the world production are derived from the colonies and for many important items the percentage may be termed insignificant, as for instance: iron ore 3·4 per cent, petroleum 3·7 per cent, cotton and wool each about 2½ per cent.

In the above figures are included the productions of territories now governed under Mandates from the League of Nations. Looking at these by themselves and especially at those in Africa, in other words the previous German colonies, we find that the proportions of the world production of essential raw materials derived from these areas are so small as to be negligible as part of the world's resources.

From the foregoing it seems to appear that a redistribution of colonial territory could not have the great effect on world economy that is generally assumed. Thus, the returning to Germany of her colonies would not to any appreciable extent alter her purely economic position. This is confirmed by the fact that her imports from her colonies, before the war, amounted to one-half of one per cent of her total imports.

By examining the importance of Germany's previous colonies as a market for her industrial products, we find the same picture: the exports to her own colonies only amounted to six-tenths of one per cent of the total exports.

Of course, even such small fractions of Germany's enormous foreign trade amounted to positively very large amounts, between two and three million pounds a year each way, but in this connection it is the relative amounts that count, and they are so small that the partial loss of these markets cannot be the main cause of the economic difficulties, under which Germany is labouring.

The same observation applies to those colonies as a remedy for population pressure. Compared both with her increase in population and her total overseas emigration, the emigration from Germany to her colonies was so small that the stoppage of this outlet would be of no appreciable importance in relation to a pressure of population. The same applies to Italy. To judge by the figures for the previous Italian colonies, the expectation of placing great numbers of colonists in Abyssinia seems much exaggerated.

If from this examination of the colonial areas we pass to consider the distribution of the resources of raw materials over all the nations of the world, we find that no country is independent of supplies from abroad. Taking Great Britain and her colonies proper and mandates as a whole, there is a deficiency in many important materials, and such is the case with France and her colonies and even with the United States and dependencies, and with the Soviet Republics. Of course, where there is a deficiency in one country there is a surplus in another, for in the world taken as a whole plus and minus must balance each other; but it is absolutely impossible to solve the question by a redistribution of the world's territories so as to make every country self-sufficient in all materials of vital importance.

Nor should there be any necessity for this to establish flourishing industries. England built her cotton industry on raw materials from the United States, and the enormous motor car and rubber tyre industry of the United States has come into existence although the States' production of rubber is nil.

Another thing to be remembered is that even the most self-supporting countries, such as the British Empire as a whole and the United States, have been suffering from unemployment, "bad times" and economic disturbances in about the same degree as Germany and other "have-not" countries, while other countries without any colonial possessions whatsoever have managed to weather the economic storms relatively well.

The real cure for the unrest and tension should therefore, as far as economics go, be looked for in another direction than in the redistribution of territories between the nations. As a cure for the economic difficulties of the dissatisfied countries this measure would be futile.

That there is tension in the world at present is self-evident. Unless it be relieved by expansion, this tension will lead to an explosion, and if we want to

avoid this explosion we must find the real causes of the tension and the means of relief. Fortunately, the understanding is now gaining ground that remedies must and can be found, and many important statements as to what these remedies should be have lately been made. I will especially mention two studies, on both of which I have freely drawn for the preparation of this paper, viz., Sir Norman Angell's new book *This Have and Have-Not Business*, in which he reasserts with application to the present situation, opinions propounded by him before the world war, and a pamphlet on *Raw Materials and Colonies* recently published by the Royal Institute of International Affairs.

In both these publications as in many other utterances the opinion is set forth that the *commercial* aspect of the problem is of the greatest importance. It is a well-known fact that there is an abundance of raw materials in the world and the statement made by Sir Samuel Hoare that "there is no question in present circumstances of any colony withholding its raw materials from any purchaser" is no doubt in the main correct. It is true that in some colonies, especially French and Portuguese, there have been imposed export duties on raw materials, with discrimination in favour of the mother country, but these are not so important as to have any great influence on the world problem. There have also, during the recent period of so-called over-production, been various schemes for restricting the production of certain raw materials. These schemes, which have embraced not only colonial territories, but have been world-wide, although creating an artificial scarcity and being thereby detrimental to the consumers, have not been discriminatory and have therefore not been more harmful to countries without colonies than to others.

But even if the opportunity of buying is practically equal to all nations, the raw materials will have to be paid for and this is where the difficulties arise.

In international trade the only way by which a country can, in the long run, pay for her imports is by corresponding exports or by services rendered other nations such as by carriage of goods, receiving foreign tourists, and so on. I venture to mention this commonplace truth because it has a bearing, which is often overlooked, on the subject with which we are dealing.

It has been asserted by German and Italian writers that their countries need colonies as part of their respective currency areas in order that they may be able to buy their raw materials in these colonies. On account of the difficulties opposed to their exports by the economic nationalism now prevalent all over the world they are unable to procure the foreign currencies necessary to buy from elsewhere. In other words, the need for colonies originates in exchange difficulties.

However, this argument as a plea for having their own colonies overlooks the fact previously referred to that the proportion of foreign trade with colonies was, in the case of Germany with her former colonies, and is also in the case of Italy, so small that the inclusion in their currency systems of these areas or, in fact, any areas which they could claim, cannot make any appreciable difference. Nevertheless, there can be little doubt that we are here on the right track, only the problem should not be considered so narrowly. International commerce is many-sided, not one-sided. By it Germany pays for her imports of raw materials from, say, Nigeria or Norway not only by her exports to these countries but by those to England or Brazil or any other country. The true cure for the trouble lies in establishing free distribution and exchange of goods

between *all* countries. Once we had these, the exchange difficulties originating in a bad international organization of the money system could, and would, easily be solved.

The restrictions that have to be removed in order to put this cure into effect are many and important. In the colonies of Great Britain (as in the whole Empire) the Ottawa Agreement with up to 50 per cent preference to British producers is operative. In French colonies the mother country is strongly favoured and also Portugal gives a heavy preferential treatment to her own goods in her colonies. The Netherlands forms an exception by maintaining a relatively open door in her colonies.

But much more disastrous than colonial preferences are the national tariffs and quotas imposed by every country in the world. And when these have been too narrow and strangling, recourse has been had to regional agreements embracing several countries. In this respect the dissatisfied countries, Germany and Italy, will evidently not be content to remain isolated. The recent agreement between Germany and Austria, and the claim for "Anschluss" of the latter country to the former, as well as the recent commercial *démarches* of Germany towards the South-East are some of the proofs of this, and unless courageous measures are soon taken to ease the strain all over, we shall see Europe divided up in several opposing blocks.

It is, of course, impossible to keep virile peoples like the German or Italian cooped up indefinitely. The tension thereby created *must* have its outlet, but not necessarily by territorial expansion. By opening the doors of international trade the dissatisfied countries can be given access to raw materials, markets for their industries and work and bread for even vastly greater populations than the present. Other industrial countries are much more densely populated than Germany and Italy, and the limit when over-population can be said to exist in these countries is still far off, provided they can, by their industry, shipping and other services rendered to the world, entitle themselves to reciprocal services and thus draw freely on the resources of the rest of the world.

So far we have looked at the problem from the economic point of view only. If we approach it with a broader mind we shall find that it has also another side.

Every nation, great or small, also needs, in fields other than those of commerce and industry, ends to attain, problems to solve and tasks on which it can grow, mentally and morally. This it cannot have without elbow-room. If a nation's ambitions in this direction are pent up, there will also be tension and its energies can be diverted into channels where they will not work to the benefit of that nation itself or of Mankind as a whole but rather in an opposed direction.

The civilizing work in colonies is especially well adapted for giving opportunities for the higher aspirations of a people, and it is not only the English and the other peoples with colonies who feel the call to "take up the white man's burden, send forth the best you breed."

For the colonies and territories, which formerly were governed by Germany and Turkey, the Covenant of the League of Nations has established the Mandates system. This experiment in colonial policy is evidently making good in spite

of the scepticism with which it was first received. The system is based on the principle that it is to ensure the "well-being and development of the inhabitants as a sacred trust of civilization" or, to quote an eminent English international lawyer, the mandate is "a trust for the world at large." It is not an object for exploitation.

If the view is accepted that it is a necessity for the full development of a great nation's best qualities to undertake the task of developing backward territories and the tutelage of peoples not yet able to stand by themselves, then there is no reason why this opportunity of improvement shall be withheld from the German or Italian people, or, in fact, from any nation possessing the necessary qualifications. It is not here the place or time to discuss whether these nations should be admitted to the work by the transfer of mandates, by making the mandates and even the other colonial areas international, by employing nationals of other countries than the mother country in the administration and civil service in the mandates or colonies or by transferring certain services within the colonial and mandate areas to the League of Nations. All of these schemes have been proposed and all of them would give scope for the goodwill and good work of the dissatisfied nations; but some of them have an element of discrimination which would prevent their being successful.

Whether endeavouring to open up the resources of raw materials of the world to all peoples by opening the doors of international trade, or trying also to give all nations equal opportunities of development other than economic, the things should be done because they are just and right. No measures should be taken in panic or for fear of anything, nor should any measures be refrained from for fear they be interpreted as signs of weakness. Times are too serious for letting actions be governed by national vanity or by inferiority or superiority complexes. They should be governed by international justice, and effective measures should be taken to ensure that this justice is upheld. Assent to and co-operation in these latter measures would be the proof of goodwill, the *quid pro quo* which the dissatisfied countries should give.

If we apply to international relations the principles which this Congress has for its object to promote, no nation possessing colonies or mandates can be entitled to bar in these territories the members of any other nation from trading and investing, and it can even be asserted that it is contrary to right and justice to exclude by economic nationalism other nations from trading with one's home country, thereby denying that nation access to one's own resources and, indirectly, to the resources of the world at large. Considerations other than economic still make it necessary that there should be political boundaries, but we should let free trade, that great civilizer and spreader of culture and ideals, allay as far as possible the effect of these boundaries. Let us remember Kipling's words—

"God gave all men all earth to love,  
But since our hearts are small  
Ordained for each one spot should prove  
Beloved over all."

Freedom of trade, friendly intercourse with other nations, would make our hearts greater and, while there would still be "some spot beloved over all," there would also arise a new affection for Mankind as a whole.

Then we no longer have to deal with states and nations, but with individuals.

And we would find that even if free trade were introduced and free access to raw materials and to the natural resources of the world were thereby opened indiscriminately to all *nations* of the world, while conditions were otherwise left unaltered, there would still be "haves and have-nots," satisfied and dissatisfied, undeservedly rich and undeservedly poor. But they would be distributed over all nations of the world with the exception of countries which had, within their boundaries, established just conditions giving their citizens equal rights to their natural resources. With free exchange, the inhabitants of such countries would benefit from the natural resources of the rest of the world. But the great majority of the inhabitants of the other countries, where there continued to exist the system of privilege and monopoly and the right to take toll for access to the country's own natural resources, would not be any better off.

Conditions differing so widely in the various countries, each nation would be left to work out its own social salvation according to its own ideals. But if a rearrangement of colonial and mandate areas is to be made, then there should be safeguards against *their* natural resources being monopolized by a few. The common rights to these resources should be secured, first of all those of the natives and of persons who would settle and work and invest in these areas. This could be done by using the economic rent for the advancement and the well-being of the territories and their inhabitants. And, secondly, the rights of humanity at large should be secured, which they would be by the open door both for trade and immigration.

It is true that in countries where the system of monopoly still prevailed, the benefit of the participation in trade with the colonial areas would, like the benefits of all other improvements, in the end fall to the monopolists, but it is to be hoped that the steps taken by international agreement to secure the common rights within the colonies and mandates themselves would so influence public opinion in the old countries that their inhabitants would not any longer endure at home a system, which they had seen demonstrated abroad as incompatible with justice and freedom.