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Australian Foreign Policy 1934

THE AUSTRALIAN INSTITUTE OF INTERNATIONAL AFFAIRS

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Australian Foreign Policy 1934

[Being the proceedings of a conference of the Queensland Branch of the Australian Institute of International Affairs held at Southport, Q., on 20th and 21st October, 1934, and attended by Mr. Malcolm MacDonald, M.P., Parliamentary Under-Secretary of State for Dominion Affairs in H.M. Government in Great Britain.]

Joint Editors:
HECTOR DINNING, B.A.
J. G. HOLMES

[The Institute, as such, is precluded by its Constitution from expressing an opinion on any aspect of international or national affairs. Any views which may be expressed in this publication are, therefore, purely individual.]

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THE CONTRIBUTORS

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MACDONALD, MALCOLM.—Member of the House of Commons for the Bassetlaw Division of Notts since 1929. Parliamentary Under-Secretary of State for Dominion Affairs since 1931. Bachelor of Arts, Queen's College, Oxford.

MELBOURNE, ALEXANDER CLIFFORD VERNON.—Master of Arts, Adelaide University. Doctor of Philosophy, University of London. Associate Professor of History, University of Queensland. Laura Spelman Rockefeller Fellow, 1928-1930. Macrossan Lecturer, 1932. Chairman, 1933-34, of the Federal Advisory Committee on Eastern Trade. Author of several publications, including *Australian Intercourse with Japan and China* (1932).

STEWART, FREDERICK HAROLD.—Member of the House of Representatives for Parramatta since 1931. Minister for Commerce, 1932-4. Parliamentary Under-Secretary for Employment, 1934.

At each of the sessions, the members of the conference participated in a discussion of the subjects treated by the lecturer, and in this booklet there have been included abstracts of contributions to the discussions, made by Mr. J. B. Brigden, Director of the Queensland Bureau of Industry, Dr. L. Bedford Elwell, Dr. T. P. Fry, and Mr. de V. Gipps. The exigencies of space have compelled the exclusion of the other contributions.

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THE SOUTHPORT CONFERENCE, 1934

A CONFERENCE of the Queensland Branch of the Australian Institute of International Affairs met at Southport on 20th and 21st October, 1934, to hear and discuss a number of papers bearing on Australia's foreign policy. The opportunity was also taken to welcome Mr. Malcolm MacDonald, M.P., Parliamentary Under-Secretary of State for Dominion Affairs, as a visitor to Queensland and as a member of the Council of the Royal Institute of International Affairs, London, and to obtain his views on various questions of Imperial and international relations submitted by members of the conference.

A paper, reviewing recent and prospective extension of Australian trade representation abroad, was contributed by Hon. F. H. Stewart, M.H.R., Commonwealth Minister for Commerce, who, however, was unable to attend the conference personally.

Dr. A. C. V. Melbourne, Chairman of the Commonwealth Government's Federal Advisory Committee on Eastern Trade, and Associate Professor of History in the University of Queensland, read a paper suggesting the lines along which Australia's foreign policy should be developed, with particular reference to the Commonwealth's relations with countries of the Eastern hemisphere and those sharing the Pacific seaboard.

A paper read by Dr. W. G. Goddard, who has spent many years in the Orient, dealt more particularly with cultural intercourse between Australia and China and Japan.

Mr. Malcolm MacDonald, M.P., submitted himself to a far-ranging questionnaire at the morning session on 21st October, and an abstract of answers given by him on matters likely to influence Australia's external policy is contained in this report. Certain confidential information given by him to the conference has, however, been excluded from this publication.

The chairman of the conference was Dr. T. P. Fry, Commonwealth Vice-President and Queensland President of the Australian Institute of International Affairs. Chairmen at the round-table discussions were:—Hon. F. W. Bulcock, M.L.A. (Minister for Agriculture and Stock in the Queensland Government); Hon. Mr. Justice E. A. Douglas (Judge of the Supreme Court of Queensland), Alderman H. J. Wilson (Mayor of the Town of Southport), and Lieut. Gordon Gall (Past President, The Australian League of Nations Union). The conference members numbered 95.

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The Australian Institute of International Affairs is constituted of State Branches, each with its own State constitution and officers, and a Commonwealth Council.

There are long-established and strongly established Branches in both New South Wales and Victoria. Hon. Sir Thomas Bavin, K.C., is the New South Wales president, whilst in Victoria Sir Harrison Moore and Hon. F. W. Eggleston are the presidents of the two groups which together constitute the Victorian Branch. The Queensland Branch was formed in 1932.

The Commonwealth Council, which comprises six representatives appointed by each State Branch, appoints the Commonwealth office-bearers, who constitute the Commonwealth Executive of the Institute. The Commonwealth Council and its executive is purely an administrative body, which controls the relations of the Institute with bodies outside Australia, and the relations of the State Branches with one another. The work of study and research into the problems of international affairs is conducted by the various State Branches.

Due to the fact that, in accordance with the rules of the Institute, the meetings of Branches of the Institute are not open to the public and are not reported, the work of the Australian Institute of International Affairs is not brought very prominently before readers of the newspapers, but its international standing as an organisation is very high. It is the Australian National Council of the unofficial League of Nations of the Pacific, the Institute of Pacific Relations, and it also constitutes the Australian group of, and is modelled upon, the influential Royal Institute of International Affairs, London. In addition, it is affiliated to the International Institute of Intellectual Co-operation, a League of Nations organisation with headquarters in Paris. Allied organisations in the British Commonwealth include the Canadian, South African, and New Zealand Institutes of International Affairs.

The object of the Institute is to study international relations. It receives into its ranks persons holding all shades of opinion concerning international relations.

Each Branch holds frequent meetings to discuss with distinguished lecturers problems of international relations, and during 1934 the Queensland Branch has heard 42 lecturers, including His Excellency, Rt. Hon. Sir Leslie Wilson, P.C., G.C.S.I., G.C.I.E., C.M.G., D.S.O.; Rt. Hon. J. G. Latham, P.C., C.M.G., K.C., M.P.; Malcolm MacDonald, M.P.; Sir Maurice Hankey, G.C.B., G.C.M.G., G.C.V.O.; Senator Rt. Hon. Malan, P.C., M.P.; Lord Sempill; Lt. Col., Hon. T. W. White, D.F.C., V.D., M.P.; Hon. F. H. Stewart, M.P.; Hon. W. Forgan Smith, M.L.A., and many prominent Australian and overseas scholars and business men. The Southport Conference was the only conference held by the Branch during the year. Another conference is being planned for 1935.

The Melbourne University Press has already published, on behalf of branches of the Australian Institute, several research projects, including *The New Guinea Mandate, Studies in Australian Affairs,* and *Peopling Australia* (First and Second Series), and it is anticipated that several additional volumes, which are at present in the course of preparation, will be published in time for use at the conference of the Institute of Pacific Relations, to be held in the United States of America in August, 1936.

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AUSTRALIAN COMMERCIAL REPRESENTATION ABROAD

By

The Hon. F. H. STEWART, M.P.

(Minister for Commerce)

THE justification for the establishment of commercial representatives in other countries is the necessity for fostering and conserving trade opportunities. Two great advantages are to be derived from such services:—

(a) Knowledge concerning each country can be disseminated in the other.

(b) Goodwill can be fostered and misunderstandings avoided or corrected.

In times of active international trade—which we now like to look back on as normal times—the importance of commercial representation abroad depended largely on the nature of the export trade of the country concerned. As a rule, manufactured goods were subjected to keener selling competition in international markets than were primary products, and their disposal and distribution were affected to a greater extent by the peculiar local trading conventions of different countries. For that reason commercial representation abroad was regarded as of greater importance to countries exporting manufactured goods, than to countries such as Australia, which were engaged almost entirely in the export of primary products. Publicity, propaganda and advertising have always been regarded as less necessary to the sale of foodstuffs and raw materials than to the sale of manufactured goods.

International trade to-day is conducted on a much smaller scale and under much greater difficulties than was the case a few years ago, and the intensity and duration of the world depression have led countries to adopt policies, in regard to both primary and secondary products, which would not have been contemplated in times of prosperity. In the maze of conflicting interests, due to the measures adopted by nations to conserve their trade, and to endeavours to restore equilibrium in their economy, competition between nations for the disposal of their produce has become intensified to a degree hitherto unknown. The suspension of the gold standard by many countries, with the consequent vagaries of exchange and the effects

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upon both internal and external purchasing power, have obstructed the even flow of trade and have led to the erection of artificial trade barriers by means of increased tariffs and import and export restrictions. No longer does the free exchange of goods take place between countries, and consequently their well-being and progress are being hampered and retarded.

The effect upon Australian export trade has been significant. No longer do wool and wheat move into international trade free of restrictions; no longer do butter and meat find ample markets at remunerative prices. For these and other Australian primary products marketing difficulties are great, not because the people of the world are incapable of consuming them, but because they are denied admission into countries where they would freely move into consumption.

The experience of Australia is not different from that of other countries. All countries are encountering great difficulty in disposing of their products, and are competing more fiercely than ever in markets which are available, while utilising every available device of negotiation to obtain a footing in markets at present closed to them.

Contemplation of the condition of world trade to-day indicates that countries which have had elaborate commercial services abroad have suffered just as severely as those which have had none. Then the question may be asked whether the commercial services have, after all, been effective. The answer must be that they are as effective as the commercial policies of the countries concerned permit them to be. It is paradoxical for a country to send representatives to other countries to foster goodwill and trade, while pursuing a commercial policy which has the opposite effect. A country cannot profit by its commercial service unless it takes note of the experience thus gained in shaping its commercial policy. It would seem that many countries fail to be guided in their commercial policy by what they must have learned from their overseas representatives. On the other hand, it is probable that action destroying international trade has been taken in spite of the knowledge of conditions in other countries.

The fact remains that the conflict for participation in the volume of trade still remaining is more intense than ever before. It is obvious, moreover, that if the present tendency towards economic nationalism is to be checked and reversed, negotiation between Governments is necessary, and mutual concessions will be called for. Those countries which already have commercial



representation in other countries have a great advantage over those which are not so represented. They have the facilities for studying changed conditions, and for negotiating to take advantage of them. I do not think it is an exaggeration to say that those countries which are unable quickly to take advantage of changing conditions and new developments will be left lamenting.

Another point to remember is that, in conditions such as those which exist to-day, misunderstandings are more likely to arise than in times of prosperity. Misapprehensions must be disposed of by proper explanation without delay if a better world understanding on commercial matters is to be achieved rapidly.

Any intelligent observer will, I think, conclude that any country to which international trade is important, will not be able to afford in the future to be without efficient commercial representation in other important countries.

Until comparatively recent years Australia has been indifferent to the idea of commercial representation abroad. There were relatively few marketing difficulties; world trade was buoyant, and markets were readily available for all of Australia's products. Wool and wheat enjoyed a world-wide demand; while butter, meat and fruit found a ready sale, principally in the United Kingdom, but also in considerable quantity in some foreign countries. It seemed to Australian Governments that commercial representation and commercial treaties with foreign countries were alike unnecessary.

Apart from a temporary interest in the East some years ago, representation was, until 1929, confined to the United Kingdom and the United States of America, and this representation was diplomatic rather than commercial. In 1929 a Trade Commissioner was appointed to Canada, and this year a Trade Commissioner has been appointed to New Zealand. These two appointments were dictated by trade considerations. In other countries we avail ourselves of the services of British trade officials. Following upon the Imperial Economic Conference in 1923, the British Government granted Australia and other Dominions the privilege of enlisting the services of British officials in British and foreign countries, and these services have been very valuable to Australia.

The depression has taught Australia the lesson that external trade can no longer be left to look after itself. It is now fully recognised that Empire markets are not limitless in their capacity, and that foreign trade must be fostered and increased

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if we are to regain our former standard of living. Australia must take her place more effectively amongst the nations of the world, and must better understand the aspirations of foreign countries, their trade policies and their requirements, than she has done in the past. The Commonwealth Government recognises that this broader understanding cannot be fully achieved without efficient and cultured commercial representation.

The work which has been carried out by the Australian Trade Commissioner in Canada illustrates the value of the services of a Trade Commissioner to Australian commercial interests. The Trade Commissioner played a large part in the negotiations relating to the Australian-Canadian Trade Treaty, and he has been in a position constantly to watch the working of the agreement from the Canadian end, and to advise the Commonwealth Government in regard to suggested amendments to that treaty.

The Commissioner has examined market prospects for various commodities in which Australia is interested. He has been in close contact with Canadian Ministers and officials, and is thus able to notify the Commonwealth Government immediately of proposed tariff changes, of the provisions in any Trade Treaties between Canada and other countries which may adversely affect Australia's interests, and of the competition which Australia may expect from other countries trading with Canada.

He has done much to cultivate goodwill towards Australia on the part of the Canadian Federal and Provincial Governments, public bodies, and commercial interests. By means of speaking campaigns and publicity he has helped to focus interest on Australia and Australian products.

The Australian Trade Commissioner has recently assumed office in New Zealand, and it is anticipated that his presence in that Dominion will assist materially in maintaining cordial understanding between the Governments and the commercial communities of both countries.

The extension of the Australian Commercial Service abroad was recommended to the Commonwealth Government by a conference of representatives of commercial interests held in Sydney early in 1933. The Federal Advisory Committee on Eastern Trade supported the recommendation of the Conference, and urged the immediate appointment of Trade Commissioners in the East at Batavia and at Shanghai.

The Leader of the Australian Eastern Mission 1934, in his report to the Commonwealth Government, recommended, amongst other things, the appointment of Trade Commissioners in the

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East; and he gave added support to the Advisory Committee's recommendation by selecting Batavia and Shanghai as two centres where the services of Trade Commissioners would be of benefit to Australian trade.

Before arriving at the decision to proceed with the appointments in the East, progressive and systematic investigations were made as to the marketing prospects of Australian products in the different countries of the world, which for this purpose was divided into zones. Trade statistics were carefully surveyed and examination made as to the capacity of Australian exporters to compete for the business offering, having in mind the quality and grading of our products, prices, shipping, and cold storage facilities, terms and conditions of business, and the extent to which trade on a reciprocal basis could be developed.

The Eastern Zone was selected for early attention because of the entire absence of representation in that region, and because it appeared to offer good prospects for the increased export of our products. Netherlands India and China were the two countries chosen as being suitable for early appointments.

The trade between Netherlands India and Australia is both extensive and valuable, and it is considered that with the continuance of the improvement in the world's economic conditions the trade between the two countries will be considerably augmented. The opinion has been expressed by competent observers that Australian trade interests in Netherlands India warrant the appointment of an official Trade Representative. It is known that such an appointment will be well received by the Netherlands Indian Government, not only from the commercial viewpoint, but also from the financial, political, fiscal and economic aspects of the trade between the two countries.

In regard to China, the volume of trade from Australia should be capable of great expansion. The importance of the available markets in this country to the other nations may be gauged from the fact that at Shanghai, Great Britain, Canada, the United States of America, Germany, France, and Japan, all have official trade representation, whilst in Hong Kong there are British, Canadian, and American trade officials.

It can be assumed with some degree of certainty that the policy of the Commonwealth Government will be directed towards a still further extension of our overseas trade representation. The recommendations of the Leader of the Australian Eastern Mission will receive the earnest consideration of the Government, and the further possibilities of the Eastern Zone

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as a market for Australian products will be fully explored. Action will also be taken to examine the position in regard to the other zones, particularly Great Britain and the continent of Europe.

Competition for trade in overseas countries has become so keen that Australia cannot afford to miss any opportunities because of lack of adequate direct representation. Furthermore, this representation must be of a permanent nature, and the future programme mapped out on a basis which will yield the best results to Australia as a whole. The duties which Trade Commissioners perform are in the wider province of the commercial, trading, financial, and general interests of the Commonwealth. They will furnish all information which is required by Australian exporters, and, fortified with the knowledge they thus receive, exporters themselves will be in a position properly to exploit the market in the manner they consider best.

The service which Trade Commissioners will render will be for the individual benefit of Australian exporters and for the collective good of Australian trade, and it is anticipated that excellent results will accrue from an extension of the present system.

There has been a great deal of misunderstanding as to the duties which Trade Commissioners are called upon to perform. At the outset, it should be clearly understood that they do not act in the capacity of salesmen. Their duties are many and varied, and while it is not considered necessary that these should be given in detail, perhaps a summary of their more important functions would be of interest. These come under two main headings:—

(a) Trade Matters; and
(b) Other, including semi-diplomatic duties.

(a) Trade Matters.—These relate to inquiries made concerning specific openings for trade, including contracts open to tender and the notification of results of tenders. Information is furnished concerning the demand for specific goods, together with particulars of competition to be met in their supply. Marketing surveys are made of various commodities, and detailed investigations undertaken concerning the sources of supply of raw materials.

Reports are furnished in respect of credit conditions and terms of payment, sales organisation, forms of invoice, certificates of origin, import regulations—particularly shipping, harbour, and warehousing regulations—while careful records are made concerning distributors and agents. One of the more im-

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portant duties is to furnish information to the Press concerning Australia and Australian products.

The Trade Commissioner's duties entail extensive travelling throughout his area in order to keep in touch with local industries and commercial conditions, and to make contact with importers, wholesalers, and manufacturers, in order to stimulate interest in Australian goods. His services are available to visiting representatives from his own country, and by supplying information and indications as to local commercial interests he should facilitate business transactions. Information is also furnished concerning trade fairs and exhibitions, and the methods of publicity and advertising adopted in the country in which he is located.

(b) Other, including semi-diplomatic, duties.—The more important duties of a Trade Commissioner come under this heading. He must watch local legislation in the interests of his country's industries and trade, and deal with Customs tariffs and regulations, and other legislation affecting trade. He must investigate and examine the possibilities of reciprocal trade, particularly in regard to commercial treaties and legislation.

He must act on behalf of the Commonwealth Government in all matters necessitating approach to the Government of the country in which he is located, and maintain a close contact with all foreign consular and trade officials.

Reports are prepared concerning the commercial, economic, financial, and political conditions of his territory, with special reference to their effect on the demand for particular classes of goods. An annual report on trade conditions generally, with special reference to Australian trade, is also furnished.

It is necessary that periodic official visits should be made by the Trade Commissioner to his own country; firstly, in order that he may consult with Chambers of Commerce and Chambers of Manufactures, and other organisations, and afford information to commercial firms as to trade conditions in his area; and, secondly, in order to revise his knowledge of industrial conditions at home.

It is not possible in a paper of this nature to refer in detail to all the duties which fall to the lot of a Trade Commissioner. It is my belief, however, that if the duties of his office are carried out efficiently, he can render invaluable service to Australia and Australian trade interests by bringing about that which many of us so earnestly desire—an increase in the volume and value of our overseas trade.

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APPENDIX

An Act to provide for the appointment of Trade Commissioners for the Commonwealth and for other purposes. (Act No. 74 of 1933.)

[Assented to 15th December, 1933.]

Be it enacted by the King's Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows:—

1. This Act may be cited as the *Trade Commissioners Act* 1933.

2. In this Act, unless the contrary intention appears—
"Assistant Trade Commissioner" means an Assistant Trade Commissioner appointed pursuant to this Act;
"The Public Service Board" means the Board of Commissioners appointed in pursuance of the *Commonwealth Public Service Act* 1922, or in pursuance of that Act as subsequently amended;
"Trade Commissioner" means a Trade Commissioner appointed pursuant to this Act.

3. The Governor-General may appoint one or more Trade Commissioners and Assistant Trade Commissioners of the Commonwealth, who shall, subject to this Act, hold office for such periods and upon such conditions as the Governor-General determines.

4.—(1.) A Trade Commissioner or an Assistant Trade Commissioner who was not, immediately prior to his appointment as Trade Commissioner or Assistant Trade Commissioner, as the case may be, an officer of the Public Service of the Commonwealth shall not be subject to the provisions of the *Commonwealth Public Service Act* 1922-1932.

(2) A person to whom this section applies shall be paid such salary, allowances and expenses as the Governor-General determines.

5.—(1.) A Trade Commissioner or an Assistant Trade Commissioner to whom the last preceding section applies shall not be removed from office except by the Governor-General on the grounds of proved misbehaviour or incapacity.

(2.) A Trade Commissioner or Assistant Trade Commissioner shall be deemed to have vacated his office if he becomes bankrupt or insolvent, or compounds with his creditors or makes an assignment of his salary for their benefit.

6.—(1.) An officer of the Public Service of the Commonwealth who is appointed a Trade Commissioner or an Assistant Trade Commissioner—

(*a*) shall hold office during the period for which he is appointed a Trade Commissioner or an Assistant Trade Commissioner, and during that period shall be subject to the provisions of the *Commonwealth Public Service Act* 1922-1932;

(*b*) shall retain all his existing and accruing rights;

(*c*) shall not by reason of his appointment under this Act, be required to resign from the Public Service of the Commonwealth, but may be granted leave of absence for the period of his appointment under this Act, and the period of leave so granted shall, for all purposes, be included as part of the officer's period of service; and

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(*d*) shall, unless he has been dismissed for misconduct, be entitled upon the termination of his appointment under this Act, to re-appointment to a position in the Public Service of the Commonwealth with such advancement in status and salary, beyond those held and received by him in that Service immediately prior to his appointment under this Act, as the Public Service Board in the circumstances thinks just.

(2.) In determining the status and salary to which an officer shall be advanced, the Public Service Board shall take into consideration the period of the officer's appointment under this Act.

(3.) An officer to whom this section applies shall, during the period during which he holds office as Trade Commissioner or as Assistant Trade Commissioner, be paid salary at the same rate as he was being paid immediately prior to his appointment as Trade Commissioner or as Assistant Trade Commissioner together with such additional remuneration and allowances as the Governor-General determines.

7. Every Trade Commissioner or Assistant Trade Commissioner shall—

(*a*) act as Trade Commissioner or Assistant Trade Commissioner of the Commonwealth in such place as the Governor-General determines and shall have and may exercise such powers and perform such duties as the Governor-General confers or imposes upon him; and

(*b*) carry out such instructions as he receives from the Minister relating to the commercial, trading, financial and general interests of the Commonwealth, whether in such place or elsewhere.

8. A Trade Commissioner or an Assistant Trade Commissioner, in respect of whom a direction is given under this section, shall have, in relation to the performance of his functions under this Act, such designation as the Minister directs.

9. A Trade Commissioner or an Assistant Trade Commissioner shall not during his tenure of office, whether within or without the Commonwealth, and whether for reward or otherwise, be or act as a director or agent of or hold any office in any company or syndicate whether incorporated or unincorporated or hold any other employment or engage in any business.

10.—(1.) A Trade Commissioner or an Assistant Trade Commissioner may, subject to the regulations and subject to such directions as are given from time to time by the Minister, appoint such officers as he thinks necessary for the purposes of this Act.

(2.) Officers appointed by a Trade Commissioner or Assistant Trade Commissioner in pursuance of this section shall not be subject to the provisions of the *Commonwealth Public Service Act* 1922-1932 or of the *Superannuation Act* 1922-1930, but shall be engaged for such periods and shall be subject to such conditions, as are prescribed, or as, in prescribed cases, the Minister determines.

11. The Minister shall, out of moneys from time to time appropriated by the Parliament for the purpose, pay all such moneys as are necessary for payment of the salaries, remuneration, allowances and expenses of Trade Commissioners and Assistant Trade Commissioners, and of officers appointed under section ten of this Act.

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12. The Governor-General may make regulations, not inconsistent with this Act, prescribing all matters which by this Act are required or permitted to be prescribed, or which are necessary or convenient to be prescribed, for giving effect to this Act.

DISCUSSION

Mr. J. B. Brigden complimented the conference on the interesting paper contributed by the Commonwealth Minister. He said that the paper recognised the growing political importance of international trade, and the trend towards its regulation by treaties. It was perhaps inevitable that Australia should require oversea representatives to look after its trade interests, but he did not welcome it. He did not think that Australian business men were so negligent of real opportunities abroad that they could be helped at all directly by Government agents, and if in fact they were so incompetent, Government agents could not help them. The project could not be justified on any purely commercial basis. As such, the cost should be set against the revenue to be derived, which would be the taxation received on the extra business done, including tourist business.

For practical purposes the utility of the proposed agents would be limited to their political activities. They might succeed in getting tariff or other concessions, or in avoiding the penalizing of Australian exports in the multitude of conflicting and overlapping treaties with which the world was now threatened. Their success would depend on what they had to offer.

Mr. Brigden doubted the opportunities supposed to exist in "the East" for Australian exports, and thought the present vogue for concentrating on that area was based on romantic rather than on realistic conceptions. However, it was high time that Australians began to achieve a realistic sense of oversea markets, and a study of Eastern conditions would no doubt cultivate it in time.

Mr. de V. Gipps: In discussing trade, we should first see that we have something to offer by way of exchange for what we are going to buy from the other countries. We have said Australia is going to set a higher standard of living than anywhere else in the world. What was the use of sending agents abroad under these circumstances? We cannot sell to other peoples if we are going to produce at a higher cost than our competitors.

Dr. T. P. Fry: In his paper the Minister for Commerce mentioned the Conference on Eastern Trade convened by him, which met in Sydney on 8th and 9th February, 1933. It will probably be of interest to state briefly what was done by that conference.

There were represented the Commonwealth and State Governments, two of the State Premiers being present. The Consuls-General of Japan, the Netherlands and China were there, as well as representatives of the Chinese and Japanese resident in Australia. From all the States but Western Australia the Chambers of Commerce and the Chambers of Manufactures sent representatives, as also did State Government Departments interested in marketing, and Commonwealth Marketing Boards such as those for canned fruits, dried fruits, wine, dairy produce,

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apples and pears, and eggs. Organisations of owners and producers in particular industries—such as citrus fruits and dried fruits, British and foreign shipping, grazing, flour milling, wheat-growing, pig raising, coal-mining, meat and tallow, tanning and leather manufacturing, tobacco, forestry, brewing, biscuits, textiles, confectionery, boots and shoes, honey—were present in force, and certain non-commercial organisations, such as the Queensland University and the Australian Institute of International Affairs, had representatives present. Altogether, about 80 delegates attended, drawn from every State of the Commonwealth.

The Conference passed without a division a resolution recommending the Commonwealth Government to set up Advisory Committees on Eastern Trade. The text of that resolution was:—

"That it be recommended to the Federal Government—

(1) That an Advisory Committee on Eastern Trade be formed in each State, the Department of Commerce to be asked to provide necessary clerical services and arrange meeting place.

(2) That appointments to the State Committees shall be made by the State Government in consultation with the Minister for Commerce, and shall be representative by respective nominations from the interest concerned—State Governments, Primary Producers, Shipping, Finance, Commerce, Manufactures—and any special industries interested in Eastern Trade.

The State Committee shall be limited to ten members, but shall have power to co-opt additional members when considered necessary.

(3) In regard to the appointment of members of State Committees, the State Minister be requested to pay due regard to the selection of men who have a special knowledge of the business they wish to represent.

(4) That the Secretary of each State Advisory Committee furnish a record of its proceedings to the Secretary, Department of Commerce, for the information of the Minister, and that with a view to co-ordination of effort, a copy of the Minutes of every meeting of a State Committee be promptly forwarded to all other State Committees.

(5) That a Federal Committee be appointed, to consist of one representative from each State Committee, and that the Federal Government appoint a representative from the Department of Commerce."

Sir Herbert Gepp, Commonwealth Consultant on Development, then moved, and Dr. Melbourne seconded, a resolution "that it be a recommendation to the Commonwealth Government that a Trade Delegation be despatched to the East at an early date, and failing this, that the principle of official representation overseas to deal with trade matters be approved, and that the Minister be urged to put this principle into operation as soon as possible." A rider, recommending the inclusion of a Federal Minister in the Trade Delegation, was inserted by 30 votes to 24, several speakers stating, however, that they were opposed to a politician having a holiday at the taxpayers' expense. Representatives of the Chambers of Commerce and of certain of the Chambers of Manufactures opposed the appointment of Trade Commissioners in the East, but their motion to refer the resolution back to the sub-committee which

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had drafted it was narrowly defeated by 28 votes to 26, and a further amendment to delete the recommendation with regard to Trade Commissioners was also lost on the voices. Finally, the original recommendation, together with the rider regarding a Federal Minister, was carried by 31 votes to 19.

Within a few months of the termination of the conference, the Advisory Committees were appointed. Two of the State Committees held their first meeting in July, 1933, and by September they had all met at least once. The Federal Committee met on 9th October, 1933, and again from 15th to 23rd February, 1934, when it adjourned until 21st March, 1934. That was its last meeting. The State Committees have met periodically since their appointment.

Instead of sending a Trade Delegation to the East, the Commonwealth Government sent the Deputy Prime Minister and Attorney-General, Rt. Hon. J. G. Latham, on a quasi-diplomatic Mission to the East in March, 1934.

At the end of 1933 the Commonwealth Parliament passed the Trade Commissioners Act. That Act seems to envisage the performance by the Trade Commissioners of both commercial and quasi-diplomatic functions.

"The Courier-Mail" commented editorially as follows on 23rd October, 1934:—A few years ago commercial opinion in Australia was inclined to be sceptical, if not distrustful, of proposals for the appointment of Trade Commissioners abroad. It was doubted whether such representation was really necessary, whether it could render any service of practical utility not already available to exporters and importers. The appointment of a Commonwealth Trade Commissioner in China, with offices at Shanghai and Hongkong, in 1921, and of a trade representative for the East, with headquarters at Singapore, in 1922, was apparently not justified by results, for both offices were terminated after a few years without much protest from commercial interests. But since a commercial representative for Australia was appointed in Canada in 1929, the value and, indeed, indispensability of his services have been generally acknowledged. The responsibilities of the Australian Trade Commissioner in Canada have been greatly increased by the treaty regulation of trade between Canada and Australia on a reciprocal basis, and the fact that international trade generally has become much more subject to political control, direction, and restraints in the last few years has created a need for exchange of official trade representatives among Governments which was less obvious ten years ago. Australia now has a Trade Commissioner in New Zealand, and under legislative authority given by the last Federal Parliament the Commonwealth Government is empowered to establish Trade Commissioners in other countries as well, and is contemplating such appointments to Batavia, Shanghai, and Tokio.

These officers must necessarily be competent to discharge semi-diplomatic functions, for they will be channels for communication to the Commonwealth Government of authentic information concerning the trade policies of the countries in which they are stationed, the operation and effect of tariffs and quotas, and the consequences for Australia of trade agreements and conventions negotiated by, say, China with Canada or the United States. Australia's own representatives may also be required to handle trade treaty negotiations. It must be admitted that circum-

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stances, on the whole inimical to the development of international commerce, namely, the prevailing policy of economic nationalism, are inducing Australia to secure more direct official representation in both Empire and foreign countries, but this may result in much more thorough, sustained, and successful efforts to enlarge Australian trade with the Pacific countries. Regarding the possibilities offered to Australia by Eastern markets, there are still many conflicting opinions. No one seriously suggests that any fraction of our existing trade with the United Kingdom and Europe, a trade which will still be the mainstay of all our exporting industries, even if the British Government persists in a policy of stabilising imports into the United Kingdom at about their present level, should be sacrificed or endangered for the prospect of increasing our exports to Eastern countries; but we are now brought face to face with the probability of having either to slow down the rate of expansion of our primary production, or else find markets outside the United Kingdom for a large part of additional production in the coming years. European countries may be persuaded by tariff concessions to reopen markets that have been closed or severely restricted against Australia, but for new markets we must look to the East.

Here, also, we must take long views and consider, as Dr. Melbourne emphasised in the paper he read at Southport, the factors of good-will, prestige in the sense of national reputation for commercial integrity and dependability, and mutual understanding of cultural values. The great importance of knowing something of cultural values can be demonstrated in a rudimentary fashion by the costly and long-remembered mistakes Australian exporters have made in the past over the design of packages and the labelling of goods. The market that Japan now offers for our wool dwarfs to comparative insignificance the rest of our trade with Eastern countries. From time to time it is suggested that Japan may reduce her purchases of wool if she is not given better opportunities for increasing her exports to this country. But Japan buys our wool primarily because she is able to make profitable use of it, irrespective of what she sells to Australia. Loss of her commercial good-will, however, would be very serious to Australia if she could buy the wool she needs elsewhere. An advance of industrialisation in China commensurate with that achieved by Japan would open out for Australia another large wool market. But in respect to almost every other commodity for which we need new markets in anticipation of increasing production we must face competition in the East, and some competitors, such as Canada and the United States, are many years ahead of us. Canada has 34 Trade Commissioners in 27 different countries, including all the important countries of the East, and the knowledge acquired by those Commissioners, their negotiating practice, and the contacts they have made, are for Canada a national asset of both economic and diplomatic value.

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A FOREIGN POLICY FOR AUSTRALIA

By

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[As it has been suggested that the sentiments expressed in this paper are anti-British, it seems necessary to point out that this is not the case. The argument emphasises the value of the British connection to Australia, as well as the wisdom of insisting on close co-operation between Australia and the other members of the British Commonwealth. The main purpose of the paper is to draw the attention to the peculiar circumstances of Australia, and to indicate a policy for adoption by the Australian Government additional to but not inconsistent with the policy which would be accepted by the United Kingdom and the other Dominions. This explains the emphasis laid on Australia's relations with the countries of Southern and Eastern Asia; the continuance of co-operation between Australia and the other members of the British Commonwealth as well as between Australia and non-British states, is taken for granted.—A.C.V.M.]

THE inclusion of the Commonwealth of Australia as an original member in the League of Nations gave international recognition to a development which had been progressing in the British Empire for many years. It implied, in fact, the general acceptance of Australia as a separate nation. The proceedings of the Imperial Conference of 1926, and the enactment of the Statute of Westminster in 1931, gave formal sanction to the national status of Australia and the other self-governing Dominions: as members of the British Commonwealth of Nations, they were distinguished from the countries which are still associated with the United Kingdom in the present British Empire. The dual recognition, given by international practice and by British constitutional law, finally established dominion independence.

Before 1914, many countries had made half-hearted efforts to attain to economic completeness. In the years which followed, experience demonstrated the precariousness of the position of countries depending on external sources for supplies which were necessary to national life. Consequently, in post-war years,

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systematic efforts were made, in every important country, to encourage the home production of all essential articles and commodities; around every important country, too, tariff walls were raised to encourage domestic industries and check the import trade. In fact, the principles of economic nationalism were universally applied; and, because it seemed necessary to guarantee sufficient food, they were applied to primary as well as secondary industries. As a result, international specialisation in production tended to disappear; for countries which had been concentrating on the production of manufactured goods gave special care to primary industries, and countries which had been chiefly occupied with the production of foodstuffs and raw material embarked on the intensive development of their factory systems. But manufacturing countries, while making an effort to build up primary industries, continued to produce a surplus of manufactured goods; and primary producing countries, while endeavouring to develop secondary industries, continued to produce a surplus of raw material and food. In short, economic nationalism has resulted in a state of affairs in which every country is trying to maintain the flow of its exports overseas while cutting down its imports from abroad. Each country is anxious to sell, but none is willing to buy.

In these circumstances, Australia is called upon to solve difficult problems. Countries to which Australia has customarily sold her surplus products are trying to supply their needs from their own resources and from within their own boundaries; and, in many parts of the world, Australia is faced with failing markets, in which she is offered a "quota," perhaps, but in which her sales seem certain to decrease. In fact, if no other markets were available, Australia would be compelled to restrict production. Fortunately, other markets are available: it should be a prime object of Australian policy to develop these other markets, and ensure in them a favourable reception for Australian goods.

Until quite recently, Australia's overseas trade was essentially a trade with the United Kingdom; but, in the last few years, the position has changed. To-day, the United Kingdom cannot absorb all Australia's surplus products; and, as time goes on, the United Kingdom will probably absorb a smaller proportion still. There is little to hope for from the other members of the British Commonwealth, for their position is similar to that of Australia; and, while it is essential to foster British trade, Australia must look to countries outside the British Commonwealth if she hopes to increase, or even to maintain, her sales. The Ottawa agreements recognised these facts. They pro-

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vided for British preferences, and were designed to develop British trade. But, in establishing the separateness of the members of the British Commonwealth, the Ottawa agreements admitted the diversity of their interests, and their need to trade with non-British states. It is necessary to remember that the Ottawa agreements were experimental, that they were concluded only for a term of years, and that they will not be renewed unless experience justifies them to all the governments concerned.

In short, Australia should not rest content with the Ottawa agreements. They have given all that can reasonably be expected from the British Commonwealth and the British Empire; but what has been given has not been given permanently; and, moreover, the markets given are quite inadequate to Australia's needs. Australia must develop intercourse with non-British countries in which Australian goods might possibly be sold; and she must do so directly, by Australian representatives appointed to conduct negotiations. Australia would be foolish to approach non-British governments or peoples through the British diplomatic or commercial services. British officials do not, and cannot, understand Australian circumstances; they will not give their best attention to matters in which they have only an indirect concern; and as, in many cases, Australian interests must conflict with British interests, a servant of the British Government will be a most unsatisfactory representative of Australia.

All this suggests that Australian policy, recognising both the advantages and responsibilities of the British connection, should aim at maintaining Australia's association with the British Commonwealth; but it suggests that Australia should also concentrate on promoting the fullest possible development of Australian nationalism. Some of Australia's most important problems are peculiar to Australia; some of them do not affect Australia's relations with the other members of the British Commonwealth, but they do affect Australia's relations with non-British countries. Still, even in problems of this kind, Australia's position is strengthened by her association with the British Commonwealth; and Australian policy should aim at maintaining the British connection while preparing to deal with circumstances in which the United Kingdom or other members of the British Commonwealth might be unable, however willing, to give effective help. In short, the position of Australia demands a policy different from, although not necessarily incompatible with, the policies of other members of the British Commonwealth. This is an inevitable consequence of the development of Australian nationalism.

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Australia's external relations raise problems which are either of immediate interest, concerning things as they are and involving short-range policy, or of ultimate interest, concerning things as they may be and involving long-range policy. For convenience of discussion, these different kinds of problems may be considered separately.

For the moment, Australia is not ambitious of territorial expansion, and she has no need to fear immediate aggression. At present, in many foreign countries, Australia has no interest; in others her interest is almost negligible, while in others still her interest is considerable; but, in every case, her interest is almost wholly concerned with trade. In fact, Australia's present interest in foreign relations is an interest in markets; and Australian foreign policy should, for the time, be directed towards maintaining and developing the association with existing markets, while seeking to gain a footing in others where Australian goods are not yet sold. In present circumstances, the markets demanding particular consideration are those in which primary products may be sold, as it seems quite certain that Australia cannot hope, for some time to come, to build up an extensive export trade in manufactured goods. Attempts to develop markets in which Australian goods are being sold, and attempts to gain a footing in new markets, should be systematically made; in this, the cultivation of mutual understanding and good will is the first essential. Australians should make an effort to learn something of foreign countries and foreign peoples, while trying to teach them something of Australia and Australian conditions. Australians should be encouraged to go abroad; and foreigners should be encouraged to visit Australia. At the same time, Australia should assist in maintaining the British connection; and, apart from doing anything inconsistent with Australian interests, make every possible contribution to British power.

Long-range policy, designed to deal with things as they may be, is infinitely more important. The lines should be laid down at the same time as those of short-range policy, and the two should be most carefully co-ordinated. Primarily, Australia should prepare for the time when it may be necessary for Australians to defend their country against aggression; she should make her preparations on the assumption that, at a time of crisis, the United Kingdom and the other members of the British Commonwealth may be unable to give effective help. All possible combinations should be considered; potential enemies should be enumerated, and plans devised to meet all probable contingencies.

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Similarly, potential allies should be noted, and consideration given to the surest means of gaining their support. This implies preparation for alliances or friendly co-operation with non-British countries, in addition to the development of Australia's internal resources. It is necessary to remember that Australia is not at present in a position to offer serious resistance to attack. Australia needs time for development. If the country were fully populated, Australia might feel secure; but, for some time to come, the empty north will be a source of weakness and a virtual invitation to aggressors. There is reason to believe that Australia regards too lightly the international inclination to reject all claims to sovereignty not backed by effective occupation; and, sooner or later, a challenge will be issued against the policy of Australia, which, in effect, withholds from overcrowded peoples facilities for free migration. The people of Australia are inclined to ignore the fact that nothing but the adequate occupation of the country by a white population can really justify the White Australia Policy. No foreign policy can be effective ultimately if domestic policy neglects this primary consideration.

The circumstances of Australia have brought her into touch with many non-British countries; but, from most of them, she has little to hope or fear. It is improbable that Australian relations with the countries of continental Europe will acquire a great significance in the immediate future, that the non-British parts of Africa will affect Australian policy, or that Central and South America will have any considerable influence in Australian affairs. Australian policy should not neglect these countries; but, from the point of view of the present discussion, they are unimportant. In the case of the United States of America, the position is very different. Australia cannot afford to be on other than intimate and friendly terms with the greatest power of the Pacific. In spite of this, however, Australian foreign policy (and Australian commercial policy, too, as far as it means expansion) must be concerned, not with the countries of the Pacific—this is far too vague—but with the countries of Southern and Eastern Asia. This is suggested by the geographical position of Australia, which bears to the countries in question a relation very similar to that borne by the United Kingdom to the countries of continental Europe. It is suggested also by the fact that, in the countries of Southern and Eastern Asia, are extensive markets in which there is a strong demand for the products Australia has to sell. It is necessary to observe, however, that intercourse between Australia and the countries of Southern and Eastern Asia will involve intercourse between Australia and

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other countries also; those, for example, which have territories within the areas in question. That is to say, intercourse between Australia and Southern and Eastern Asia will lead to some direct and other indirect relationships. The direct relationships will be with:—

(a) India and Ceylon;
(b) British Malaya, Siam, French Indo-China, Netherlands India, and the Philippine Islands;
(c) China; and
(d) Japan and Manchoukuo.

The indirect relationships will be with:—

(a) The United Kingdom (on account of India, Ceylon, and British Malaya);
(b) The Netherlands (on account of Netherlands India);
(c) France (on account of French Indo-China); and
(d) The United States of America (on account of the Philippine Islands).

The indirect relations must be of great importance, and Australian policy should pay particular attention to powers having territorial possessions in Southern and Eastern Asia, estimating their attitude towards the problems in which Australia has a peculiar interest. It is probable that the influence of these powers will always be exerted to maintain the *status quo*, that is to oppose any aggressor showing an inclination to disturb it.

Consideration of the circumstances of the countries of Southern and Eastern Asia will show that they have a total population of about 1,045 millions, increasing probably by 9 or 10 millions a year. The peoples are all of Asiatic race, and they vary greatly in political experience and capacity. But, geographically, they are Australia's neighbours; and, to a great extent, they must determine the development of Australia's commercial and foreign policy. From a commercial point of view, they are actual or potential buyers of Australian products; from a political point of view, they should be regarded as possible friends or enemies. The Australian Government should lay the foundations now of a foreign policy designed to make Australia secure in every possible set of circumstances.

In devising a policy to regulate her relations with the countries of Southern and Eastern Asia, Australia must consider also those other countries which have territorial interests in the area in question. The interests of the United Kingdom in India, Ceylon, and British Malaya; of France in French Indo-China, of the Netherlands in Netherlands India, and of the United States of America in the Philippine Islands, are very great. They

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are the interests of exploiting countries which derive great prestige and draw great wealth from overseas possessions. In addition to the extensive patronage available to governments, there are valuable opportunities for investment, facilities for buying and selling in preferential markets, and the carrying trade; these all contribute to the greatness of the countries engaged in exploitation. These countries are vitally interested in maintaining the *status quo*; and Australian policy must be affected by their attitude towards their possessions in Southern and Eastern Asia.

It is necessary to observe that, in Southern and Eastern Asia, Australian policy will be concerned not merely with foreign, but also with coloured, peoples. The people of Australia are subject to disabilities in dealing with foreigners of any kind. The geographical position of the Commonwealth has sheltered them from immediate contact with other peoples, and their ignorance of foreign languages and customs has been deepened by the comparative homogeneity of the Australian population. In this way, and for these reasons, a harmful exclusiveness has developed in Australia; which, in its turn, has given birth to an unjustifiable feeling of superiority, to a stupid arrogance, and an unintelligent contempt of all things foreign. The difficulties arising from this have been magnified by a foolish parading of the "White Australia" Policy. Australians would be well advised to place less emphasis on this, and to speak of their "Immigration Policy," which is no more exclusive than that of other countries, but which is unsystematically expressed in a number of isolated regulations and is administered with too little discretion. Indeed, one is almost forced to think that the regulations are sometimes used deliberately in order to affront the people with whom Australia should be trying to develop friendly intercourse.

In discussing policy, it might be wise to consider briefly each of the countries concerned. In the case of India and Ceylon, the facts are that Australians know just as little of those countries as their people know of Australia. There is a small trade, which might easily be increased in both directions; but, beyond this, there is no contact; and no inclination is apparent on either side to develop closer intercourse. It should be the immediate object of Australian policy to teach the peoples of India and Ceylon something about Australia, and to teach Australians something about India and Ceylon; to build up, on both sides, a knowledge of history, culture, religion, race, and conditions of life; to encourage the interchange of visits by merchants, travellers, and students; and so to establish mutual understanding and

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appreciation which will create conditions favourable to the growth of trade. This demands well-considered and sustained propaganda; but, as an immediate step, an Australian representative should be posted at Delhi (or Calcutta). For the present, his duties would be concerned chiefly with the promotion of trade; he would, in fact, be a Trade Commissioner, and he might be given the title. But he should have, in addition to commercial knowledge, a capacity for diplomatic and political affairs. His reports should deal with diplomatic and political conditions, as well as with commerce, and they should be published in a way which would give them a wide circulation in Australia. On the other hand, he should teach the people of India about Australia; he should be a propagandist as well as a commercial traveller. Assistant Trade Commissioners, of similar type and performing similar duties, should be posted at Rangoon and Colombo. The Government of India has recently decided to appoint Trade Commissioners in countries where India does an extensive trade, and the time is opportune for Australia to take the action suggested here. Australia should anticipate the conclusion of a commercial agreement with India, as with other countries in Southern and Eastern Asia, and, with this in view, should send a mission, properly composed, to India, inviting a visit from a similar mission in return.

So much for relations with the people of India; it remains to consider relations with the Indian Government. These should be maintained by the Australian Minister in London, who should keep in touch with the Secretary of State for India, exchanging information, and aiming at co-operation in matters of defence. No effort to establish intimate relations with the peoples of India should be allowed to overshadow the expediency of maintaining the closest contact with the British Government in India, while it lasts. But, notwithstanding this, Australia's chief objective, as far as India is concerned, should be to develop a sympathy and understanding between the peoples of India and Australia which will ensure co-operation and mutual support, should British rule in India be terminated and should Australia become involved in conflict with another power. For this, educational propaganda is demanded; and, when it seems expedient, an interchange of ministers, or other high offcials (diplomatic, not commercial), between the two countries. The recognition of Indian nationalism, implied in such an interchange of ministers, would do much to establish Australian influence in India; for in every Asiatic country the craving for recognition is strong, and, in the eyes of Asiatic peoples, Australia has at least a skin-deep measure of racial prestige.

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The arguments which apply to India apply also, although on a smaller scale, to British Malaya, Siam, French Indo-China, Netherlands India, and the Philippine Islands. With the possible exception of some of the people of French Indo-China, the native populations of these countries are not likely to become politically significant, but they should be taught something of Australia; and Australians should be taught something of them, even if only for purposes of trade. At least one Australian Trade Commissioner should be appointed to this area, and he should have qualifications similar to those suggested for the Australian representative in India. He should be posted preferably at Singapore, if only because of the important transit trade; but he should have an assistant at Batavia, and possibly another at Saigon. These officers should be required to report on political as well as on commercial matters, and they should be used to spread correct information concerning Australia in the different countries. While cultivating the good-will of the native peoples, the Australian Government should maintain the closest political and commercial contact with the countries which have territorial interests in this area. The Australian Minister in London might keep in touch with the authorities controlling policy in British Malaya, French Indo-China and Netherlands India; while an Australian Minister in Washington should keep in touch with the authority controlling policy in the Philippines. An attempt should be made to organise a systematic interchange of information, and steps should be taken to ensure co-operative action, in time of war for example, should the need arise.

In determining its attitude towards China, the Australian Government is faced by a difficult problem. There is reason to believe that, in the future, China will be the most important factor in Australian foreign policy. It is possible to say this seriously, without disregarding the present dominant position of Japan. In framing a short-range policy to apply to China, it is necessary to remember that China is a disunited country. Manchuria has been torn away and given the organisation of an independent state. The only authority attracting any general recognition is that of the Kuomintang, a minority party which governs from Nanking. But the Kuomintang is rejected by the Cantonese, and is making little headway against communism in the central districts. The leading men of China have been educated on modern lines; but they are highly cultured, and have a keen appreciation of the virtues of their ancient civilisation. The educated and partially educated are increasing gradually in number; but the mass of the population is quite illiterate

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and will continue to be so. There is no popular opinion in China; and it is futile to anticipate the introduction of popular government. Neither exists, nor can exist, in China for many years to come. The leading men of every group deplore the tragic condition of China; all are anxious to reconstruct the country on modern lines, and are working for political as well as economic reform. Although the Chinese admit the efficiency of foreign methods, they resent the attitude of exploitation assumed by foreigners towards their country. Unfortunately, the Chinese have neither the experience nor the practical ability to do the work they want to do. They are bewildered by the variety of their problems, but they are suspicious, too; they are in need of help, but distrust the motives of those who proffer it. Still, there is reason to believe that the Chinese would welcome offers of assistance from any source suggesting sympathy and making no attempt to exploit the country. The Chinese are embarking on one experiment after another; they are applying the methods of this country and of that; but they are getting nowhere, and this is so because no one wishes to help them, but for what can be got out of China. The Chinese know this; they are irritated by it; and, because of it, they are only muddling along. China is also handicapped by the dishonesty of many Chinese leaders, and the despondency of those who are trying to effect the rejuvenation of the country is deepened by each betrayal. The evil has a traditional basis, but it is partly due to the cynical attitude of those who believe that failure to use opportunities of personal aggrandisement will merely lead to the enrichment of less scrupulous rivals. Although a few serious-minded leaders are inspired by love of country, there is no general patriotism; and individualism, which aims in some cases at money, in others at power, is the tragedy of China.

What policy should Australia adopt towards a country of this kind? The first consideration is that Australia may some day need China's help; but, at present, Australia is interested principally in trade, and so is China. For this reason, an Australian Trade Commissioner should be appointed immediately to Shanghai, with assistants at Hong Kong and Tientsin. These men should be even more highly qualified than those appointed to India, and they should work on the lines already indicated. They should arouse the interest and cultivate the acquaintance of the proper men in China, encourage intercourse between China and Australia, and work for the interchange of visits by merchants, travellers, and students. They should watch for opportunities of investment for Australian capital, with the necessary

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security; and, with this in view, Australians competent to give economic and commercial, as well as political, advice should be attached to the offices of the Trade Commissioner and his assistants. Generally, Australian officers in China should supervise a two-way educational propaganda, designed to bring about a greater mutual understanding between Australians and Chinese; and wide publicity should be given to their reports. Finally, the Australian Government should be prepared to send a Minister to China, where the influence of an appointment of this kind would be similar to that already indicated in the case of India.

Generally, Australian policy should aim at helping China with economic, commercial, and political advice; and with capital, invested on the understanding that Australia has interests other than those of exploitation. Such a policy would lead to increased trade, but it would also tend to ensure diplomatic and political support. Australian policy should aim at co-operation with British interests in China, but (especially in discussions with Chinese) it should insist on the separateness of Australia, and on the distinctiveness of Australian policy. It is certain that, by some means or another, the unity of China will be achieved; by the easy method of showing a sympathetic interest in the present circumstances, Australia might lay the foundations of a permanent friendship which will be of inestimable value in years to come. China is in need of genuine friends, and it is only necessary for Australia to make an initial move.

At present, Australia's relations with Japan are almost wholly commercial; but, although political and diplomatic considerations between the two countries have not assumed importance, there are latent possibilities of trouble. These are associated particularly with the ill-balanced trade. This suggests that, in existing circumstances, Australia should make a special effort to discover a means of giving rational and permanent form to her Japanese trade. For this, the necessary requirements seem to be the appointment of an Australian Trade Commissioner at Tokyo, and the conclusion of a commercial treaty with Japan. As political and diplomatic problems will certainly emerge from the relations between Australia and Japan, the Trade Commissioner, and Assistant Trade Commissioners where they are appointed, should have first-class qualifications—similar, indeed, to those already suggested as being necessary for Trade Commissioners in India and China. From the beginning, Australian policy should aim at promoting understanding, sympathy, and mutual respect between the peoples of the two countries; and, with this in view, an active educational propaganda, both in Australia and Japan, should be maintained.

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The Japanese, like other Asiatic peoples, are much concerned with the problem of racial equality, and this should provide the Australian Government with an excellent line of approach. The Japanese are also proud of their history and their culture; these should be treated with respect, and care should be taken to make it clear that Australians are anxious to know more than they know at present of these matters. An approach along these lines would be welcomed warmly in Japan. Generally, it may be assumed that Japan will be disinclined to disturb her friendly relations with Australia while those relations are not inconsistent with Japanese interests. This suggests the principle which should regulate Australia's attitude towards Japan; for, although Japan has been forced by circumstances to adopt a policy of territorial expansion, the present direction of that policy is away from, and not towards, Australia. For the moment, Japan is committed to a continental policy; she has no present interest in the waste spaces of Australia; she is concentrating on the development of Manchoukuo. But it is necessary to remember that, while Japan has no desire to provoke an international conflict, she will not modify her policy in order to avoid it.

In fact, Australia has no need to fear immediate aggression from Japan. Japanese ambition seems to aim, indeed, at political and economic supremacy in the East, and the policy of pan-Asianism is being given definite form; but, for the present, Japan is anxious to give her undivided attention to the practical problems of Manchoukuo. In this newly-organised state, a great experiment in systematic exploitation is being made, and Australian interests will be seriously affected by its failure or success. Japan is making an effort to produce wool, wheat, cotton, dairy products, and fruit. Many opinions have been expressed suggesting that Japan can or can not succeed in all these ventures, but only time will show what Japan can really do. In other spheres, Japan has confounded experts by exceeding the limits of what they said was possible; and Australia would be ill-advised to ignore Japan's efforts in Manchoukuo. The possibility that Japan may succeed in producing the commodities she now buys from Australia is serious enough; but, if she succeeds in this, Japan will certainly offer similar products to other markets, and, things being as they are, the Australian product will be undersold. *Then* Australian friendship with other peoples, especially in Southern and Eastern Asia, will assume a practical value. In such circumstances, indeed, sentiment will assuredly influence competitive trade. In fact, Australia may be seriously affected by the results of Japanese activities in

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Manchoukuo; and the Australian Government should keep itself fully informed concerning what is being tried, and what succeeds or fails. An accurate knowledge of the facts will enable the Australian Government to take, in advance, the steps necessary to meet changing circumstances. The significance of what is being done in Manchoukuo has already been impressed on other countries. Indeed, British industries have combined to send an unofficial economic mission to Manchoukuo. The problem is more important to Australian than to British industries, and every effort should be made to obtain accurate and up-to-date information for the guidance of the Australian Government.

Similarly, the Government of Australia should watch the progress of events in the Japanese mandated territories. It should know exactly what is being done in them, and why. And, in addition to these particular points, the Government of Australia should keep itself informed of Japanese activities in other spheres, especially in Southern and Eastern Asia. It should make a point of learning what success attends the pan-Asian movement: and it should counteract Japanese propaganda in other Asiatic countries, not by opposition, but by offering, where possible, inducements for co-operation superior to those put forward by Japan; and, most particularly, by seeking to establish friendships where Japan is building up her influence. The policy. if made visible at all, should take, at any rate, the form of friendly rivalry; suggestions of hostility should be carefully avoided.

This reasoning suggests the need for a central service in Australia, co-ordinating all the information received about Japan and Japanese activities. Such information should be sought, and it would certainly be obtained, by all Australian officials in the East; but its full meaning would not appear until brought together by the expert staff of a central organisation. In furtherance of these ideas, an Australian Minister should be posted, as soon as possible, to Tokyo; for political and diplomatic problems are beginning to appear, and, from the point of view of Australian security, they are more important than those which deal with commerce only. The Japanese Government is particularly anxious to arrange for an interchange of Ministers between Australia and Japan; and it is not thinking merely of political, diplomatic, or commercial considerations. The Japanese, more than any other Asiatic people, are anxious to obtain some recognition of racial equality; they believe that Australians are inclined to pride themselves on racial superiority; and they think that an interchange of Ministers would imply a recognition of equality. It certainly would do much to improve Australia's relations with Japan.

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Australia's ultimate relations with Japan will be determined by the success or failure of the Japanese experiment in Manchoukuo. Success will commit Japan indefinitely to a policy of continental expansion. It will fully occupy both her time and energy; it will lead her eventually to an attempt to gain control of China; and it will probably bring her into open conflict with Soviet Russia. It will give Japan control over an area in which her surplus population may be established, in which she may produce her own requirements in raw material and foods, in which she may find a growing market for her manufactured goods. On the other hand, it will secure temporarily from Japanese aggression, not merely Australia, but the other countries of Southern and Eastern Asia, particularly British Malaya, Siam, French Indo-China, Netherlands India, and, perhaps, the Philippine Islands. In fact, it will check the development of pan-Asianism.

Still, Japanese success in Manchoukuo is not inevitable. Some Chinese interests, at any rate, refuse to accept the present *status quo* as final, and Russia is clearly opposed to Japanese expansion; but, in addition to this, experience has proved that the Japanese are not good colonisers; they are more interested in exploitation than in settlement. And, although the population of Manchoukuo clearly appreciates the introduction of order and stability by Japan, it does not look with favour on attempts to gain control of land for Japanese settlers. Moreover, it is possible that the Japanese who do succeed in establishing themselves in agriculture will lose their racial identity and be absorbed in the present population. In fact, the future of Manchoukuo is very uncertain. It may become, as the Japanese hope, a state, controlled and protected by Japan; but, on the other hand, it may be overwhelmed by Russia; it may even be led to play a subordinate, or perhaps a principal, part in the creation of a re-united China. Many years must pass before it will be possible to say that Japan has failed or succeeded in Manchoukuo, but the Government of Australia should frame a policy to provide for all possible contingencies, whether immediate or remote. Failure in Manchoukuo will leave Japan still under the necessity of finding outlets for her population, countries from which to draw her raw material and food, and countries in which to sell her manufactured goods; and failure in her continental policy will lead her to attempt the formation of a maritime Empire. In fact, she is ideally situated for this; and circumstances may force her to attempt the successive occupation of the Philippine Islands, Netherlands India, the various islands of the West

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Pacific, and eventually the northern portion of Australia. This, in short, is the position the Government of Australia must be prepared to face.

It seems necessary to make one further comment on the recent foreign policy of Japan. This has been determined by the fact that the resources of the country are not sufficient to support the population which is increasing now by more than a million a year. The problem might be solved by drastic and systematic birth control; but this solution will not commend itself to a proud, intelligent and, it cannot be denied, successful people. Japan needs room for expansion; but, even more urgently, she needs markets from which to obtain her raw material and food, and markets in which to sell her manufactured goods. In such circumstances, it is useless to talk right or wrong. The Japanese regarded the occupation of Manchuria as a matter of necessity; of necessity, which, in fact, was based on fear—fear that failure to act would produce disaster. If Japan is driven from Manchoukuo, the necessity will reappear, and in an exaggerated form; the fear will be felt again, and possibly it will provoke a national panic. Then Japan will be forced to seek elsewhere the relief she is seeking now in Manchoukuo. Japan is ambitious, and this should be intelligible to people of British stock; but, admitting this, Japanese policy in the future, like Japanese policy in the past, will be dictated by necessity and fear. Japan, no less than Australia, is intent on preserving peace. She needs time to establish herself in Manchoukuo; but circumstances may force her to turn towards the islands of the South Pacific. Indeed, failure in Manchoukuo will leave her no alternative. These remarks imply no hostility to Japan; they are intended merely to interpret the position as it is, and as it may become. The position is full of potential danger for Australia, and the Australian Government should be prepared to meet all possible eventualities. Preparation, indeed, is necessary to Australian security, and the Australian Government should be prepared to deal with circumstances over the development of which neither Australia nor Japan will have any real control.

It is not necessary, indeed it would be extremely foolish, to antagonise Japan; but it *is* necessary to watch, and it is particularly necessary to watch the progress of events in Manchoukuo. It is necessary to develop, on a secure basis, friendship with China, so that, in the time of need, China (which may then be very different from the China of to-day) will be actively on Australia's side. It is also necessary to maintain negotiations and prepare for co-operation with other governments whose

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interests are not dissimilar from those of Australia; with the Government of the United Kingdom, on account of its interests in India and British Malaya; with the Government of France, on account of its interests in French Indo-China; with the Government of the Netherlands, on account of its interest in Netherlands India; and with the Government of the United States of America, not on account of its interest in the Philippine Islands, for this may not endure, but on account of American concern in maintaining the *status quo* in the Pacific, and American fear of Japan as a rival power. Here is the basis of a systematic, consistent, and non-aggressive foreign policy for Australia; and here is a justification of the claim for the immediate appointment to Washington of an Australian Minister, who would maintain friendly relations with the Government of the United States of America, and facilitate the pooling of information. In these considerations, which, in a way, are all incidental to the circumstances of Japan, are to be found the outstanding points of Australia's long-range foreign policy. This may be expressed in a determination to maintain friendship all round; or, more precisely perhaps, to cultivate friendship with all the countries concerned, particularly, however, with those which, should Japan fail to establish herself in continental Asia, would be able and willing to help Australia, in case of need, to maintain her territorial integrity. This policy should be closely associated with an effort to increase commercial intercourse with all the countries of Southern and Eastern Asia, not merely with the purpose of increasing the sale of Australian products, but with the purpose of developing a well-balanced reciprocal trade.

To give complete effect to these ideas, the Australian Government would find it necessary to make a number of appointments. It has been explained that, although, in some cases, the appointments should be made at once, in others they might be delayed. Ultimately, in addition to the Australian Minister in London, who will negotiate, when necessary, with the Governments of the United Kingdom, France, and the Netherlands, there should be Australian Ministers in Delhi, Nanking, Tokyo, and Washington. These Ministers should be supplied with diplomatic and commercial secretaries; and, in each case, the commercial secretary should hold, as well, the rank of Trade Commissioner. In other cases, where political considerations are unimportant, Trade Commissioners should be appointed with separate establishments. This might be the case, for example, at Singapore. Also Assistant Trade Commissioners would be required, perhaps, at Calcutta, Rangoon and Colombo; at Batavia and Saigon; at Manila,

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Hong Kong, Shanghai and Tientsin; and at Kobe and Mukden. These appointments would represent the system in its complete and final form; which, however, would be approached in a gradual way. It is necessary to observe that other Trade Commissioners will probably be appointed, for example, to Canada, New Zealand, and South Africa. Such appointments, however, would not invalidate the argument set out above, for Australia's diplomatic relations with the countries in question will be comparatively unimportant.

In addition to these appointments, however, it will be necessary to make provision for properly trained diplomatic and commercial services in Australia itself. These services should consist of men having a knowledge of administrative methods, a knowledge of languages, and a knowledge of international affairs. Such men would be available for the positions enumerated above; but, in the beginning, it would be necessary to appoint, at any rate, some men who are not members of the Commonwealth Public Service. In every case, however, even for initial appointments, Ministers and Trade Commissioners should have the qualifications already indicated. Nor is it sufficient to have highly qualified officials; steps should be taken to develop in Australia a public opinion well informed on international affairs. All of this suggests the need for a *School of International Studies* in Australia. This would be placed, most conveniently, at Canberra, and it should give instruction in international affairs and foreign languages, to the general public (on the payment of appropriate fees) as well as to public servants. It should also maintain a specialised library for these studies. Such a school would supply the qualifications required by men attached to the diplomatic and commercial services; and the staff might be used for educative or propaganda work designed to teach Australians something of foreign countries, and to teach the people of those countries something of Australia. Their qualifications would facilitate the publication, in Australia, of a *Journal of Foreign Affairs*, and a *Journal of Commercial Intelligence*. These journals should be used deliberately for educative and propaganda purposes. Indeed, co-operation in the production of such journals should be made a condition of appointment to the staff of the School of International Studies.

In any attempt to lay the foundations of a long-range Australian policy, some effort should be made to detach it from party politics. In international relations, nothing is more important than continuity of policy, which implies a guarantee that obligations will be met, whatever government happens to be in

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power. It should not be difficult to persuade Australian party leaders that foreign policy is not a party matter. Time is necessary to develop tradition within a government service; but party leaders might be persuaded, at once, to promise their permanent support to a policy which is essentially Australian, which aims at developing and maintaining Australian interests, which is not aggressive, but is designed merely as a measure of insurance against future trouble.

It remains to make one final suggestion. Simplicity of administration might be achieved by reorganising the Commonwealth departments dealing with these problems. At present, the Department of External Affairs, the Department of Commerce, and the Department of Trade and Customs are concerned. It seems that the arrangement involves unnecessary overlapping. The Department of Commerce might well be entrusted with the "trade" activities of the Department of Trade and Customs. This would leave the Department of Customs as a collecting department only; and matters of policy would be dealt with by the Department of Commerce, which, being primarily responsible for the development of Australian trade, should be entrusted with the consideration of tariff rates, and, incidentally, of commercial treaties, in addition to its other duties. Moreover, the Tariff Board should be attached to the Department of Commerce.

It should be observed that the commercial secretary would, in each case, hold the rank of Trade Commissioner; and, in some countries, it might be expedient for him to be separated from the Minister. For example, in India, the Minister should be posted to Delhi; but the commercial secretary, that is the Trade Commissioner, might be posted at Calcutta. Similarly, in China, the Minister should be posted to Nanking; but the commercial secretary might be posted at Shanghai. The Trade Commissioner in India should control Assistant Trade Commissioners at Bombay, Rangoon and Colombo; the Trade Commissioner at Singapore should control Assistant Trade Commissioners at Bangkok, Saigon, Batavia and Manila; the Trade Commissioner in China should control Assistant Trade Commissioners at Hong Kong and Tientsin; while the Trade Commissioner in Japan should control Assistant Trade Commissioners at Kobe and Mukden. In each case, where a Minister is appointed, he should, for purposes of co-ordination, supervise the activities of the commercial secretary—that is the Trade Commissioner, but he should not interfere with the details of commercial policy. Similarly the argument emphasises the need for co-operation between Australia and non-British countries which have territorial possessions adjacent to Australia.

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The following table suggests the immediate and the ultimate requirements of the system outlined above:—

Country.	*Immediate Requirements.*	*Ultimate Requirements.*
United Kingdom . . .	——	Minister Diplomatic Secretary Commercial Secretary
India	Trade Commissioner Assistant Trade Commissioner	Minister Diplomatic Secretary Commercial Secretary Two Assistant Trade Commissioners
Ceylon	Assistant Trade Commissioner	Assistant Trade Commissioner
British Malaya	Trade Commissioner	Trade Commissioner
Siam	——	Assistant Trade Commissioner
French Indo-China . .	——	Assistant Trade Commissioner
Netherlands India . .	Assistant Trade Commissioner	Assistant Trade Commissioner
Philippine Islands . .	——	Assistant Trade Commissioner
China	Trade Commissioner	Minister Diplomatic Secretary Commercial Secretary Two Assistant Trade Commissioners
Japan	Trade Commissioner	Minister Diplomatic Secretary Commercial Secretary One Assistant Trade Commissioner
Manchoukuo	——	Assistant Trade Commissioner
United States of America	——	Minister Diplomatic Secretary Commercial Secretary

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APPENDIX

As the proposals set out in the preceding paper anticipate the immediate appointment of Trade Commissioners who, for a time at any rate, will be called upon to perform political as well as commercial services, it seems advisable to suggest the qualifications which should be possessed by the officers in question, as well as to consider briefly the general nature of their work. The remarks which follow deal particularly with appointments which may be made in China, but with appropriate alterations in detail they might be adjusted to the requirements of the other countries of Southern and Eastern Asia.

I. The Importance of the China Market:

A. It is very generally admitted that the world will not emerge from the so-called depression period until international investment becomes active again.

B. China is almost the only country in the world, certainly it is the most important country, which offers scope for international investment.

C. At the present time China is undergoing a very important political and economic reorganisation.

D. People anxious to profit from these conditions must strive to arouse the goodwill of leading Chinese politicians, financiers, and industrialists.

E. Australia might easily play an active part in the reorganisation of China with advantage to both countries. The co-operation of Australian capital in the erection of woollen mills and flour mills, for example, seems to offer great advantages to Australian investors. By a development of this kind, Australia would share in the profits of manufacturing and distributing the raw material she produces.

F. A close investigation of conditions in China would probably suggest other directions in which capital co-operation of this kind would be effective.

G. Such co-operation, by enlisting the interest of Chinese investors, would give Australian primary products a preferential position in the Chinese market.

H. Ample evidence is available to show that Chinese investors are anxious to co-operate with Australia in this way.

I. China is also one of the most important consuming markets in the world for various foodstuffs. It is almost the only market remaining which offers scope for wide development.

J. The sale of foodstuffs in China depends just as much on goodwill as on price. Australian foodstuffs will never be sold extensively in China unless the co-operation and goodwill of Chinese merchants and retailers are aroused. This will be most easily effected by a co-operation of Chinese and Australian capital, similar to that suggested above. It is certain that Chinese interests are anxious to co-operate in this way.

K. The leading men of China are worried by China's annually recurring adverse balance of trade. As a matter of fact, China produces very few commodities which command a ready sale in Australia, but some evidence of good-will should be displayed by a genuine attempt to encourage the Australian consumption of Chinese

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products, in so far as this is possible without injuring Australian or other British industries.

L. An attempt to increase Australian imports from China, even in a small degree, would tend to increase good-will. It would also provide a back freight for returning ships, and so help ship-owners to lower the charges fixed for carrying Australian products to China. This is an important consideration.

II. The Chinese People:

A. The leading Chinese people, including those engaged in politics, finance or industry, are highly cultured. They have a keen appreciation of their ancient civilisation, their literature and art. They are inspired by intense racial pride. In spite of recent changes, they have lost none of their esteem for their ancient customs and institutions.

B. The leading Chinese people are also highly educated according to European standards. They are extremely sensitive, and much alive to the importance of good manners and good behaviour.

C. Foreigners who despise culture and education may be tolerated in China; they may even succeed in doing valuable business; but they will never win the confidence or affection of the leading Chinese, on whose good-will success in the face of serious competition must ultimately depend.

D. Foreigners who are affected by a "colour sense" will never really succeed in China. The foreigner who hopes to succeed must be prepared and able to meet the Chinese on their own ground. Understanding will lead to friendship, and friendship will lead to business. This generalisation is probably more significant in China than in any other country, for the Chinese, unlike many other peoples, do not regard business as the first consideration.

III. The Australian Trade Commissioner in China:

A. The remarks set out above suggest certain qualities which should be regarded as essential in a Trade Commissioner in China.

1. He should be educated, in the wider sense; sympathetic; and capable of appreciating the Chinese attitude towards things in general.
2. He should have a curiosity which would lead him to study Chinese manners, customs, and institutions; and an intelligence which would enable him to understand them.
3. He should be friendly and persuasive; having a good presence and appearance, and a capacity to inspire the friendship which would enable him to become intimate with people who really count.
4. He should recognise that his real work must be done with the Chinese. Without exciting antagonism, he should be prepared to resist the influences (social and other) which will be brought to bear on him in China by other foreigners.
5. He must approach the Chinese as the representative of a country anxious to co-operate with China, not as the representative of a country seeking opportunities for economic exploitation.
6. He must inspire confidence by obvious honesty and sincerity.

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B. Naturally there are other qualifications which will be required in an Australian Trade Commissioner in China.

1. He should have a knowledge of Australian products which might be sold in China. He should know something of the conditions of production, and be prepared to give full information concerning price, packing, freight charges, etc., to prospective Chinese buyers.
   a. It cannot be expected that any man will have a detailed personal knowledge of every Australian product, but he should have a general knowledge.
   b. He should be supplied with all the necessary data by would-be exporters, and he should arrange his information so that it would be available immediately to enquirers.
   c. The proper man would get all the necessary information from a tour of the Australian capitals. It does not seem necessary that the Australian Trade Commissioner in China should have been engaged in practical business.
   d. It should not be forgotten that the Trade Commissioner will have an Assistant whose duty it will be to supervise the routine work suggested above.
2. He should have a curiosity which would lead him to watch for "new business." The Australian Trade Commissioner in China should not be content with increasing the sale of Australian products which are already sold in China. He should constantly watch the sale of other goods, send home samples, and suggest the preparation in Australia of new products which would be welcomed in the Chinese market.
3. In short, he should know exactly what the Chinese merchants want to buy, the get-up they require, and the price they are prepared to pay. By his reports to the Minister for Commerce he should point out the possibility of new developments.
4. The Australian Trade Commissioner in China should carefully avoid acting as a Commercial Traveller. He should be acquainted with all the Australian producers who wish to sell in China, and he should be acquainted with all the Chinese merchants who might be willing to buy Australian goods. He should bring the Australian producer into contact with the Chinese merchant, and leave them to do their own business. To perform this task efficiently, he should have a wide knowledge of people, both in Australia and China; but more particularly in China, for he will frequently be called upon to introduce visiting Australians to Chinese merchants.
5. This raises a most important point. The Trade Commissioner should be able to guarantee the financial standing and the business integrity of persons introduced by him to each other. He will be supplied by the Department of Commerce with information concerning the Australians. He must himself gather the information concerning the Chinese. For this he must depend on Chinese bankers, who will probably give confidential information only to a Trade

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Commissioner who has established personal intimacy with them.

6. The Trade Commissioner should carefully refrain from interfering with established business. He should assist in every way, but he should never seek to divert business from a channel in which it freely flows already. He must be accustomed to exercise self-restraint.

C. The Australian Trade Commissioner in China should be accustomed to use statistics and prepare reports. The transmission to Australia of reliable and up-to-date information, set out in an interesting and intelligible form, should be regarded as one of his most important duties.

D. He should know something of banking, currency and exchange; of the practical, not of the controversial, problems. Exchange is one of the great difficulties in the China trade, and the Trade Commissioner should be able to transmit information to the Department of Commerce which would be of great assistance to Australian bankers and exporters. For information of this kind, the Trade Commissioner would necessarily rely on Chinese sources.

E. The Australian Trade Commissioner in China should deliberately cultivate the acquaintance of leading politicians and high officials. He should watch the tendency of government policy, reporting to the Department of Commerce important political developments (changes in tariffs, etc.) : and the proper man, by reason of friendships he would probably establish, would often get advance information on important matters which would be of great use to Australia. Similarly, the Trade Commissioner would occupy a favourable position to influence large government purchases, which are frequently made, of wheat and timber for example.

F. The Trade Commissioner should have a thorough knowledge of the basis of Australian policy. He should understand Australian sentiment and have an appreciation of the idealism on which Australian society has been built. He should be able to explain clearly and logically such matters as the Australian Immigration Law and the Australian Tariff. This is of very great importance, and the explanations can only be given satisfactorily by a clear thinker and a convincing speaker.

G. The Trade Commissioner should have a keen interest in his work, and a feeling that he is doing something for Australia. He should have a lively appreciation of the responsibility and the dignity of his office.

H. The Trade Commissioner should be constantly on the watch for opportunities for the investment of Australian capital, especially in industrial or commercial undertakings in co-operation with Chinese.

IV. General:

A. It should be remembered that, in appointing Australian Trade Commissioners to Eastern countries, the Australian Government is making an experiment. Should these appointments justify themselves, the system will probably be extended. It is not

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impossible that the future will see Australian Trade Commissioners in many other foreign countries.

B. It is important that, in the beginning, the appointments should be made on proper lines. In other words, they will set a standard for the development of what may easily become an Australian Commercial Service closely connected with an Australian Diplomatic Service.

C. From the point of view of "setting a standard," care should be taken to avoid appointing men who are business men and nothing more. Other qualities and qualifications are essential, and they should be given very serious consideration. The more important of these qualities and qualifications seem to be:—

1. Those indefinable qualities and qualifications which make up personality.
2. General education and culture.
3. Facility to speak and write intelligibly and persuasively.
4. Alertness, curiosity, and interest in things in general.
5. Capacity to understand and appreciate the point of view of foreigners.

D. These should be regarded as essential, and taken into consideration with a certain necessary minimum of practical business knowledge.

E. The difficulty experienced in making these initial appointments will probably not recur; for Assistant Trade Commissioners, if trained under carefully selected Trade Commissioners, will be available for appointment. It should be remembered, however, that the quality of the original Trade Commissioners will probably determine the quality of the Assistants trained by them. This emphasises further the need for care in making these first appointments.

F. It should be recognised that there is a considerable opposition to the projected appointments. If the men appointed fail to "make good," it is probable that Parliament and public opinion will resist any attempt either to fill vacancies, or to make new appointments. For this reason, it is necessary, at the present juncture, to get the best men possible. Failure, in the present circumstances, will prevent any other appointments being made for another twenty years.

G. It is probable that no man will be obtained having all the qualities and qualifications set out above; but, in the absence of the ideal man, it seems that the qualities and qualifications set out in para. IV. C above are more essential, for the first appointments, than practical experience.

DISCUSSION

MR. MACDONALD: It is a very great privilege to have this opportunity of being here, this evening, to listen to Dr. Melbourne. Before I express any opinions, let me say how grateful I am to him for his careful, comprehensive, interesting, and very provocative address. I am certain he meant to be provocative; possibly that led him to use stronger language and to be a bit more dogmatic than he would have been if he had been before a class of students, giving an impartial and unbiassed picture of what Australian foreign policy should be. We have all recognised that he was out to provoke, and he will be the last person, therefore, to misunderstand if we are somewhat critical.

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In the first place, I would say that he a little bit underestimates the willingness of Great Britain to help Australia—if she may have the honour and privilege of doing so. (Laughter.)

He was a little unwilling to recognise the readiness of Great Britain to come to the aid of Australia in a military way for the defence of Australia, if anything of that nature should be necessary. He spoke of the Ottawa Agreements as if they had been conducted more as a matter of form than anything else, and as if the experiment was due for a pretty early death. But I believe there is enough good-will between Great Britain and Australia to see that the Agreement is modified, perhaps, but certainly renewed at the end of the first five-year period, and Great Britain is exceedingly anxious, as far as she is concerned and her market is concerned, that we should be able to encourage as much development and expansion in Australia as we possibly can.

My main criticism of this provocative paper is that Dr. Melbourne has sketched for Australia a purely materialist policy. What foreign policy is going best to pay Australia? he has asked, ignoring the interests of the whole of the rest of the world. He has not said one word, except in his opening sentence, about the League of Nations, or about its effort to establish world peace. It is, no doubt, making mistakes, but the League of Nations is at least trying to establish machinery for settling, without resort to war, the disputes that arise between nations, and Dr. Melbourne has deliberately not mentioned that aspect of foreign policy at all. What can Australia do to establish new markets for herself and secure the defence of her territory? You would imagine that that is all he is interested in. Even assuming that self interest is the first consideration in foreign policy, I am not sure that support for the League of Nations should not be the first objective of Australian foreign policy. For Australia to achieve the objects that Dr. Melbourne sets her, peace is desirable; and so Australia should at least co-operate in the international effort to establish peace.

Some of the provoking things he said did not provoke me in the least. I heartily agree with him with regard to the establishment of Australian diplomatic Ministers in various countries. I also agree with him in his remarks about the importance of China; but I am not sure that, in his eager recognition of the importance of China to Australia, he did not allow his Australian nationalism to lead him astray. He said China is so important to us that we have to help China to help herself, to help her to become educated in a Western sense to the extent that she will become a good purchaser, buying Australian goods. He urged that the Australian Government should appoint Australians to carry on that education of China. He ignored the fact that the League of Nations has already appointed political and technical advisors to assist the Chinese Government in precisely this way; this point Dr. Melbourne has ignored. If Australian experts want to help China in the way that Dr. Melbourne suggests, they will find that there are other experts who have been appointed by the League of Nations to do precisely what it is stated Australia wishes to do. Moreover, the League has appointed these experts with the permission of Australia, as a member state of the League.

A foreign policy that would isolate Australia in this way would make her look ridiculous in the eyes of the world. I support Australian nationalism; it is a natural thing and a good thing, and I would think

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very little of Australia if there was not by this year, 1934, a strong nationalist movement. But do not let any of us imagine that nationalism should consist in refusing to co-operate with other nations for the sake of maintaining beyond any shadow of doubt our own independence and our own sovereignty. Let us realise that in this 20th century we shall most successfully maintain our own national entity by co-operation and by realising our inter-dependence on each other. I am not sure that the aims and objectives put before us will not be achieved more safely and better by co-operating more with other British representatives, and co-operating more with the League of Nations' representatives in general than was indicated in the paper we have listened to. In the most friendly spirit these few words of criticism have been offered.

Dr. T. P. Fry: Australia is now recognised as completely autonomous in matters both of domestic and foreign policy. This development involves increased responsibilities in matters of foreign policy, especially in the Pacific. They are responsibilities not only on behalf of Australia, but also on behalf of the whole British Commonwealth of Nations. For the adequate discharge of those responsibilities, and for the maintenance of co-operation with the other British nations which possess major interests in the Pacific, it would be necessary to appoint Ministers at Ottawa, Wellington, Washington, and Tokio.

From amongst Australia's overseas commercial problems, certain political and legal problems are already threatening to raise their heads. It is only necessary to mention one or two potential problems. The fishing by Japanese sampans on the Great Barrier Reef for trochus shell and bêche-de-mer is a commercial matter—a question whether Australian capital and labour is to be driven out of that industry—but, nevertheless, there are also involved questions of jurisdiction which might lead to political controversy between the two Governments. Political controversy is also possible concerning Antarctica. Australia recently accepted jurisdiction over approximately one-third of the Antarctic continent. Her title to jurisdiction over those unoccupied wintry wastes is liable to be challenged. Australia will require diplomatic officers abroad. At home it will be necessary to foster the study of international law along the lines on which the Australian and New Zealand Society of International Law has already made a start.

Mr. J. B. Brigden said that Dr. Melbourne had discussed Foreign Policy almost solely in terms of trade. His assumption that it was possible for Australia to have a foreign policy distinct from British policy might therefore be waived, although the assumption itself might profitably be discussed at some other time and was worthy of Dr. Melbourne's mettle. He admired the boldness of the paper and its exuberant enthusiasms. The cost of the staffs proposed would be at least as effective in service as the same amount in warlike defence. He agreed entirely with the main purpose of the paper, in urging the cultivation in Australia of an international sense, and in cultivating on our own account friendly relations with all countries, and especially with those bordering the Pacific. But he counselled caution in pursuing any policy which might endanger our economic relations with Great Britain. The astute Japanese made a great deal politically of their purchases of our wool, but we were under no obligations in that regard. He hoped that the idea of educating ourselves on these matters would survive the present passion for trade treaties and "the East."

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POLICIES OF THE GOVERNMENT OF GREAT BRITAIN LIKELY TO AFFECT AUSTRALIA

By

MALCOLM MacDONALD, M.P.*

WHEN it was suggested to me in London that I should attend an informal meeting to address the Queensland Branch of the Australian Institute of International Affairs, I, of course, agreed to the suggestion with pleasure. It was proposed that that meeting should be quite informal, and personally I think that is the best idea. It has sometimes been my experience that when an audience has a visitor from Overseas, and they meet him formally, the visitor speaks for an hour on some subject which they are not particularly anxious to hear about, and they go away without having received the information that they really hoped to get. Some of you might want to know about one thing, and others about some totally different subject, and therefore I propose to fall in with the suggestion that was made, and only speak for a very short time, and then submit myself to questions, which, of course, are always the most interesting part of any meeting. I do not know what you want to hear about from me, or what I can tell you. What I shall do is to try to answer the questions you might put.

I do not know, for instance, whether you want to know about the political situation in Great Britain, and whether you want to know what is likely to happen there in the next few years. That is a matter of very great moment, not only to Great Britain, but to the whole world. For instance, is Parliamentary government going to continue in Great Britain, or is it going to break down? About three years ago in Great Britain—as in many other countries, European countries especially—parliamentary government seemed to be incapable of dealing adequately with the very large number of complicated questions which modern administrations have to face. Party governments of the type that we have become accustomed to in Parliament did not seem to have sufficient strength or sufficient continuity to carry on, and when the crisis approached in 1931 it seemed in Great Britain that therefore the whole parliamentary system was in jeopardy. We did

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*Mr. MacDonald gave much additional information which has been excluded herefrom because of its confidential nature.

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not seem to be able to produce a government strong enough to govern for months of crisis. When that happened in European countries, as you know, the parliamentary system came to an end in Italy, Germany and Austria, and it seems it may happen also in France. Parliamentary government virtually came to an end and some form of dictatorship took its place. But in Great Britain, with the extraordinary genius of British people for "muddling through" and producing novel solutions for novel problems, we did not abolish parliamentary government. We merely abolished party government, or, at any rate, we made a great effort to abolish party government. We have not entirely succeeded, but we did at any rate evolve a government which combined sections of every political party. The form of government, called National Government, that came into being has given our country a strong government working with a sufficient majority to enable it to carry on, and it has been able to deal more or less adequately with the problems of the time, and to maintain the prestige of Parliament. I wonder whether that sort of government will continue. In my view it is very unlikely that there will be another National appeal in Great Britain. If you are interested in that problem, and in the reasons why I think National government is a thing nearing its end in Great Britain, that is one subject which I might discuss in answering any questions.

If National government came to an end, it would be a disaster. I dare not think what might become of Parliamentary methods in Great Britain if we returned to party government. That is one field of political interest which you might like to question me on.

You may be interested, not in the machinery of government in Great Britain, but in the extraordinary policies which the British Government is trying to put through. For instance, a policy which is quite naturally causing a great deal of agitation in Queensland is the policy of restricting imports of foodstuffs into our market in Great Britain. You may have questions to ask on that; and perhaps this will act as an introduction to the discussion. I might say two things about the policy. In the first place, I very often read over here that the reason why the British Government is contemplating restrictions on a drastic scale of all imports of primary production coming into the United Kingdom, not only imports from foreign countries, but imports from the Dominions as well, is that we are trying to develop our agriculture on an enormous scale; trying to extend our agricultural industries. That is not true.

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We are going in for a certain amount of expansion in some directions, in the direction of the pig industry, poultry and egg production, but generally we are not primarily trying to expand. This policy of restrictions on goods coming into our market is not a policy for deliberately developing home production, but an attempt to stop a disastrous shrinkage in the home agricultural industry. In the last few years—since the war—scores of thousands of acres of our agricultural land have gone out of cultivation. Scores of thousands of our agricultural labourers have been thrown out of work. I think something like one hundred thousand agricultural labourers are unemployed in Great Britain. A shrinkage has been going on for the last few years, and that is what we are attempting to check. We are trying to re-establish our agricultural industry at its old level, giving its old employment, and we are not contemplating a very great expansion of our agricultural industry. It is a mis-apprehension to think that we are going to try to make ourselves self-supporting in agricultural production. We are not trying to do anything of the kind. We are first trying to stop the rot in British agriculture. The second objective is less selfish. The rot in British agriculture is due to low prices. Our policy of restricting imports is a policy designed to make supply just about equate with demand so that prices should rise to a profitable and economical level for the producer. Our objective is to make the primary producer, including the Dominion primary producer, once more a good consumer.

You might be more interested in imperial affairs generally. During the next twelve months the Government in Great Britain is going to be engaged in one of the most important Imperial Legislative efforts ever before the Mother of Parliaments. This Legislation will deal with self-government in India. It is a matter of the very greatest controversy. Many of our Parliamentarians are opposing the policy because they sincerely believe it means a surrender in India. But we have determined to carry through this great piece of legislation, and that is going to take the greater part of the next twelve months. Opposition to it is very considerable, of course, in the Conservative Party. It is just possible that the Government will be defeated on that legislation, though I do not think it is very likely.

You may wish to ask questions about another awkward and unpleasant Imperial problem that we are trying to solve—the extremely delicate relationships between the Irish Free State and the Empire as a whole. I am prepared to answer any questions on that.

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You may wish me to speak on questions to do with Foreign Policy. You may, for instance, want to know why the British Government at this moment, when we are trying to effect a Disarmament Convention, are at the same time going in for expansion in their air force. That policy was announced just a few days before Parliament rose at the end of July.

I have been connected with Chatham House for a long time, and know what an important part it is taking in educating public opinion in International affairs in Great Britain. During the last 20 years interest in International affairs has steadily increased, and I am more than pleased to see the interest in International affairs which is being taken at this Conference. I am delighted to be here, and am only too ready to do anything that I can to help you.

Question: We read recently in the paper that General Smuts had expressed the opinion that the likelihood of war in Europe is not great at the present time. I am asking that question first because it seems to be the pivotal question, not only for Britain, but for all of us.

Mr. MacDonald: I am not sure what General Smuts himself had in mind when he made that statement, and I am not competent to answer the question indirectly put, as I have not a great first-hand knowledge of what is going on in Europe, but I have myself put the question to people who have travelled extensively in Europe, and who have a close knowledge of the position, and their answer has been that there is not much chance of war during the next four or five years at any rate. They say that the nation most likely to force war would scarcely be ready before that. If Germany has Statesmen who desire peace sincerely and genuinely, I see no reason why difficulties and misunderstandings cannot be satisfactorily settled in the next four or five years when the present suspicions have been allowed to die down.

Question: I was very pleased to learn your views on the policy of the National Government with regard to restriction of imports, and would like to know whether, after the next elections, the policy will be continued irrespective of whether a National or a purely Party Government is formed.

Mr. MacDonald: The question is whether the general lines of policy now being pursued will be acceptable to all parties in Great Britain. In my opinion, whatever change of government there might be after the next election, the Government will carry on generally under the same principles. The three alternatives are another National Government, which presumably would carry

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on the present policy generally; a Conservative Government, which would also carry on more or less the same policy, because the Conservatives already in the present Government are committed to it; or a Labour Government, which I think is also really in general agreement with this policy. The business of an Opposition is to oppose, and the National Government's policy has been pretty strenuously opposed. The Labour opposition has done remarkable work with very small numbers, but if they come back into office they would soon realise that the business of a Government is to govern. This present policy has, in fact, been taken a good deal out of the Labour Party's book. The whole National Government's policy as regards domestic organisation of agriculture is simply carrying on the last Labour Government's legislation. The Labour Government legislated for the organisation of agricultural production and marketing, and we have made almost no alterations at all in that part of their policy. But we have added something essential to the Labour Government's policy. You cannot organise home production if it is being disorganised by competition from excessive imports. Tariffs and Quotas aim at this regulation of imports, and Labour leaders really accept the policy. Trade Union leaders would be against any Government reducing tariffs, and, as a matter of fact, the last Labour Government was extremely anxious itself to introduce a tariff system. In the Labour Cabinet 15 members voted for tariffs and 5 against, but the 5 were led by the redoubtable Phillip Snowden. As regards quotas, they are an attempt to regulate more scientifically and accurately imports coming into Britain. As a matter of fact the principle of quotas was first introduced by the Labour Government in its legislation for the coal industry. For a long time the Labour Party has been advocating a regulation of imports of agricultural goods by an even more drastic method than quotas, by the establishment of State import boards.

Question: Mr. MacDonald was asked a question in regard to migration.

Mr. MacDonald: Our Government is anxious that migration be started again as soon as possible. One important reason is that a country like this could have a larger population than it has got. Increased population is a matter of vital importance to Australia. But we certainly have no intention of supporting a migration movement to Canada, New Zealand or Australia when the Dominions are not ready to take migrants. We do not advocate sending migrants to increase production when the producers here in Australia find difficulty in marketing what is

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already being produced. Certainly we have no intention of dumping our unemployed men, as some people say we desire to do. For great Imperial reasons, as far as possible, when we have got through the depression, and marketing is again normal, we shall be glad to return to migration.

Question: How is Great Britain dealing with the problem of getting its unemployed back to work as quickly as possible? Is money being spent upon reproductive work, and are these works being carried on in sufficient quantity to bring men back to work speedily enough to safeguard their morale.

Mr. MacDonald: We all agree that the unemployed should be given something to do to keep them physically and mentally fit, to keep up their morale and self-respect. It is a big question, and one could speak for hours about it. Put into a nutshell the experience of Great Britain in the last few years has been as follows:—From the beginning of the depression when unemployment began to reach large figures, at the time when the Labour Government came into office in 1929, the policy of public works was whole-heartedly undertaken by the Government, by local authorities and organisations of all kinds. I think most people will agree that that policy proved a failure in that it did not employ nearly large enough numbers of the unemployed. Even at our peak period between 1929 and 1931, when we were spending scores of millions of pounds on public works, we could only find directly work for one hundred and fourteen thousand out of two and a half million unemployed, and indirectly for another one hundred and fourteen thousand. When the National Government came in, and it was apparent that this experiment had failed, it was decided that money spent on public works would be better employed elsewhere. It might, for instance, be put back into the pockets of the taxpayers, who would put it into industry and get employers to employ more men. We cut down the Public Works programme very considerably indeed, although we have maintained a good deal of what we call reproductive work. For instance, we are spending large sums on slum clearance. In the next 5 years we will clear 300,000 houses in the slums of Great Britain. At the same time we are spending considerable sums of money building new houses—additional houses over and above replacement of slums. In Public Works of that type we are finding employment for considerable numbers of men, but chiefly since 1931 we have been going in for a policy of encouraging industrial employment of men. One of the difficulties of Public Works policy is that when you start building a great road, say from London to Cambridge, you employ hundreds

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of men on the job, but six months from the start they are out of work again. If you try to encourage industries to employ people in permanent work, you are doing a better service. If we can get industry to revive, and employ more men, there is greater hope for a more lasting prosperity. Since 1931 the Government has concentrated rather on the encouragement of industrial revival in various ways which I need not go into—by tariffs, by the Conversion Loan, etc. The abandonment of the Public Works policy and the encouragement of industrial revival has helped to produce the result that since 1931 more than 800,000 additional men and women have found employment in Great Britain. In our attempt to get men back to work in Great Britain we have succeeded to the extent of reducing unemployment from nearly three million at the end of 1931 to just about two million to-day. Then as regards these two million, of course, we have an Unemployment Insurance System, and we have now, instead of the old Poor Law System, a system whereby every able-bodied man out of work receives Unemployment Assistance. An unemployed man with a wife and two children gets 30/- a week, and 30/- a week is worth more to him to-day than it was three or four years ago. We have been fairly successful in maintaining for them at least as high a standard of living as they have ever had. As regards trying to find these men something to do, to maintain their morale, we are trying to work out social organisations for looking after that side of the problem. We have two or three hundred thousand men on their own allotments, growing their own foodstuffs for their own families. And we have now established throughout the length and breadth of the country, occupation centres in every city and town, and in many villages, where men are taught carpentry and various other occupations in order that they may be able to keep their hands in, pending obtaining employment. One of the greatest tragedies of unemployment is the large number of boys and girls who leave school at fourteen, and never get a job. The morale of these young people is quickly lowered, and for their benefit we have established training centres where it is compulsory for them to attend up to the age of 18 years. There they are taught manual trades.

Question: At the recent Disarmament Conference there was practical unanimity amongst the Continental Powers in favour of the entire abolition of Air forces. Japan and Great Britain stood out, the latter expressing her agreement with proposals, but making the one reservation that it be permissible to use bombing planes in outlying areas for police purposes—no doubt the North West frontier of India. Is there any possibility of

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Great Britain readjusting her decision in the near future in that respect?

Mr. MacDonald: That is not quite the position. Many countries at Geneva have been advocating the complete abolition of military air forces, and in the forefront of those advocating that tremendous step has been Great Britain. As a matter of fact in the Draft Convention which the leader of the British Government laid before the Disarmament Conference months ago, it was proposed that military aircraft should be abolished completely. There were two qualifications to this statement of policy. The first was the one mentioned by you—that aircraft might be used as a less costly and a more humane method of keeping law and order in outlying districts than the sending up of artillery to quell rebellious tribesmen. The aeroplanes would have a moral effect. Sometimes you destroy a village, which is regrettable, but on the whole that method of maintaining law and order where trouble may break out is less costly in human life. The second qualification was that the complete abolition of the air force would hardly be satisfactory for international peace if there were not also an international control of civil aircraft to prevent it from being turned at a moment's notice into a weapon for aggression. As you know, civil planes could be turned into bombing planes at ten minutes' notice. With these two qualifications the British Government supported whole-heartedly the proposal for the abolition of Military Aeroplanes, but in respect to the first qualification, the British Government was not uncompromising. It was declared on behalf of the Government long ago that if this reservation were going to be the obstacle in the way of getting the Disarmament Convention to abolish military aeroplanes, the Government was willing to withdraw the reservation. The trouble is that so far nobody has been able to produce a sound scheme for the international control of civilian aircraft. That is the obstacle in the way at the present time.

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CULTURAL RELATIONS BETWEEN AUSTRALIA AND ORIENTAL COUNTRIES.

By

Dr. W. G. GODDARD, M.A., D.Litt.

OUR purpose in this paper is to emphasise the necessity on the part of Australia to establish cultural relations with the countries of the Far East as the most enduring medium for the understanding of the peoples of China and Japan.

You are asked, then, to consider the following:

1. The Pacific Area as constituting a New World.
2. The operation of diverse cultures in this New World.
3. The Way of Understanding in this New World.

1. THE PACIFIC AREA AS CONSTITUTING A NEW WORLD

(a) China was known to the West from remote times, and Japan from the XVIth Century. The Portuguese were the first to see Japan and land on its soil. As to the date, there is considerable dispute. Most Japanese authorities adhere to either the 10th year of Tembun (1541) or the 12th year of Tembun (1543). American historians, basing their conclusions on the work of Antonio Galvano, the Portuguese Governor of the Moluccas, published in 1557, have adopted the year 1542. There are some Japanese works, however, that relate the presence of Europeans in Japan as early as the Hogen-Heizi era (1156-1159), but these accounts are open to much objection. The author of "Nichi-O Kotsu Kigen Si" (History of the early intercourse between Europe and Japan) decided, after an elaborate comparative study of 28 Japanese and 27 European works, that the date of the arrival of the first Europeans in Japan was the 12th year of Tembun—that is, 1543.

But it was only in comparatively recent years that the Far East entered seriously into international affairs. For centuries China remained a fruitful land for the exploitation of Western merchants and adventurers, and Japan, a kind of Arcadia where, as one Western traveller wrote: "The speech of the women is like birdsong, because their hearts are light as the souls of birds, and the swaying of the sleeves of the maidens at play seems a flutter of wide, soft wings."

But in 1905 Japan, by her victory over Russia, and China, by the establishment of the Republic in 1912, entered definitely into the sphere of world affairs.

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Since those two historic events, China and Japan have become of increasing importance. They have constituted in themselves the beginning of a New World in the Pacific.

(b) We are not concerned here with the Sino-Japanese conflict. That will settle itself without any reference whatever to outside nations. On the contrary, we view China and Japan as parts of an Asiatic world, as the products of one culture, and as destined to form the closest union in the future development of this New World in the Pacific.

In support of the general cultural thesis of this paper, one may cite the significant historical fact that the Japanese civilisation of the great Nara Period was determined largely by the influence of a Chinese culture—the Tang culture. Hence it is not surprising that such a distinguished Japanese diplomat as Hiroshi Saito and such a great military leader as General Kato should emphasise the vital place of cultural reciprocity in the final settlement of the Sino-Japanese antagonism. This no doubt will appear a novel method of settling a dispute to the ardent militarists, but it strikes deeper into things than does the sword.

In the study of this New World, China and Japan must be treated as one. That the racial urge on both sides is in this direction there can be no doubt, the outbursts of politicians and militarists notwithstanding. For Pan-Asianism is a reality, and no force, within or without, can withstand it. It springs from a source beyond the control of individuals or parties. It has been born in the life-blood of these peoples, and has only slumbered awaiting the temper of the West to vitalise it into full-vigoured activity.

It is a fact that Asia, and the Far East in particular, moves to-day towards consolidation, towards the establishment of a Pan-Asiatic World.

The representative opinion of Chinese and Japanese leaders themselves supports this view. For example, Tomoyuki Ishikama, in his recent study on "Nipponism," declares that all Nipponists are considerably influenced by pan-Asianism. And under the title of "Nipponists," he includes three groups, as follows:—

(1) The advocates of the Japanese expansion into Mongolia.
(2) The members of the recently formed Dai Nippon Party. The leaders of this Party are Aizan Yamaji, Kazuteru Kita, Motoyuki Takabatake.
(3) The following groups: The Patriotic League of Students, The Federation of Lawyers, the Patriotic League of Labour, the Dai Nippon Production Party. Such out-

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standing personalities as General Sadao Araki (former War Minister), Yosuke Matsuoka (Japan's last chief delegate to the League of Nations), Masami Kihira, and Kametaro Mitsukawa appear among these groups.

These groups are all wedded to the Pan-Asiatic ideal.

Two facts may here be noted which have a definite bearing on Pan-Asianism:

(1) The advocacy of an economic bloc in the far East, comprising Japan, China and Manchukuo, in the Press of these countries.

(2) The isolation of the entire Far East from the League of Nations. When Japan retired from Geneva, China formed a connecting link between Europe and the East. Now that China is no longer represented, the Far East is completely cut off. And this will only intensify the inclination on the part of various sections in China to turn more to Japan, thus binding these two peoples into a closer unity. China's last word at Geneva pointed in this direction. The delegate as he retired declared that "the League tends to become more and more a European combination."

(c) This does not of necessity introduce a potential source of conflict as far as other peoples in the Pacific are concerned. It will mean, of course, the existence in the Pacific world of two diverse civilisations, but not necessarily in conflict.

China is not suspected. But Japan is highly suspect. But here again, we affirm, there is much misunderstanding.

Unfortunately, most of the books on the market in Australia dealing with Japan are biassed, and tend to create an entirely wrong conception. Added to this, the cables appearing in the Press indicate only one aspect, and are far from being "full orbed."

A deeper penetration than either of these affords must carry the conviction that no people with the art of Japan can possibly be possessed of the ruthless soul that is attributed to her. A nation that can be moved by the sentiment of a bird perched on the limb of a tree cannot possibly be indissolubly wedded to a mailed fist. But we shall deal more fully with this aspect later.

Let me, however, here refer you to responsible Japanese opinion on the matter. Iyesato Tokugawa, heir to the last Shogun, and late President of the House of Peers, declared this year as follows:—

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"The peace of the Pacific. That is what we need. It is essential to the life and growth of the countries whose gates open on that ocean. And Japan, who is no longer self-supporting, but who must rely largely on the importation of foodstuffs and raw materials from foreign countries, is foremost in wishing that peace may dominate the area to which she belongs geographically. Her withdrawal from the League of Nations was by no means inconsistent with her love of peace, and with her realisation of the importance of international solidarity."

Count Uchida, addressing the Japanese Diet on the subject of Japan's Foreign Policy last year, said:—

"It is needless to say that the fundamental principle of Japan's foreign policy is to secure the peace of the Orient. Japan entertains no territorial designs anywhere in the globe, she has no intention to pick a quarrel with any country. She only desires to ensure her national existence by such means as will accord with international justice, and to work hand in hand with the neighbour nations for the peace of the Orient. Such has been the underlying spirit of Japan's policy since the days of Meiji. Such is the spirit behind the action we have taken in Manchuria, towards Russo-Japanese relations and towards the activities of the League of Nations."

In this New World of the Pacific, Australia must needs be very interested, as she herself forms a part. Australia cannot remain detached. It is not a mere question of trade. In a sense, trade does not enter into it. There is something deeper and of greater import that concerns Australia in her relations with this New World, or at least in the Far Eastern section of it.

We pass on now to the consideration of the second point, namely:—

2. THE OPERATION OF DIVERSE CULTURES IN THIS NEW WORLD

(a) This is, of course, well known. But there is an impression that the East is gradually changing as the result of its assimilation of Western ideas. In other words, that the distinctive culture of the East is becoming gradually a thing of the past.

One illustration will suffice to indicate that this is not so. In the Declaration of Independence of Manchukuo, we read the following: "We are convinced that government should be exercised in conformity with the moral state, which reaches far back into the stern will of Heaven." This calls to mind the famous political canon of Chinese civilisation all through the

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ages—T'ien Ming pu tsai yu ch'ang—meaning that the mandate of Heaven is not arbitrary, but dependent on the virtue of the Ruler and his treatment of the ruled. And this declaration implies that the new state, inheriting the age-long tradition of China, seeks to revive the ancient Chinese politico-moral philosophy, and make it the basis of future policy.

The ancient cultural conceptions of the Orient are not only alive but active. These conceptions are common to all the East. Fundamentally, Asia is a cultural unity.

This does not ignore the problems to be faced in the various sections of the Far East, or the methods used to meet these. It is not inconsistent with:—

(1) The lack of integration in China. Dr. Sun Yat-Sen himself compared China to a handful of sand, the grains of which slip through the fingers. But then China is a civilisation rather than a nation.

(2) The movements in Japan towards Fascism, State-ism, and others "isms" born of political expediency. And here it should be noted, as Kijura Shidehara has pointed out in the Japanese Press, that the trend is for the production of a harmony in Japan among these varied "isms."

(3) The Sino-Japanese conflict which will find its answer in the East, and not in any help that the West can give.

This cultural unity lies deeper than any of these things, and may even prove to hold the answer to these problems, and others which will arise inevitably in the future.

(b) Let us note, then, the differences between these two cultures in this New World in so far as Australia is concerned —the culture of Australia which remains what we call Western, and the culture of the East. For us, the individual is the social unit, and egoism the urge of activity. For the Oriental, the family is the unit, and the sacrifice of the individual for the community is the highest service. We struggle and compete to attain some personal gain. The Oriental seeks impersonal ends—that is, the ultimate of his race.

As a French observer has expressed it: "Western civilisation is action, that of the Orient is being. The former strives to attain science and dominion, the latter wisdom and peace."

That is what the Chinese philosopher meant when he said that Western civilisation dehumanised life. And, as a result, the sons of this Eastern culture regard themselves as superior and more highly civilised than ourselves, the product of a Western culture.

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The East regards our culture as aimless. "The West," says Kakuzo Okakura, "is for progress, but progress toward what? When material efficiency is complete, what end will have been accomplished? When the passion for fraternity has culminated in universal co-operation, what purpose is it to serve?" He then proceeds to give the answer. "The individuals," he says, "who go to the making up of the great machine of so-called modern civilisation become the slaves of mechanical habit, and are ruthlessly dominated by the monster they have created. In spite of the vaunted freedom of the West, true individuality is destroyed in the competition for wealth, and happiness and contentment are sacrificed to an incessant craving for more. The West takes pride in its emancipation from mediaeval superstition, but what of that idolatrous worship of wealth that has taken its place?"

The East sees in the aimless culture of Australia moral anarchy. I say Australia, since we represent Western culture in the South Pacific. Hence, Eastern writers are constantly pointing out to the millions of their readers the growing protest in Western civilisation against the existing order of things. Communism is interpreted as such a protest. But the East sees even a more disastrous happening approaching our Western culture. It sees our civilisation rushing headlong to dissolution. It sees everything of worth that the West has acquired now threatened. It sees in the very materialism of Western civilisation the inspiration of that cycle of revolutions which can only end in destruction.

(c) The disciplined Japanese and the positivist Chinese see in this the end of our culture as founded at present. And to them all the social and political experiments of the West—democracy—communism—fascism—are but symptoms of our failure.

We have won some victories, they admit, but won them at the cost of our humanity, and lost our souls.

It is apparent, then, that these two cultures in the Pacific —that of the Far East and that of Australia (as for our present purpose)—are widely divergent. They seem to meet at no point whatever.

Does it mean, then, as some writers have maintained, an inevitable battle of these cultures? Does it prophesy a struggle of the colours? Will the Pacific become the scene of such a contest? Or is there possible some way of understanding?

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3. THE WAY OF UNDERSTANDING

(a) Australia must free itself from the conceit of colour. It is not necessary here to enter into the scientific problem of the origin of the races concerned. It is not material to our study whether or not the Chinese are of Mesopotamian stock, or whether, as the Japanese argued at the time of their exclusion from California, they were the offspring of a Caucasian race that migrated through Siberia way down East.

Nor is it necessary to introduce the more immediate question of a White Australia Policy, a very doubtful policy notwithstanding.

But Australia can make possible a way of understanding by ridding herself of the foolish conceit of race and colour. For how few Australians realise that the peoples of the Far East are as profoundly and completely civilised as themselves—and, we would add, in certain refinements very much superior!

We would emphasise that while such conceit of colour persists, then no way of understanding is possible.

In the case of China, this conceit of colour is not so important as in that of Japan. For the cultured Chinese suffer themselves from this very same fault. They regard the Australian with a certain condescension. They bear with him as a superior does with an inferior when urged by considerations of good manners and courtesy. That is why marital promiscuity in China is less common than among the Japanese. But with the Japanese the case is entirely different. This conceit of colour hurts and offends. That is where Japan sees the offence in our migration laws. They imply, according to Japanese interpretation, an inferiority based on colour. So we find a leading Japanese publicist complaining that "to be treated as a race inferior to the immigrants of Central Europe is a disgrace more intolerable for Japanese than the loss of a colony." Further, this colour conceit may only result in our own undoing. The East may take us on our own ground, and apply our own political philosophy that the majority should rule. For it is only since the fall of the Roman Empire that the white man has gained the ascendancy. And Asia is asking if it can be within the will of the gods that two or three hundred million white men should dominate the nine hundred million brown and yellow men of Asia, and even decide the bounds of their habitation. And yet we adhere to the principle of majority rule—or rather, to be honest, we adhere in national affairs to the power of physical force, We will not admit it, but our civilisation is based on it. How-

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ever, if we are to find a way of understanding with the Far East, then it is necessary that we rid ourselves of this conceit of colour, which is an empty prejudice without either scientific or cultural foundation. Having done this, we believe the way of approach is open for practical measures. This brings us to our second necessity, namely:—

(b) An acquaintance with the historical development of the Far East. We study the civilisations of Rome and Greece because of our radical connection with them, because so much of our culture is but the persistence of elements from these. We trace these further back, and study Egypt. Then by the same logic we should make ourselves acquainted with the cultures of the Far East with which we are destined to come into contact, and which must influence us considerably. And here we would again emphasise our previous contention that Australia is destined to develop its own race life as something different from that of Britain. This race life, we believe, will bear the influence of the cultures of the Far East. Further, an acquaintance with these cultures would serve Australia in that it would bring us into intellectual contact with spheres where cultural collisions have taken place in the past, and are taking place to-day.

In other words, they would provide us with the very lessons we require. They would indicate just what happens when Eastern and Western cultural contacts take place—the precise thing we want to know. For at present this lies outside the realm of our experience.

We pass, then, to the third necessity:—

(c) An acquaintance with the cultural expressions of civilisation in the Far East. And here, I am thinking especially of its literature. For, if Australia would know the Far East, the feelings and emotions which are driving forces in the civilisation of China and Japan, then Australia must drink deep of the clear waters of Eastern literature which gush from the springs of the national feelings of those lands. For, without such knowledge, you may have trade, you may have treaties, but you can never have understanding.

We need not enter here into the essential characteristics of the literature of the Far East as an expression of the national consciousness. But it must be admitted that the Far East knows the literature of the West far more intimately than the West knows that of the East. This is due to this fact, among others, that in Chinese and Japanese schools the study of Western languages and literatures is encouraged. Consequently, the Chinese

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or Japanese in the Middle Schools knows more of the literature of the West than the Australian University graduate knows of the literature of the East.

And we venture the opinion that Shakespeare is better known in Japan, thanks to the monumental work of Shoyo Tsubo-uchi, than in Australia. Not that there is any lack of books about the East. But so many are Eurasian in concept and purpose that they do not interpret the soul of the Far East. In fact, many of them are libels upon the Far East. But note the difference in the method of understanding in Japan. Following her first contact with the West, she set herself to the study of English literature, and Shakespeare and Scott became best sellers. Then Futabatei Hasegawa introduced the Russian writers, Turgenev and Dostoevski to Japanese readers. Then later, German literature was made known through the untiring efforts of Ogai Mori. The literature of the West has become a gradually unfolding book which an ever increasing number has learned to read and understand.

What can we say on the other side? To what extent, for instance, does the educated Australian seek to understand the life of the Modern Far East through its literature? His present information is confined to trade reports and political reports... doubtful indications of the national life at any time.

I would make some suggestions of practical value towards the ends pointed out in this study:—

(1) The beginning should be made in Australian schools, as it is attempted in Chinese and Japanese schools. The scholar in the Middle schools of the Far East is encouraged to learn French, English, German, and Chinese. We would make a wise beginning by encouraging the study of Japanese in our Australian schools. The difficulties of that language are more easily overcome by the child than the adult who has so much to unlearn (or shall we say forget?), so much acquired by the learning of other languages. Then the child mind, which still retains something of the pictographic in its mental outlook, would quickly grasp the rudiments of Japanese. But if this cannot be done, reliable translations of the history and literatures of the Far East are available or could be made so.

The difficulty is not here. It rather lies in the failure of our educational authorities to take a long view, and realise that our destiny is linked up with the peoples of the Pacific, and that only by cultural contact can national life be properly understood.

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Our educational systems are still based on foundations that were quite satisfactory a quarter of a century ago, but which are looking back and not forward.

The Chinese boy and girl reads Lamb's "Tales from Shakespeare." The Japanese boy and girl reads Scott and Byron. What would be the result if the Australian scholars in our schools knew something of the charming cameos of Kaga-no-Chiyo or the stories of Kafu Nagai? It would at least remove some of those false impressions that enter largely into our mental make-up, and hinder the pacific development of the region where our future destiny will be worked out.

(2) This initial work should be carried on later by our Colleges and Universities. It is not sufficient to answer as one University Registrar in Australia has done, namely, that opportunities would be provided to learn the languages and literatures of the East if there proved a demand for such. For that is missing entirely the function of such institutions. Our Universities should lead, not follow. They should not wait till there is a demand. They should encourage and not merely supply. We are aware that opportunities are provided in several of our Universities, and that results are not as satisfactory as we might expect. But this is due to the fact that the beginnings have been made in the wrong place. They should be made, as we have pointed out, in the schools.

Or if difficulties are encountered in the matter of language on account of this late beginning, when the mind of the University student finds the acquisition of an Eastern language a problem (and we have pointed out the reason of this), there are abundant translations available which would serve the purpose.

(3) An exchange of professors and other teachers between Australia and the countries of the Far East should be arranged. The leader of the Australian Good Will Mission to the East, Mr. J. G. Latham, has made a suggestion along these lines which should be followed up. The interpretations that would result both in Australia and the countries of the Far East would be of the greatest value. By interpretation, we mean cultural and not political. And we venture to assert that, while political interpretation is necessary, cultural interpretation is more important, because it is basic, and enables the political to be correctly understood and appraised.

Our plea is that what prevails in the matter of science should prevail in respect of culture generally, as a bond between the races, and especially in the Pacific.

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The exchange of teachers would be a splendid encouragement to that wider exchange which, in time, would include the whole range of cultural activities of both civilisations.

It must be recognised that Japan has long realised this, and herself aims at becoming even more than a cultural isthmus between two civilisations, but even a place of fusion between these two.

But China still looks down upon our culture from her imagined eminence. Unlike Japan, China has not been affected by the culture of the West. But the day of Chinese contribution to the cultural progress of the Pacific is not far ahead. Her teachers are there, and only await the urge that will bring them forth.

And who would there be more qualified to instruct us in the matter of inter-cultural relations than a Chinese teacher, exponent of a civilisation which, more than any other the world has ever known, has felt the impact of foreign cultures, embraced the philosophies of foreign schools, and still with it all retained a common race consciousness? For China, we believe, more than Japan, has much to teach us, can introduce us into those experiences which would enrich our life, and give to it the ground of stability. We have not yet begun to tap the boundless sources of the mental and moral worth of Chinese culture.

The names of leaders and exponents of Oriental culture occur to the mind when we suggest this interchange of professors and teachers between Australia and the Far East. We think of Professor Kenji Sugiyama, an authority on the modern trend of the student mind of the Far East; of Professor Kimio Hayashi, whose philosophy of "State-ism" is commanding so much attention in modern Japan; of that eminent psychologist, Professor Mantaro Kido. There is probably no person in the Orient so well qualified as Professor Mantaro Kido to interpret the mind of the Far East to thinking Australians. Then there is Kameo Chiba, whose knowledge of both Eastern and Western literature is as profound as it is extensive; Professor Tsubouchi, the famous Eastern translator and teacher of Shakespeare; and Yone Noguchi, who has succeeded in writing Oriental thoughts in Western languages. What a service would be rendered to Australia if one or more of our Universities had sufficient foresight and enterprise to invite one of these scholars and exponents of the Oriental mind to spend a year in Australia, teaching and interpreting!

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What is required urgently at present is leadership in this matter of inter-cultural relations. Naturally, one looks to our educational bodies, but, in my judgment, these are failing to supply that leadership. We are still to a large extent under the burden of mediaeval systems in education—or is it that we are slavishly following European methods?

The undoubted place of our destiny demands that we fashion our own system in the direction of cultural relations with those nations among whom this destiny must be worked out.

There is an increasing desire among Australians for such cultural contact. They are desirous of knowing something of the real life of the peoples of the Far East, and the movements that are operating within that life. We hear of a library in Brisbane, which has among its volumes certain books depicting life in modern China, books from the pen of one who has lived there for many years. Yet so great is the demand for these that members have to enter their names in order to secure these books in turn. Is not such competition sufficient warrant for our educational bodies to take the initiative, and function as leaders in the cultural development of the nation? We lack the prophetic vision. We are failing to equip the rising generation with those cultural means with which alone it can take its proper place in this New World of the Pacific.

I do not suggest that such cultural contact will solve immediately the problems of the Pacific. But I do contend that such contact will lead to a larger understanding of these problems, and do much to remove the causes that at present, born of our ignorance and prejudice, lead to uninformed criticism and misguided judgment. For there is a meeting-place between Australia and the Far East. It is not political or economic. It is a meeting place, or, as the Japanese call it, "chi-kyo," meaning an isthmus, based upon a more solid foundation. It is inter-cultural relation, the relation which, working silently, but still effectively, means much in the attitude of one race to another. It is the chief of the invisible values.

DISCUSSION

Dr. L. Bedford Elwell expressed complete agreement with Dr. Goddard's suggestion that oriental languages and history should be taught in our Universities, especially in Brisbane, on account of its proximity to the East; and also with his suggestion that it was necessary to establish cultural relations with the peoples of China and Japan.

He expressed emphatic disagreement, however, with Dr. Goddard's expressed conviction that no people with the art of Japan can possibly

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be possessed of the ruthless soul that is attributed to her; that Japanese culture tends to inhibit Japanese aggression or promotion of war. The evidence of history was all against the reasonableness of such a view. The great periods of culture in the Old World, of the Chaldeans and Persians, and, later, of the Greeks, were periods of almost constant war. In our own time the German nation was one of the most cultured in the world, especially as regards music and the fine arts, and yet Germany deliberately brought about the Great War and was ruthless in its persecution. As regards Japan's peaceful inclinations we have an evidence of people like Professor O'Conroy, the author of *The Menace of Japan*, who lived 15 years in Japan, teaching Japanese youth at Tokio University; who married a Japanese lady of aristocratic family; who had unique opportunities for studying the Japanese character and aspirations, through having entrée into all circles, even the most exclusive. His whole book breathes sincerity and conviction, and even if, when we read it, we allow for considerable prejudice and exaggeration on the author's part (and there is no reason to expect its existence), we will still feel convinced that Japan's intentions are anything but peaceful, that Japan wants War. The one religion of Japan to-day, says Prof. O'Conroy, that is instilled into the Japanese child almost from the cradle, is Kodo, and Kodo means the ultimate domination of the world by Japan, first by the acquisition of Manchuria, then Mongolia and China and India and the rest of Asia, with expansion through the Philippines and New Guinea to Australia. Such a plan has actual recognition in an official document:

Our only security against such a campaign of aggression lies in supporting and strengthening the League of Nations to the utmost of our ability, for only by the collective action of a virile and representative League can such a plan of world domination be prevented.

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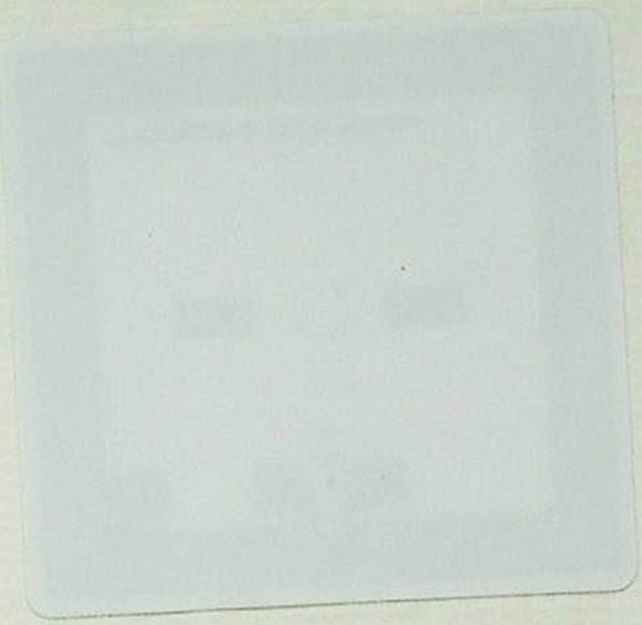

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