I.P.R. NOTES

Bulletin of the Institute of Pacific Relations

Nos. 6 - 7 October, 1936

Special Yosemite Conference Issue

Round Table Discussions

New Research Program

Administrative Decisions

Members and Officers

Documentation

SAMPLE COPY

Published by the Secretariat
the Information of National Councils and Members

Issued Four Times a Year
Double Issue 30 cents

15 cents a Copy

INSTITUTE OF PACIFIC RELATIONS
PUBLICATION OFFICE: 129 EAST 52ND STREET, NEW YORK

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Published four times a year by the Secretariat of the Institute of Pacific Relations. Editorial and publication office at 129 East 52nd Street, New York. Subscription price 60 cents a year; single copies 15 cents. Printed in the United States by John B. Watkins, New York.

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By JOHN LOSSING BUCK

Professor of Agricultural Economics, University of Nanking

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To be published about February 1937 by

UNIVERSITY OF CHICAGO PRESS, CHICAGO
OXFORD UNIVERSITY PRESS, LONDON
COMMERCIAL PRESS, SHANGHAI

Price	U. S. $	Shillings	Yuan
Volume I. Text. About 500 pages . .	5	21	10
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The Yosemite Conference [1]

INTRODUCTION

THE THEME of the Sixth Conference of the Institute of Pacific Relations, held in Yosemite National Park, California, August 15 to 29, 1936, was agreed upon three years earlier, at the Banff Conference. "Aims and Results of Social and Economic Policies in Pacific Countries" may appear to be a subject more suitable for descriptive treatment rather than for international discussion. It was indeed only continued correspondence between the International Secretariat and the National Councils that made possible a Conference agenda clearly embodying the purpose of this choice: the descriptive and interpretive part of the program was to be largely covered in preliminary documentary preparation by the National Councils; the round-table discussions were to center on the impacts and the international implications of the national policies.

There had been much talk at previous conferences of the ways in which policies adopted for purely domestic purposes often affect the fortunes of other peoples and even produce complications and tensions in international relations. Indeed, both conference discussions and Institute research work had more and more laid bare the origins of international disturbances in the internal mal-adjustments of the countries of the Pacific. The task set for the Yosemite Conference was in the nature of a job analysis: where must the engineer of better mutual understanding between peoples start,

[1] The following condensed review of the Yosemite Conference discussions has been prepared for the International Secretariat by Mr. Bruno Lasker, who was chief editor of the 1931 and 1933 editions of *Problems of the Pacific*. It is based mainly on the addresses given by the Rapporteurs and selected speakers before the various plenary sessions of the conference, but has been supplemented here and there by reference to some of the more important statements made in the round tables. Because of limitations of space the writer has aimed to present no more than a generalized impression of the whole conference for the benefit of members and other readers who desire some such brief account in advance of the official Proceedings, *Problems of the Pacific 1936*, to be edited by members of the Secretariat and published about February 1937 by the Oxford University Press and the University of Chicago Press.

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and how must he proceed, to avert unfortunate international consequences of national policies? The first step was to place in the center of the picture the internal changes and policies that have such consequences.

This procedure proved a great time-saver: an unusually detailed agenda of questions sent out two years in advance of the Conference produced a body of factual information from the countries chiefly concerned which, though no larger than that prepared for previous conferences, was more to the point and more authoritative. In consequence, there was less need to give valuable Conference time to descriptive statement and historical narrative. When a few doubtful points as to conditions or policies had been cleared up, the round tables could at once proceed to a discussion of the international implications. In other words, of the more than two hundred questions of the agenda (see I.P.R. NOTES, No. 4, December, 1935) about four fifths had served to stimulate the collection and written presentation of "data"; only about one fifth—the questions most directly pointed at international issues—were selected by the Program Committee for consideration by the round tables. These questions, though most of them had been worded two years previously, in every case dealt with matters of active, present-day concern—not a coincidence, but proof of the Institute's contention that in international affairs it is not the strife over some current incident or "crisis" that is in greatest need of elucidation, but the hidden cause which may not even be hinted at in the exchanges of diplomatic notes or in the news dispatches about the moves of political and economic strategists.

The Conference began with an evening plenary session at which the Hon. Newton D. Baker, Chairman of the Pacific Council and of the Conference, and Mr. W. L. Holland, International Research Secretary, were the speakers.

Mr. Holland, in his general introduction to the Conference program, stressed a point which was repeatedly to break through the subsequent discussions of national economies and national programs:

> Almost any new policy, he said, involves serious changes in the real income and welfare of the major groups of the population. It must be remembered that an overwhelming portion of any population consists of the agricultural and industrial working classes; and that the ultimate burden

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or cost of any important new social or economic experiment will largely fall upon their shoulders. And for that reason, although the fact is too often overlooked, one of the tests by which any of these policies must be judged is the extent to which it contributes to the permanent material and intellectual well-being of the working classes. . . . One of the most striking differences in the operation of the four national policies to be considered lies in the way in which the welfare of the working classes has been taken into account. . . . These matters do not ordinarily come into the sphere of international affairs, but they constitute the very heart of the internal policies of which foreign policies are but the reflection or the projection.

Departing somewhat from previous procedures, the Conference agenda provided for a short plenary session preceding and a longer one following the round-table discussions of the major topics, each of which extended over two or three days. This method had the advantage of stimulating the more informal group discussions with facts and opinions advanced by persons who either were especially familiar with the points at issue or represented some important attitude toward the subject; while all the Conference members also had the satisfaction of finding out what had been the trend of opinions expressed, not only in the round-tables they themselves had attended, but also in the others covering the same subject matter. For, as on previous occasions, to ensure the freedom and intimacy of face-to-face discussion, the Conference membership was, in advance of each subject division of the agenda, distributed into four groups as far as possible evenly equipped with expert knowledge and representation of major national or group opinion. Whatever remained of inequality because of diversities in the composition of the round-table groups was evened out by mutual loans of individual experts and by joint participation of members in the plenary sessions. Since these were planned in consultation with the round-table chairmen and secretaries, they also provided the occasion for correcting misunderstandings believed to be general and for permitting all the members to share at first hand in particularly valuable or novel views advanced at round-table meetings.

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THE ROUND TABLE DISCUSSIONS

I. THE UNITED STATES

As hosts of the Conference, the American members were the first to place the economic and social policies of their country on the operating table, to be dissected by the surgery of international criticism. The summary given by the general rapporteur for this section of the program, Dr. H. Belshaw, of the New Zealand group, indicates the course of the discussion in the four round tables.

Domestic Aims—External Effects

The discussions were centered in the main on the international implications of recent policy in the United States, more especially since the advent of the Roosevelt Administration. Discussion started with the extent to which the Recovery Program had taken international implications into account. That program was directed primarily to the solution of internal difficulties; but it would not be true to say that international implications were entirely ignored, or that the bearing of international trade policies on domestic recovery was entirely neglected.

Foreign Trade in the Recovery Program

The attempts to negotiate trade agreements afford positive evidence that the importance of reducing barriers to international trade was recognized. The view that agreements to stabilize currencies at the time of the London Conference was premature, having regard to the interests of the world as a whole, and that the United States could best serve such interests by placing its own currency on a satisfactory basis, provided at least an ostensible motive for the refusal to enter into stabilization agreements.

Nevertheless, the preoccupation of the Administration with domestic recovery was abundantly clear. Where domestic and internal interests conflicted, the latter tended to be sacrificed. Thus the Restriction Program of the AAA was pursued despite the necessity which it imposed for countervailing duties on imports and despite the risk that competitors might capture some portion of world markets for foodstuffs and raw materials.

There was, indeed, some conflict of opinion both among the general public and in the ranks of the President's advisers. Some looked to a recovery in world trade as a necessary condition of recovery in the United States. Others maintained that a national recovery program could be made to succeed irrespective of external conditions. Still others argued that the interests of world recovery would be more effectively served by a domestic

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policy's promoting prosperity in the United States even though this temporarily hampered the international flow of commodities, than by a policy which concentrated on international aspects of the problem.

Just as opinion was by no means homogeneous, so the policy was not entirely consistent—the objective of economic insulation could not always be completely reconciled with bilateral trade agreements that might result in lower tariffs.

An American member expressed the view that majority opinion in the United States was in favor of both economic and political isolation. Since politicians are not entirely uninfluenced by the opinions of voters, it therefore becomes a vital issue whether or not this trend in opinion will continue. Other members suggested that the trend toward isolation was largely a depression phenomenon that would change with recovery. The expansion of American industrial production would then induce an urge toward the development of new markets in order to dispose of surpluses, and this would weaken the sentiment toward economic isolation. Since economic expansion would thus cross the interests of other nations, it was not compatible with political isolation. In short, economic expansion being given, the United States would no longer be an entirely free agent; for, those nations whose interests appeared to be prejudiced might take action in respect of which political isolation would be considered inappropriate.

Attempts to expand trade had been made through the device of bilateral agreements, of which fourteen had already been negotiated. In the absence of action on a more comprehensive scale, bilateral agreements might make towards a lowering of tariff barriers, thus promoting trade expansion. Since the agreement with Canada there had been an expansion of trade between the two countries. Although this had resulted in the main from the general trend towards recovery, the trade agreement was no doubt a factor. Little evidence was forthcoming as to the effects on other countries. Despite certain possible advantages, bilateral agreements were fraught with obvious risks. The competitive interests of non-participating nations might be prejudiced and retaliatory action encouraged. Frequently negotiations were conducive to irritation and misunderstanding. In large measure bilateral agreements were a response to depression, to shifting pressures on the balance of payments and to exchange instability. As a defense measure they might be justified, but when once currencies were stabilized they tended to perpetuate uncertainty; they led to new disturbances and made the problem of stabilization more difficult. In the British Empire they cut across the principle of imperial preference and so were difficult to negotiate.

The Agricultural Adjustment Act

The effects of the A.A.A. on other countries of the Pacific Area appeared to differ and were confused by adverse weather conditions in the United States, especially in 1934 and 1936. Canada benefited without having to share the costs. So also did other countries which competed in world

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markets in such commodities as wheat; but tariffs on butter and other livestock products were disadvantageous to surplus-producing countries, such as Australia and New Zealand. Although the emphasis in the new program was on soil conservation, restriction seemed to be at least a secondary motive which lessened the chances of tariff reductions. In so far as the Soil Conservation Program tended to restrict the production of wheat and other grains, it would continue to benefit competitors on world markets. A likely effect was the relative increase in the production of the livestock products, and this gave small hope of a reduction in tariffs on such products.

The Silver Policy

The silver policy of the United States found no support in the round-table discussions—even among American members. It was regarded partly as a "racket" and partly as a policy, but it failed in both respects. Silver interests had argued that a high price for silver would increase the purchasing power of China in other countries, even though economists had prophesied precisely the opposite. The silver policy was strongly condemned by all Chinese members at the round tables since it had depressed prices in China. The effects were particularly serious to agricultural producers, because prices declined while tax rates and other costs remained fixed. So it occasioned widespread distress which was soon transmitted to the cities. It reduced Chinese exports because of its effects on exchange, and lessened China's capacity to purchase from abroad. The depressing effects on taxable capacity seriously interfered with the reconstruction program in China. Although changes in prosperity in China were due to more general causes, the American silver policy had aggravated the depression.

British and Japanese members considered that the silver policy had seriously affected the economic interests of their respective countries. It reduced trade, impaired the capacity of China to make payments on foreign debts, and weakened the position of the banks.

Chinese opinion was emphatic that the recent reform of Chinese currency had proved wholly beneficial but might easily be endangered by American silver policy in the future; China did not desire any change in the price of silver but was anxious that it should be kept stable.

Some differences of opinion emerged on the economic effects of exchange depreciation. The evidence of trade statistics suggested that American trade had improved in most Pacific countries, but an economist member argued that such benefits were temporary and were obtained at the expense of competitors. To this view the reply was made that exchange depreciation might still be a necessary method of adjustment even if it were granted that the direct effects were temporary. It might prove the simplest and most effective means of lessening the burden of fixed costs in export industries. Further, its influence in promoting recovery in the countries that practiced it might more than offset its injurious effects elsewhere. If

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American devaluation had assisted recovery in the United States it had probably assisted world recovery.

Naval Construction and Foreign Policy

Members from various national groups expressed considerable difficulty in understanding the foreign policy of the United States in the Pacific Area; or in reconciling the denials of imperialist aims, and the desire to withdraw from situations that might involve America, with the recent intensification of naval construction.

These difficulties proved to be shared by American members, so that there was no coherent analysis of American policy in relation to naval construction. As one Chinese member put it, the United States seemed not to have a policy but only ideas about policy. An American member suggested that the difficulty in interpretation might be due to the apparent lack of continuity in policy, conditioned mainly by the sensitiveness of the Government to public opinion—a public opinion susceptible to change under the influence of demagogues. It was further suggested that naval construction might be proceeding under the cover of official expressions of policy which were very different from the considerations which were actually determinant. So policy might be separated from the general attitude of the people. It was argued that while America desired to avoid European entanglements and consistently played the part of the "good neighbor" in South America, there was no intention of withdrawing from the Pacific. A strong body of opinion described American policy as motivated by considerations of defense. The United States would not risk the life of a single soldier to retain its interests in China. Nevertheless American commitments in the Philippines might entangle the United States in a defensive war.

A Japanese member expressed the view that the naval program of the United States had intensified competitive construction in Japan. Japan was puzzled to know against what threat in the Pacific defense was required, more especially as Japan was prepared to guarantee the integrity of the Philippines. Such a guarantee was conditional upon the maintenance of the Open Door and agreement not to use the Philippines for military or naval purposes.

A Chinese member forcefully presented the view that China was the focal area in the problem of maintaining peace in the Pacific. The present policy of China was to help herself, but she was seriously hampered by political and economic pressures from without. A strong and united China was the best guarantee of peace in the Pacific; and Pacific countries would achieve more by cooperation in building a strong, prosperous and united China than by building armaments.

The discussion ended with emphasis on the close relationship between economic and political conditions, and with a plea to remove a cause of conflict rather than engage in costly preparation against it.

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The Effects on Canada

Brief reference is made in Dr. Belshaw's summary to the experience of Canada as a country particularly sensitive to the influences of American policies. This experience was of interest to the Conference because of its contrast with that of another Pacific country, China. Apart from their intrinsic importance, a more detailed exploration of the respective experiences of the two countries provided an illuminating case study of the reality of economic interdependence in the modern world, notwithstanding—or perhaps because of—the fact that considerations of possible effects on other peoples are, as yet, marginal in the making of national policies. How Canada fared with the American recovery policies of the last three years was described in a general session by A. F. W. Plumptre.

To describe the general economic effects of what might be called the New Deal policies on Canada, I am going to consider them in three categories. In the first I want to group those price-raising policies which include the N.R.A.—of which it was one object, the public works policy—which likewise had that aim, and the gold-devaluation policy. All these policies had, as part of their objects at least, the raising of general prices. My second category is the A.A.A., which also was partly directed at raising agricultural prices but had as part of its program also a certain reduction of output. And lastly, the third category I want to say a few words about is the new trade agreement policy.

I understand that the New Deal policies, particularly those in the first category which I mentioned, are not so popular in the United States as they were three years ago, and I understand also that the Supreme Court has dealt them a blow which, if not mortal, may at least be described as an unkind cut. In spite of all that, I come not to bury but to praise the New Deal. . . .

The expansionist policies which increased or had as an object the increasing of prices and purchasing power had singularly favorable repercussions upon Canada—more favorable than upon the United States, for in Canada we received most of the benefit with little of the ill effects which you had in the United States. In fact, I think one can claim that of all the countries in the world, not excluding the United States, Canada profited most from the New Deal.

Effects of the N.R.A. and Allied Efforts

Take, for instance, the N.R.A. We profited first of all from the short-lived boom in 1933, that short speculative restocking boom—which benefited large numbers of Canadian business men and agricultural producers.

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We further profited insofar as the N.R.A. put more money in the hands of workers in the form of higher wages, and insofar as those workers spent that money, as many of them must have done, upon Canadian goods. . . . At the same time, the profitableness of this new spending was not offset in Canada, as it was in large measure in the United States, by the increase of costs due to increased wages; nor were the businessmen in Canada hampered and bothered first by the formulation of codes and then by the evasion of them.

Turning to the public spending programs, again Canada benefited in large measure as the result of indirect spending both by tourists and upon imports from Canada. We gained from that spending but did not accumulate the national and local debts which in this country are acting as a deterrent to business.

Take the gold revaluation policy or the depreciation of the American dollar in terms of gold—and to a less extent at the same time in terms of sterling. Canada profited greatly out of that 1933 reshuffle of currencies. Previously we had been in a very bad position. Since 1931, when Great Britain abandoned the gold standard, the pound sterling had been at a substantial depreciation below American funds, and the Canadian dollar had stood halfway between appreciation, in terms of sterling, and depreciation in terms of the Canadian dollar. That was an unfavorable situation, insofar as an important part of Canadian international transactions consist, to put it roughly, of selling goods like wheat to England and getting in return English pounds which are exchanged for American dollars, and those American dollars were used either to buy imports from the United States or to pay debts, of which we have very many and very large ones in the United States—and we do pay them.

When the pound sterling depreciates in terms of the American dollar and we sell wheat in England, we get about the same amount of pounds in England but that buys fewer American dollars, and that, therefore, pays fewer debts and buys fewer goods in the United States. Since 1931 we have been in an unfavorable situation in the world currency situation. With the Roosevelt devaluation in 1933, however, that particular situation was completely reversed: the Canadian dollar depreciated below its old parity as against sterling, and rose to slight appreciation over parity with the American dollar for a very short time.

The gold policy had a further favorable effect in that, whereas in 1928 or 1929 we were exporting gold valued at about $40,000,000, today our annual exports of gold are well over $100,000,000; and gold promises to be the second most valuable single commodity in our volume of exports. Only to mention the silver policy, our silver producers of course benefited, as did American producers.

And there can be little doubt that, as there were favorable reactions of the American policy on Canada, there were favorable reactions of the American policy back on the United States itself. For, as our exports and our business conditions improved, we purchased more from the United

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States; indeed, there has been a marked revival since 1933—a year after the Ottawa agreements—of our purchases in this country; the rate of improvement has been a good deal greater than that in our purchases from Great Britain.

Effects of Agricultural Adjustment

The A.A.A., my second category, had as an objective the raising of agricultural prices and also to limit output. With the rise in prices a reduction in output occurred; but there are those who believe this was not due to the A.A.A. but grew out of benefits of the drought of 1934, 1935, and 1936. Be that as it may, there is no doubt that a certain amount of diminished output has been achieved, a certain amount of rise in price may be attributed to the Administration, and this has given a much needed fillip in some of the hard-pressed areas of Canadian agriculture. . . .

Trade Agreements

Now one or two words about trade agreements, my third category. The Canadian trade with the United States is roughly five times as big as the trade of that country whose exchanges with the United States are next great. Important as that agreement is to the United States, it is even more important for Canada when one realizes that about 60 per cent of our imports come from the United States and about 30 per cent of our exports or more go to the United States. In addition to our dependence upon this country there is a tremendous tourist trade.

I believe that the new trade agreement will encourage trade. The reductions of the duties are substantial, and they apply to a number of important commodities. The agreement will encourage trade without seriously damaging existing interests either in the United States or Canada, and that partly because it has been engineered with some care, but more particularly because it is being put into operation during a time of expanding markets and expanding prosperity, when business, if it does take a knock, can stand it. So, taking what might be called the short-run view, I think there is evidence that the trade agreement between Canada and the United States is likely to be fairly beneficial to both.

Regarding the long-run, I have more doubt. The agreement is to run only three years, and after that is terminable after a six months' period—as with most of the other agreements. Canadians have become used to mistrusting the Americans when they come bringing lower tariffs. Twice within living memory Canadians have built up a profitable export market in primary products to the United States only to have that market wiped out by a stroke of the Presidential pen; we do not want to see this happen again if possible, because it brings with it hardship and loss.

I do not believe the Administration, when it enacted the N.R.A. and these other policies, had in view the favorable repercussion on Canada. Nevertheless, I have said kind things about the Administration and the results of the American policy, and I would like to say one more thing.

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The trade agreements policy seems to be meeting with not inconsiderable success and does, therefore, mark a reversal—or some reversal—of the trend of rising tariffs over the past eight or ten years. That is all to the good. That it includes the most-favored-nation principle, instead of strict bilateralism, also seems to me to be a good omen; but the policy is good only in so far as it is constant. If there were one request which the Canadian delegates here would unanimously make to the United States it would be perhaps this: in your trade agreements you have dealt with us kindly and fairly, perhaps even generously. You have helped us promote prosperity. Will you now, as far as is possible, endow that prosperity with some permanence?

The Effects on China

Dr. Leonard S. L. Hsü, from the standpoint of China, presented the contrasting picture of the havoc which the American recovery program, and more particularly the silver purchase policy in its earlier phase, had wrought in his country. He said:

The effect of the American silver purchase policy on China is a good example of the way in which the policy of one country affects the welfare of another. The contention of certain people in America that the silver purchases, by raising the value of that metal, would tend to increase the purchasing power of China—and thereby prove beneficial to American trade with China—has caused much concern and debate in China.

The Chinese National Government appointed, in the Ministry of Industry, a committee to make a special study of the subject, and this committee spent a year and a half before it made its report, entitled *Silver and Prices in China.* The result of the study was this: The United States silver policy had tended to increase the value of the Chinese dollar because the Chinese dollar was based on silver; and the higher value of the Chinese dollar meant lower commodity prices in China. Again, the lower commodity prices meant less income for the general population; and this caused a general economic depression. The depression resulted in lessened purchasing power; and this again caused a reduction of Chinese imports from foreign countries. Therefore, the silver policy of the United States was harmful to both China and to the United States, in so far as the latter's export trade to China is concerned. . . .

In my opinion, it is an exaggeration to ascribe the economic depression in China entirely to the silver situation created by the operation of the American silver purchasing policy. Perhaps it is nearer the truth to say that this policy accentuated the economic depression in China and hastened to bring the crisis to a head. In a way, I am glad that it did; because it showed the need for currency reform. It was a blessing in disguise.

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Business Depression

The Chinese economic depression lasted from 1932 to 1935. The degree of its severity was perhaps not much less than that of the depression in the United States, although as a rule the Chinese were more patient than the Americans and made less fuss about it. In analyzing the causes of the Chinese depression, we tried to find out what were the monetary and other factors which reduced the commodity prices, thus causing the depression. The result of our studies was that the main cause was the price of silver and the value of the Chinese dollar. Its rising value caused wholesale prices in Shanghai to decline by 13.5 per cent in 1932 and by 7.7 per cent in 1933.

What were the wider social and economic effects? First, there was a decline in government revenue. The receipts from customs and land taxes decreased; and the revenues from local and provincial governments decreased. Aggravating this decline in revenue, we had an increase in the government budget of expenditures. And because of the widespread social and economic unrest we needed more funds for policing. Our expenses for military and other services tended to increase.

In foreign trade we faced a decrease in exports and imports; we had an enormous adverse balance of trade. In addition, the city business declined. Our studies of economic conditions in Shanghai, Peiping, Tsingtao, Nanking, and other cities showed that, as soon as the silver dollar went up, business suffered. And because industry and commerce were not profitable, the bankers suddenly found fewer chances of investment for their money; so there was an accumulation of reserves in Shanghai. As a result, that city experienced an artificial prosperity while the rest of the country faced a severe depression.

Above all, agricultural prices dropped—by 25, 50, and even 75 per cent; and this meant less income for the farmers—it meant hard living for some 80 to 85 per cent of China's 450 million people.

Effects on China's Foreign Trade

The American silver purchasing policy raised the exchange value of the Chinese dollar. For example, the price of silver in New York rose from 65 cents an ounce in 1933 to over 75 cents in December, 1935. This led to an artificial appreciation of the value of silver in other foreign markets. A disparity developed between the London and the Shanghai exchange price of silver. This disparity was as high as 14.5 per cent at the end of 1935. In its turn, it caused an exodus of silver. The smuggling of silver from China has been estimated as worth $570,000,000 for the two years 1934 and 1935. In the meantime, the United States acquired approximately one billion ounces of silver; and one half of this came from China.

This drastic change in the monetary stock of China caused immediate embarrassment to the bankers in Shanghai; but, worse than that, it

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caused great misery to the Chinese farmers. We did what we could; but the measures of the Government could not prevent that misery.

Measures of Defence

First, we established the so-called equalization charges, to overcome the disparity between the London silver prices and the Chinese exchange rates. Second, we imposed an export duty on silver. Third, we introduced severe anti-smuggling laws. Fourth the provincial governments and the city governments in various places imposed severe punishments of their own on silver speculators and exporters. But after many months of trial, very little good had resulted from these various measures. So, in November 1935, China was forced to abandon the silver standard of currency altogether.

Now, we have a so-called managed currency. This has made us comparatively free from the effects of changes in the price of silver abroad. I may say, also, that this adoption of currency reform is of China's free volition; it is not due to instigation on the part of any of our foreign advisers, as is sometimes believed.

What have been the effects? First, the period of extreme exchange instability has ended; and this period is now more or less replaced by management of currency designed to maintain stability. Second, the multiplicity of note issues and the scattering of currency reserves have been eliminated. We are trying to centralize the control of note issue and the custody of reserves in the hands of the Currency Reserve Board. Third, a unit of account has been established on the basis of the so-called "legal standard dollar" throughout the country. This means geographical unification of the standard unit. Fourth, we have a greater centralization of control by government banks over commercial banks; and this means more stability of the latter. Fifth, stability of exchange has more or less restored public confidence and has caused more money to circulate—with the result of a revival of trade and of recovery of prices. Again, the farmers are benefited. This year, the farmers, and the Chinese people generally, are in a better financial condition than at almost any time in the last ten years.

The International Adjustment of Chinese Currency

What is the effect of the American policy on China since the currency reform? It is more indirect than it was, nevertheless very important —for two reasons. One is that, although the Chinese dollar cannot exchange for silver, it can exchange for the United States dollar or other foreign currencies. Second, the reserve against our note issue is still silver; therefore, drastic changes in the prices of silver in foreign countries are still matters of direct concern to us. For the future of Chinese currency we hope that the price of silver will be stabilized: stability is our watchword, and we hope it will be yours, too.

This stability affects the peace of the Far East. For example, as I

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said before, a rising price of silver may cause commodity prices to drop. The resulting economic depression means a wider spread of social and economic unrest in China. Now, the reconstruction policy of China rests on the amount of financial support the Government can give it. This financial support comes at the present time largely from internal taxes—land, customs, and general tax—; in the next few years there may be an income tax. This government revenue from taxes, again, depends on the general stability of the country.

Now, we have entered into another agreement with the United States whereby the U. S. Treasury will purchase an unstated amount of silver from China, and China agrees to leave the proceeds of these sales in the United States for the purpose of stabilizing exchange and of retaining a reserve in silver against our note issue, so long as the United States adheres to its present policy of purchasing silver. But suppose the United States changes its mind again. This would mean a lowering of the value of silver; and it would affect the Chinese reserve. It would affect our currency, cause the same confusion, and lead back to the same economic depression which we have just experienced.

What we need is stability. We do not care about other kinds of stability; but we do care about stability of commodity prices in China—and that means stability of your American policy. For China, stability means economic development. And a strong, united, prosperous China is the best security for the Far East.

II. JAPAN

While the policies of the United States since the advent of the Roosevelt Administration in 1933 were seen to have had many unforeseen effects on international affairs in the Pacific which were, in the main, unconnected with their major purposes, many of the policies of Japan during this period were consciously centered upon that country's interests outside its own borders. The original cause of this "expansionist" nature of recent Japanese policies lies, of course, in the country's internal conditions—a point which was made clear to the members of the Conference by an important array of "data" presented by the Japanese group. This connection between internal and external problems and objects of policy was well demonstrated in a statement on the subject made to one of the round tables by Dr. Carl L. Alsberg, of the United States.

The Population Problem

The rate of population growth is related—in some way not yet completely understood—to the standard of living. Peoples on a low standard

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of living raise their rate of population increase when their standard of living rises. This occurred in England when the Industrial Revolution improved living conditions. It occurred in Japan when its Westernization raised the standard of living. Before that time, Japan's population had been stationary—or at any rate increasing very slowly. When Western medicine, sanitation, and industry were introduced, population increased no more rapidly, certainly—perhaps not so rapidly—as England's population in the beginning of the nineteenth century.

The mistake has been made in certain round-table discussions of assuming that such a rate of population increase continues forever. On the contrary, when the standard of living has reached a sufficiently high level, the rate of population increase begins to slow up. This retardation first becomes apparent in the figure for the number of births per 1,000 women of child-bearing age. This figure has long been dropping in France, and is already dropping in most of Western Europe and in the United States. It is beginning to drop in Japan.

A country in which the yearly number of births per 1,000 women of ages 15 to 50 is beginning to decrease shows a curious paradox. Despite the decrease in birth rate thus calculated, the absolute or total number of people increases each year. This is because in a country in which this adjusted birth rate was formerly rising, the age distribution is peculiar. There are relatively large numbers of children and young people in the prime of life. In consequence, despite the fact that the number of births per 1,000 women of child-bearing age continues to decrease, the total number of people continues to rise.

But this does not continue forever. There comes a time when these young people become elderly; because of the change in the birth rate, they are not fully replaced, and ultimately the population tends to become stationary or to increase very slowly. This is the state of France. Many of the countries of Western Europe and the United States are approaching this state, and so ultimately will Japan.

Professor Uyeda presented an admirable analysis of Japan's position to the Institute of Pacific Relations Conference at Banff in 1933. He forecast that the population of Japan can never reach 100 millions, and will probably stop increasing some considerable time before it reaches that figure. He demonstrated that Japan's population will probably stop increasing within the next thirty years, or increase slowly. The United States will probably be approaching a similarly stationary state even earlier.

Japan's population problem, therefore, is only one of, at most, the next thirty years, provided there does not appear upon this earth a great unforeseen social change, as disturbing as the discovery of the Americas or the Industrial Revolution.

The Need for Added Work Opportunities

What exactly in figures is that problem? Japan will have to find work for something in the neighborhood of a quarter of a million new

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workers coming upon the labor market in each of the next few years. Nothing can alter that. They are already born.

How can Japan take care of them? Fortunately, no problem of food supply is involved. The Japanese Empire is at the moment not merely self-sufficient with respect to food, but even to a slight degree a net exporter of foodstuffs. No problem confronts her there. The problem is rather one of providing work. Such work cannot be found in agriculture, in which more people are already engaged than can support themselves, and at the same time raise their standard of living. It must be found in industry and in the performance of services. To expand her industries and find work for her people during the next twenty to thirty years, Japan needs markets, because she has to pay with manufactures for such imported raw materials as she cannot herself produce.

But Japan must find work not merely for the population increase of the next few years. She must find work also for large numbers of agricultural laborers. More than fifty per cent of the Japanese live on the land. Their numbers are too great to permit farmers to continue to raise their standard of living in the same proportion as that of city workers rises. She cannot at the same time expand both her agriculture and her industries. It will be impossible to avoid reducing the proportion of farmers to industrial workers and performers of services until this ratio is such as to insure to all classes the enjoyment of increasing welfare. Japan's problem is how to cushion the impact upon farmers of this unavoidable evolution. Again, this is a problem of twenty years or so.

Emigration

Emigration is no solution. People do not move from a region of dense population to a region of thin population. If this were so, then a country like Belgium, which has a denser population than Japan, would send out large numbers of emigrants; it does not. The law of population flow is rather that people migrate only from a region of relatively low standard of living to one of higher living standards. Disparity in the standard of living, not disparity in the density of population, is the driving force. Indeed, people may move from a thinly populated area with a low standard of living to a more densely populated region with a higher standard of living. The immigration of the Mexican peon into the United States is an example. It is, therefore, not to be expected that Japanese will emigrate in large numbers to continental Asia, where the standard of living is lower than in Japan Proper. A man emigrates only to improve his economic or social conditions.

To be of much effect, very large numbers would have to emigrate. It is the experience of the past that until the standard of living has risen to a rather high level any moderate-sized vacuum created by emigration, war, or pestilence is soon filled, and the rate of population change marches on but little modified. Even in the countries that suffered most in the Great War, the population at the present time is about what it would have

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been had there been no war at all.

The help that emigration might be to Japan, slight though it can be at best, is to be sought not so much in the smaller number of jobs that would need to be created each year, as in the remittances that emigrants would send home and in its psychological effects. Japanese feel themselves hemmed in; they suffer from what might be called a sort of collective claustrophobia, a feeling that they are walled off from the rest of mankind.

Moreover, Japan has not the capital to send large numbers out of the country. Emigrants must have the capital not merely to pay steamer and railway fares, but also to buy land, tools, seeds, housing, and above all to support themselves for a year or two until they are established. The sums required to move even 100,000 Japanese a year abroad as settlers are truly staggering. Certainly, Japan can ill afford to spare the capital, for she is short of it.

The Problem of Capitalization of Industry

Japan's poor supply of capital is the result of her history. Until the Meiji period, Japan was a feudal state. In such states nearly all the wealth is land; there is little liquid capital. When Japan began to modernize, she had to find capital. She had but two alternatives. She could borrow from abroad and risk foreign economic penetration. This course she did not follow—wisely, probably. The other alternative was for the government to secure capital by taxation and lend it to industry. This Japan did, and for this reason government had to be in partnership with industry, a partnership which it seems to be the present policy to dissolve as opportunity offers. In industry, Japan had something resembling the corporate state long before this term became a catchword. Japan can, therefore, ill afford to send capital abroad, and there are Japanese who believe it would be wiser to invest less in continental Asia and use more of such capital as is available to promote industry at home in order that more jobs may be created in the next few years for the additional workers who will be coming upon the labor market.

Other round tables started with similar general statements of conditions and possible choices of policy. As a result, probably few discussions in recent times of the international implications of Japan's economic policies have been as well aware as were these round tables of the internal difficulties which underlie and, when fully realized, largely explain Japan's recent international behavior. While many speakers were frankly critical of Japanese policies—both those acknowledged and those inferred—the Japanese members were not often made to feel that sense of isolation in the face of a hostile world opinion which had been their fate elsewhere.

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Foreign Trade Expansion

Because of reluctance, both on the Chinese and on the Japanese side, to enter at length into the political phases of Japan's expansionist policy, the critical situation in North China and the new demands made by Japan upon China in regard to incidents in the South shortly before the Conference was held, did not at once enter prominently into the discussions. Instead, it was the larger picture of alleged Japanese interferences with the economies of other countries, and the threat of Japanese aggression to the economic and political stability of the Pacific area as a whole, which occupied most of the discussions devoted to Japan. It was, perhaps, in the field of international trade relations that the Conference made its most constructive contribution to the progress of international cooperation: an analysis of recent tensions between Japan and other countries in this respect disclosed not only unexpected agreements on the nature of the major issues but also possibilities of ameliorations and solutions.

An introductory factual statement concerning the recent growth of Japan's export trade was given by Mr. Kenzo Oshima, an Osaka banker: he maintained that its remarkable advance in recent years was caused chiefly by the enlargement of Japan's Asiatic trade and the rather sudden development of trade opportunities in South America, Africa, and Oceania—regions which before 1931 had hardly figured among Japan's customers. At the same time, the volume of Japanese exports to Europe and North America had undergone little change.

Among the causes of the increased export trade, Mr. Oshima listed, first, the rationalization of industry and, with it, the invention and improvement of mechanical equipment. Exchange depreciation had, in his view, been a minor factor. Partly as an independent cause and partly as a result of these improvements, there had occurred a remarkable increase in the productivity of labor—as measured in output.

The Dislocation of Foreign Markets

Mr. Oshima further showed that, compared with the exports of other countries, those of Japan are not exceptionally large in relation to the country's population and to the total volume of produc-

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tion. Apprehension had arisen, rather, over the exceptional speed with which the country had achieved its place by the side of other industrial countries as an exporter of manufactured commodities—a speed made necessary by the growing disparity between population and resources, but not at all likely to continue once a stable relationship between the country's needs and its income from sales abroad had been achieved.

In the subsequent discussion, begun by the Rt. Hon. A. V. Alexander at the opening plenary session, the point was made that it should have been possible for Japan to secure the necessary markets for its products without dislocating the trade and industry of so many other countries by a policy of sudden, aggressive interference with their established routes of trade. To quote Mr. Alexander:

> The extraordinary tempo of Japan's advance impresses all of us. No nation in history has ever achieved such an acceleration as has been achieved by Japan. The question is whether or not it is the best thing to force such a tremendous increase, because ultimately the purchasing power of the dislocated markets is lessened; and instead of reaching the objective you have set for yourselves, you will find yourselves and your people beset by many of the difficulties of which you complain today.

The course of the discussion in the four round tables on this subject may be summarized, as follows, from the statement made at the concluding plenary session by the general rapporteur, Mr. Newton D. Baker.

> The mere extent of Japan's overseas commerce was not enough to alarm her competitors for the trade of the world. In the aggregate it amounts to only 4 per cent. Why is it then that the commercial expansion of Japan has caused so genuine an anxiety in the rest of the world? Two answers, in the main, were given to this question. First, it was pointed out that the speed of Japan's expansion caused dislocation in the established industries and markets of the world, which it would have been difficult to digest in normal times but which, coming at a time when practically every country was struggling to recover from a general depression, presented shocks quite beyond the absorptive power of many of them. . . .
>
> Tariffs, quotas, subsidies and the whole apparatus of modern commercial life were found to be sensitive to disturbance from without and to have external consequences of the gravest sort. The flowering of Japanese commercial expansion came at a time when both its extent and its consequences were magnified in fact and even more in appearance.
>
> The years 1930 and 1931 showed Japanese trade at a low point.

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During the depression Japan prepared actively to take her place in the revival when it should come. This she did by an extraordinary revolution in her technical processes, which enabled her to turn out more goods at less labor cost. Then, as the currencies of the world retreated from gold, Japan followed the lead and by devaluing the Yen again cheapened the cost of the goods with which she sought to capture export markets. In all this there was confessedly no plan to upset the economy of any other nation. No speaker claimed that there was anything wrong in Japan's ambition to sell as much as she could, wherever she could. Indeed, apart from several acute collisions of particular Japanese products with long established industries, as, for instance, cheap cotton piece goods flooding the markets long relied upon by Lancashire, there was a clear feeling that Japan, with her cheap manufactured goods, had been a welcome merchant, and the hope was repeatedly voiced that trade with Japan would continue to grow.

Nevertheless, the questions of speed and dislocation persisted. Japan, it was claimed, sold her cotton piece goods at 20 per cent or even 30 per cent below the prevailing price for similar qualities when 10 per cent would have amply sufficed to give her all the competitive advantage which she needed. The consequence of this was that Japan not only preempted the market for the cheaper grades but seriously injured the market for better grades, with which she did not compete.

Another illustration of dislocation was afforded from the Netherlands East Indies. Here a dramatic decline both in imports and exports was to be noted. Japan, a former large customer, protected her own infant industries behind barrier tariffs, thus cutting her imports while at the same time she marketed her exports in increased quantities in the Netherlands Islands. Here was a double dislocation. The Netherlands Islands were forced to find new customers among countries to whom they were not accustomed to sell, and at the same time were buying increased quantities from a country which was not in the habit of selling to them. . . .

In general, it may be said that there was a general recognition of the legitimacy of Japan's commercial aspirations. That she is a proud, dynamic people, desiring to do well whatever she undertakes, and that she is really serving us all as she cheapens the cost of production and distributes her skill and economy, was agreed. Japan is entitled to the place in the commercial sun which her genius may give her.

Such concessions, however, were safeguarded by questioning whether the standard of living of human beings should be depressed, and while it was generally agreed to be impossible to equate the various satisfactions which national taste and tradition led people to value, yet it was felt that the industrial system required various guarantees of employment and provisions against exhausted vitality, to a minimum which should not be sacrificed anywhere in the competitive struggle. . . .

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Relations with China

The special case of China naturally occupied a large place in the general problem. There seems to be a feeling on the part of Japan that China is a special case, and a marked reluctance on the part of China to being so regarded. Japan, China's closest neighbor, feels that she has special interests there which she claims can only be protected by a strong and not unfriendly central Government. She regards herself as justified in being friendly to autonomous governments which, while still a part of China, are hostile in sentiment to the central Government and not hostile to what Japan has come to regard as her right in Manchuria.

The outstanding phenomenon in this conflict of views has arisen from the smuggling in Hopei Province, where in the eleven months from August 1935 to July 1936 the national revenues of China have suffered a loss claimed to amount to 36,000,000 yuan, a sum tragically needed by China if her reconstruction is not to be delayed and if she is to continue to meet promptly her external obligations. This smuggling is said to be increasing in the categories of smuggled goods, and extending in geographical penetration, and to the eyes of the Chinese it naturally has the appearance of an attack upon her administrative integrity that not only threatens her ability to arrange further needed reconstruction loans but imperils her ability to meet her existing obligations. To the Japanese claim that China's tariffs are so high as to amount to a prohibition of imports when the purchasing capacity of the Chinese is taken into account, China replies that while she has raised her tariff repeatedly since she acquired autonomy in fiscal policy, she has not yet reached an average tariff as high as that of Japan. The grievance, however, is not primarily commercial. Its political implications are obvious and are the components of the gravest controversy affecting the relations between these two great powers. . . .

Access to Raw Materials

Upon the political implications of Japan's commercial expansion in general the Conference was distinctly helpful. We have all come to realize that something more than unobstructed access to raw materials in peace time is necessary if countries not wholly self contained are expected to feel secure when the great exigency of war faces them. Fear is at the root of the trouble, a fear which cannot be exorcised by assurances or quieted by being blind to the realities of life in the modern world.

It is an over-simplification to ask with regard to Japan or any other country, why they are arming. Modern war is so swift and terrible in its onset as to leave no time for preparation after the danger appears. Responsible statesmen must be prepared, and no excuses are taken for anything so colossal as failure. The extent of preparation for war will be judged by each nation after it has measured its dangers and its needs. If Japan is industrializing and seeking independence in the matter of raw

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material, who shall say that her statesmen are wrong, unless the united world has some assurance to give them against disaster?

The need of securing supplies of raw materials in time of war was given by Japanese speakers as one of the reasons for the large part which the armed forces play in their country and for the large peace-time expenditures on these forces. In fact, a desire for expansion of political power on the Asiatic mainland was hardly mentioned as a motive for armament; it was assumed that the world would eventually recognize if it did not now concede Japan's right to prepare thus adequately for national defence. It was this main argument—that you must arm to ensure control over supplies of raw materials required for armament—that was the chief object of attack at the round tables. Japanese speakers were ready to admit that in times of general peace and stability the ordinary processes of trade suffice to give each country those materials which it requires—provided it is in a position to pay for them. In such an imaginary setting, Japan's access to raw materials is proportionate to its access to markets for its products, inasmuch as a flourishing export trade creates the foreign credits needed to purchase materials in which the home country is lacking. The experience of more than one country has suggested to the Japanese, however, that this process is by no means to be relied upon in times of trouble. Examples were cited to show that in war time even neutrals are by no means sure of being able to secure supplies essential for national defence. What Japanese members were reluctant to admit, though the point was stressed by others, was that an aggressive campaign for the control of territories which have resources of the required kind may become much more dangerous to peace than a relative defencelessness through lack of such resources. Thus, it was claimed by a number of members, Japanese insistence upon completing its defences—if that were to be conceded as the essential motive of the military ventures of recent years —had produced new stresses in the Far East which have brought appreciably nearer the danger of war. In fact, it was said, that so aggressive a campaign for the control of raw materials as that pursued by Japan could hardly be explained on other grounds than preparation for war.

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Japan's Aims on the Asiatic Continent

The unreality of the assumption of Japan's sole concern for its own security was, however, too patent to keep the round tables long from a discussion of the aims of that country's expansionist policies on the Asiatic mainland. There was neither need nor desire to open up again the question of the rights and wrongs of Japan's occupation of Manchuria and the subsequent establishment there of a quasi-independent government. This subject had been fully discussed at Banff, and in any case no agreement on it was to be expected. On the other hand, the extension of Japanese military and administrative control to North China that had taken place in the meantime could not be kept out of the discussion. As already stated, not only the aims but also the methods used in this process of penetration were frankly criticized. Thus at one point in the Conference a more or less authoritative statement on this matter from a Japanese member seemed called for; and at a special plenary session the Conference listened to the following—here slightly abbreviated—statement from Mr. Kenkichi Yoshizawa, former Minister of Foreign Affairs.

Sino-Japanese friendly relations have a long, historical background, in part due to geographical propinquity and racial affinities. However, since the early years of the Meiji era (beginning 1868), because of the intimate relations between the two countries, there have been both agreeable and disagreeable circumstances.

Referring to more recent events, we find that unfortunately there have occurred situations which have produced strained conditions. Personally, I deeply regret this situation. I have come to Yosemite with the purpose of ameliorating if possible these unfortunate differences and, further, in the hope that I may contribute toward the re-establishment of our historical, friendly relationship.

The Japanese policy toward China should be to maintain friendly relations and to promote the smooth progress and prosperity of that great country. This policy has been followed on the whole ever since the conclusion of the first Commercial Treaty in the early part of the Meiji Era. Unfortunately, however, China was torn by civil wars up to 1928 when the country was unified by the Kuomintang. When Manchuria, under Chang Hsueh-Liang, united with the Nanking Government, the unification of China was effected. However, this unification proved to be transitory, and again China faced internecine struggles and presented the same situation as under the old, military warlords. With the downfall of General Chen of Canton, some two months ago, there was effected a union between Canton and Nanking. Thus, it is plain that it was not Japan

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who obstructed the unification and reconstruction of China, but it was rather the internecine struggles which in reality constituted the fundamental obstacle.

Fifteen years ago, at the suggestion of the United States, a conference was convoked at Washington, to which interested nations came, and Japan joined with them to promote the peace and prosperity of China. To substantiate this statement, I may mention the signing of the Nine Power Treaty and the various concessions made to China to ameliorate her tariff situation, as well as the restoration of Shantung to China.

Soon after the Washington Conference, a tariff conference was convoked in Peiping, and Japan led in the movement to restore tariff autonomy to China. But due to internal disturbances, this restoration was not carried out until 1929. In spite of Japan's friendly attitude, China immediately raised her tariffs, which raise has most adversely affected Japan's trade with China. And this action not only damaged Japan's interests but also adversely affected the wellbeing of the common people of China, because the Japanese goods imported met the everyday needs of the masses.

In addition, China has again and again violated her treaty obligations towards Japan. For instance, in spite of the Protocol of December 22, 1905, prohibiting Chinese construction of railways parallel to the South Manchuria railway, and in spite of repeated protests by the Japanese Government against this action on the part of China, the latter actually did construct such railways.

Our attitude of conciliation at that time towards China, instead of meeting with a reciprocal attitude, met with a policy of greater and continued violence on the part of the Chinese. This led to the Manchurian incident of September 18, 1931.

The anti-Japanese movement in China Proper, namely, South, Central, and North China, continued unabated and even increased to an intolerable extent. Consequently, Japanese lives and property, shipping and commerce, suffered tremendously. We, in Japan, have thousands of Chinese residents. The friendly attitude of the Japanese people is abundantly manifested by the fact that the Chinese residents living in Japan have never been molested in any way when anti-Japanese movements of the worst type have been going on in China.

As I see the situation in retrospect, I do not feel that everything Japan did in the past was right, but I am equally convinced that what China did was not always correct. Therefore, the differences and ill-feeling which exist at the present between the two countries can only be remedied by the assumption of a more conciliatory attitude on both sides for a considerable period of time. Unfortunately, in such international convocations as the Peace Conference in Paris and the Washington Conference, we have been made a subject for vituperation. I feel that the best way to bring about the desired harmonious relations is for China to change this attitude and to cooperate with Japan. . . .

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Some Constructive Proposals

Although the subject came up again in the last part of the Conference program in connection with a survey of outstanding international issues over the whole Pacific area, it was in the round tables dealing with the implications of Japanese policy, and largely through the candid interchange between Japanese and European members, that some of the most pregnant suggestions for constructive statesmanship in the Pacific area were made and considered.

Most definite among these proposals was one to the effect that specific trade grievances between Japan and other exporting countries should be taken up at an early date in a series of official and technically competent conferences, with a view to the construction of a network of trade agreements. Though no resolutions are passed at I.P.R. Conferences, it was believed that this suggestion might be handed on to the respective governments and to the groups directly interested. For the feeling was unanimous that no cumbersome political machinery would be required to lessen somewhat the injury done to the foreign trade of other countries by the sudden impact of Japanese competition on their established markets; and that this could be done without lessening or unduly limiting the scope of any legitimate enterprise.

More significant still was the suggestion, first made by M. Albert Sarraut, former French Prime Minister, and later taken up by other influential members, for an inclusive economic conference which would not only try to satisfy the claims of parties to any of the outstanding disputes over markets, but would deal in the most inclusive terms with such fundamental problems as Japan's need to care for its growing population—hence also its need to industrialize and to find outlets for its larger output of manufactured goods. Such a conference, it was hoped, would also seek to arrive at conclusions as to ways of adjusting the discrepancies in labor costs which seem to play so large a part in international trade competition.

Undismayed by the lack of success which had attended recent world conferences, M. Sarraut went even further and suggested a fresh start in the international discussion of collective security by the calling of a world disarmament conference. It was noted that, while Japanese spokesmen were careful not to express themselves

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over-optimistically, both they and the members from the Soviet Union approved these proposals in principle. The genuineness of this belief in the possibility of new steps toward collective security through international agreement was attested also by assurances from both sides to the effect that the two immediate controversies between their respective countries—that concerning the definition of boundaries and that concerning fishing rights off the Siberian coast—could be settled by peaceful procedures. On a later occasion, a plenary session, Mr. V. E. Motylev, speaking for the Soviet group, said:

> May I express my gratitude about the fact that distinguished Japanese delegates have extended their assistance to our efforts to make clear to all of our colleagues that there are no insoluble contradictions between Japan and the U.S.S.R. Widespread beliefs that a conflict is inevitable are erroneous; and, as far as there are pending questions between the two countries, there is no impossibility of solving them in an entirely peaceful way—if the spirit prevails that I saw in some of the speeches of the round table I attended today.

Dr. Motylev also expressed his pleasure over the general recognition given in the round-table discussions to the "close interdependence of peace in all parts of the world, and in particular of peace in various regions of Europe and Asia."

Mr. Newton D. Baker, who reported the round tables on Japan at the plenary session, evoked general applause when he said:

> One thing this conference has made very clear: that there is no security but collective security. How to achieve that is the quest of the Holy Grail. For a little while we may depend upon our own strength and in pride and confidence pursue our own course; but in the long run the end of that course is chaos. That is the implied lesson of every discussion in this Conference.

Referring to M. Sarraut's suggestions, he added:

> Whether or not the approach to peace is to be through voluntary disarmament, whether or not some further constructive effort for peace is not a surer reliance than disarmament, may be a debatable question; but the calling of two such conferences, and the focussing of the eyes of the world on the problem of collective security as the answer, would seem to be in the direction in which the world ought to move. And this Eastern world, like the Western world, would find its problems answered by such a conference.

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III. THE UNION OF SOVIET SOCIALIST REPUBLICS

Old friendships and the experience of ten years' participation in the work of the Institute made it possible for members of the Japanese group to overcome the handicap of a critical world opinion which could not but be reflected to some extent in the round-table discussions of the Yosemite Conference. Very different was the task of the two Soviet members who for the first time took part as a national group in one of these conferences, unfamiliar with the attitudes to be expected, uncertain what questions might be raised, eager to expound the cooperative attitude of their scholarly home constituency and to explain also the pacific policies of their government—yet conscious of the hostility which the very mention of communism evokes in many parts of the world. Another difficulty was that familiarity on the part of Conference members with the main lines of the socialist constructive program, especially in the Soviet Far East, could by no means be assumed.

The first set of difficulties was overcome by the unusual ability of the Russian delegates, not only, as it seemed, to be in several places at once, but to answer by reference to authoritative information all questions put before them; the second by a printed documentation which, though not voluminous, nevertheless appeared to contain in predigested form the answers to nearly all the factual questions that were to arise.

The removal or non-appearance of difficulties which might have been anticipated did not, however, absolve the Russian members from facing some difficult questions. For example, there was inquiry at the round tables as to the meaning of the heavy armaments and growing military establishments in the Soviet Far East. Japanese members, and others, too, expressed the view that these preparations were excessively large if intended only for defensive purposes. In reply, reference was made to the Soviet Government's declarations of peaceful and cooperative policies in world affairs. A distinguished Canadian member expressed a personal view that ". . . the Soviet is inspired with peaceful intentions," and he based this view on three grounds: "first, the fact that the Soviet joined the League of Nations and has participated in this organization for maintaining world peace. . . . The second is the desire of the Soviet Union to conclude non-aggression pacts with other nations—and

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many have been so concluded. . . . And third, the progress which has been made in the adjustment of the issues which in the past have divided Japan and Russia." The question of the numerical strength of the Soviet army for defense purposes was said by the Soviet delegates to be dependent on the size and position of the forces of the potential enemies. Mention was made of the Soviet proposal of long standing for universal and complete disarmament.

Then again, while the Soviet delegates disclaimed—and in this were likewise supported by reference to the actual history of recent developments in their own country—any policy of economic expansion which might hurt the interests of other peoples, the question was raised how such hurt could be avoided. The construction of so vast an equipment for production under a single control, it was felt by some, could be used to throw huge quantities of goods on the world market; and this might happen at a time when that market was already demoralized by a discrepancy between growth of production in other countries and a much smaller growth in consuming capacity. Especially industrial countries which must develop their productive capacity to keep up with an increasing density of population will be in fear of doing so if in the background there looms the possibility that at any moment the Soviet Union may let loose on the world markets a flood of goods. It was suggested that such action might result from a sudden need for imports of a specific variety, to pay for which exports would be made at any price. Or it might follow the satiation of the domestic market in the Soviet Union. It was pointed out in reply that the likelihood of the first contingency was decreasing as the Soviet Union extended production to new branches of economy, and this trend would probably continue barring the event of war.

Foreign Trade

The second point was answered more circumstantially. In a socialist state, the Conference was told, there can be no overproduction: there are no limits to the consuming capacity of a civilized people which can always educate itself to a yet higher standard of living as it absorbs the products of its own industry. Apart from this general consideration, the leaders of the Soviet Union have in actuality been obliged to postpone the satisfaction of consumer demand to a point involving hardship; for, their first aim

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and duty was to protect the state and to develop as rapidly as possible the country's productive capacity—which meant the devotion of an unprecedented proportion of the country's equipment and man power to the creation of capital goods. For a long time to come, the Soviet members claimed, it was unrealistic to speak of any possibility that the production of consumer goods in the Soviet Union might outdistance the home demand for them. An adequate supply of the home market even with the necessities recognized in all Western countries was as yet far from being attained—though in some respects the standard of living of the masses was already high. After a period of self-imposed frugality, the people were now benefiting by a definite advance in the standard of living; but this new demand could not yet be fully met because the development of the whole Soviet territory, and especially that of the Soviet Far East, would for a long time require large quantities of capital goods which must either be produced in the Soviet Union or bought abroad. The latter expedient, however, was being used to a diminishing degree, since the Union is now far better able than even five years ago to supply itself with those goods—such as vehicles, rolling stock, machinery—which require intricate equipment and highly trained workers.

At a plenary session, Dr. Motylev, in giving his impression of the round-table discussions on the Soviet Union, made it plain that the Soviet Union is in no way dependent on foreign trade and could if necessary cut itself off entirely from participation in world-economic processes. It desires foreign trade as an enhancement rather than as a necessity of life. He said:

> The U.S.S.R. Group is under the impression that the fundamental idea which they wanted very much to make clear has met with a considerable measure of understanding and response. It is the idea that the internal development of the U.S.S.R. excludes the necessity for any sort of expansion, and that the peace policy of the U.S.S.R. is not only a matter of principle and program but the external reflection of the nature of its internal development. Even any necessity for a foreign-trade expansion is eliminated by our development as our socialist economic system is not in need of foreign markets and does not depend on them. . . .
>
> The creative initiative of the peoples of the U.S.S.R. and the rapid rise of their cultural levels, manifested in the spirit with which they have worked and acted during the years of socialist construction, are a most important feature of our development. Without this creative initiative we

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would not have been able to accomplish what we have accomplished. One of the most typical features of this creative initiative at the present stage are the great successes in the mastering of the new technique, in the rise of technical skill and in the further rise of cultural levels.

The spontaneous development of a new movement among our workers which aims to get out of industrial technique everything it can give is an important development in this direction. This movement, which is being called "Stakhanovism," creates prerequisites for a great increase in the productivity of labor, of a further acceleration of the tempo of the economic development, and of an accelerated growth of material well-being of the population. This movement means that the basis of the distinction between mental and manual labor is being undermined.

If the elimination of the inequality between mental and manual labor is still a matter of a future, though not too distant, there is another historical inequality the elimination of which is approaching its fulfillment. The historical inequality between city and country, between the industrial material and cultural standards and the standards of the village—is being gradually overcome on the basis of a collectivized and mechanized agriculture. The traditional inequality between industry and agriculture has been broken also in another sense. If until recently the tempo in the development of agriculture did not correspond to the rapid pace of the industrial—during the last two years there has been a change in this respect also, a change, accomplished on the basis of the large-scale collective farming. The percentage of the increase of the gross production in agriculture, compared with the previous year, was in 1935—11 per cent and in 1936 will be 24.2 per cent, while corresponding increases for industry for the same years are respectively 20.7 and 23.0 per cent. At the end of the Second Five-Year Plan (1937) the gross production of agriculture will have *doubled* compared with 1932. And it is known, I assume, that we have the habit of fulfilling our figures, and sometimes over-fulfill them. This acceleration of the tempo of the development of agriculture creates a new basis for the acceleration of the growth of the whole national economy.

The political expression of the internal social and economic changes in the U.S.S.R. is represented by the draft of the new Constitution of the Soviet Union. This Constitution firmly anchors the state, cooperative and collective farm property as the economic foundation of the new social order. The Constitution guarantees full political equality of all strata of our virtually classless society. The Constitution is also a further important step towards the equalization of the cultural activities and material wealth of the numerous nations of the U.S.S.R., so numerous indeed that the U.S.S.R. could be called a society of nations in itself.

We are very much satisfied with the considerable interest shown by members of this Conference in our new Constitution. In our opinion our Constitution provides for the most consistent and complete democracy. Still, the question was raised as to the extent of guarantees of political

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rights and civil liberties as compared to democracies of an older type. We would be quite prepared to go into this subject in detail but, as one of the members of our delegation has pointed out today, this would lead us to such questions as the compatibility of economic inequality and unfreedom with juridical equality and formal political freedom, and the mutual working out of these contradictory phenomena. If we went into this argument this might bring us into regions dangerously bordering on what some people choose to call Communist propaganda. And as we have no intention whatsoever to evangelize or propagandize—we rather prefer understatement to overstatement. May I add just this, namely our firm belief that the progress of genuine democracy in our country is in itself encouraging for friends of peace and democracy in a world threatened by non-peaceful changes and social reactions. . . .

In this debate, which confirmed to the Pacific Institute of the U.S.S.R. the usefulness of such an exchange of opinions, in which we participate for the first time, more clarity was introduced also in the understanding of other aspects of the international policy of the Soviet Union. If in the process of this exchange of opinions the understanding has been strengthened of the nature of the principles of the foreign policy of the U.S.S.R., and in particular of the unshakable character of its principle of respect for the rights of other nations to independence, self-determination and equality of security, and if the understanding was strengthened that the economic growth and the development of democracy in the U.S.S.R., and—last but not least—the military power of the U.S.S.R. corresponds to the interests of lasting peace—the Yosemite Conference from our viewpoint will, already in its first part, have made its contribution to the cause of universal peace.

The Soviet Far East

The data papers presented by the U.S.S.R. Council had prepared the Conference for some new facts as regards the part which the Pacific shores of the Union were destined to play in the future. The round tables took particular interest in the general questions of the strategic and economic significance of the developments in the Soviet Far East. The view expressed by some that these new changes were potentially dangerous to the peace of the Pacific was countered with the opinion given by others that the growing economic and military strength in the Soviet Far East was, in fact, a strong force on the side of peace. In addition to the re-assurances already mentioned, Mr. Vladimir Romm took the occasion of a plenary session for the following explanation of this eastward trend of economic and strategic developments:

Old Russia was a country with a very low level of general industrial

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development, an extremely low standard of living of the great majority, and with a lack of development of natural resources, a great part of which were hardly known.

Russian and foreign capital developed only those resources and regions which could be most conveniently exploited for a direct and rapid profit. Besides the general lack of development, this resulted in an extremely unequal distribution of productive forces. Three fourths of the whole industry were concentrated in a few regions of European Russia. The greater part of the country was sparsely populated and was kept on a primitive level. The relationship between the central parts of the country and its outlying regions was of a clearly colonial character. Siberia, Central Asia, the Caucasus, etc., were converted into raw material appendages.

In 1921, Lenin wrote: "Look at the map of Russia. North of Vologda, southeast from Rostov-on-the-Don and Saratov, south from Orenburg and Omsk, north of Tomsk, there are endless spaces which could hold dozens of immense civilized countries. And on all those spaces reign patriarchial conditions, semi-barbarism, and even complete barbarism."

As early as 1918, Lenin stressed the necessity of a rational distribution of industry from the viewpoint of bringing it near the source of raw materials. The great progress in the development of enormous new industrial regions in the east of the U.S.S.R. is a planned development in this direction. The bringing of industry near to sources of raw materials is the economic basis of our national policy, a policy of complete political, racial, cultural and linguistic equality. Backward nationalities and regions everywhere are those that produce raw materials and possess no industry of their own. The rapprochement of the industry to sources of raw materials eliminates any remnant of colonial relations and achieves economic equality making all nationalities and regions equal participants in the common work, thus largely by itself raising backward nationalities to a higher level. But this latter task is also the object of numerous special measures destined to accelerate the development of formerly backward regions. It is significant that in the draft of the New Constitution several republics, formerly only autonomous or indirectly affiliated with the Union, are raised to the status of sovereign constituent national republics of the Union.

In industrializing the country along the lines laid down by Lenin and Stalin, in raising agriculture to a higher level—of a large-scale production on a collective basis and equipped with modern technical means—the U.S.S.R. overcomes the historic inequality between city and village, raising the agricultural population to higher material and cultural standards. And the problem of the attitude towards formerly backward nationalities is but a particular case of the problem of the relationship with the peasantry. In our nationality policy we are standing on Stalin's definition of the nation as "a historically evolved, stable community of language, territory, economic life and psychological make-up manifested in a community of culture."

Among the developments described, the advance of the industry to

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the east of the country is of foremost importance. One of the most outstanding events is the completion of a second coal-metal basis in the East —the Ural-Kusnotsk Combinate—not to mention other important industrial developments in the Asiatic part of the U.S.S.R. The development of the communication and transport system follows the same pattern as the development of industry.

Incidentally, the industrialization of the U.S.S.R. in general, and of its Asiatic part in particular, has strengthened its economic and military power and thus has strengthened its security and capacity for defense in the Far East.

The ever-growing power of the U.S.S.R. cannot be considered menacing for anybody. Not only is the U.S.S.R. opposed in principle to any aggression or expansion, but it does not need any such thing. Our system contains within itself unlimited possibilities for the development of productive forces, for the progress of technique and for the increase of productivity of labor. At the same time, progress in the U.S.S.R. can never result in unemployment or overproduction. Our economy is not governed by profit but by the requirements of the masses of the people. The rapidly rising standards of living create unlimited possibilities of development of the internal market. The increasing production, under a planned socialist economy, is and will be rapidly absorbed by growing consumption. There is no objective limit to the rise of standards of living and cultural standards. Therefore, it is unthinkable that need should ever arise even for a trade expansion, not to speak of graver forms of expansion.

The U.S.S.R. has achieved technical economical independence, and foreign markets play a subsidiary part in its economic activity. The U.S.S.R., unlike many other countries, is not dependent upon exports. At the same time, it is not refusing to develop economic, commercial, technical and other relations with other nations on a basis of mutual advantage. The aim of becoming a self-supporting and economically independent country, which we have achieved, has nothing to do with theories and practices of "self-sufficiency" and "autarchy," so fashionable nowadays in some of the "authoritarian" European countries. We are not for economic isolation, and it should be borne in mind that exchanges between advanced countries are much more active and varied than between advanced and backward countries.

The transformation brought about by the new social system in our country will become most clearly apparent if we remember for a moment what were the social set-up and the policies of Tsarist Russia. The comparison, incidentally, will show how little truth there is in "Geopolitik" theories emanating from present-day Germany. The proponents of these theories would like us to believe that the policy of a country, its interests and "needs for expansion" are predestined and for all times to come predetermined by immutable geographic factors, independently from its social system.

The Tsarist Empire occupied the territory of Poland and Finland and

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the Baltic States, in addition to the present territory of the U.S.S.R. Thus it possessed even more territory than the U.S.S.R. And it was conducting wars of conquest throughout its history. It was the weakness of the internal market that prompted the policies of conquest. Agriculture was handicapped by feudal relations, the peasant was fleeced by the landlord, the wages were very low. One of the Tsar's ministers coined a startling phrase—"We will go hungry but we will export." The huge country, with its vast empty spaces, suffered from "overpopulation" and actively supplied immigrants to the U.S.A. at the end of the 19th and the beginning of the 20th century, while the U.S.S.R., existing on the same "geography," takes measures to encourage the increase of population, which is growing at the rate of over 3 millions a year.

Having an undeveloped internal market, Tsarist Russia preferred to "expand," selling abroad goods which its own population could not afford to buy. It went from one adventure to another—the Russo-Japanese war, attempts to conquer Constantinople and the Straits, if not the whole of Turkey, etc.—and finally went to its grave. This may be history, but its lessons are useful.

Just as it was natural for Tsarist Russia to be an active factor of ruthless imperialist policy, it is natural for us to have a consistent policy of peace. Perhaps one of the most interesting examples of the complete reversal of trends with the change in systems is the attitude of the U.S.S.R. towards those countries which in the past were objects of the imperialist and colonial aggression or domination of Tsarist Russia. The Soviet Union not only has the best relations with those countries but, on the basis of its growing industrial power, is actively helping them in the development of their productive forces and in the attainment of economic independence.

The foreign policy of the U.S.S.R. is thus a logical result of the working out of our whole system. It is—in Stalin's words—"a policy of preserving peace and strengthening commercial relations with all countries." It is based on the fundamental principle of peaceful co-existence of different social systems, recognized by the World Economic Conference of 1927.

The foreign policy of the Soviet Union consists in fighting for the security of the U.S.S.R. and for universal peace. The fact that the U.S.S.R. is in principle opposed to territorial spoliations and imperialist expansion, as well as the fact that—as has already been demonstrated by facts—it does not need and does not want political or economic expansion, excludes the possibility of any other aims in Soviet foreign policy. From this viewpoint the internal achievements of the U.S.S.R. must be interesting to all friends of peace, because the growth of the economic power and independence of the U.S.S.R. has so strengthened its military power that the U.S.S.R. not only has attained the security of its frontiers but acts as a moderating factor in the relations between other countries throughout the world, making it more difficult to unleash war.

Soviet public opinion, although firmly convinced that the Soviet Union is well defended, and its security not necessarily dependent on outside help,

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is yet deeply disturbed about the dangers to world peace. The cause of collective security has suffered many severe blows. The outcome of the Ethiopian conflict and the failure of the League has to be partly explained by past weaknesses of the League for which the U.S.S.R. is not responsible and also by the encouragement of other potential European aggressors. The impunity of, and the non-resistance to, unilateral revision of the European status by Germany was another severe blow. As a result we see at this very moment a new menace of the use of force, of armed intervention, of the explosion of new contradictions in Europe.

Despite all this, public opinion of the U.S.S.R. as before considers collective security is the most efficient way to preserve peace and thinks that the closer the danger of war, the more effective methods are needed to prevent it. The U.S.S.R. is a consistent supporter of the League Covenant, which is not responsible for the fact that it is not being applied. The U.S.S.R. is actively participating in collective security wherever there are prerequisites for it, wherever it depends on the U.S.S.R. The events of past years and past months again bring home to us the indivisibility of peace. Peace in Western Europe is not possible without equivalent guarantees of security in Eastern Europe. And it would be a vain dream to hope that without restraining European aggressors the Pacific could be pacified.

Foreign Relations

Both in the preceding pages and in the earlier section on Japan, indications have been given of the close relationship between the Soviet Union's foreign policies and its plans for internal development. To complete the picture, a few extracts from the summary statement of the general rapporteur for the round-table sessions on the Soviet Union, Mrs. Barbara Wootton, of the United Kingdom group, may here be given on points not adequately dealt with before.

Relations with Mongolia

On the question of Mongolia some doubts were expressed by members of both the Chinese and the Japanese delegations as to the state of Soviet relations with that country. From a Soviet point of view the reply was given that the Soviets are interested only in technical and economic assistance to an undeveloped country, and that their aim in giving that assistance is only to promote the independence of Mongolia. Emphasis was laid on the existence in Outer Mongolia of institutions that are regarded with abhorrence within the borders of the Soviet Union, such, for example, as the private ownership of herds and other property.

Further doubts were expressed as to the situation on the Mongolian-Manchurian frontier. Some delegates thought that it was a little odd that,

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if both Mongolia and Manchuria were independent states, they should have to take the assistance, each of a neighbor, in determining their respective boundaries. The members of the U.S.S.R. delegation disclaimed participation on behalf of the U.S.S.R. in the settlement of that boundary but at the same time they laid emphasis upon the fact that there are certain situations which cannot be overlooked—at least by those who are near enough to them.

On the whole Mongolian question we learned that the position of Mongolia in relation to both China and Soviet Russia has a very much longer and more complicated history than we might have supposed.

Relations with Japan

I turn now to the special questions of interest for Japanese-Soviet relations. They are many. First, as to trade relations, one of the most hopeful things that came out of the round tables was the optimism with which both Soviet and Japanese delegates spoke of the possibilities of Soviet-Japanese trade.

As to the developments, particularly economic developments, in the Far East, the view was expressed by the Japanese delegates that these might have a rather menacing appearance for Japan; and it was stated on behalf of the U.S.S.R. that it is the policy of the Soviet government to establish distinct bases of defense in the eastern and western parts of the country. In reply to the Japanese, various assurances were given that nothing is intended by those armaments except security and defense and that (as so often is the case with armaments), they were not directed anywhere in particular.

The questions relating to the proposed Soviet-Japanese non-aggression pact took a good deal of our time. The Soviet delegates expressed disappointment that the pact had not come to actuality. On behalf of Japan we learned that two obstacles had stood in the way: first, the fear of misunderstanding at home. In our rather strange world if two hold hands there is always danger of an implied assumption that they are proposing to arm themselves against a third party. The second difficulty related to certain outstanding questions of dispute, notably those relating to boundary questions between the Soviet Union and Japan.

From the Soviet point of view it was urged that if you have already agreed not to fight, that makes a better setting for the settlement of boundary and similar disputes. And there was common and pleasant recognition of the fact that steps are now, we hope effectively, being taken to deal with the border question.

We then passed to the possibility of a Japanese-German alliance. Here we left the world of actuality, and found ourselves moving amongst the philosophers when we ceased to discuss what is and embarked on a discussion of the non-existant. In each round table, we had statements from the Japanese delegates that they have no knowledge of any Japanese-German alliance. It was indeed said that the Japanese would welcome economic cooperation with Germany. Members of the British delegation

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expressed the view that any such alliance, since it would not be part of a collective system, would be viewed with dismay in their own country, and similar opinions were expressed by an American delegate.

Comparison was made with the Franco-Soviet pact, but great emphasis was laid on certain differences between that pact and a possible German-Japanese alliance, notably in the two facts, first that the pact lies within the framework of the League, and second, that it was a regional agreement; whereas it would indeed require a considerable flight of the imagination to say that any German-Japanese pact was of a regional character!

It was I think a very happy feature of the Conference that just at this stage, when these particularly difficult matters were under discussion, the proposal for a world economic conference was warmly supported by our friends from Japan.

General Political Relations

We pass now to the general economic and political problems of the Soviet Union. I think that a certain disappointment was felt in some of the round tables that the conflict between the Communist theory that the planned state is immune both from satiation and from unemployment, and the non-Communist theory that these are ills *all* flesh is heir to, was not fully treated. I regret very much the impossibility of treating it. A great many volumes have been written on the subject, and I know that the members of the Conference would not wish me even to give a digest of the contents of these volumes.

Very shortly, I take it that the basis of the Soviet claim is that since they control both their production and the incomes of their people, so, as their production increases, they will arrange for the incomes of their people to rise in like measure.

The contrary criticism from the non-Soviet world fastens particularly upon two things, first, that fluctuations of trade are prior to the capitalist system, and that, until the contrary is proved, we must expect them to last even after that system has passed away; and second, that the Soviet need to export might, at certain times, be powerfully influenced by their demand for essential imports. Further the Soviet stands in a peculiar position in so far as that mystery of the economic text books, the cost of production, has no comparable meaning in their own country. That may have its advantages, at least to the Soviet Union, for the common charge of dumping which is generally brought by any defeated competitor against his victors may be rebutted by Soviet economists in so far as their whole conception of cost is different. If you have no cost in terms of capitalist calculation, you cannot be accused of selling below it. These, however, are rather academic and abstract matters, particularly, I think, in the eyes of those whose views on the topics tend to be of a more concrete and practical character and to be expressed in terms of, say, lumber or wheat, and I shall not be able to say more on this except just to remind you that the saying of Bernard Shaw is still true unhappily. "All the economists in the world, if they were put

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end to end, would not reach a conclusion." Some of us perhaps still hope that the stature of the Soviet economists would be great enough to bridge the gap.

Much interest was shown in the new constitution of the Soviet Union, and questions were asked and answered, particularly in relation to the rights of free speech, free association, of voting and of religious freedom. The chief thing that appeared to emerge from those discussions was this: that these freedoms must be regarded both in their verbal context in the constitution itself, and in their historical setting.

Finally I come to the problems of the coexistence of Soviet and capitalistic systems in the same world. Here, apart from the economic differences upon which I have touched, the major issue would appear to be that which has been described as the question of the "exportability of Communism."

All, I think, were agreed that Communism has this in common with other articles in the export trade—that it cannot be sold where there is no demand. Its appearance upon the markets of the world was widely noted, but we are reminded that in their country foreign trade is a state monopoly and that the article Communism is not included in the exports of the Soviet foreign trade monopoly. . . .

One of the veteran members of the Institute, the Hon. Newton W. Rowell, K.C., Chairman of the Canadian group, at a plenary session expressed the general satisfaction of the Conference with the explanations given by the Russian members about the Soviet Union's present policies, and more especially with the assurances given of Soviet participation in movements to lessen international frictions in the Pacific area. At the same time, he reiterated some of the facts, previously stated, which have created apprehension abroad about possible future changes in Soviet policy and the extraordinary power which the Union's single control of all economic processes would give it in such an eventuality to force its demands upon the rest of the world. On the other hand, he regarded the fears expressed of a wide diffusion of communist ideals and principles from the Soviet Union as unwarranted. Socialist agitation was no new thing in the world.

"I do not believe," he said, "that you can defeat ideas by force; and I think that one of the real failures in capitalistic countries has been on the part of economists or others who believe in the system to place a reasoned defence of it against the reasoned advocacy of communism."

IV. CHINA

China came last, as the fourth of the Pacific countries selected

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for examination of their social and economic policies in their effect on world relations. Such an examination was by no means a new experience for Chinese members of the I.P.R.: each of the previous conferences of the Institute had devoted much time to an analysis of the Chinese situation—usually acknowledged to be the source of a large part of the tension and disturbance of recent times in the Pacific area. There were, however, differences in kind and degree between the treatment which China received in the conference discussions of, say, 1931, 1933, and 1936.

At the time of the Shanghai Conference, Japanese military aggression on Chinese territory was a recent occurrence, and its significance could not yet be fully seen. Chinese and Japanese members were ready, before an interested international audience, with charges and counter-charges—in the expectation, then widely held, that eventually world opinion would help to settle the dispute between the two nations.

At Banff, China and Japan were both represented in forward- rather than in backward-looking moods. The Chinese leaders had come to realize that the appeal to outside assistance had virtually failed; the Japanese saw their Manchurian victory bought at the cost of what amounted to political isolation and a hostile world opinion. Among the chief topics discussed were Japan's policy of economic expansion from the vantage point of its new position as a continental power, and China's reconstruction program—now an instrument also of national unification and defence.

At Yosemite, the Chinese group seemed more confident than at Banff: in the last year or two, far greater national unity had been achieved than in the preceding ten; it now seemed merely a question of time when the social and economic reconstruction, haltingly begun and only slowly transformed from paper plans to materialization, would give that strength to the Chinese nation of which it already feels itself possessed in spirit. Where previously international interest had been primarily in the condition of China, the questions most often heard at the Yosemite round tables were concerned with the mind and the purposes of the Chinese nation.

Purposes rather than purpose—for, as yet the gulf between powerful groups in that country had not been bridged entirely. The hyphenated "communist-bandit" had come to be regarded in some quarters as a double-hyphenated "communist-bandit-patriot";

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but the new attribute had not so far made him more acceptable to the dominant groups in Nanking. While the Conference met at Yosemite, a decisive stroke for the political unification of China seemed to be in process of achievement with the acceptance by the two southernmost provinces of the central government's control—and the compromise made by the central government with the rebellious leaders in matters of finance and prestige. To some it seemed that the point had been reached when a united China might adopt a consistent policy in its relations with the foreign Powers and, chief among them, Japan.

The Chinese group at Yosemite was in no position to forecast future developments of policy, though these seemed very near. They did not, as had frequently been the case at previous conferences, either criticize or defend the actions of their national government, but—partly in deference to the traditions of the Institute—abstained from exhibiting the depth of their feeling toward both the inner and the outer enemies of their country. Instead, they endeavored, whenever the opportunity offered, to draw attention to those solid achievements of the last few years which, for the time being, must suffice to warn the world that China can no longer be regarded merely as a passive object of foreign policy.

The general rapporteur's account of the round-table proceedings, here somewhat abbreviated, tells the progress of a discussion which rapidly became engrossed in the international effects of China's new forward moves in social and economic reconstruction.

China's Advances in Reconstruction

Our data papers, said Mr. Frederick V. Field, contained such full information on the physical reconstruction of the nation that in our meetings we did not undertake any rounded recapitulation of the program. We did, however, lay emphasis on the vast increase in trunk highways which are rapidly shortening the distances among all the provinces of China, and we noted that the length of these highways had increased phenomenally in the last few years—from 1,000 kilometers in 1921 to 100,000 kilometers in 1936. The great value of this program was generally appreciated by all members of the Conference, and the questions relating to it had to do with relatively minor points. The Chinese members were asked if it were not true that the highways were primarily for military purposes and to the farmers of small economic value if not indeed an economic hardship because they had to build the roads themselves under a system of forced labor. The reply was that this was partly true, but that lack of capital made resort to

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forced labor a necessity; the military nature of the roads was temporary.

Mention was made of various features of the reconstruction program in the fields of finance, railways, agriculture and land holding, public health, and in social and cultural measures. In regard to the entire reconstruction program an American member asked who were the principal beneficiaries, the bankers and industrialists or the farmers. A Chinese member replied that the answer depended on whether judgment was based on the concrete facts of the moment or on the historical relation of what was being done now to what was done in the past. From the long view, progress on behalf of the common people is more apparent than from the short view. To illustrate this point the Chinese member said that the new cooperatives organized by the modern banks loaned money to farmers at 12 to 15 per cent, much less than the old interest charges; in other words, that while the modern practice was not above criticism, it showed marked progress over the old. The Chinese were the first to admit that, by comparison with the needs of the country, the whole reconstruction program was still inadequate.

The Need for Foreign Capital

Much emphasis was put on China's need of foreign capital to finance her reconstruction program, Chinese and foreign members being agreed on this point. Three difficulties in the way of securing such capital were pointed out, the least important of which, because of its temporary character, being the unwillingness of American and British bankers during recent years to invest money in China. This situation might soon be remedied. The second difficulty was the terms on which China was willing to borrow, terms which a number of the foreigners questioned as possibly providing unsatisfactory security but to which the Chinese strenuously clung because of their previous disastrous experience with political and foreign-supervised loans and because of what they regarded as a remarkable improvement in the integrity and efficiency of their own Government. These terms are:

(1) that 51 per cent of the capital share shall be owned by the Chinese; (2) that a majority of the directors shall be Chinese; (3) that the chairman of the board of directors and the manager shall be Chinese; (4) that in any Sino-foreign undertaking the foreign investors shall have the responsibility of technical planning and the provision for machinery and equipment; (5) that Sino-foreign undertakings shall conform to the laws of the Chinese Republic and shall not call into assistance the extra-territorial rights and privileges in their defense; (6) that in the purchase of materials preference shall be given to those of Chinese make; and (7) that a Chinese staff, which shall have preference of employment, shall be given appropriate powers in management, and that foreign staff shall be employed only when no Chinese staff shall be available.

The third obstacle to China's obtaining foreign capital, and much the most important, was the attitude of the Japanese Government, as expressed

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in the famous Amau Declaration of April 17, 1934 (further referred to below).

Reconstruction and Communism

There was considerable discussion of the differences between Nanking's program of reconstruction and that offered by the Chinese Communists. With respect to internal economic and social questions, a direct comparison was sought in Kiangsi Province, occupied by the Government when it was evacuated by the Communists in 1934 after almost six years of administrative control. The Communist regime had brought about rural reforms in dispossessing large landowners and redistributing the land among the peasantry, creating cooperatives to take the place of the old usurious moneylenders and unorganized forms of production and marketing, establishing a more adequate educational system, and greatly improving the position of women. Upon taking over the province, the Government had given back the land to the landlords except that a limit of 100 mow, or about 17½ acres, was placed on individual holdings, and the surplus land was turned over to cooperatives. Although the Government thus partially preserved certain reforms or introduced new ones, the discussions indicated that the Nanking policy of rural rehabilitation is frankly a capitalist one as contrasted with a Communist one.

A comparison on the basis of Kiangsi Province, however, is already out of date, for, as a Chinese member pointed out, the Chinese Communists themselves have modified their program. They have given up the confiscation of land, they have abandoned the policy of confiscating foreign property, except that belonging to Japanese, and they have signified their desire to cooperate fully with other political groups in China in a united effort against Japanese imperialism. A more fruitful basis for comparing the program of Nanking with that of the Communists seemed to lie in their respective foreign policies. On this point it was indicated that if the Communist program be taken at face value it differed from Nanking's only in being openly and aggressively anti-Japanese; but it was also suggested that this similarity might only be a superficial one in that the fundamental Communist position was irreconcilable with Nanking's capitalist position.

On the actual strength and significance of the Communist movement there were marked differences of opinion, one Chinese member expressing the view that they were no longer an important internal factor, and a foreigner the view that they were stronger today than at any time since 1927. One Chinese member stated that, viewed as an organized political movement, Communism had been broken late in 1934 on the evacuation of Kiangsi and Fukien and was not now an important political force. But viewed as the exponents of a plan of economic organization, the Communists today were exercising a widespread influence throughout the countryside. He added that a new factor had strengthened the Communist position, namely, Japanese aggression, which the Communists had

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effectively made their sole immediate object of attack.

An American member expressed the opinion that Chinese Communism in the last three years had changed its manifestations in adapting its program to Chinese conditions and to Japanese imperialism. He felt there was no indication that the movement was spent. On the contrary, he believed the Chinese masses were becoming increasingly aware of the fact that their bourgeois leaders were not acting solely in the country's interests, but also in their own capitalist interests. He felt, too, that many Chinese were dissatisfied with the Government's non-resistance to the Japanese on the ground that a policy of waiting was more advantageous to Japan than to China. He also suggested that during the period of waiting other foreign powers might gain a hold on China which they might use to their own advantage at a later period. He suggested, further, that if Japan could be viewed as the sole bulwark against the spread of Communism in Asia, so Chinese Communism could be viewed as the principal bulwark against the spread of Japanese imperialism.

There was much agreement in the round tables that Japanese aggression had strengthened the position of the Chinese Communist movement. One member stressed this point rather clearly when he suggested that Japanese aggression was making Communists good Chinese citizens.

Japan's Stake in Chinese Reconstruction

One of the chief obstacles to foreign assistance in Chinese reconstruction was thought to be the Japanese policy as announced in April 1934 by Mr. Amau, spokesman of the Japanese Foreign Office. The round tables conscientiously sought to determine the exact meaning of the "Amau Doctrine," as subsequently modified by the Foreign Office, in its application to the question of foreign assistance to China. Japanese members stressed the point that the Amau statement had received serious criticism in Japan as well as abroad and had accordingly been significantly modified. But, although it was stated that Japan desired to preserve the Open Door in China, that benefits to China were more often than not also benefits to Japan, and that Japan's policy did not exclude other foreign assistance to China of a non-political and non-military nature, nevertheless it was evident that Japan wished to reserve some right of consultation or even power of veto. The exact nature of that right or of that power was not discovered in the discussions, except, perhaps, that Japan wishes China to consult her on any matters pertaining to foreign assistance, and that presumably such a right would carry with it the power of veto.

When American members questioned Japan's right to carry out such a policy in international law, it was brought to their attention that this was exactly the policy the United States had pursued in the Caribbean. The American members admitted the accuracy of this contention and countered with two points: that the United States had abandoned that policy during the last ten years, and that the policy when practiced had been a commercial failure in holding back the development of regions which might have been

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assisted by funds from across the Atlantic. They suggested that the Japanese policy toward China might have the same result of holding back the very development of that country which the Japanese asserted they desired.

Sino-Japanese Relations Generally

To the question whether Japanese policies were not holding back the development of China it is possible to reply that development is not a quantitative but a qualitative term; that the problem for future statesmanship is to harmonize Chinese and Japanese conceptions of the sort of social and economic changes that would make China an active contributor to the common welfare of the Far Eastern region and of the world. This answer, in fact, was implied in much that was said. From the start, as was shown by various speakers, there had been no agreement among those working for China's modernization as to exactly who was to be benefited, and how. The Japanese desire to direct China's reconstruction into channels helpful to the security and prosperity of the Japanese people was a repetition of similar attempts in the past by and on behalf of other nationals—a repetition, however, on such a different scale as to make it a new phenomenon of a different nature. In fact, whatever modern development, helpful to the welfare of her own people, China had experienced, had been motivated at least in part by the interests of outside groups. This theme was developed somewhat at a plenary session by Mr. T. A. Bisson, of the American group.

> It is necessary to point out that only two years after the signing of the Anglo-Chinese Treaty of Nanking in 1842—the first of the modern "unequal treaties"—the United States had hastened to conclude a similar treaty with China, conferring similar rights and privileges on American nationals. The insistence of the American government at this time upon the most-favored-nation principle was an important factor in enmeshing China in a network of treaty relationships which eventually generalized privileges infringing China's sovereignty to all the treaty powers. . . . Under these and later treaties, including the Boxer protocols, American nationals enjoyed the advantages of the statutory 5 per cent tariff (in actual practice often well under 5 per cent) for some sixty years, and that at present American nationals are represented in the Shanghai Municipal Council, the governing body of the International Settlement, American nationals enjoy extraterritorial status, American merchant ships ply China's inland and coastal waters, and American troops and gunboats are still stationed in China. So much at least must be said to keep the record clear on certain

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points of historical and contemporary significance. Similar rights, it should be added, are enjoyed by certain European powers and by Japan.

But when we come to the present situation, the facts support the drawing of a sharp distinction between Japan and the other treaty powers. Since 1922, these other powers have displayed a marked reluctance to extend their political, as distinguished from their economic, rights in China. In some cases, notably in the matter of the rendition of certain concessions and the Weihaiwei leasehold, there has even been a retreat from political privileges acquired in the past. On the part of Japan, on the other hand, there has seldom been witnessed either recently or in the past such a long-continued, persistent and large-scale infringement of China's territorial and administrative integrity as has taken place since September 18, 1931.

From this point on, Mr. Bisson reviewed the chief events in Japan's military and political expansion on Chinese territory in the last five years, events familiar enough to all the members of the Conference yet startling when, bared of all the surrounding argument and diplomatic softening of their significance, they were simply set forth as material historical facts. The use of military force, the destruction of authority, the recognition while still nominally on friendly terms with the National Government, of rebel leaders, and finally the destruction of the country's financial security by the encouragement of smuggling, that is, the breaking down of one of the Government's chief sources of revenue: these steps, he held, could not be reconciled with any concern for the reconstruction or the development of China, however shadowy and however circumscribed by Japan's own interest in the matter. He completed his survey with the question:

Where is this to end? Since 1931, the Japanese first line of defense has become what might be called a "moving" phenomenon. . . . From certain Japanese pronouncements, and from the three-point program elaborated by Mr. Hirota, we gather the impression that the objective of this expansion is complete Japanese political control of China. If this be true what we are witnessing is a menace to the continued independent existence of the Chinese nation. . . .

Lest it be thought that the Conference at this point listened to an address wholly anti-Japanese in tenor, it may here be added that an even larger part of Mr. Bisson's remarks was devoted to the shortcomings of the Chinese National Government—more especially its failure to build up that national morale without which no effective resistance to Japanese demands is possible either now or

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in the future, and its use of strong measures to silence all its critics, however patriotically inspired.

The Temper of China

Dr. Hu Shih, Chairman of the Chinese group, at the same plenary session defended the actions of his Government by pointing out that, although there was no great difference between its essential aims and those of the Communists, yet there was a considerable difference in procedure, tempo and temperament. On the whole, the present leaders of China were justified, he thought, in relying upon an evolutionary process of change rather than a revolutionary one, though all admitted that the existing social structure was unsatisfactory. It was true, the reconstruction movement as directed by the Government had a number of elements which might be regarded as reactionary; but the reason was that the movement had not yet become unified under a single purposeful leadership. For example, the re-introduction of Confucian worship was a natural result of the growth of nationalism and its cultural concomitants:

> Such reactionary tendencies (he urged) are merely passing moods which do not appeal to the imagination and thinking of the younger generation; the social and cultural movements of the last twenty years have been on the whole unmistakably in the direction of liberalism and democracy.

Concerning the international implications of China's program of reconstruction, Dr. Hu was mainly concerned to dissipate some prevailing misconceptions. For example, foreign assistance had never been more than marginal; reconstruction had "in all its phases largely been carried on by Chinese personnel and financed by Chinese money." Of course, there had been help: "From the United States we get the training of the Chinese personnel; from the League of Nations, the technical advice of experts; from Great Britain, an important portion of the money; and from Japan—all the obstruction."

This obstruction Hu Shih traced to the military measures and the political pronouncements previously named by the American speaker. It took on, he showed, three distinct phases: the disruption of China's administrative unity, the interdiction of foreign financial and technical assistance in the work of reconstruction, and finally the unwavering opposition shown by the Japanese to any

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government that may have a chance to unify and consolidate China. On this last phase, the most recent, he said:

> Throughout the whole summer of 1935, Japanese military officers of high rank, both in North China and in South China, repeatedly issued statements to the effect that Japan would not deal with the Nanking Government as long as General Chiang Kai-shek remained as its powerful leader. In an equally famous statement of September 1935, General Tada, the Japanese military leader in North China, declared that the Empire of Japan could not co-exist with Chiang Kai-shek and his party. "Shall the Empire surrender to them, or shall they be crushed by the Empire?" These and other similar declarations have convinced us that our neighbor is fully determined to oppose any government that shows any capability of achieving political unity in China.

He concluded with words which to many of the members seemed in significant contrast with the evident effort made throughout the proceedings by the Chinese group to suppress their feelings:

> We are determined to go on with our work of putting our own house in order, of solving our own urgent problems, and if necessary of fighting for our own existence.

V. THE CHANGING BALANCE OF FORCES IN THE PACIFIC AND THE POSSIBILITIES OF PEACEFUL ADJUSTMENT

As originally drafted, the Conference program had provided for a section of the agenda devoted to the political aspects of questions previously considered in their economic and social aspects. In addition, this section was to have given scope for a consideration of countries and areas not encompassed by the previous geographical division. A number of circumstances conspired to make this large part of the Conference much more of a continuation of the preceding discussions: thus it was not possible to keep clearly apart questions of trade expansion and of military preparation, or to separate economic from political objectives in reconstruction. One major topic which had only been touched upon before, that of the place of the Philippine Commonwealth in the new balance of forces in the Pacific, was not actually developed as far as it might have been. On the other hand, important suggestions for the peaceful adjustment of international differences in the Pacific had already been made in earlier sessions and, since the members

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were not prepared to consider them in technical detail, could only be reiterated and discussed in general terms.

There were, however, some special circumstances which made the last section of the Conference proceedings memorable and, according to some of the members, likely to be of considerable influence both on public opinion generally and on some of the home governments of members.

"Peaceful Change"

First, there was the manifest desire with which the British group had arrived to invite serious attention to the possibilities of "peaceful change" in the territorial and economic controls which secure the livelihood and progressive advance of peoples. This concept, it may be noted, is to be the subject of a concerted study program undertaken by the national member groups of the International Studies Conference for its meeting at Paris in June, 1937; and it was felt that, as a member of that body, the Institute of Pacific Relations should take a leading part in regional investigations of its implications. This cooperation was more fully established later through arrangements between M. Henri Bonnet, Director of the International Institute of Intellectual Cooperation, who attended the Conference as an observer, and the International Research Committee of the I.P.R.

Some members, it is true, asked that the concept of "peaceful change" be examined more carefully for its implications. Their view was voiced by Dr. V. E. Motylev, who said:

> We have heard at this conference proposals of rather an abstract nature regarding so-called peaceful changes—proposals detached from their fundamental prerequisite, collective security. No one objects, and no one could object, to an idea so excellent in itself. But we did not, it seems, notice any visible progress in the direction of the realization of this idea on the basis of a voluntary, equal, and sovereign consent of all interested parties. Would it not be better if we were to think over seriously how to make such feasible practical changes in the organization of peace as would constitute a serious handicap to the danger of war?

The practical changes envisaged by this speaker were more especially those involved in M. Litvinov's proposal, at the closing session of the General Committee of the Disarmament Conference in Geneva, "for a permanent peace conference, meeting periodically

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and working for the safeguarding of the security of all nations." This conference would be an organ of the League of Nations and use its machinery, but would not be bound in its membership or in its rules by the League Covenant.

Another circumstance—which also gave some reality to a discussion of "peaceful change"—was the fact that several troublesome issues in the Pacific area had either just been settled without recourse to force or were in process of thus being settled. Among the former was not only the sale of its interest in the Chinese Eastern Railway by the Soviet Union to Japan but, more recently, the settlement of the long drawn-out dispute between Japan and the Netherlands over shipping rights in Netherlands India. Among the latter, the most conspicuous was the assurance given by both the Japanese and the Soviet members that negotiations were progressing satisfactorily for the establishment of a commission to demarcate the boundary between the territories of Manchukuo and of the Soviet Far East. Here, then, were hopeful signs that other dangers to the peace of the Pacific might likewise be averted.

Against too ready an acceptance of so optimistic a conclusion was, however, set a third circumstance which, more than anything else, made the discussion of peace machinery at this Conference something more than an exercise in political dialectics or an expression of humanitarian sentiment: it was the realization that armament was taking place on an unprecedented scale; that vast sums were being sunk in military preparations by the most peaceful of nations; and that, since the collapse of the last naval disarmament conference, an unlimited race had begun between the Powers in the building up of their navies.

Nor was this all. The participation of a group from the U.S.S.R. gave force to the oft repeated statement that "peace is indivisible"; that the fortunes of the peoples in and on the rim of the Pacific are determined as much by the counsels that prevail in Berlin, in Warsaw, in Rome, and in Paris, as by those that prevail in Tokyo, in Nanking, in Moscow, and in Washington. The term "collective security," frequently in use during the round-table discussions, as the Conference moved to the last part of its program had become charged with a larger significance: there might still be advantages in bi-lateral agreements and in regional machinery for the peaceful adjustment of political ambitions or for the re-appor-

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tionment of economic controls to meet changed needs; but the world had already shrunk so much through the mechanical shortening of time and distance that a real assurance of peace was no longer possible without the coordination by the whole family of nations of their separate policies with the safety of the whole.

The trend of the round-table discussions on this large and complicated subject was systematically presented at the last plenary session by the general rapporteur, M. Étienne Dennery, of the French group, as follows:

Redistribution of Power

Economic Factors

There was a general agreement on the fact that a change of balance of power in this area of the world has been extremely rapid; a change which was chiefly attributed to two main factors—an economic one and a political or military one. Economically there has, first, been the intense economic development of some countries: the quick industrial expansion of Japan, and the rapid economic development of the U.S.S.R., especially in Siberia. And there has also to be taken into account the economic reconstruction of China during the last few years.

But the character itself of each of the different economic policies pursued by the various countries of the Pacific also had some effect on the balance of power. The policy of the N.R.A. in the United States and that underlying the five-year plans in the U.S.S.R. contributed to turn the attention of the peoples of these two countries chiefly to their own affairs; and that was true also to some extent, though in a less important way, of the British Empire, after the Ottawa Agreements; while in Japan, whose raw materials are more scanty and markets more confined, the policy of industrial development turned the attention of the people more and more towards foreign countries.

Political and Military Factors

But political and military factors were discussed even more than the economic one. Due partly to strategical, partly to psychological reasons (the desire for isolation on the part of America, the preference on the part of Great Britain for social over military expenditures), the two chief countries in the Washington Treaties—the United States and Great Britain—had not maintained the same degree of predominance. The case of the United States was chiefly discussed. Even with the vast increase of its navy, in the last three years, is this country in a position to enforce in the West Pacific its traditional policy of the open door and the integrity of China? Which naval base could be used efficiently for such action? Would Guam or Manila be of main importance? Or would the Aleutian Islands be

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better? Opinions amongst American members differed widely.

Opinions differed of course still more when it came to the point of comparing the strengths of the navies and the armies. Japanese military expenditures were said to be very high; but Japanese members declared that the Russian military forces in the Far East were superior in number to their own. The Russian members admitted that the doubling of the Trans-Siberian Railway and the development of their heavy industries in Siberia had much increased their power of resistance in the Far East.

The part which might be played in a conflict by the air forces also remained rather an unknown factor, though a British expert declared that, in his opinion, the possible action of aircraft in a conflict in the Pacific would probably not be as important as was generally thought, or as in other parts of the world where the distances were not so great and consequently need for auxiliary boats to carry the loads not so urgent.

In fact, as far as military potentialities are concerned, no one would have expected the round tables to clear the facts. An American member said that it would be necessary to have in Yosemite a general staff plus Einstein, to determine the relative forces of the Powers in the Pacific.

There was still more discussion when it came to the characteristics of the military forces of each nation. Several Japanese members complained of the charge which was made that their forces had an aggressive character, saying that it appeared, in fact, that most of the nations considered the forces of their neighbors to be aggressive and their own to be merely for the purpose of defense.

The Washington Treaties

These changes in the balance of power, whatever had been their extent, were asserted, chiefly by the Japanese members but also by a few others, to be an important factor in the breaking up in the Pacific of the diplomatic machinery. . . . The Washington Treaties, and especially the Nine Power Pact, did not take into consideration the possible development of Russia which had not attended the conference. The Japanese Government, said a Japanese member, fully adheres today to the Nine Power Pact. But the same member added that it may be necessary for the maintenance of the peace of the Pacific, to consider modifications of the Nine Power Pact, in view of the fundamental changes in conditions in the Pacific.

An American member stressed the fact that, in the opinion of many American jurists, treaties become obsolete because of changed conditions only if the negotiators of the treaties contemplated that such changes would render the treaties obsolete; and he insisted on the point that the existence of a change in circumstance did not give, in any case, a right to unilateral denunciations but only the right to appeal to an International Court for decision. In fact, there were some divergencies of opinion about the present validity of the Nine Power Treaty. The majority of the members thought that it was still legally valid in the Pacific.

Such were some of the main comments which were made about the

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changes in the balance of power in the Pacific. It has been, I think, one of the merits of those who discussed this situation not to try to make it clearer than it was in reality, and not to try to enunciate into simple formulas, trends and potentialities which are in themselves rather confused.

Possibilities of Readjustment

Ideas are like stones—there are two ways of using them: either to throw them at people or to build something with. I am not sure the members of the round tables never proceeded in the first way. The contrary would have been monotonous. But they tried to follow chiefly the second method.

Economic Possibilities

Raw Materials. Among the possibilities of peaceful adjustment which were put forward, some were of an economic character, some of a political one. Economically, the problem of guaranteed access to raw material was generally the starting point; but as soon as it was discussed, it was found that such a formulation of the question did not lead very far. Access to raw material is nearly always guaranteed in time of peace. Even restriction schemes do not prevent access to raw materials. The question of access is chiefly important in time of war. It becomes then mainly a political question, and a question of communications.

More definite appeared to be the problem, which is rather different, of the control of the production of raw material, control which, when it is financial, might have some economic advantages, as far as the balance of payment of the country is concerned, and when it is political, has chiefly military advantages. One Russian member emphatically declared that the cause of the acuteness of the problem of raw material lies in the fact of the military policies of the nations. The need of raw material, he said, was, generally speaking, not the cause of an aggression but, on the contrary, it was the desire for aggression which was the cause for wanting control of raw material.

In conclusion, it was felt necessary to say more specifically, instead of "access to raw material," "access to raw material with easy purchase." Two means were chiefly discussed:

Export Trade. First, the development of export trade. But of course, when it came to practical ways of developing this trade, opinions began to differ widely. A return to free trade was judged by some as highly desirable, but by most as belonging to a past time of happy memory. The question of the choice between different evils, that is, between methods of protection, was discussed at a greater length. Though there was no general consensus on the point, the members in favor of quotas were more numerous than those in favor of tariffs. While it was noted that in practice these two forms of protection are often simultaneous, quotas were said by many to be more flexible, and it was admitted especially that by allowing the nations to come to a clearer view of their needs, they were pre-

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paring better the way toward international economic adjustments.

As far as these international economic agreements were concerned, though multi-lateral agreements were generally thought theoretically better, bilateral ones were judged by many members the most practicable immediate way at present of breaking through trade barriers of the world. The value of an unconditional most-favored-nation clause, which might give to bilateral trade agreements a greater international value, was much questioned, chiefly because of the fact that it was evaded by quotas or by some subterfuge in the defining of goods.

It was also suggested that, together with the negotiation of bilateral agreements, a meeting of an economic conference in the near future would make for a more general planning of world economy.

Foreign Lending. But another method of developing the means of purchasing the raw materials was discussed to some extent: the revival of foreign lending. It was suggested that if the American people would utilize their reserves of gold and consent to lend it again, it would tremendously help world trade. Two difficulties, chiefly of a psychological character, were stressed by American members, the first caused by the borrowers themselves, who generally want the money but are not eager to accept any form of control; and the second due to the lender, who nowadays had become not too confident.

A suggestion was made by a British member that it might be possible to offer an international guarantee to lenders, but unhappily the proposal was not carried further. . . .

Political or Juridical Readjustments

The general question discussed under this heading was the following: Is there any machinery that would be effective in the Pacific for maintaining peace? It was evident from the beginning that two kinds of solutions were proposed: those bearing upon special, particular agreements, and those having a more general character and admitting some kind of system of collective security.

Particular Agreements

In the first category were discussed some proposals for bilateral agreements.

Russia-Japan. A Japanese member emphasized the fact that, though it was always necessary to have a broad scheme of machinery, in the main, it is also indispensable to pay attention to these narrow bilateral arrangements for solving disputes. The possibility of such agreements between the Soviet Union and Japan and, on the other hand, between China and Japan, was envisaged.

With regard to the relations between the Soviet Union and Japan, it appeared that many members of the round tables were finding a pact of non-aggression between the two countries highly desirable. On the one hand, Russia had not changed its policy of concluding non-aggression

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pacts with its neighbors. On the other hand, one Japanese member said that he wished the two countries would dispose of their disputes in a peaceful way; that fisheries and border disagreements could, in fact, be settled in such a manner; some important diplomatic personages in Japan were, in fact, favoring such a pact. The presence of a huge Russian army in the Far East was, in his opinion, the most important factor which was bringing suspicion to Japanese minds.

China-Japan. The problem of the rapprochement between China and Japan appeared to be more complex. Though both the Chinese and the Japanese members expressed the wish for a friendly settlement of all questions outstanding between the two peoples, it was seen that many difficulties still lie in the path leading toward such a result. One of the conditions that seemed to some of the Japanese members preliminary to such an agreement was the Chinese obligation to prevent subversive anti-Japanese propaganda. But the main point at issue appeared to be on what conditions was such an agreement to be drawn up.

A Chinese member said that the withdrawal of Japanese political and military operations in China Proper and Inner Mongolia would be a prerequisite. He also asserted that the principle of non-recognition seemed to him to be one of the only principles still in effect in the Far East. On the other hand, a Japanese member emphasized that if China still does not recognize the fact that Manchukuo has been established, there is no possibility of peaceful settlement of the Sino-Japanese dispute.

An essential condition to such an arrangement between China and Japan was also, in the opinion of many Chinese members, that any treaty between the two countries must be in an international framework that would include also the U.S.A., the U.S.S.R., and Great Britain.

General Pact. The discussion of a possible agreement between Japan and China was then directed toward the study of a more general pact. The possibility of such a new pact was discussed in each of the round tables.

A Chinese member proposed a reiteration of the Nine Power Pact. Some members suggested that the U.S.S.R. might be invited to sign such a pact. Most of the members agreed that, in any case, periodic conferences of Pacific Powers should be held, and some proposed that, before any Pacific Power took any important step in the Pacific, it should consult with the other states at a conference of Ambassadors. This, the most modest type of agreement, seemed to many members better than nothing.

However, the type of pacts without teeth seemed to some members to be rather inefficient, and together with the possibility of consultative pacts or bilateral agreements, there was discussed in the round tables the more ambitious question of collective security.

Collective Security

Collective Security and Peaceful Change. The nature of collective security itself was questioned by some members. They seemed to fear that there was, in fact, an opposition between the idea of collective security

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as it is understood today, and the need for peaceful change. Several Japanese emphasized the fact that rich nations ought not to regard collective security as an attempt to maintain the status quo at the expense of proletarian nations, but that it ought to be an attempt to build a really secure peace.

But other members felt that there was no contradiction between collective security and peaceful change. A Russian member expressed, however, the idea that the words "peaceful change" were themselves not always clear enough. He admitted that there must be changes in political situations as there are in nature; but that two conditions ought to limit peaceful change. First of all, force ought not to be considered as a main factor in peaceful change; and secondly, peaceful change ought not to recognize the changes made by force in the past. Otherwise this change would begin with a provocation to aggression. Peaceful change, in his opinion, needs some previous requisite; and this previous requisite is the adoption of collective security. He proposed a new form of safeguarding peace that would be acceptable to all nations—an international permanent conference of peace. "It is better," he said, "to use a peace conference before a war has begun than after."

Collective Security Pacts. With such a clarification in mind, it appeared to most members that the establishment of an effective system of Collective Security in the Pacific would be highly desirable; but opinion began to diverge to a considerable extent when the question of the possibility of such machinery was considered. A Canadian member emphasized the fact that Collective Security supposed no reservation on national honor nor indeed on vital interests. In his opinion, the nations which were not prepared to accept such conditions would do better by not becoming party to such a pact. In fact, the warmest advocates of Collective Security, and notably a French member, asserted that there ought to be some differentia tion, in the framing of Collective Security, between the obligations of the different nations. Any general scheme of Collective Security, such as the Covenant of the League of Nations, might leave room for regional pacts the members of which would be more closely interested in the conflicts of a specified region. The parties to regional pacts would be under the obligation of applying military sanctions against an aggressor in their region, while the members of the League as a whole would only have, at least in the beginning, to apply economic ones. It was to be understood, however, that the signatories of such a regional pact should not be allowed to force sanctions until the universal organization had determined the aggressor.

Some regional agreements of this kind were suggested for application in the Pacific area. An American member proposed a regional security agreement between Japan, U.S.S.R. and China, similar to some extent, to the Locarno Pact. A British member suggested for the Pacific the building of a regional League composed of the powers directly interested in the region concerned. The Pact of Paris would itself be linked to this

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regional League, which would be affiliated in some way to the main League at Geneva.

Difficulties

Though more modest in their application, these regional pacts of Collective Security met with some skepticism among many members, with regard to the possibility of their application.

Isolationist Opinions. First, it was stated that some countries of the Pacific had growing isolationist tendencies. Public opinion in America was said by some American members to seek to prevent any kind of legislation which might lead to action being taken against an aggressor. Another member stated that, even if there were a desire in America, among many people, to see the country play a full role in attaining peace measures in the Pacific, where American interest was clear, the idea of a possible entanglement with Europe through participation in the Pacific might deter them from wishing to join in any new pact. More than one American member said that he was himself in favor of Collective Security, but that the mass of the people were strongly opposed to it, as far as the country was concerned. One of them added, however, that the interest which was taken by the American people in the question of the Philippines might bring his countrymen to a clearer recognition of their actual international "entanglements."

Feelings against Sanctions. The second difficulty was considered to be connected with the question of sanctions. Some members stressed the fact that, even though their countries had subscribed, by being members of the League of Nations, to the application of military sanctions, they did not feel absolutely sure that public opinion would permit such application when it came to the point of declaring war. A Japanese member said, in substance, that he doubted his country could participate in any agreement or organization which anticipated the use of sanctions.

Vital interests. The third difficulty arose from the fact that some of the members put forward the question of the "vital interests" of nations. A Japanese member stated that when a question of policy vital to Japan's existence and growth comes up, Japan—as, in his opinion, other nations—would be loath to have things decided by the counting of heads. No government in the world, he said, would consent to leave the destiny of its people to a body of outsiders; all countries, in his opinion, allowed only matters of comparatively minor importance to go before the permanent court, or a body consisting of neutrals. While this opinion was opposed by some members, the fact that such an idea might be prevailing in some countries was considered, in itself, to be a hindrance to the establishment of Collective Security.

Such were some of the ideas that were brought out during the discussions, and the main proposals made for peaceful adjustment in regard to political problems. It could not be hoped that any of the solutions proposed would find unanimous support. But, as one of the Chairmen of the Round

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Tables pointed out, the Institute of Pacific Relations is not a gathering of diplomats. The main purpose of the discussions of the Round Tables had been attained to a large extent if the implications of each of the main solutions proposed had been clearly realized; if the contact between the different groups of people had contributed to make each point of view easier to understand and helped the growth of a psychology, if not of collective security, at least of better collective understanding.

Inequality of Growth

One other difficulty in the way of maintenance of peace which ran through several round-table discussions was the recognition by many members that peace, though one of the elements in that happier state to which all peoples aspire, is not in itself an adequate expression of the goal. It was noted, for example, that none of the subject peoples of the Pacific area were directly represented; yet stability in the relations between the Powers—whether on the basis of the status quo or that of "peaceful change"—might only fasten on them the more securely a foreign yoke. It was recognized that even in autonomous countries governments represent the welfare of the broad masses of the people to varying degrees. It was for these reasons that members from several countries came back, again and again, to the question how not only peace might be preserved but possibilities of advance in standards of living and growth in culture might be safeguarded against dangers of forceful repression.

Here the chief difficulty was seen to reside in the different tempos with which the peoples of the Pacific are adjusting their inherited ways of life to the necessities of a world economy that determines to a large degree the livelihood of even the most isolated. It was to this question that Lewis L. Lorwin, an observer from the International Labour Office, addressed himself at a special plenary session:

> In broad outline, the major conflicts not only in the Pacific but everywhere may be traced to four processes or causes. First is the inequality in the rate of the economic and social development of different countries. Second is the unequal rate at which different social groups within each country develop and with which they can influence national policies. Third is the desire of each nation or country to obtain an increasing share of the world's goods—whether of world trade, territory, political power, or cultural ascendancy. And fourth is the indiscriminate and potentially or actually violent character of the methods used to achieve such ends. In more general terms, it is the differences in the *tempo* of current changes, in

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their *direction,* in the inequalities of benefits derived, and in methods used, that give rise to the threatening conflicts of today.

It has been recognized in our round-table discussions that a solution of present-day conflicts depends upon our ability to reconcile the tempo and direction of the industrial and social changes in different countries and to equalize their benefits. There have even been suggestions that the countries now in process of rapid expansion should moderate their tempo in order to minimize the dislocations in other countries. That seems to me a dubious approach to the problem, and in contradiction to some of the basic ideas of this Conference. It is not a question whether one or another country should be asked to make "sacrificial abstentions" in favor of another. The matter goes much deeper. Expansion is the very essence of all life, and especially of economic and social life. The rate at which such expansion takes place varies from time to time, but when any nation shows extraordinary vitality it would be against the interests of all mankind to suppress or repress it.

The best way in which the economic expansion of a young nation may be harmonized with world needs is to guide such expansion in accordance with the highest concepts and standards of social justice. In other words, the tempo at which a nation may expand can be modified by policies which adjust the external expansion of a nation to the relative advance of the less favored social groups within the nation.

A positive program of peace thus depends on our capacity to organize on a mutual basis not only world trade and world finance, but also the distribution of world power and the relative toleration of different systems of ideas and doctrines. Much has been said here about the peaceful coexistence of different social creeds and systems. May I call your attention to the fact that, in its early stages, every new political and social system displays much belligerency and proselyting zeal. That is a way of making a place for itself and of sowing its seeds. But in the course of time, while each system spreads, it undergoes modifications, and a modus vivendi is established between various systems. Protestantism and Catholicism find it possible to live together; certainly, the varieties of democracy in the nineteenth century were not entirely in accord with the prophecies of Jean Jacques Rousseau, and we are witnessing today the gradual adaptation of collectivist and individualist economic principles in national economies.

On the basis of these and other general considerations, which I have no time to develop here, I venture to formulate four basic principles for achieving peaceful change: First, changes must take place on a more or less universal scale and simultaneously. For instance, if Japan is to make changes in the structure and methods of its textile industry, corresponding readjustments should be made in Lancashire or the U.S.A. This is the principle of universality. Second, the relative positions of the different nations in world markets must be so adjusted as to eliminate monopolistic privileges. That is the principle of equalization of benefits. Third, the industrial and economic expansion of new nations should proceed in accord-

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ance with labor standards developed by the more advanced nations. This is the principle of social justice and higher standards of living. Fourth, large changes cannot be made peacefully unless they are prepared for. The question is asked why, with so much peace machinery in the world, the cause of peace is so frail. I venture to suggest that, ineffective as the various mechanisms may appear, they have been an important factor in putting off major international conflicts. But I would also point out what seems to me a basic weakness in existing international machinery. It is negative in that it either prohibits one thing or another and contains provisions not to do things. Or it is dilatory in the sense that it cannot be brought into action until difficulties have arisen and the elements of conflict have developed to a serious stage. As a result, many an effort at readjustment comes too late. It is necessary to recognize that change is a continuous process, and that what is needed is permanent machinery to guide it. This is the principle of planful change.

But "planful change" involves more than "adjustment of differences," more than willingness to give up a certain amount of freedom of action by signing agreements, bi-lateral or multi-lateral, more than an undertaking to abide by the judgment of third parties in certain types of international dispute: it also involves a definite, voluntary sacrifice of immediate and material national advantages for the sake of the larger good. No member brought this more clearly to the attention of the Conference than the Hon. F. W. Eggleston, of Australia, who warned his colleagues that in international as in personal affairs you cannot eat your cake and keep it, too. He said:

> The main problem of the Pacific, as of other parts of the world, is change and the adjustment to change. Somehow or other over the whole world the tempo of change has been rapidly increased so that the difficulties of adjustment are almost insuperable. Changes of this kind are the most important causes of international difficulty. Policy under changing conditions is difficult, and nervous changes occur in which old economic structures are unsuitable and machinery which sustained large populations becomes inadequate. These populations struggle to maintain their old position though it rapidly becomes impossible. The phenomenon of rapid change is the most vital feature of the post-war world and the underlying cause of all our difficulties. The war created a tempo of changes which had been inevitable for many years but which would have gone on in an evolutionary way. The changes which are occurring are inevitable. It would be as futile to stop them as to brush back the waves of the sea. They are to an extent involuntary and uncontrollable, and all we can do is to accommodate ourselves to them.
>
> We must make these accommodations peacefully, but the term peaceful

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change often assumes that the changes necessary are relatively simple. The idea is that some expert knows them and we have only to follow his advice. This is not true. The changes in the social structure, the nature of which we have been considering, have some analogy to change in physical structure. Strains accumulate and breaks occur. But they are still less controllable than physical changes because they are the product or resultant of the activities of millions of human beings, produced by separate will, and influenced by emotions and ideas which must work through these individual minds. The fallacy of an easily controllable world must be abandoned. Peaceful change, therefore, is not a matter of prescription by an expert or the decision of a democratic body or the rescript of a dictator—it must result from changes in human conduct on the part of large masses. The position, therefore, is that change is happening at an unusual rate in the world around us. We cannot stop it or wholly control it. What we have to do is to make the adjustments that are necessary without war.

The doctrine of collective security raises the question whether the desire for security is compatible with the necessity for change. . . . I will not criticize the term but will only raise the point that the desire for security may be only an expression of resistance to change—and if change is inevitable we have a rather awkward situation. We are only a whole body of nations trying to stop the inevitable. . . . Fear of change is an emotion that is only less strong than fear of pain. The communist theory is that the resistance is so strong that it can only be overcome by revolution. Collective security, therefore, may be mere resistance to change, and some of these changes may be necessary to enable nations to maintain their populations. Unless collective security is accompanied by some means by which change can be promoted and rendered safe, it may easily become a menace.

It is rather important to notice that another expression of the resistance to change may be in armaments; and the connection between the two under the League plan of salvation is somewhat erroneous. Sanctions are a sanctified form of the blockade. I feel very strongly that the League may very well be an agency for peaceful change if armaments are so reduced as not to be a major factor. Then sanctions may be a police measure. But the arming of police with machine guns is not productive of law and order. In the present condition of the world, armaments dominate the scene, they increase the resistance to change without reducing its necessity or tempo and hurry it on to calamity. Nor is aggression a simple problem. If changes are necessary to accommodate increasing populations, may not aggression be the only way out for increasing populations?

Whatever tribunals you set up must decide on the present order and cannot adjudicate on change. We must recognize change and promote it. I am afraid I am becoming an impossibilist. But all I am saying is that we must recognize change and promote it. It is inevitable, it is the demand of new forces, new minds and souls for recognition. It is unfortunate that we cannot direct it better, but we have no adequate machinery for the problem precipitated upon us.

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This leads us to a dilemma which is very deep. Our difficulty may be that there is no solution to the problem of change along the lines to which we have been accustomed. There is certainly no solution along the lines of forced armaments. . . .

The result is that the only solution must be the ethical solutions and indeed it is true that change cannot come about without sacrifice. If the change is to be peaceful that sacrifice must be voluntary. In other words, collective security may be a menace; but a *collective system* in which the problems of the world are viewed as a whole and their meaning is recognized and the responsibility of making the changes necessary for peace is placed on the leading members without compulsion, is still a feasible system. It can, of course, only be successful if the responsibility of the greatest nations to make the sacrifice is accepted in a spirit of noblesse oblige. If it were recognized that an Empire which owns one fifth of the earth's surface cannot have an exclusive block, or that the nation which has the greatest accumulation of resources and wealth cannot have the highest tariff and the largest navy, we should be nearer peace. In any case, enormous strides to peace might be made if there were a proportionate reduction of armaments—not because security was obtained by political settlements but because people were willing to take risks and did not regard change as the chief risk. . . .

A British spokesman, the Rt. Hon. A. V. Alexander, carried the argument still further—and in this appeared to voice the opinion of many members—when he demanded courage in the face of change, not only in respect of the relative position and power of nations but also within each nation. For, as Mr. Lorwin and others had intimated, it is out of the inequality of pressures within that so often arise those disturbances of a country's economy which eventually find their outlet in international conflict. Not only in his own country, but also in Japan and in the United States he saw the need for such internal readjustments of power to the changed positions and needs of different classes of the population, so as to free their respective advance, necessarily varying in tempo, from needless friction and conflict.

Two veteran statesmen, Mr. Kenkichi Yoshizawa of Japan and M. Albert Sarraut of France, gave farewell messages to their colleagues which perhaps helped to dissipate the cloud of pessimism that might have settled over the final sessions of the Conference if it had been left with nothing more definite to look forward to than blind faith in the slow growth of human wisdom. Mr. Yoshizawa indulged in no optimistic forecast. "More retrospect, exertion, and

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perhaps sacrifice will be needed on the part of all of us before we can reach any satisfactory solution of our problems." But progress has been made by taking "cognizance of the dynamic rather than static situation in the Pacific area. . . . We are extremely pleased that there has been a frank exchange of honest opinions, thereby giving us a guiding basis for further study." M. Sarraut, after referring to the harmony which, during the two weeks of the Conference, had prevailed between men and women of so many different nationalities and political creeds, exclaimed: "Our civilizations are not irreconcilable; they are not contradictory. I have never believed, I shall never believe, in 'inevitable' hostility of East and West. I think that, on the contrary, we can mix the brightness and the beauties of these civilizations, as the most different flowers combine to make up the harmony of a splendid garden."

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The New International Research Program 1936-1938

The new international research program, as approved by the Pacific Council at its concluding meeting on August 31, consists partly of a few individual projects, mostly for the completion of studies already started, and partly of new "fields" for research within each of which several national studies may be undertaken. The funds have been provisionally allocated only among the various "fields," the Research Chairman and Secretary being charged with the work of arranging the methods of inquiry and the financing of the component national studies in consultation with the Councils concerned.

I. Individual Studies under Secretariat Auspices

First in this group is the continuation of Mr. Owen Lattimore's research on "Inner Asian Frontiers of China" which has already been outlined in I.P.R. NOTES, No. 2. This comprehensive historical survey of the northern and western frontier regions of China since the earliest times is to result in a three-volume report, the first of which will be completed early in 1937. In addition to the main report Mr. Lattimore also expects to make available two or three monographs dealing more particularly with the contemporary problems of such frontier areas as Manchuria, Mongolia and Chinese Turkestan. The project which is expected to be complete early in 1939 represents the continuation and conclusion of a program of studies in this field on which Mr. Lattimore has been engaged for a number of years.

A second Secretariat project, somewhat related to the above, is a study of the Soviet Union policy toward minor nationalities in its Far Eastern territories with particular reference to Buriat Mongolia, to be undertaken by Miss Harriet Moore towards the end of 1937. The investigation should not only provide valuable material for comparison with Mr. Lattimore's work but should also make a significant contribution to existing Institute studies dealing with administration and economic development in dependent areas of the Pacific. According to present plans, the work will consist partly of documentary research in Moscow and the Soviet Far East

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and partly of field investigation in Buriat Mongolia itself. In the economic field there will be an examination of developments which have tended to change the nomadic and pastoral economy into an industrial and large-scale agricultural economy. In the cultural field there will be a study of the development of Buriat Mongolian culture which had been declining under the "Russification" policy in practice prior to 1917. In both of these fields there will be an attempt to show how an economically backward people may develop industrial forms of civilization without the sacrifice of its traditional cultural heritage.

The third Secretariat project is to be a study of Chinese agrarian problems with particular reference to the problem of collectively owned or clan lands in Southeastern China, principally in Fukien, southern Chekiang and southern and eastern Kiangsi. This inquiry, which is to begin towards the end of 1937, will be under the direction of Dr. Chen Han-seng and will be a continuation of his earlier researches into Chinese agrarian questions, the latest of which has just been published for Lingnan University, Canton, as *Agrarian Problems in Southernmost China.* The project is thus closely related on the one hand, to the Institute's study of land utilization in China, and on the other to its studies of rural standards of living, e.g. in tobacco-producing, tea-producing and silk-producing regions of China.

Dr. Chen for the next four or five months will be mainly engaged in bringing out a report of the investigation which he has been directing for the China Council on standards of living in tobacco-producing regions of China.

II. Studies of Textile Industries

Partly because of the recommendations made by the Tokyo Research Conference in April, 1935 suggesting studies of industrial competition as influenced by differences in standards of living, and partly because of the interest expressed in the question during the Yosemite Round Tables, the International Research Committee has approved of a new series of comparative studies of the textile industries in the principal Pacific countries and of international competition in textiles in the main Pacific markets. In making this decision the Committee was impressed with the fact that considerable progress is being made on the study of "Labour

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Factors in the Japanese Cotton Industry," a project which is being directed by Professor Teijiro Uyeda for the Japanese Council, and by the fact that the Royal Institute has recently been able to make arrangements for a very comprehensive investigation of the British textile industry to be carried out by Professor J. Jewkes and Professor Gray of the Department of Economics at the University of Manchester with some financial aid from the I.P.R. The Committee also took note of the fact that existing research institutions in such countries as India and China would probably be in a position to provide comparative reports on the textile industries of those countries. In the new program, accordingly, arrangements have been made to continue the British inquiry for a second year, to broaden the scope of the Japanese study and to arrange for the necessary cooperation between the Japanese Council and the industrial associations of the Japanese cotton industry and of the Japanese cotton mills in China. In addition the China Council is to arrange with appropriate research institutions including the Institute of Social Sciences of the Academia Sinica for the revision, extension and translation of the latter's present study of the Chinese cotton industry, this to be supplemented as far as possible by a further report on the household and village cotton-weaving industry of China. Next, the Secretariat and Royal Institute are to arrange with a suitable institution in India for a report on the Indian cotton industry, supplemented by information on the Indian handloom-weaving industry. The Committee also recommended that the present American Council study which has been directed by Mr. W. W. Lockwood, Jr. be continued, special emphasis being placed on the international aspects of textile competition in the United States and on the problem of competition between the New England and Southern branches of the American cotton industry. The American Council also has been requested to utilize the results of other American studies in this field and to supply information on these studies to other National Councils engaged in similar inquiries.

Running parallel to these studies in the main producing countries there are to be smaller studies on the position of such countries as Netherlands-India, Australia and Canada as consumers and prospective producers of cotton textiles. The Committee also took note of the fact that the International Labour Office is making

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arrangements for a world study of labour conditions in the textile industry. Arrangements are therefore being made to maintain the closest possible mutual relations between the I.P.R. and I.L.O. in this field of study by means of correspondence and exchange of materials collected. Similarly, the Secretariat is instructed to promote the fullest possible cooperation and interchange of questionnaires and information on these studies among the participating National Councils and to arrange, if possible, for occasional special conferences of research workers engaged in the National studies. Before the completion of the national reports the National Councils will be consulted as to the best method of publishing the results of the whole inquiry and of bringing out a book coordinating and interpretating the whole series of reports. Particular emphasis is to be placed on the question of securing the greatest possible degree of international comparison among the various reports and on the possibility of securing the active cooperation of persons actually engaged in, or closely associated with, the textile industries.

III. Completion of Land Utilization Studies

After learning from the representatives at Yosemite that the current studies of land utilization and population in China, Japan and Australia would be completed and published early in 1937, the Research Committee decided to bring its investigations in this field to a close by setting aside a small sum for the preparation of shorter reports on land utilization in certain Pacific countries not already included in existing projects. Arrangements are therefore to be made with the French, Netherlands and U.S.S.R. Councils for the preparation of reports on land utilization (including problems of land tenure and population distribution) in Indo-China, Netherlands-India and the Soviet Far East. It is understood that these supplementary reports are not to involve any substantial expenditures for new field investigation, but are to be compiled mainly on the basis of existing materials accumulated by government departments and local research institutions. The Secretariat has also been instructed to explore the possibility of securing similar reports on conditions and tendencies in land utilization in Manchuria and India for purposes of comparison with the other studies. It may be recalled that provision has already been made in the research

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program for an international coordinating report on all these national studies of land utilization and population to be written by Dr. C. L. Alsberg of the Food Research Institute, Stanford University.

The Committee took particular note of the forthcoming publication of Professor J. Lossing Buck's comprehensive study of land utilization, population and food supply in China, which has been one of the largest I.P.R. projects for the past six years. Because of the fundamental importance of the study, it recommended that the Secretariat make special efforts to see that the main conclusions and the larger social implications of the study were brought to the attention of a wider audience than the group of specialists who would normally be expected to read the whole report. The Secretariat will probably explore the possibilities of bringing out a collected volume of essays in which writers of different nationalities with training in different disciplines of the social sciences or belonging to different schools of thought will interpret what seem to them some of the leading economic, political and social implications of the data assembled in the report.

IV. Completion of Press and Public Opinion Studies

In view of the fact that studies in this field have already been started by the Canadian, Australian, New Zealand, American and Philippine Councils and that the Chinese study has already been published as *A History of the Press and Public Opinion in China* by Dr. Lin Yutang, the Research Committee recommended that the whole series of studies be brought to a conclusion by one further report on the Japanese press which the Japanese Council indicated it would be willing to secure. A previously suggested study of the British press and of British public opinion on Far Eastern problems which had been tentatively provided for in the 1936 Research Budget was dropped from the list of studies. After the completion of the various national studies, the Secretariat is instructed to arrange for a competent person to prepare a general coordinating and interpretative report on the international aspects of the press, news dissemination, and the formation of public opinion in Pacific countries. In addition to this the Committee, adopting a suggestion made by certain members of the Press attending the Yosemite Conference, instructed the Secretariat to arrange

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for competent foreign press correspondents in China and Japan, to supply shorter memoranda on problems of news collection and distribution in the Far East, on the understanding that these would be circulated to National Councils and other journalists for comment prior to possible publication in pamphlet or article form.

V. Completion of Standard of Living Studies

On the basis of the reports from National Councils describing the progress of the numerous studies in this field initiated since the Banff Conference (listed in the *Report of the International Secretariat,* pp. 115-121), the Research Committee decided to conclude its work in this field by authorizing a small grant for the completion of a study already started on living standards in New Zealand. Provision has already been made in the 1936 research budget for an international coordinating report on this whole group of inquiries to be produced by Dr. C. L. Alsberg when the national studies have been completed. The Committee also took note of the fact that a monograph by Professor T. E. Gregory of the London School of Economics on the general theoretical problem of the standard of living as a concept in economic theory would probably be published early in 1937 and would furnish valuable guidance in the completion of many of the national reports.

VI. Studies of Foreign Policy and Diplomatic Machinery

The discussions of the Yosemite Conference, particularly in its final Round Table Topic on the Changing Balance of Political Forces in the Pacific and Possibilities of Peaceful Adjustment, influenced the Research Committee to a considerable extent in its decision to recommend studies in this field. First of all, the Committee endorsed a proposal brought forward from the Canadian Institute urging the National Councils to prepare reports on the foreign policies or what may be believed by important groups to be the foreign policies of their respective countries with special reference to relations with other Pacific countries. It was felt that such reports, in spite of the difficulties in the way of securing objective and definite information, would supply an important need, not at present adequately filled, for a serious attempt to formulate the main points and the underlying principles in the foreign policies of the principal Pacific nations. It was recognized that National

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Councils will have to take the initiative in securing such interpretations and that it will not be possible to produce the reports according to any uniform plan. It is accordingly not expected that any substantial financial help will be supplied from the International Research Fund. Next, the Secretariat was asked to take up with the National Councils the question of collecting authorative information on the detailed methods which have been adopted for the settlement of the principal international disputes in the Pacific area since 1919. This information, if it proves to be comprehensive and satisfactory, would then be turned over to a competent editor who would use it for a compilation of a concise book of reference on this particular problem. Some indication of the kind of handbook which is envisaged is provided by one of the Secretariat data papers distributed at Yosemite under the title *Diplomatic Machinery in the Pacific Area* by Professor Quincy Wright.

The main project in this field, however, is of a different character, and if undertaken would represent something of a new experiment in Institute research. The Committee felt that there was need for a broad interpretative study of the international political relations of the Far East and Pacific area since the Great War, aiming to show the development of the forces which are bringing about a re-distribution of economic and political power in the Pacific area. In one sense it would be an historical analysis, but it would also aim to interpret the fundamental causes of the success or failure of the diplomatic machinery which has been provided or employed in this part of the world. The Committee felt that such a study could not be satisfactorily done if contributions were to be secured from each National Council, but that it was essentially a task for one person of high reputation and acknowledged ability in the general field of Far Eastern history and international relations. The Secretariat was therefore instructed to consult with the National Councils with a view to securing the services of a scholar with the requisite qualifications, the understanding being that the study would be initiated only if such a person could be secured and that, if it were initiated, opportunity would be given to National Councils to present national interpretations or points of view on specific problems.

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VII. Studies of Pacific Fisheries

This subject, although originally proposed as a topic for research by members of the American Council, was generally recognized as one of widespread interest in the Pacific area and a matter on which scientific investigation, especially on the international economic and political aspects of exploitation of coastal and pelagic fisheries was urgently needed if serious international controversy was to be avoided in the near future. In particular, it was recognized that such study was particularly necessary in the case of the northern Pacific fisheries off the coasts of California, British Columbia, Alaska, and the Pacific coast of the U.S.S.R. It is therefore probable that the American, Canadian, Soviet and Japanese Councils will all be actively interested in the project. In the meantime the American Council is being requested to prepare a preliminary memorandum on the scope and purpose of the study, and this, after comment is received from the various Councils, will be used as a basis for detailed inquiries. Similarly, the American Council is being asked to take the initiative in the collecting and coordinating of information on the northern Pacific fisheries to be supplied by the above-mentioned Councils and by the appropriate scientific institutions in the various countries. Later on opportunity will be given to other Councils to supply information on the international aspects of fisheries exploitation in other parts of the Pacific area. When such materials have been collected and prior to the final publication of a final international report on the project, the Secretariat and the American Council are to arrange, if possible, for a special conference of individuals in the various countries engaged in the national studies or interested in the problem as a whole. Although arrangements have not yet been settled, it is probable that the actual conduct of the study will be delegated by the American Council to one of its Pacific Coast groups and that arrangements will be made to secure a competent director for the detailed research work.

VIII. Studies of Pacific Shipping

The question of international competition and controversy over shipping in the Pacific area has already engaged the attention of the I.P.R. and was included in a proposed study of communications in the Pacific Area, recommended by the Research Committee in

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1931. The American Council also played a considerable part in initiating and assisting a study by Professor E. G. Mears recently published as *Maritime Trade of the Western United States.* In the Round Table discussions at Yosemite the question of shipping competition and shipping subsidies came up on several occasions and the need for further research on the problem was urged. The Committee has therefore set aside some funds for studies in this field and has requested the Royal Institute to prepare a preliminary outline and questionnaire on the scope and purpose of the inquiry to be submitted to all National Councils interested. The investigation, which will at certain points have to extend outside the Pacific area, will aim to investigate the conditions which are making it impossible or difficult to conduct shipping on an economic basis and tending to produce the risk of serious international controversy and of "shipping wars." This would involve not only consideration of government subsidies but also of methods of discrimination employed by governments or by merchants and differences in costs of administration, construction and operation due to such factors as lower wage costs, lower standards of maintenance and currency depreciation. The Committee has recommended that the work of producing an international report be entrusted to one qualified individual to be selected after consulting with the National Councils most concerned with the study. Although the report will thus be the work of one person, opportunity is to be given to National Councils to supply information on their respective national policies and national points of view regarding shipping problems. The Secretariat will also make arrangements to collect information on the shipping of countries not represented in the I.P.R., e.g. Italy, Germany, Norway, etc.

IX. Economic Developments in Dependent Territories of the Pacific

The question of the economic development and the economic value of colonial or other dependent territories has been recognized as a desirable subject for research for several reasons. Such studies, which will be confined for the most part to the countries of southeastern Asia, are linked closely to the earlier I.P.R. studies of administration and social change in Pacific dependencies. They are equally related to the question of access to raw materials and to markets—topics which played an important part in the Yosemite

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discussions. The Secretariat has therefore been instructed to arrange with the appropriate National Councils for several projects in this field. It is understood that the inquiries will also deal with the financial and monetary problems of dependent areas and with the economic and political relationship of dependencies to the home countries. Moreover opportunity is to be taken wherever possible to make comparisons with certain independent countries, e.g. Siam, which have a "colonial" type of economic organization.

X. Studies of the Treaty Port System in China

This project, which has been approved in principle but for which detailed arrangements have not been made thus far, is (at least in its first stages) to be under the direction of a competent person selected by the Royal Institute. The general purpose of the study will be to examine how far the existing foreign trading system in China is bound up with special treaty rights and what changes and disturbances the abolition of those rights might produce, if measures are not taken in advance to minimize the dislocation. In one sense, therefore, the study would deal with the commercial aspects of extra-territoriality and would provide for all the treaty ports of China and for foreign commercial organization in China, the kind of analysis which was made in the Feetham Report for the municipal problems in the International Settlement of Shanghai. As at present contemplated, the study would begin with an appraisal by westerners and from the western point of view of the Treaty Port system, but later on an attempt may be made to initiate a parallel Chinese study.

XI. New Edition of "Economic Handbook of Pacific Area"

There was general agreement that the Secretariat should make appropriate arrangements to bring out either a revised and enlarged edition of the *Economic Handbook* or that a new version embodying a great deal of material not included in the former volume should be published. As there was some uncertainty as to the best method to be adopted, the working out of a concrete plan has been remitted to a sub-committee consisting of Mr. Frederick V. Field, the former editor, Professor V. E. Motylev of the U.S.S.R. Council, and Professor H. Belshaw of the New Zealand Council, and a sum of money has been set aside to cover costs of compilation

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and printing. A question to be explored by the sub-committee is whether the volume should include a section giving a running survey of economic developments in each of the Pacific countries during the previous three or four years. The sub-committee has also been asked to study the possibility of bringing out under I.P.R. auspices a volume showing in pictorial or diagramatic form some of the major economic trends and relationships in the Pacific area. Such a volume would be designed for a wider audience than the *Handbook* itself.

XII. Interim Research Conferences

The Pacific Council has endorsed in principle the Committee's recommendation that the Secretariat continue the practice of holding interim meetings of members of the International Research Committee or of research workers engaged on particular projects and has authorized the Secretariat to arrange such meetings, e.g. on the question of textiles, shipping or fisheries, whenever it is convenient and financially possible.

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Administrative Decisions and Recommendations

Suggestions for Study After the Conference

The last meeting of the Conference consisted of a plenary critical and informal discussion of the Conference itself, at which a number of suggestions were made for following up the Conference, and for the conduct of the next Conference. Among suggestions for immediately following up and continuing the work of the Yosemite Conference was a proposal that study groups or discussions groups should be formed by national councils in as many of the member countries as possible in order to continue the study of some of the more urgent and interesting points which were raised in the course of the Yosemite discussions but to which, owing to the limitations of time, it was not always possible to accord as full treatment as they deserved. It is hoped that reports of such plans, where these are being adopted, will be communicated to the Secretariat in time for publication in the next issue of I.P.R. Notes.

Admission of French Council

At the first meeting of the Pacific Council at Yosemite, held on August 12, 1936, an application for admission to the Institute by the Comité d'Etudes des Problèmes du Pacifique, Paris, was reported by the Secretary-General. By an unanimous vote the Pacific Council voted that membership be accorded to the Comité, which was represented at Yosemite by a distinguished group under the Chairmanship of M. Albert Sarraut.

Seventh I.P.R. Conference

At the 9th meeting of the Pacific Council of the Institute held at Yosemite National Park, California, on August 30, 1936, it was resolved that in July, 1937 the Secretary-General circulate to all the National Councils his recommendations as to the places or place and precise date of the next Conference, so that, if it is feasible, final decision can be made at the annual meeting of the Pacific Council in 1938.

The topic chosen for the Seventh Conference of the Institute is "Political and Economic Aspects of Trade Competition in the

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Pacific." The Pacific Council's decision does not preclude the choice of a different topic or topics at a later date should inter-conference developments appear to make this desirable. The Pacific Council decided that in order to facilitate preparation the above topic should be outlined on a regional basis, and the outline given below was agreed upon subject to such modifications as may appear desirable.

I. The Movement of Goods
   (a) Trade balances
   (b) Shifts in the direction of the trade of Pacific countries
   (c) The transportation of trade goods, with reference especially to shipping

II. Methods and Machinery for Regulating International Trade
   (a) Tariffs, quotas, and other protective devices
   (b) Trade arrangements: 1) preferential arrangements with regard to colonies, within empires, within economic blocs; 2) barter and other international control
   (c) Types of administrative control

III. Markets and Raw Materials
   (a) Freedom of markets and ease of access to raw materials—peace time *versus* war time considerations
   (b) International aspects of changes in the large-scale exploitation of food and raw material resources in the Pacific Area

IV. Monetary and Financial Factors in International Trade
   (a) Currency and exchange
   (b) Investment

V. Political Causes and Consequences of the Above.

Report by the Institute for the Eighth International Studies Conference

In preparation for the meeting of the International Studies Conference to be held in Paris in June 1937 the Institute, as a participating member, has been invited to submit a report bearing on the subject of the Conference, namely "Possibilities of Peaceful Change

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and Peaceful Settlement of International Disputes." The Secretariat has been instructed by the Research Committee to secure the services of a qualified scholar well acquainted with the work of the I.P.R. and with the international problems of the Pacific area to prepare a monograph on the light thrown by the researches of the I.P.R. on the problem of peaceful change and the related questions of access to raw materials and markets and the role of colonies.

Report of the International Secretariat

On August 1, 1936 the Report of the International Secretariat to the Pacific Council, 1933-1936 was published. A limited number of copies are available at the offices of National Councils of the Institute, at the Honolulu and San Francisco offices of the American Council and at the Institute's Publication office at 129, East 52nd Street, New York. The report, which is a volume of some 180 pages, contains an account of the organization and activities of the Secretariat and National Councils, the development of the International Research program since 1933, a report on *Pacific Affairs,* and an extended review of the language problems of which the Secretariat has been conducting a special study.

Headquarters of the Institute

The Pacific Council took the following decisions at Yosemite with regard to the headquarters of the Institute:—

That for the present there will be no fixed physical headquarters of the Institute.

That during the coming inter-conference period the methods of office administration followed by the Secretariat during the past two years be continued, and that the Secretary-General continue to spend a substantial portion of his time in visiting the member countries and endeavoring to stimulate and coordinate the work of the various National Councils.

That the aim of the Council was the ultimate establishment of physical headquarters and that these when ultimately established should be situated somewhere in the Pacific Area.

That the Secretary-General after the expiration of two years communicate with all National Councils asking for the expression of opinion regarding the establishment of headquarters and place of same and that all opinions expressed be circulated among the

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National Councils with a view to their consideration prior to the next Conference.

That it is the policy of the Council to separate completely the administrative functions of the International Secretariat from that of each and every National Group or subdivision of a National Group. This policy should provide not merely for completely separate budgets but also for reimbursement out of the budget of the International Secretariat to the National Councils for any material increase in their respective expenses, direct or indirect, incurred by reason of the presence at the seat of National Councils for any prolonged period of the Secretary-General or any member of his staff.

That the library of the Institute in Honolulu be presented to the American Council.

Pacific Council and International Committees

The Pacific Council decided at Yosemite that in future it should meet at least once a year instead of as hitherto only at the time of the Conferences. In this way it is hoped not only to secure more effective cooperation by the National Councils in matters of policy but also to diminish the congestion of administrative work and the pressure on members at the time of the Conferences.

The next meeting of the Pacific Council is therefore likely to be held in August, September or October, 1937. The general opinion appeared to be in favor of the next meeting's being held in the Far East, and a tentative decision will be made in four or five months.

Mr. John W. Dafoe, President of the Canadian Institute of International Affairs, was elected Chairman of the Pacific Council. Owing, however, to Mr. Dafoe's inability to accept office for more than two years, he was elected for this period and the Hon. Newton W. Rowell, Honorary President of the Canadian Institute of International Affairs, was elected to serve from the end of Mr. Dafoe's term until the conclusion of the Seventh Conference of the Institute.

Dr. Hu Shih, Viscount Ishii and Dr. Ray Lyman Wilbur were elected Vice-Chairmen of the Pacific Council. Mr. Frank C. Atherton was elected Honorary Vice-Chairman.

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The Hon. Newton D. Baker was elected Treasurer of the Pacific Council.

ADVISORY COMMITTEE AND EDUCATION COMMITTEE

It was decided to discontinue two committees at the conclusion of the Yosemite Conference, namely the Advisory Committee and the International Committee on Educational Methods. With regard to the Committee on Educational Methods, those functions which it is considered desirable to retain will be assumed by the International Publications Committee.

The following officers of committees were appointed.

INTERNATIONAL FINANCE COMMITTEE

Chairman ..... Edgar J. Tarr
Vice-Chairmen ..... Hon. F. W. Eggleston, Etienne Dennery

INTERNATIONAL RESEARCH COMMITTEE

Chairman ..... Carl L. Alsberg
Vice-Chairmen ..... G. N. Voitinsky, S. Nasu

INTERNATIONAL PROGRAM COMMITTEE

Chairman ..... G. E. Hubbard
Vice-Chairmen ..... H. Belshaw, Conrado Benitez

INTERNATIONAL PUBLICATIONS COMMITTEE

Chairman ..... Richard J. Walsh
Vice-Chairmen ..... Liu Yu-wan, J. Th. Moll

It is hoped that the names of those to be appointed by National Councils as their representatives on the Pacific Council and on each of the above international committees will have been received by the Secretariat in time for the full composition of these bodies to be published in the next issue of I.P.R. NOTES.

BIBLIOGRAPHICAL SERVICE

The language problem which has faced the Institute of Pacific Relations for many years is not limited merely to the sphere of oral participation in the conferences. Equally serious is the difficulty which arises out of the fact that a great deal of the valuable

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research work carried on by the non-English speaking National Councils is not easily available to students in western Europe, the British Empire, and North America. The problem has become more and more pressing in recent years with the rapid development of new learned and professional journals in the Chinese, Japanese, Russian, and Dutch languages, many of which contain material of first-class importance to all students of international affairs in the Pacific.

Both in its research work and in its general task of disseminating information, the Institute is, therefore, obliged to give much closer attention than has been customary in the past to securing adequate bibliographies, translations, and summary reports of books and articles in these languages. For the past twelve months the Secretariat has been exploring various methods of devising suitable machinery for this purpose, and under the guidance of Mr. Galen M. Fisher, various proposals have been submitted to the National Councils. Obviously a scheme of this character, to be at all satisfactory, requires very careful organizing both from the point of view of avoiding undue expense and of securing the widest and most strategic distribution of the bibliographical material and translations.

Thus far the Secretariat has considered three more or less distinct plans, and at the Yosemite Conference it presented the main advantages and disadvantages of each with a view to getting the collective advice and decision of a special sub-committee on this matter, appointed from the International Research Committee and the International Publications Committee. In general, it may be said that the main problem to be decided is whether the Institute itself is to attempt to set up a comprehensive bibliographical service including the publication of a regular bulletin, or whether its function should be principally to coordinate the activities of the existing institutions and journals in the social sciences so that its work would then consist in the main of supplying the raw material for bibliographical annotation to the various learned journals, on the understanding that the journals would publish regular bibliographies or review articles of Chinese, Japanese, Russian, and Dutch studies in their particular field.

The Pacific Council decided at Yosemite that a bibliographical and abstract service on a moderate scale be undertaken for an

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experimental period, covering such languages as may appear practicable; that the material so compiled, which should deal with both books and periodicals, be published as far as possible through existing publications, national and international, in the various fields, rather than through the creation of a new I.P.R. periodical; that with regard to the Chinese, Japanese, Russian, Dutch, and French bibliographies, the cooperation of the National Councils be requested; and that where such cooperation is not practicable, the International Secretariat should maintain contact with the National Council or Councils in question, in taking such a course as appears to be suitable.

In order to provide concrete evidence for the Yosemite-subcommittee, the Secretariat initiated in the three months preceding the Yosemite Conference a small experimental service under the direction of Dr. Chen Han-seng with the cooperation of an international group of colleagues familiar with the literature in the above languages. For the time being their principal task was to prepare for exhibit at Yosemite a representative selection of the more important journals in these languages which are of value to the student of international affairs in the Pacific. As a result of this preliminary work it was possible to display at Yosemite about one hundred magazines, each of them having an English translation of the table of contents and a brief report of three or four pages giving a general description of the aims and character of the journal, together with descriptive and critical comments on some representative articles contained in it.

In addition to this exhibit the Secretariat circulated to members of the Conference a pamphlet entitled *I.P.R. Bibliographies,* containing a few specimen annotations of articles and books reviews from representative Chinese, Japanese, and Russian journals, together with a series of descriptive notes on the aims and character of the journals themselves. Arrangements are now being made to circulate early in 1937 to libraries, learned societies and journals an enlarged and revised edition of this pamphlet.

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Members, Group-Secretaries, and Round Table Officers of the Conference

Dates in brackets after names indicate attendances at previous conferences.
The figure in brackets after the name of the last member of each Group indicates the number of members in the Group.
The name of the Chairman of each Group is placed first, the names of remaining members in alphabetical order, and those of Group-Secretaries last.

AUSTRALIA:

The Hon. F. W. Eggleston, Melbourne. Formerly Attorney-General and Minister of Railways of Victoria; Chairman, Commonwealth Grants Commission. (1927, 1929) *Chairman.*

Prof. D. B. Copland, Melbourne. Dean, Faculty of Commerce, Melbourne University.

Miss Constance Duncan. Secretary, Bureau of Social and International Affairs, Melbourne.

E. C. Dyason, Melbourne. Mining engineer and stockbroker.

W. M. Gray. Research Secretary, Section of Austral-Asiatic Affairs, Australian Institute of International Affairs, Melbourne.

J. F. Nimmo. Formerly Economic Advisor, Commonwealth Grants Commission; Lecturer, University of Melbourne.

Miss B. A. Rouch, Sydney, Assistant to the Economic Advisor to the Bank of New South Wales.

N. B. Tindale, Ethnologist at the Adelaide Museum; Lecturer in Japanese, University of Adelaide. (8)

Jack Shepherd. Assistant History Lecturer, Sydney University. *Secretary.*

CANADA:

Hon. Newton W. Rowell, K. C. Member, Imperial War Cabinet, 1918; Canadian Government representative at First Assembly, League of Nations, 1920; Toronto. (1925, 1929, 1933) *Chairman.*

P. C. Armstrong. Consulting agriculturist, Dept. of Colonization and Development, 1926-1930; C.P.R., Montreal.

J. W. Beaton. Metropolitan Secretary, Y. M. C. A., Montreal. (1927).

G. E. Britnell. Assistant Professor of Economics, University of Saskatchewan; Joint editor, "Standards of Living in Canada" (in preparation).

Mrs. Pierre Casgrain. President, League of Women's Rights; wife of Hon. Pierre Casgrain, Speaker of the House of Commons of Canada.

J. W. Dafoe. Editor-in-chief, "Winnipeg Free Press"; President C.I.I.A.; Member, Canadian Delegation to the Peace Conference, 1919; Chancellor of the University of Manitoba.

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Miss Winnifred Kydd. Dean of Women, Queen's University, Kingston; President, National Council of Women; Canadian Delegate, Disarmament Conference, 1932; League Assembly, 1935.

D. A. McGregor. Editorial Staff, "Vancouver Province." (1929)

N. A. M. MacKenzie. Professor of International Law, University of Toronto; Chairman of Research Committee, C.I.I.A. (1931, 1933)

D. B. MacRae. Editor-in-chief, "Regina Leader Post." (1933)

G. R. Parkin. In charge of foreign investments, Sun Life Assurance Co., Montreal.

A. F. W. Plumptre. Lecturer in Political Economy, University of Toronto; Assistant Secretary, Royal Commission on Banking and Currency in Canada, 1933.

F. R. Scott, Professor of Civil Law, McGill University; Joint editor, "Social Planning for Canada."

Sidney E. Smith. President, University of Manitoba, Winnipeg; Author of legal works.

F. H. Soward. Professor of History, University of British Columbia, Vancouver. (1933)

E. J. Tarr, K.C., President, Monarch Life Assurance Company, Winnipeg. (1929, 1933)

Dr. R. C. Wallace. President, Queen's University, Kingston, and University of Alberta, Edmonton. (1933)

Dr. R. H. Wright. Assistant Professor of Chemistry, University of New Brunswick, Fredericton. (18)

Secretaries:

Escott Reid, Toronto. National Secretary, Canadian Institute of International Affairs. (1933)

J. R. Baldwin, Toronto.

J. Flavelle Barrett, Toronto.

Miss Joan Bonnycastle. (1933)

James E. Coyne, Winnipeg.

Trevor Lloyd, Winnipeg.

Ross H. MacDonald, Toronto.

Ronald Martland, Edmonton.

A. M. Stewart, Winnipeg.

CHINA:

Dr. Hu Shih. Chairman, China Institute of Pacific Relations; Dean of the College of Arts, National University of Peking, Peiping. (1931, 1933) *Chairman.*

Dr. W. T. Chan. Professor of Chinese Institutions, University of Hawaii; Formerly Dean of Lingnan University, Canton.

Dr. Chang Chung-fu. Professor of Diplomatic History, National University of Peking, Peiping.

Dr. P. C. Chang. Professor of Philosophy, Nankai University, Tientsin. (1931, 1933)

PERPUSTAKAAN NASIONAL

Dr. Chi Ch'ao-ting. Author of "Key Economic Areas in Chinese History."

Dr. Leonard S. L. Hsü. Professor of Sociology, Yenching University, Peiping; Advisor to the National Economic Council.

Dr. T. Z. Koo. Associate General Secretary, World Student Christian Federation, Geneva and New York. (1931)

Dr. Kan Lee. Member of the National Tariff Commission; China Institute of Economics and Statistical Research, Shanghai.

Dr. Y. S. Leong. Statistician, Washington, D. C.

Lowe Chuan-hua. Director, Shanghai Office, China International Famine Relief Commission.

Dr. N. Wing Mah. Professor of Political Science, University of California, Berkeley.

Chih Meng. Associate Director, China Institute in America, New York. (1933)

C. S. Shen. Yee Tsoong Tobacco Company, Shanghai. (1933)

Fred C. Sze. General Manager, Joint Savings Society, Shanghai.

Dr. Y. Y. Tsu. Professor of Sociology, St. John's University, Shanghai.

Leonard T. K. Wu. Research Associate, Institute of Social Sciences, Academia Sinica, Nanking. (16)

Secretaries:

Liu Yu-wan. Executive Secretary of the China Institute of Pacific Relations. (1931, 1933)

Tennyson Chang.

Mrs. Pardee Lowe.

H. G. Shih.

Miss Clara Tom.

FRANCE:

Albert Sarraut. Formerly Under-Secretary for the Interior; for War; Governor-General of Indo-China; Minister for Colonies; Prime Minister; President, Comité d'Etudes des Problèmes du Pacifique. *Chairman.*

Etienne Dennery. Secretary-General, Centre d'Etudes de Politique Etrangère; Professeur à l'Ecole des Sciences Politiques, Paris. (1933)

Jean Laurent. Former Secretary to Raymond Poincaré; Former Inspector General, now Director, Bank of Indo-China.

André Touzet. Former Colonial Governor; Assistant Director of Finances of Indo-China. (4)

Roger Lévy. Secretary, Comité d'Etudes des Problèmes du Pacifique, Paris. (1933) *Secretary.*

INTERNATIONAL INSTITUTE OF INTELLECTUAL COOPERATION

Henri Bonnet. Director of the International Institute of Intellectual Cooperation, Paris.

INTERNATIONAL LABOUR OFFICE:

Lewis L. Lorwin. Economic Advisor, International Labour Office; For-

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mer staff member, Brookings Institution, Washington, D. C.

JAPAN:

Dr. Tadao Yamakawa. Vice-Chairman, Japanese Council, I.P.R.; Former Counsellor, Department of Navy; Chief, Department of Treaties, Foreign Office; Attended London Naval Conference, 1930; Member of House of Peers. *Chairman.*

Lieut.-General Rihachiro Banzai, Retired. Former military attaché, Japanese Legation, Peking; Military Advisor, Chinese Government; Member of House of Peers.

Kyohei Hamano. Japan Cotton Trading Co.

Dr. Yamato Ichihashi. Professor of History, Stanford University; Advisor to Government Delegates of Japan, First International Labor Conference.

Kiyoshi Kanai. South Manchuria Railway Company. (1929, 1931)

Chikayoshi Nagakura. Manager, New York office, South Manchuria Railway Company.

Shiroshi Nasu. Professor of Agricultural Policy, Tokyo Imperial University; Member, Central Committee on Rural Reconstruction. (1927, 1929, 1931, 1933)

Kenzo Oshima. Director, Sumitomo Bank, Osaka.

Hotsumi Ozaki. Research member, Asahi Institute of the Far East, *Tokyo Asahi Shimbun.*

Kamekichi Takahashi. Director, Takahashi Economic Research Institute, Tokyo; Author of economic works. (1933)

Kenzo Takayanagi. Professor of English Law and Philosophy of Law, Tokyo Imperial University. (1925, 1927,1929, 1931, 1933)

Kosaku Tamura. Executive Councillor, Japanese Institute for Foreign Affairs.

Yusuke Tsurumi. Member, House of Representatives. (1925, 1927, 1929, 1931, 1933)

Teijiro Uyeda. Professor of Economics, Tokyo University of Commerce; Author of economic works. (1933)

Kenkichi Yoshizawa. Former Minister in China; Ambassador to France; Minister of Foreign Affairs; Now one of the leaders of Seiyukai Party; Member of House of Peers. (15)

Secretaries:

Tomohiko Ushiba. Secretary, Japanese Council, I.P.R.

Fumitaka Konoye.

Miss Haru Matsukata.

Miss Naka Matsukata.

Susumu Matsuzaki. South Manchuria Railway Company, Dairen; *Private Secretary* to Mr. Yoshizawa.

Kinkazu Saionji.

S. Oka.

PERPUSTAKAAN NASIONAL

Seiichi Yamagata. Assistant Editor, *Sekai Tō Warera* (The World and Ourselves), International Association of Japan.

LEAGUE OF NATIONS SECRETARIAT:

Arthur Sweetser. Information Section.

NETHERLANDS-NETHERLANDS INDIES:

G. A. Dunlop. Managing Director, *Nederlandsch Indische Handelsbank,* N.V.; Director of various other companies. *Chairman.*

L. Kamper. Officer of East-Asiatic Affairs, Batavia, Netherlands Indian Government Service.

J. Th. Moll. Ex-Netherlands Indian Government Service; Bureau of Research, *Nederlandsch Indische Handelsbank,* N.V.

H. J. van Mook. Head of Division for General Affairs, Department of Economic Affairs, Batavia; Chairman, Government Committee for the Netherlands Indian Middle Class. (4)

Secretaries:

Dr. F. van Heek. Doctor of Economics, Amsterdam University; Bureau of Documentation, Netherlands Pacific Institute.

H. E. Moquette. *Private Secretary* to Mr. Dunlop.

NEW ZEALAND:

Dr. Horace Belshaw. Professor of Economics, Auckland University College. (1929) *Chairman.*

Dr. E. N. Merrington. Principal, Knox College, Dunedin.

Rev. H. W. Newell. Minister of The Terrace Congregational Church, Wellington.

Miss Mary Seaton. Wellington. (1929, 1933) (4)

Bruce R. Turner. Private Secretary to Minister of Finance. *Secretary.*

PHILIPPINES:

Conrado Benitez. Dean, College of Business Administration, University of the Philippines, Manila. *Chairman.*

J. S. McCormick. Chief of Academic Division, Bureau of Education, Manila. (2)

Miss Juliana Corazon. *Secretary.*

UNITED KINGDOM:

The Rt. Hon. A. V. Alexander, M.P. (Labour). Vice-Chairman, Council of Chatham House; Secretary, Parliamentary Committee, Co-operative Congress; Former First Lord of the Admiralty; Parliamentary Secretary to Board of Trade. *Chairman.*

Charles Roden Buxton. Former M.P. (Liberal; then, Labour); Gov-

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ernment Delegate, League Assembly, 1924-30; Parliamentary Adviser to Labour Party.

Barnard Ellinger. Author and Lecturer on economics; Retired merchant; Has travelled widely in the Far East; Member of Council of Royal Statistical Society.

A. G. Elliot-Smith. Master at Harrow School, teaching History.

E. M. Gull. Secretary, China Association, London; Former member of Chinese Maritime Customs service; Later, Secretary, Associated British Chambers of Commerce in China and Hong Kong.

Alderman Sir Fred Hayward, J. P. Chairman, British Co-operative Movement.

G. E. Hubbard. I.P.R. Research Secretary, Chatham House; Former First Secretary, British Legation, Peking, and Diplomatic Adviser, Hong Kong & Shanghai Banking Corporation, and Agent for Chinese Government Loan Affairs. (1931)

Hamilton W. Kerr, M.P. (Conservative). Parliamentary Private Secretary to Secretary of State for War; Joint Secretary, Parliamentary Commercial Committee; Secretary of the Lancashire Committee, House of Commons.

John Lawson. Vice Chairman, Balfour, Williamson & Co., Merchant Bankers, London; Director of other companies.

Ivison S. Macadam. Secretary, Royal Institute of International Affairs; I.P.R. National Secretary in Great Britain. (1933)

Dr. Margaret S. Miller. Lecturer on International Relations, University Extension Board and Workers' Educational Association; studied industry and finance in U.S.S.R..

A. C. Moreing, M.P. (Conservative). Secretary, China Committee, House of Commons; Partner in Bewick, Moreing & Co., Mining Engineers.

Archibald Rose. Director, Chartered Bank of India, Australia & China, and other companies; Formerly in British Consular and Diplomatic Services in China. (1929, 1931, 1933)

The Rt. Hon. The Lord Snell, J.P. Leader of the Labour Opposition in the House of Lords. (1933)

Admiral A. H. Taylor, R.N., Retired. Imperial Defence College, 1930; Served in China Seas, 1927; Attended Peace Conference of Paris, 1919.

General Sir Kenneth Wigram, Retired. Former Chief of General Staff, India.

Mrs. Barbara Wootton. Director of Studies for Tutorial Classes, University of London; Former Director of Studies in Economics, Girton College, Cambridge, and Principal of Morley College for Working Men and Women, London.

(17)

Secretaries:

Miss Lesley Corbett.

Sir Anthony Jenkinson, Bart.

Alexander Coombe Tennant. Member of Cazenove, Akroyds, Greenwood & Co., Stockbrokers, London.

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Simon Wingfield-Digby.
Courtenay Young.

UNITED STATES:

Dr. Carl L. Alsberg. Director, Food Research Institute, Stanford University; Chairman, American Council; Chairman, I.P.R. International Research Committee; Chairman, Pacific Coast Regional Committee of the Social Science Research Council. (1927, 1929, 1933) *Chairman.*

Wallace M. Alexander. Interested in sugar plantations; Vice-President, Matson Navigation Company, Honolulu Oil Corporation, Ltd.; Chairman, Japanese Relations Committee of California. (1927, 1929).

H. Foster Bain. Mining Engineer, New York; Mining explorations in Far East; Former Director, U. S. Bureau of Mines.

Newton D. Baker. Lawyer, Cleveland, Ohio; Secretary of War, 1916-21; Appointed member Permanent Court of Arbitration, The Hague, 1928; Chairman, Pacific Council of I.P.R. (1933) *Chairman of the Conference.*

Allan C. Balch. Electrical engineer, Los Angeles; President, Board of Trustees, California Institute of Technology.

Carroll Binder. Foreign Editor, "Chicago Daily News."

T. A. Bisson. Far Eastern Expert, Foreign Policy Association staff, New York.

W. N. Burkhardt. Editor, "San Francisco News."

Dr. Joseph S. Davis. Director, Food Research Institute, Stanford University; Statistician, Allied Maritime Transport Council, London, 1918-19; Chief Economist, Federal Farm Board, 1929-31.

Dr. C. K. Edmunds. Former President, Lingnan University, Canton; Former Provost, Johns Hopkins University, Baltimore; President, Pomona College, California.

Brooks Emeny. Educational Director, Foreign Affairs Council, Cleveland, Ohio.

Alfred I. Esberg. Business man, San Francisco.

Miller Freeman. Publisher, "Pacific Fisherman," and other trade journals; Member, International Fisheries Commission; Washington State Planning Council, 1934.

Mrs. Edward H. Heller. League of Women Voters, San Francisco.

Bruce Hopper. Bureau of International Research, and Assistant Professor, Department of Government, Harvard University.

B. H. Kizer. Lawyer, Spokane; Chairman, Washington State Planning Commission. (1933)

David F. Ladin. Vice-President, General Motors Export Co., New York; In charge of Far Eastern activities.

Herbert S. Little. Lawyer; Secretary, Seattle Group, American Council, I.P.R.

Dr. Charles E. Martin. Head of Political Science Department, University of Washington, Seattle. (1929)

PERPUSTAKAAN NASIONAL

James G. McDonald. Editorial writer on the "New York Times"; Chairman of the Board, Foreign Policy Association. (1929)

Don McGraw. Business man, Portland, Oregon.

Spencer Miller, Jr. Sociologist; Secretary and Director, Workers Education Bureau of America, New York.

Dr. Robert A. Millikan. Physicist; Chairman, Executive Council, California Institute of Technology, Pasadena. (1933)

Mrs. James W. Morrisson. Former President, Illinois League of Women Voters; First Vice-President, National League. (1929, 1931)

Dr. William B. Munro. Professor of History and Government, formerly at Harvard University, now at California Institute of Technology, Pasadena.

Nathaniel Peffer. Writer and Lecturer on the Far East. New York.

Chester H. Rowell. Editor, "San Francisco Chronicle." (1925, 1927, 1931)

Alexander Sachs. Vice-President and Economist, Lehman Corporation, New York; former organizer and Chief, Division of Research and Economic Planning, N.R.A.

Paul Scharrenberg. Legislative Representative, International Seaman's Union of America; Former Secretary, California State Federation of Labor. (1925, 1927, 1929, 1931, 1933)

David L. Shillinglaw. Of David L. Shillinglaw & Co. (Investment Securities), Chicago.

David H. Stevens. Director for the Humanities, Rockefeller Foundation; Vice-President and Director of Education, General Education Board, New York.

Miss Sydnor H. Walker. Associate Director for the Social Sciences, Rockefeller Foundation, New York.

Dr. Ray Lyman Wilbur. President, Stanford University, California; Former Secretary of the Interior. (1925, 1927)

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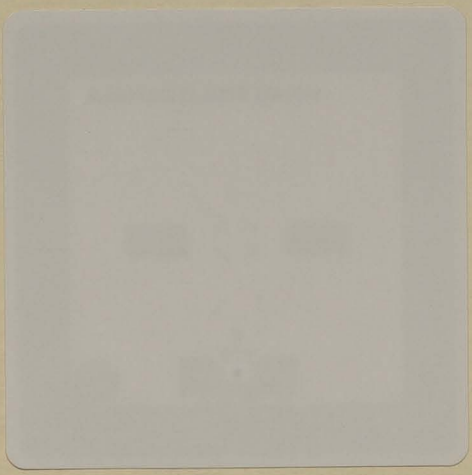

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