

Economic Causes of War

Article No. 15.

THE two great schools of thought which confront the people of the civilized world today are Imperialism and Socialism. Although they are diametrically opposed to each other, they have some things in common. Both schools agree that Nationalism is dead or dying. Before going any further, it may be well to arrive at the meaning of the word Imperialism. The Oxford Dictionary gives the best definition of Imperialism of all the dictionaries I have examined. It says: "Imperialism is the extension of the British Empire where trade needs the protection of the flag." It has been stated by many speakers that trade follows the flag, but my close study of history has convinced me that the trade advances ahead of the flag, hence I agree with the definition of the Oxford Dictionary.

Mr. J. S. Ewart, K.C., of Ottawa, one of the best historians in Canada, says in his "Kingdom Papers," No. 2, page 32, "British Imperialism in its relation to the British North American Colonies has always been based upon the ideas of profit, I now proceed to prove." Mr. Ewart divides up Canadian history into three periods, namely:

1st.—"From the beginning to the advent of Free Trade or say to the eighteen forties, British Imperialism was based upon the profit derived from trade."

2nd.—"From the eighteen forties to the eighteen eighties there was very little British Imperialism, because there was very little profit."

3rd.—"Since the eighteen forties, British Imperialism has become enthusiastic and exigent, because of the military as well as the commercial profit that appeared to be in it." . . . "The European nations did not as a mere pastime fight for colonial possessions. They wanted profit."

In the first period the mother country prohibited the colonists from engaging in manufacture, using them to promote home trade. Mr. Ewart says that Free Trade removed the monopoly in the second period and British Imperialism waned because the colonies ceased to be profitable. He does not mince matters, for on page 43 he says: "Nations must be governed by self-interest." And on page 46: "The reason for the extraordinary change in British Imperialism since 1897 is easily explained. In 1897 the Canadian Parliament gave to British manufacturers, preferential treatment, with respect to custom duties, all the other colonies followed the lead. British Imperialism quickly and enthusiastically responded." . . . "Added to the trade-profit came the new desire for the more important war profit." . . . "Since 1897 British Imperialism had found plenty of nourishment and its growth has been phenomenal. The sentiment that is in it is founded upon substantial profit." Mr. Ewart, replying to criticism says, page 89: "I know that, until very recently, the United Kingdom had no love for us. I know that Canada was treated as a dependency as long as she was of commercial value; that she was told to 'break bonds and go' when her commercial value ended, and that only since she has appeared to be willing to furnish trade profits and able to supply military assistance, has effusive affection been lavished upon her." On page 90: "The sight of trade profits and war profits has worked an extraordinary change in the last twenty-five years. Half-breed colonials are now 'Overseas British guests and kinsfolk.' It is the turn of the Canadians to smile." That is the view of one of Canada's outstanding K.C.'s on international law, and probably one of the best historians in the Dominion.

One of the principal causes of the economic friction among nations and behind war is the fear of countries without access to convenient ports in their own country, a condition which might hamper their trade, not only in transit, but also by tariff walls. This is one thing that made Germany uneasy, because she did not possess the mouth of the river Rhine, and as I pointed out in an earlier article, a much similar situation obtained in Serbia's

desire for a port on the Adriatic Sea, and also in Russia not owning Constantinople for an all-year port. Modern Imperialism aims at the political control of all backward countries by the great capitalist governments of today, for the purpose of securing for their respective capitalists the security of industrial enterprises which they may establish in those backward countries. Also to insure raw material for the home industries and a monopolistic market for the finished product of the home exploitation; and the exploitation of native labor in the newly acquired territory. J. S. Ewart, as I have pointed out, says that Imperialism waned with Free Trade.

British capitalism became pacific after the development under the factory system as the ideas of the Manchester school of Free Trade became dominant. When the change came to renew Imperialism, it was not because as Mr. Ewart says the removal of profits, but as Boudin says in his "Socialism and War," capitalism had entered its Iron Stage. Mr. Ewart dates this change from 1897. In 1895 Joseph Chamberlain entered the Cabinet representing Birmingham. Birmingham is the headquarters of the iron and steel industry, therefore iron and steel became represented in the powers of government. If you want to know how business is faring, if you want to feel the pulse of capitalism, look up the market reports of the iron and steel industries. Boudin tells us that: "The world at large was surprised at Chamberlain selecting the Colonial Office as his particular field for activity; before that this office was considered a minor one in the Cabinet, instead of taking the Chancellor of the Exchequer which J. Chamberlain would have done if he had followed tradition." This was the entry of British capitalism into modern Imperialism. This change raised the Colonial Secretaryship from its former minor position to a place of first importance in the British Cabinet. The Boer War was a result of this change of policy. Although Chamberlain failed to carry his protection programme, England has proved by the results of the Great War that she is foremost in the Imperialistic procession.

Modern Imperialism is an expression of the economic fact that iron and steel have taken the place of textiles as the leading industry under capitalism. Textiles, being pacific, mean peace, but iron and steel mean war because the interests of this trade conflict in foreign markets, as I will point out further on. The basis of capitalistic industrial development is the fact that the workers not only produce more than they themselves can consume but more than society as a whole can consume. This permits an accumulation of wealth that must find a foreign market, and that market is generally in a country of a lower degree of capitalistic development. A market in a country equally as highly developed has no effect in disposing of the surplus wealth as it generally pays by exchanging other goods. The foreign market, therefore, must be an absorbent market, which results in the highly developed capitalist countries competing in the backward countries of the globe. Of course this cannot go on forever, as more countries reaching the stage of producing a surplus the number of absorbent markets becomes less and the competition for control of them becomes intensified. The capitalist world is to create new markets by means of obtaining concessions to build railways and canals and other public works. This gives an impetus to the iron and steel industry, and incidentally it creates a market for textiles. The highly developed capitalist countries produce the machines and means of production and less of the means of consumption. Consequently, they have to import raw material and foodstuffs, and this is particularly applicable to the European countries. A country in the early development of capitalism generally produces consumable products with machinery produced abroad, and when it becomes a competitor instead of a consumer it does not compete in all the fields of production. It continues as a customer mostly in machinery and begins to

produce textile goods and other consumable commodities. This is why, in highly developed capitalist countries, the leading industries are iron and steel, as they put their accumulated wealth into means of production. Where there is a rapid accumulation of wealth the iron and steel industries have become more prominent and have taken the lead over the textile industries. This is the real cause of the change of character of capitalism from the pacific mood of the Free Traders like Bright and Cobden to the warlike and imperialistic mood of Joseph Chamberlain. Capitalism has entered the era of Imperialism, and the reason for it is very simple. Iron and steel cannot be sold like textiles. For instance, clothes, hats and wearing apparel can be sold almost anywhere, where a good salesman has been sent; you only need to send a good salesman and you need not worry under what flag the native is ruled. The situation is greatly changed if you want to sell locomotives or rails, as a salesman cannot take a cargo of them and sell them to the natives. The only way this can be done is to build the railway yourself. While a German could sell textiles in any British colony he would find some difficulty in building a railway through any of those colonies. Hence, it will be seen how free trade in textiles does not apply to iron and steel. Not only do the capitalist countries that are highly developed reserve the right to build their own railways, but they have all been very jealous of each other in the matter of building railways in the backward countries such as Turkey, Persia, China and Africa.

Marx tells us: "The capitalist process of production consists essentially in the production of surplus value. It is not to administer certain wants but to produce profits. He does not advance capital merely for reproducing it, but with the view of producing a surplus in excess of the capital advanced." As no one can build railways in backward countries to produce dividends soon enough, pressure is brought to bear on the ruling power of that country for concessions, such as a subsidy of money from the Government, a monopoly market for themselves, or vast tracts of mineral lands. Sometimes a reluctance on the part of a backward country to grant concessions is altered by force, either threatened or actual. The trade of capitalist nations has ceased to be that of individuals but it has become a matter of armed force used by large groups called nations. Owing to this intensified industrialism, statesmen must think in terms of commerce, about markets for manufactured goods and supplies of raw material for their country's industries.

I might here draw your attention to the granting of concessions and the building of railways which are interwoven in every article I have written. You have the Cape to Cairo railway and various other railways in South Africa, a part of the globe I have not touched on. You have the railway incident in Morocco. The struggle for ownership of the railway in China when it changed hands to Japan after the Russo-Japanese war. You have all the railways and concessions Germany forced from China given to Japan. The British, French, and the Standard Oil Company, with their railways in China. British and Germans both owned railways in Asia. Lord Rathmore presiding at the half-yearly meeting of the British company owning the Ottoman railway from Smyrna to Aden, in 1917, said: "Our railway still remains in the possession of the Turkish Government by which it was lawlessly seized in November, 1914, and from that time we have not received any dividend from it." When he referred to the start of the company he said they had a struggling existence, but were becoming prosperous, with the intention of extending to Baghdad and the Persian Gulf, when the German enterprise penetrated into that territory and thereafter with forced diplomacy and systematic bribery of Turkish officials received advantages over the British company. The company lodged with the Foreign Claims Of-

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