

ECONOMIC ORGANIZATION AND DEVELOPMENT OF EMPIRE

SIR ROBERT HADFIELD, Bart.

I AM convinced that an enlightened, systematic programme of intensive imperial development offers to us the one and only compensation for our commercial and industrial losses throughout the world, especially as much of this loss has been occasioned by the changed conditions of nations, due to the war, and to the progressive economic development of many of these nations, which has made them far less reliant upon the commercial and industrial services of our own country. Great Britain has taken upon herself the great responsibility of Empire, and it is therefore our serious duty to encourage its economic development in the interests of the vast masses of people, white and coloured, who look to us to make safe the highway of economic leadership, and above all to guarantee future economic security at home as well as in the Dominions.

The international economic situation demands that imperial development be hastened with all practicable speed. Since the war we have witnessed startling and far-reaching movements in the direction of co-operative administration and organization in industry and commerce. World economic units are in the process of formation. One is actually in being—the economic unity of the United States of America—and showing surprising enterprise and stability. Commercial men and industrialists in every important European country are lending themselves to the super-idea (somewhat premature, but by no means unpractical) of an economic United States of Europe; a great unit of co-operative enterprise to combat more successfully the striding giant of economic America. The British Commonwealth of Nations, the British Empire, must form a third world economic unit to meet the competition of the other two. Failure to grasp this elementary international situation, especially as the warnings of a coming world economic struggle are insistent and even clamorous, might well land our country and its Dominions in the near future in economic inferiority which would make it almost impossible for any sort of a successful or sustained trade revival. Whilst I am ready to admit that much

has been accomplished in Empire trade co-operation, I think it is a fact patent to all students of imperial affairs that progress has been on the whole disappointingly slow along the *real* line of practical advance which has seemed to me the most important and promising of all—that of organized development of our imperial resources.

The time is more than opportune for the launching of a great scheme of imperial development. It is not enough to talk and argue along the narrow and non-productive lines of tariffs and taxes to stimulate Empire trade. In this connection I am not dealing with questions of free trade or tariffs; these are to my mind independent of the main question, *Imperial Development*. What matters is the development of our illimitable resources in the Empire to create more, and far more, trade. It is surely not wise to rest upon our progress up-to-date in inter-Empire trade, and to tell each other that we must depend solely upon trade within the Empire. This cannot now be so. At present, too, our Dominions are far too sparsely populated, and India and Africa's millions have a too low purchasing power to create an economic unit of Empire apart from the rest of the world.

It is only by practical development of the resources of the Empire, India, and Crown Colonies, that we shall ever approach an economic position of Empire independence as a unit. By such systematic development we shall add to the general wealth of the Empire, especially the countries concerned where development work is undertaken; we shall increase greatly not only the resident population of the Dominions, but also the purchasing power of every person in the Dominions, and also, by developing parts of India and Africa we shall create a new and higher purchasing power amongst our millions of coloured subjects. As proof of the last statement, compare the general increase in the purchasing power of the natives of West Africa before and after the industrial development undertaken by the large cocoa firms and soap manufacturers. It is estimated that the purchasing power of the natives of West Africa has increased four times during the last twenty years.

The interest of the whole Empire is at stake. The immediate present is the time to make a supreme effort, before it is too late, to exploit our amazing opportunities in our Commonwealth, which possesses illimitable resources and stupendous natural wealth. I believe sincerely that in the realm of world economics our Empire must either coalesce or disintegrate. In any task of national development a high place must be given to imperial development. The two are now inseparable. For good or ill the Empire must be a commonwealth of co-operating peoples. More than ever

the masses of workers at home need the co-operation of imperial development to end the far too prolonged trade and industrial depression. The basic causes of the depressed state at home are well defined. We are labouring under a crushing burden of taxation, and a colossal expenditure of £840,000,000 a year. Our population numbers approximately 43,000,000, all mostly dependent upon imported food. In the past, in pre-war days especially, it was a very easy matter to pay for our imported food by the vast export of our manufactured goods. To-day, this is impossible as the new nations have become more "industrialized", and this process has even affected our Dominions and India. In consequence we have a permanent army of 1,000,000 unemployed, the support of whom, on however meagre a scale, represents a very serious strain on our national resources, while the unemployed are themselves suffering physically, mentally, and morally from enforced idleness. There is also the fact that this million unemployed army are lost customers to general business, representing a loss in money estimated at about from eighty to one hundred million pounds a year. And as money makes money, this loss to trade at home is readily seen as capital taken from the nation's business bank.

These seemingly unconquerable difficulties can be conquered. They must be conquered, if we are to make the progress which is so desirable and absolutely necessary. Imperial development, organized and capitalized, offers the golden key to unlock the door of infinite economic opportunity. Almost every material for modern life and industry is to be found within the Empire. We have the means of transport—or could easily create it—by land, sea, and air to distribute these natural resources to every corner of our vast domains with comparative ease and swiftness. At home we have a shortage of work and a crowded population; in the Empire we have vast unpeopled territories, and colossal natural resources and wealth waiting development.

The immediate need overseas is not merely, or even chiefly, for manual labour; it is for capital and economic organization. At home we have capital resources in plenty—actual, or in the form of credit—and ample manufacturing capacity. Our main difficulty at home is to find sufficient profitable employment for capital and manufacturing plant in order to avoid "living on capital." Thousands more men and women of the right type are needed in every Dominion, and there is a more urgent need for capital and systematic development of these countries. Here we get a glimpse of the mutual needs of Home and Empire—the immediate setting

up of new and practical administrative and executive machinery, working in harmonious co-ordination with the authorities on the spot, to develop our idle Empire wealth.

When I view the matter broadly, it presents to us all a sorry, and what is at any rate partly inexcusable, situation which can be relieved by organization. Our nation is, so to speak, suffering from semi-starvation in the midst of great wealth. If our imperial resources were systematically developed, there would probably be an actual shortage of labour for all the new work required, instead of the appalling unemployment that exists at present, together with the unrest, low purchasing power, and economic insecurity amongst thousands of our people, not only at home but in some of the Dominions. Yet, undoubtedly, throughout the Empire there are schemes of development waiting for lack of organization and capital. Create the administrative machinery, and pioneers of the right type and economic outlook could be found to carry out the work of development, and create within our co-operative commonwealth the greatest commercial and industrial economic unit in the world. This would seem to me to be the logical outcome of post-war economic evolution, the co-ordinated materialized desire of our people everywhere.

Through many years of practical experience in commercial and industrial organization I have given much thought to imperial economics. I have come to the conclusion that in connection with this super-organization of Empire development we should have an Imperial Development Fund of very considerable magnitude, to be raised and used, under practical arrangement with our overseas kinsmen, for the sole purpose of developing all our wealth-creating opportunities. Further, I propose that an Empire Development Board be formed, which must include representatives from all parts of the Empire, and possess a permanent organization in each country. This body should meet far more frequently than the Imperial Conference, and should hold session in Great Britain and in the Dominions in rotation, so that every member should get first-hand the opportunity of experience of the conditions, requirements and possibilities of different parts of the Empire.

This Board, apart from improving the existing facilities in trade and transport, and any special undertakings at present in hand, would obviously devote its major attention to the work of expansion by assisting the opening up of new means of transport—roads, railways, canals, tramways, harbours, docks, dams, and the construction of hydro-electric power plants, the foundation of new industries, the opening up of new districts for various forms of

agriculture, the control of forestry, and all development which will add permanent wealth to our imperial peoples.

The work of the Board could be allocated in roughly three different groups: (1) the self-governing Dominions; (2) India, which includes four out of every five subjects of the Crown; (3) the Crown Colonies, and tropical lands, mainly in Africa.

Our Dominions include 59% of the area of the Empire, but it must be remembered they contain only 6% of its population. Their cardinal needs of development are too obvious; population, capital, markets, and more efficient means of transport and communication with the main centres of civilization. The continued growth of the self-governing Dominions is entirely dependent upon how far we can meet these needs, and further, make generous provision for future greater needs as the vast, undeveloped spaces yield up their wealth to the pioneer and farmer. But India is a far more complicated problem. At once she presents the greatest potential market in the world. Also, India is one of the most, valuable sources of a great and growing variety of raw materials and food supplies. It is to the communal advantage of the Empire to encourage by all possible means of development the growth of India's prosperity. The chief need of India is an increased purchasing power for her teeming millions of semi-starving people. It must also be remembered that anything that adds to the trade of India adds to the general trade of the world. Our own country would gain very considerably from increased purchasing power of the average Indian. Indeed, it is said that if every Indian ryot could afford one additional *dhoti* a year, all the mills of Lancashire would have to work full time to meet the new demand. It is therefore evident that a great expansion of capital investment is needed for India to equip the country with every scientific means of production.

But India's problems end by no means with her immediate development needs. She requires a sound system of deposit banking; political security against the incessant racial strife; and practical education for her millions. I mention a better banking system, because in India there is a traditional system of "hoarding wealth," instead of using it for purposes of national productivity. Indeed, if all the wealth which lies hidden and buried in India was used for development of the country, there would be no need to lend her capital at all. She possesses in buried bullion far more capital than is needed to modernize economically and industrially the whole of the country. In human happiness the possibilities are immense.

Our Empire responsibility of development lies heaviest in the Crown Colonies; those vast, undeveloped tropical lands inhabited by simple, primitive peoples. Raw materials in superabundance can be produced in these lands. In cotton production alone we might become almost independent of America if we develop the cotton-growing resources in these parts of the Empire. This would render possible two notable gains, to the natives and to ourselves. The natives would have an opportunity of being able to add very considerably to their purchasing power by becoming semi-industrialized in the cotton industry, and at home we should have a far cheaper supply of the best cotton goods because we should be independent of the American market and price-rigging.

Little imagination is necessary to visualize the main need of these lands—capital to open them up and to make their resources available by roads, railways, steamboats, and all kinds of machinery. Organized research is also necessary in regard to their economic resources and problems, the latter mainly social, and with scrupulous regard to justice being done to all the native settlers. There must be no attempt to disinherit the native population by development schemes, for in the long run a discontented native population would not be a ready market for our goods, neither would they be willing to co-operate in the expansion work requiring semi-industrialized labour. An enlightened native policy is imperative to wealth development in our Crown Colonies.

The question of capital for advancing these schemes of Empire development is, in my opinion, the least of our problems. We have plenty of capital, and I am sure we have plenty of men with brain capacity to tackle these big adventures. Neither is there any shortage of labour. Our main problem will be to apply our capital, brains and labour where they are actually required. In this application neither political or vested interests should be considered by the Board. The big objective is to develop the Empire resources for the sake of Empire as a whole, and not for the personal enrichment of a few. Co-operative enterprise and the prosperity it will bring to the common stock throughout our imperial lands should be the aim of the Board. Capital invested in imperial development is the finest and most secure investment in the world.

Geographical disadvantages there are in plenty, if we look for them, in the course of imperial development. But geographical disadvantages overcome have built up the Empire as it exists today. Men did not traverse the oceans by waiting for a fair wind. In the new development I have in mind we should have to turn all our obstacles into opportunities. Naturally, we wish men and

materials to move from one part of the Empire to the other with greater speed and less cost, irrespective of distances. A far more efficient Empire transport must be one of the first objectives of the new Board. Capital employed in the development of natural resources and opportunities would enable railway companies, air lines, and motor transport to offer far cheaper rates than at present, and without the need of a subsidy. In one way only would I be prepared to use a subsidy, in the direction of humanizing imperial development. I mean that emigrants should be assisted to revisit the home country more frequently than at present. One of the great drawbacks to emigration is the fact that the poorer classes, who form the major portion of emigrants, have no real chance to come back to the Old Country. They feel they are to be banished from home; and this is a psychological problem which could be met by a wise and generous subsidy to overseas settlers who wish to revisit their homes periodically. This subsidy would even be a good investment, for it would bring about an Empire mind, incidentally a great aid to inter-Empire trade.

Reciprocity is essential to the rapid growth of trade and industry. Neither we at home, nor our kinsmen in other parts of the Commonwealth, can do as much independently as we can by working together in organized advancement. Empire cohesion is vital to a full and free development and the subsequent enjoyment of economic security. With our very limited development at present we own more than 60% of all wool and rubber in the world; we control about 70% of the world's tea; we control 70% of the world's gold output; 70% of nickel and 60% of the world's tin are owned by us; likewise 40% of the world's cotton spindles, 99% of the world's jute; a considerable percentage of oil; some 50% of the world's shipping; and certainly much of the world's finest coal and iron.

After this recital of our possessions, as worked at present, it will require but little imagination to appreciate the tremendous acquisition of wealth which could be added by more intense and scientific development of our illimitable natural resources.

Lastly, here is a task worthy of the greatest efforts of the co-operative genius of our Commonwealth. We must approach it in no mean, selfish, or partisan spirit. Co-operation and organization, not dictation, must be the keynote of this super-economic organization. There must be no suggestion of exploitation of imperial resources, or of domineering over our less-educated fellows in the vast undeveloped regions of India or Africa. There is need to approach this new task with all the fervour and sincerity as if

we were at war; not with a foreign foe, but with primitive nature for the right to allow the children of men to produce the things by which alone they might have life more abundantly. Imperial organization and development viewed from this standpoint takes upon itself the guise of a great and passionate adventure. It is the quest for new life, it is also a quest at the call of the old life which demands to be renewed, and re-renewed. The economic conquest of Empire, apart from being the ultimate salvation of the British people, will also bring to a more permanent foundation the peace of the world.