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OF

A New International Order

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Economic Aspects of a New International Order

By Marguerite Dumont

Before considering the economic aspects of a New International Order, I would first like to recall the actual economic causes of the World War. Then I shall make a brief survey of present economic conditions which may make for war. It may seem that I am limiting myself to but one phase of this subject; in reality, I am at the heart of it. The facts which are a basis for my statements have been given to me by M. Francis Delaisi, the French authority in economics. M. Delaisi is one of the best informed men in Europe, and I need hardly refer to his position as a student of world economics.

In the latter part of the nineteenth century, German industrialism had reached such proportions that it was challenging British industrialism. As far back as 1900 there were signs of a coming conflict. At that time English diplomacy had already started to isolate Germany diplomatically. Germany, it will be recalled, was trying to expand toward the Balkans and the Near East, and was building the Berlin-to-Bagdad railroad. This line was completed except for the section through Serbia from Sarajevo to Salonica. To impede German expansion, England had planned a Danube-Adriatic railroad, which gave Russia access to Trieste, Italy, the Adriatic, and Marseilles. This second road was financed by French, English, Italian, and Russian banks. The two railroads would have crossed at Sarajevo. Serbia, whose only object was to have outlet to the sea for her products, supported the second railroad and refused passage to the German line. This was the real impasse which brought on the war; the murder of the Archduke Ferdinand at Sarajevo was only the political pretext necessary for a declaration of war.

In spite of the terrible consequences of the last conflict, war is still threatening. There must be very powerful forces in operation to cause men to think of another war. What are they? For

a long time M. Delaisi believed there were in every country a little group of powerful men—capitalists and industrialists—the development of whose affairs obliged them to clash with similar groups in other nations. French industrialism, for example, had need to develop itself, as did the industrialism of other nations, and when two groups of national industrialists encountered one another, international conflict followed.

This may have been true once, but the modern world transforms itself rapidly, and today in studying the causes of war to come, one sees that war does not arise from national industrial groups but from international groups. We arrive at the paradox of international groups making national wars. For today, above national states there exist what may be termed super-states. These super-states are in violent struggle with one another. The most powerful are those of oil and steel. The super-state of oil is already starting friction between the United States and England. What appears to be a post-war struggle between France and Germany is really the struggle of two international industrial groups for control of the super-state of steel.

Oil, steel—what is the working of the groups whose interests center upon these two essential products of the economic world of today?

Let us first consider oil. In Europe is the Royal Dutch Shell oil group, an organization capitalized at more than a milliard of dollars, which alone indicates the tremendous scope of this company's operation. This huge organization is concerned with the apparently peaceful business of producing and selling oil. But one must not forget, however, that oil has become a war weapon. It is as necessary to a modern navy as up-to-date armament. Control of the world's oil means control of the seas. Hence the present struggle for oil, an economic contest charged with menace to world peace.

The Royal Dutch Shell group is international in its composition. The president is an Englishman, Sir Henri Deterding; its vice president is an Armenian, Mr. Gulbenkian; the main offices of the company are in Holland; its ships are English; and its oil fields are scattered over the face of the earth. Its refineries are in England, France, and other countries.

Now, when there are concessions to be secured, either for exploitation or ownership, these oil people must inevitably use politics to get them. In most cases oil concessions are under

government control and the concession seeker must be able to put pressure upon governments to obtain what he wants. The story of the Mexican oil fields in and about Tampico is an obvious illustration of this. While it is difficult to lay bare the primal cause and effects in these situations, I think what happened recently in Mexico is not merely coincidence. The Royal Dutch Shell and the American Standard Oil Company are rivals in the Tampico field. Recently the American Company secured certain commercial advantages. Then Sir Henri Deterding went to Mexico, remained there three weeks, and immediately after he sailed for home the De la Huerta revolution broke out. When the De la Huerta revolution assumed dangerous proportions, the American government supported the Obregon, or official régime, and sent cruisers to Tampico to "protect American interests." The oil question had suddenly become a reason for civil war; possibly the sole reason; and I am sure that there was many a Mexican who honestly fought for one party or the other never suspecting what interest he was really serving.

I need only mention Teapot Dome and its aftermath to show how inextricably intermingled these powerful commercial interests are with politics. Here is one more example. At the Genoa Conference it seemed for a time that a general European arrangement was becoming practicable. Thereupon the oil men swarmed down. Soviet Russia granted concessions to the English. The American observer protested; nothing was done; but from that day the conference had lost interest.

Now let us look at the steel business. A duel similar to that over oil is now taking place between France and Germany with steel as a stake. The contest is between two groups. The German group is headed by the Stinnes interests. The late Herr Stinnes was no more German in feeling than Sir Henri Deterding is English. The Stinnes organization was and still is a vast international system. It comprises coal mines in the Ruhr and iron ore interests in Spain and Sweden. Coal and iron are the raw materials of steel. The finished steel is sent to Magdeburg or Hamburg, where it is fabricated into railroad engines or electrical machinery. To create a market for this machinery, railroads are electrified in Argentina, factories opened in Italy, and other enterprises, as international in character as these, are undertaken in other countries. The Argentine companies having

no money, they apply to Swiss banks, which in turn loan them French money.

Recent events more than demonstrated how little national these super-groups are in feeling. When Germany's financial situation was nearing collapse, Stinnes serenely sent his money abroad and let the mark drop at will, perhaps helped to do it. The patriotism of his countrymen he understood only as a means to further his own international interests. To employ this useful patriotism, it was necessary to have newspapers. So today the Stinnes interests possess a great number of papers.

A similar organization exists in France—the great firm of De Wendel, whose works are situated in Lorraine. De Wendel is French, but his patriotism is of the same character as was Stinnes'. At one time before the war, one of De Wendel's brothers was a deputy in the Reichstag and another a member of the French Parliament.

When Alsace-Lorraine was returned to France in 1919, De Wendel acquired the splendid works and factories which the Germans had built. These works used Lorraine iron ore. This ore was smelted with Ruhr coke. The Peace Treaty left Lorraine on one side of the frontier and the Ruhr on the other. It left the French owners of iron ore without steel manufacturing facilities. The German industrialists, needing Lorraine ore, were in an equally bad position. One was dependent upon the other. Both wished to amalgamate but neither was willing to consider a fair business proposition. Each wanted control. The Ruhr question then became one of control—Stinnes or De Wendel—and the peace of Europe waits while this question is being decided.

The Stinnes group argue that they are better organized for export trade and that their manufacturing facilities are better than De Wendel's. But De Wendel replies: "I have the military hold on you. My soldiers are in your Ruhr and will continue to cripple your industry if you do not accept my control."

This deadlock is further complicated by the fact that English industrialism will not stay neutral. This is understandable when one knows that should De Wendel and the Stinnes groups reach a working agreement the output of steel would be tremendously increased and the prices now enjoyed by the American and English industries would fall. Within six months the Argentine, Chilean, and other markets would be flooded with rails,

engines, and machinery of all kinds at prices which would put England and America out of competition.

British magnates feel that this is a real menace. What, then, do they think of the Ruhr question? They reason: "If De Wendel and Stinnes reach an agreement, we are done for"—"fichus," as we say in French. "We must prevent them from reaching an agreement." And so when the French seem to get the upper hand, they support the Germans, and when the Germans seem to be winning, they back the French. And while this is going on, on both sides of the frontier national hatred develops.

The Germans are being told: "It is abominable. Your mother country is invaded. You must protest." And the Stinnes press does its work to create bad feeling. In France the great press which is also in the hands of the big industrialists, insists that Germany is dodging reparations and demands that Germany be made to pay by force. And so public opinion is worked up on both sides. Neither group is really concerned with reparations; business is their aim.

Business people are not interested in the past; their concern is always with the future. Peoples, on the other hand, do not think of the future, but only of the past, for peoples as a whole have little or no imagination.

After the war the contending peoples thought that the war being over conditions would be the same as those of 1914, and they still think so. Hence the insistence on reparations. But business people are not interested in postwar conditions; they build big empires in imagination—the empire of oil for which English and American groups are contending, the empire of steel which is the real cause of contention between Germany and France.

These are the great basic facts which will dominate tomorrow's history. They are the nucleus of new wars.

Perhaps this paradox may seem too preposterous. You may ask, "Have these great international industrialists no nationality?" and, "How can they lead patriotic, intelligent peoples into war?"

Here we touch the mystery of democracy. The nineteenth century invented democracy. Just what does it mean? In theory it means that each citizen is free, equal in rights to his fellow citizens, and that all public functions are accessible to all. It also means that those in charge of the legislative and executive

powers represent the majority of the citizens and that consequently the Government is but the expression of public opinion. But what is public opinion and what makes public opinion? This is a pretty complicated matter. I think, however, that I can safely state that the greatest force contributing to make public opinion is the press. I would like to give particulars about that topic; unfortunately I have not got the time. In brief, the press, or at least a large part of the press, is in the hands of big industrialism. Well, I am afraid something is wrong with democracy as it now stands.

Let us suppose, for a change, that we are not pacifists and that war may be a means for settling disputes between nations. According to the creed of patriotism, the duty of the citizen is to rise in defense of his country whenever attacked. He defends national business interests as he would defend other important interests of his country. But I have shown that business has become international, finance has become international. Are the peoples going to stand for, kill and get killed for, international business, for international finance? That would be absurd. I say that we live internationally and still think nationally. Nations need one another; when one nation is injured, the other nations suffer from the injury. The present political frame of nations has become too narrow; it has been outgrown by economic conditions. This is why we demand a New International Order, as that, and that alone, will secure permanent peace.

This has been repeated over and over again; it has become a slogan; it sounds like a ready-made treatment, and just as everybody calls oneself a lover of peace, it may be that soon everybody will stand for a New International Order. This is what some of us here have felt, and this is why a few Sections of the League have deemed it necessary to draw up a "Cahier de la Paix," as it were a peace book or booklet, which they are going to present to this Congress. In this booklet they make suggestions and state principles on which the new order should be based.

Economic Aspects of a New International Order

By Emily G. Balch

A new International Economic Order implies economic evolution in the different countries. It implies the disappearance of discontent and class struggle through a growing realization of social justice in each separate country.

This is going to be a slow and difficult process. It will proceed at different rates in different countries and follow different paths. It is going to be of the utmost importance meanwhile that various peoples should be very tolerant and patient with one another, both as regards experiments and changes, and as regards what may seem backwardness in keeping up with the procession.

When I let my nightmare mood have full force as I try to peer into the future, my fear is of an alignment in a world conflict, at once national and social, in which "Bolshevist" countries will stand arrayed against "capitalist" countries in an Armageddon indeed. Yet one thing that stands out with unmistakable clearness, and that has in it both menace and promise, is the great and growing economic dependence of peoples on one another.

Every economic writer has dwelt on a phase of this interdependence which appeared as soon as commerce began, and which has increased enormously during the era of railroads and steamships. A curious thing about this inter-dependence, which I never remember to have seen pointed out, is that there goes with it no psychological or emotional counterpart. We drink our tea from China and our coffee from Arabia or Brazil, and dress in wool from Australia, and all the rest of it, without any sense of community of indebtedness, or any sense of personal relation to the coolie who picked the tea leaves or the Australian bushman, if that is the proper name, who took care of his sheep.

There is now coming on a new phase of the development of economic independence, the phase of internationalism in business and finance. This, I think, has three special forms: first, where

an enterprise is on such a scale that its markets are international; secondly, where the sources of its supplies are scattered through different countries, as in the case of oil, for example; and third, and most interesting, where ownership is spread through different countries, as in the case, let us say, of the Pennsylvania Railroad, which has stockholders everywhere. It is typical that a retired Englishwoman living in her home should be owning stock in Argentina and America and Russia, and nobody knows where else.

We might suppose that this internationalism of business would make for peace. If it does not I believe the reason is not that it is international. I think the trouble lies elsewhere, is somewhat different. What I believe to be the dangerous peculiarity in the situation is the alliance between business in pursuit of profit, and nationalist policies in pursuit of power.

The most extreme case, when the danger reaches its maximum, is that of businesses, nationally or internationally organized, which deal with sources of war materials or which otherwise profit by war, and which have a direct interest in promoting war scares and in bringing on war.

But if this is the extreme case, there are others which are more dangerous because commoner.

Wherever business and finance look to their governments to help them against competitors in other countries, bad relations between peoples are fostered.

There is also danger in the converse situation where governments look to capitalists for the securing of strategic advantages for national policies, and for giving the flag an opportunity to follow trade. And the relation of this to war is emphasized when the governments with war in mind are looking to private business to secure access to oil, steel, and other supplies essential to modern fighting.

The economic alliance between governments and business, where each hand washes the other, is especially connected in our minds with the policy of the German Imperial Government, which the German people have since repudiated. But it is a policy pursued not alone by Germany. The whole structure of protective tariffs, of preferential arrangements in colonial policies, of government aid in protecting the claims of investors abroad, of backing given by a government to its bankers in foreign countries, of government pressure (visible or invisible) to secure con-

cessions abroad for its nationals—this whole structure prevents any true international order in the world.

One of the most serious and most difficult aspects of this combination of politics and business is international indebtedness, which is too complicated a question to go into here even if I were competent to deal with it. We need, however, only refer in our minds to such cases as Turkey and Egypt in the past, or the Russian loans, or the vexed question of inter-allied indebtedness, or the forms that the reconstruction of Austria and Hungary are taking, to realize what vast forces are here at work. Amongst all the complexity one point at least stands out clear—a point as to which we took a firm stand at The Hague in 1915, and which we must always emphasize. I refer to the collection of foreign debts by force. That at least should be promptly made impossible.

In general we may say that the Unholy Alliance of the pursuit of profit and the pursuit of power is inevitable as long as governments aim at national aggrandizement and base their power and security on armed force. The only way to a New Economic Order is through a new orientation and a new method on the political side.

An element of great promise meanwhile is the growth of international supervision and administration in economic matters. By international agreement arrived at through the League of Nations or otherwise, the natural flow of goods and travel everywhere should be facilitated on the mechanical and technical side as well as by securing the mildest possible customhouse formalities, the abolition of compulsory passports, etc. At the present time we are like a person with a string tied round his wrists and ankles and neck. The whole circulation is thrown into an unnatural and morbid state. A passport is necessary before a citizen can even leave his own country, and it may be refused if some jack-in-office dislikes the traveler's politics. The United States asks \$10 for its visa on foreign passports, so a United States citizen is charged the same amount abroad, and may pay \$70 for visas for one short journey, as I have done. It all seems very childish and barbaric. There is no reason why people and goods should not go as easily from London to Vladivostock as from New York to San Francisco, and I hope to live to see them do so.

Another line of advance is the growth of international control

of international waterways. We must have not only, as now, international control of the Danube and Rhine, but of the main straits and the chief canals, like the Dardanelles, the Panama Canal, the Suez Canal, and so forth; and absolute freedom of navigation of the ocean itself, as demanded in the famous Fourteen Points.

My next point is too difficult for me (and I think not for me only), but it is perfectly obvious that we need nothing more than we need a reform of the currency, a system of finance which will make impossible the enormous difficulties and wrongs that are being inflicted through the currencies as they are today. We need a system which will make currency values stable, and make money operations between peoples and within peoples simple, natural, and just.

There is another question which has been brought up from time to time, and that is the question of the international allotment, or regulated distribution, of scarce raw materials or supplies. At the first meeting of the League of Nations this question was brought up on behalf of Italy, which had suffered peculiarly during the World War because it lacked coal and some other things. As I remember that session, the Canadian representative said he hoped this matter would not be brought up as the United States would never tolerate it for a moment, and thereupon the question was dropped. I do not think that this question has ever been thought through. You quite frequently hear this plan of allocating scarce raw materials spoken of; we all have been interested in the idea, and we voted in favor of it at our Zürich Congress. But the more I think of it the more I see its difficulties, and the more it seems to me the great need for it would pass if we had permanent peace and complete free trade. I think that under these conditions even scarce materials would allot themselves for the most part in reasonable ways. But certainly we should all favor, I am sure, international control and regulation as far as experience proved it needed or useful.

I am sure we should all like also to see as part of the New International Order some more definite arrangement for international succor in cases of famine, or special need of any kind. You may not know it, but Nansen wanted this done by the League of Nations in connection with the Russian famine, but he could not secure the adoption of his plan.

I am not going to take up more far-reaching plans for the

international economic order of the future. If I say they are Utopian this does not mean that Utopian plans are not worth while. It is as important to know where you want to go to, as it is to take the first step on the road. But I think that the first step on the road is often much plainer than the exact character of the place you want to go to, and that you can move in the right direction, even if you are not perfectly certain as to what the city you are going to will look like when you arrive.

I would add the observation that political aims reflect personal aims, and that the root of our difficulties after all is the excessive interest of our age in material possessions, and more especially in possessions as a way to get social prestige and power. This desire on the individual scale reproduces itself on the national scale as a lust for national power and prosperity (which too often gets confused with its pure and noble sister, true love of country). It is with greedy nations as it is with greedy individuals. It is not so much that they want to be well off, though they want that, as that they want to be better off than other people—not only to raise themselves but to pull the other group down. It is the element of jealousy, it is the desire to be superior, that makes the trouble. It is this pursuit of aggrandizement, allied with the fact that we believe that these things can be acquired by cannon and by cannon alone and that a people can be safe and powerful only by means of powerful armies and navies, which makes the trouble.

We can never get a New International Order while these things remain. It is the alliance of nationalistic politics and profit-seeking business, both based on a belief in war, which is our ruin. Mars is the God of the countries which fear interdependence, and work to become commercially self-sufficing. Mars is the God of passports, and the God of tariffs, and the God of concessions. Mars is the God of steel; Mars is the God of oil.

Happily one mode of progress does not wait upon another. In the interval before another war destroys our civilization (as it will if it comes) there are hopeful developments which can be pushed forward. The growth of cooperation on an international scale is of first-rate importance. So is every gain in public understanding of the situation, and above all every gain in public determination to dissolve the unholy alliance of cannon and capital, and to end economic imperialism in all its forms, and to end it soon.