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Peace or War in the Far East

By Owen Lattimore, F.R.G.I.

Chairman Bevan: — Gentlemen, in the absence of the President I have the honour of introducing today our guest of honour, Mr. Owen Lattimore. He has spent the greater part of his life in China. He was taken there by his parents at a very early age, and his education was actually started in that country. He went to England to school and returned in 1919, later attending Harvard University. He has spent many years in exploring Manchuria and Mongolia, and is a recognized authority on those countries. He is editor of the quarterly magazine *Pacific Affairs,* a Fellow of the Royal Geographic Institute and of the Explorers' Club of New York. He recently returned to America to attend the conference of the Institute of Pacific Relations, and will return to China at the end of this month.

Mr. Lattimore:—Mr. Bevan, Gentlemen: Two years ago I had the honour of speaking in Toronto before the Empire Club, and at that time I told people in Toronto how important Mongolia was going to be in the Far East. This time I am not going to be so definite, because I might not have the same luck.

It would be easy to try to give you quick answers to the question of War or Peace in the Pacific, but there are so many factors involved that any simplified answer might be right or wrong. All I can do is give you some notion of the main factors involved. I won't tell you that China is going to remain independent or that Japan is going to conquer China, and how soon. When I left China in March the opinion was very strong there, and had been growing for a long time that most of the western world is behind the times in considering the Far Eastern question. They still speak of it, as if it were a question in itself, when actually the interlocking of international affairs is so close and delicate that the far Eastern question is merely one aspect of the world question.

So remote however are China and Japan that it is difficult to remember that the situation in the far East "ties-in" very closely with that of Europe, and the balance between Europe and Asia is such that the United States and Canada must be involved, and the questions are not only economic, but political as well.

One might say that the expansion of the western countries in the Nineteenth Century, which resulted, in what we then thought, was the spreading of light into dark places of the world, resulted actually in the planting of dragons' teeth.

Many will now admit that the Nineteenth was an imperialistic and Colony-grabbing century. But today no country likes to admit that it is imperialistic. We have all become conservative and want a world in which a permanent condition of peace is possible. But just as we planted in the far East the beginnings of what is now Japanese Industrialism, which is such a tremendous factor in world economics and which is damaging the trade of countries, not even remotely connected with the Pacific, so we started the beginnings of western political forms in the far East, and the repercussions from that may yet have a profound effect upon the peace of the world.

It would not be too much to say that what we call Japanese Imperialism is not very different from the political aspirations of the rest of the world. What has happened in Japan, in that respect, is what has partly happened in China also.

A Canadian writer, Mr. Scott, in the *Canadian Forum,* pointed out that the Japanese position is not the inevitable result of political factors. The idea of dominating the Pacific only came up after the introduction of our industrial and economic systems generally in Japan, which allowed for trade expansion and political expansion.

Much the same sort of thing is now happening in China, but it is not so noticeable as China has possibilities of internal expansion not open to Japan. Colonization in the early days was limited, the interchange of goods was on a

mule-cart basis, and was to that extent limited, for one could not farm at more than a certain distance from one's market. After a certain number of days travel, the mules would have eaten more than they hauled. It was the economic changes introduced by the West that started the enormous Chinese immigration into Manchuria, a migration unprecedented in history, which led eventually to the Japanese invasion.

We have seen already the situation in Japan, where you have a rice paddy agriculture underlying an industrial economy, which is one of the most efficient in the world. In Japan they have one of the most rationalized heavy industries of the world, based on poor wages and worse housing. In China we are beginning to have the same thing, but it will never reach the same standard, owing to the difficulties of unifying China.

I would like to draw on an article written for me by a young Englishman, who has lived in China for a number of years and has written as good an analysis of the situation as I have seen. He points out that in China in the interior there is an old ruling class, based on simple hand labour and agriculture, while on the coast and on the Yangtse River there is a new class that is energetic, educated on western lines, which regards itself as the future leader of China. Their interests are based on new things. They are the rich and the army is with them. And that is the reason why, in Chinese wars and Chinese international policy there is always the question of whether one is dealing with the Civil government of China or with Chinese militarists controlling the civil government.

China reverses the situation in Japan of a backward agriculture with a progressive industry with a huge margin for future development.

In China, as in Japan, the majority of the soldiers themselves are recruited from the peasantry, and a great many of the officers belong to the country class, the peasant landlord squirearchy of old China.

Between their natural instinct to reach out and control the government and their tendency to gratify their own adherents, who are drawn from the country, there is always the question of whether they are taking the side of old

China, or whether they are taking advantage of the new and progressive view, to draw more power and more revenue from the older China.

For this reason the question of Civil war in China is inseparable from Japanese aggression, because when Japan expands in China, the first people to be affected are the progressive Chinese. The new factories are on the coast and in the Yangtse valley. There are railways in the interior and new steamship lines. A new type of banking replaces the pawnshop. And all this is in the most vulnerable part of China.

It would be the first to feel the shock of the Japanese attack, and in an effort to reduce that shock, it flinches away from the Japanese more than the rest of the country. It is less willing to fight. It suffers first and it suffers most, and that is the cost of its superiority to the rest of China economically. The situation is still more complicated because Japan is competing with China and different divisions of the Chinese in different degrees.

The really desperate part of the Japanese situation on the other hand is that Japan has insufficient resources for the modern industrial economy which she has adopted. It can therefore only pay the expenses necessary to being a modern great power by selling the products of its industry at lower prices and yet at a greater profit than the other powers who have greater resources. To do this the Japanese must take advantage of cheap labour in their own country, and cheap raw materials outside their country.

A year or two ago when the question of competition was becoming very acute a research worker of the R.I.I.A. in London wrote me a paper on the subject in which he made the very sound point that while Japanese competition can upset the British trade interests at first, the British have the pull in the long run, because the British Empire buys a great deal more than does Japan, and that you cannot go on selling indefinitely, unless you purchase something from the person to whom you sell, so that he has money to pay for the things he buys from you.

The Japanese have taken over Manchuria, North China and Inner Mongolia, and so have acquired a certain amount of raw materials, but not enough. The essentials of being

a great economic power are coal, iron, and oil. Of these Japan has acquired increased resources of coal, but not enough, nor of the right quality. She has acquired a certain amount of iron, but again not of the right quality. Of oil she has acquired practically nothing. So the political successes of Japan have not met with equal economic success. They still have an unbalanced supply of raw materials. As a result they have begun to compete on the world market under conditions that are eventually suicidal. They have to produce such raw materials as they can, and sell such products as they can, at gouging prices, giving as little as possible in return. They must manufacture cheaply and sell in a world market to buy the raw materials they still lack. But because they have to sell in the world market at gouging prices, they have tried to form a protected market for themselves in China. There has been an attempt to form an economic bloc to stabilize the economy of the two countries, but it has not worked out. There has been a heavy investment in a few lines, and not enough trade activity. The Japanese are still extracting raw materials at uneconomic prices and dumping their products at cut-rate prices which rouse economic hostilities, which are inevitably backed up by political action.

In other words the political success of Japan, which has been completely unchallenged, and which has begun to appear startling, has not really solved one single problem for Japan. On the contrary it has added to the old problems, and by increasing them has increased them for the rest of the world.

The whole business has had an acute effect on the stability of the world. The success of Japan, in breaking out of the network of treaties and establishing her position in Manchuria, was a precedent for Italy to go a little bit better in the matter of Ethiopia. And Italy's success in Ethiopia made a precedent for the Italian and German intervention, however guarded, in a situation like that of Spain, which can be used to bring about a complete redistribution of continental power in Europe. The balance of European power is changing just as is the balance of power in the far East.

I don't know about you here in Canada, but one of the

things I have found alarming in my own country after a couple of years absence in China is the prevalence of the kind of newspaper article and speech that says that the United States need not have anything to do with the scramble either in Europe or in Asia, and that she should look after her own interests and stay completely aloof.

But I don't think the United States will be able to stay out, and I don't think Canada will be able to stay out either, because however clear we may try to keep ourselves politically we cannot avoid the fact that the materials we buy and the goods we make and sell involve us in the affairs of Europe and Asia, so that the policy of doing nothing ourselves is not enough, because we can be compromised by what other people do.

In this situation, with collective security breaking down, what are the factors making for the preservation of Peace?

I think one of the most important factors is the growing realization all over the world of the indivisibility of peace. The realization of the danger of the world situation has shocked people the world over, and that is one of the most important guarantees of peace that we have.

The idea of the indivisibility of world peace is bound up with the idea, I have been trying to put across, of the indivisibility of world economy. There have been, in recent years, a number of attempts to arrive at methods, that will prevent the vested interests of the nations which are better off, from clashing with the interests of the nations which want to develop.

There have been various formulas proposed in the matter of access to raw materials. In order to get the most out of them, however, it is essential that one should be perfectly clear that one is not dealing with a few old platitudes, but intending to give the have-not nations something that they can use.

The attitude of all the nations on the question of safety at the Yosemite conference last summer was extremely interesting. The French were afraid of Germany and suspicious of the German demands for increased resources, which they thought would only add to the strength of the power they considered was their enemy. Russia was suspicious not only of Germany but also of Japan. But it

was pointed out by more than one speaker that the real question resolved itself into the matter of access to raw materials.

Now the reason that this question of access to raw materials becomes immediate and politically important is that when a nation is not interested in peace but is preparing for war its desire for raw materials takes on a different character.

How these problems, in which we are all involved, can be handled is a question on which I cannot speak with any great authority, but it has been pointed out that the purely political approach is not enough, that allegiance to the idea of world peace, adherence to the League of Nations Covenant, treaties and so forth, can all be smashed by any country that is determined enough to smash them.

Political treaties and agreements are useless unless they are accompanied by economic collective security. There can be no question about it. We must have an economic conference on the questions of access to, and distribution of, raw materials. This is much more important to the peace of the world than any question of the extent of navies and armies. Unfortunately we of the democratic countries are handicapped by the fact that we have to deal largely with countries, that are either already dictatorships, or rapidly going along the road toward them.

We, who are democratic and are free to exchange ideas and opinions, should make the most of our opportunities and come to realize that simple judgments are no longer going to get us anywhere. We can, for instance, no longer rely on the truth of such ideas as the supremacy of the white races over the coloured. That sort of thing is out. Nor can we say that all Japanese are militant and cannot be dealt with along the lines of reason, and that all Chinese are pacific and therefore can be dealt with in that way.

One of the most difficult questions I have had to deal with in the last two months in Europe and America, in any discussion of the problem, is the widespread influence of the idea that the Japanese are divided into two camps—aggressive militarists and benevolent civilians. I know very little of Japan from the inside. In many ways I look upon the problems of Japan as a Chinese looks upon them, because

I live in China, and you will find very few, if any, Chinese, who will accept the idea that there is any clear division in Japan, that civilians are separated from the military.

Most Chinese I know will tell you—and I agree with them—that the matter is far more complicated than that, and that the army, so far from presenting a united front is broken up by such things as age levels. And there are other cleavages. There is the question of what part of the army is allied with the agricultural interests, and what part with the manufacturing? And to complicate matters further, what part of the manufacturing interests is allied with the Navy and what part allied with the army?

From this you can see that Japan is not only divided up into Civil and military cliques but is, on account of the unbalance in the country itself between a growing trade and inadequacy of raw materials, divided in a clash between a backward agriculture and a highly advanced industry. All these facts result in a complete system of political parties and interests, each of which has a military and a naval wing and a civilian wing as well. Each is a completely three sided affair, so that when anything comes up that might be described as a triumph for the military, the incident actually represents a play of forces within Japan of a group, which controls some army, some navy, and some civilian industrial and financial elements.

I remember that two years ago when I was discussing the importance of Manchuria in Japanese policy, I pointed out that for various reasons, what Japan had done in Manchuria would be extended to Mongolia. I also said that the peace situation in the far east, bolstered up by naval treaties following the Washington Conference, was based on the fact that world power in 1921 was naval power; that Great Britain, the United States and Japan had come out on top in 1919, with Russia and Germany left completely out of the picture. Consequently we were able to settle things by settling naval ratios. I said that Japan had since altered the balance by her action in Manchuria, and that now continental power was involved. I suggested, too, that as the result of Japan having committed herself so definitely to continental expansion the Japanese navy would be primarily a defensive arm.

A good deal of what I said has been borne out, but in that respect I was wrong, because if anything is now clear it is, that the failure of Japan to solve her problem of raw materials by acquiring Manchuria, has thrown the whole question wide open in Japan itself.

It seems obvious that Japan, disappointed by the result of her excessive efforts in Manchuria, may now reach out into the Pacific, and so create an issue involving altogether new groups of international interests.

I have put emphasis on Japan, because Japan has made herself the focus of the far eastern aspect of the world problems. But these problems are not confined to Japan alone. They concern all of us, and that is why, in a general and perhaps rather rambling discussion of the question, something has been said that will at least show you that the remedy is not to be found in the far East only, but that it is linked up closely with our own efforts and our own problems.