

be grown or extracted in those places where it is relatively easiest to do so, and that they should be transported with the minimum of expense and interference to those places where it is cheapest to manufacture them and to those places where they are required for consumption. The serious injury caused to the economic structure of the world by tariffs and other restrictions on the freedom of transportation and exchange is obtaining increasing recognition by the most authoritative commercial and financial authorities, as witness the Report of the Trade Barriers Committee of the International Chamber of Commerce and the Manifesto issued last year by bankers and industrialists of many countries.

Even more vital than the obstructions to the transport and exchange of raw materials and manufactured articles are the conditions affecting the production and distribution of wealth. The impoverishment of the peoples of Europe, the growth of unemployment, the reduction of wages and the gross inequalities in the distribution of wealth give rise to problems of more than national importance. They create a state of mind among the masses of every country which on the one hand threatens the stability of governments and on the other hand encourages the idea of economic improvement by means of territorial expansion. The improvement of the material condition of the people is essential not only from a purely national standpoint, but also because it will produce that psychology of belief in the advantages of rewarded toil which will make possible the intellectual and spiritual emancipation of mankind and make the idea of war alien to their thoughts.

(A) *ECONOMIC CAUSES OF WAR*

Apart from the general influence of the economic condition of the peoples, the specific economic incentives to war may be roughly classified into two groups :

- (1) The antagonism and friction caused by interference with exchange and especially by tariffs ; and
- (2) The struggle for new markets and sources of raw materials, especially the demand for colonial expansion, concessions, and protectorates.

THE TARIFF PROBLEM

The present economic difficulties of Europe are in a large measure due to tariff barriers. The new States which have been set up since the war have in many cases had basic industries separated from the source of raw material which remained in the parent State, or vice versa. In the absence of a tariff, this might not have had much economic effect. It is the tariff which forms the frontier and makes effective the separation.

The detachment of territory from one State for the benefit of another or to