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Digest of Lecture on

ANGLO-AMERICAN TRADE RELATIONS

Delivered by

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at the

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ANGLO-AMERICAN TRADE RELATIONS

The United States has made a phenomenal rise in world economic importance since the war. To a considerable extent industrially, commercially, financially, etc., this country has been competing directly with Great Britain and circumscribing spheres of influence and activities of the older country. Great Britain has had to take second place after a century of world leadership.

Position of the United Kingdom Today.

The key question facing the British today is one of personnel. Their war losses of a million killed and incapacitated rests heavier on them than the losses of other nations, due to their first war year without conscription, the individualistic character of their business organizations, etc. Their ultra-conservatism has meant a too slow adjustment to modern conditions of production and trade and farming as measured by the volume of unemployment in their midst, and as most evident in their retardation of the use of research.

In their world relationships they have been greatly handicapped by intensified nationalism on every side, fluctuating exchanges and reduced emigration of their people overseas. On the other hand, the American people have developed the habit of underestimating the present day powers and potentialities of the British.- Their production of wealth in 1929 was the greatest in their history; they are still the largest exporters of manufactured goods and their increase in production volume 1924-1930 does not lag far behind our own increase. They have a world reputation for integrity and a production of reliable goods, even though poorly advertised. At great cost they have pushed the £ sterling back to par. They have come through an exceedingly difficult period with more rather than less democracy. Their world area has been greatly increased. Their experience as Colonial administrators and world traders is vast. The United States has come to grips with them, economically speaking, in the export trade, shipping, branch plants, branch banks, investments, and in the control of raw materials, rubber, oil, etc. In the following paragraphs some measures of this intensified competition will be given.

Export Trade.

Of the foreign trade of the world, pre-war, 12% was American and 15% British. In 1929 these figures were exactly reversed - 15% American and 12% British. The advance of the United States

in certain important markets is indicated by the following table; these figures represent the share each country (U.K. and U.S.) held in the import trade of these several markets.

Country	1913		1924		1927	
	United Kingdom	United States	United Kingdom	United States	United Kingdom	United States
Imports	%	%	%	%	%	%
India	64.1	2.6	54.3	5.8	47.2	9.1
Australia	51.8	13.6	45.2	24.5	41.2	25.1
Argentina*	31.0	14.7	23.3	22.0	21.9	23.5
Canada	21.3	64.0	18.9	63.9	16.8	64.9
China	16.5	6.0	12.1	18.3	7.3	16.1
United States	15.1	----	10.1	----	8.5	----
Germany	8.1	15.9	9.1	18.8	6.6	14.7
United Kingdom	----	18.4	----	18.8	----	16.4

*1925 figures are used in place of 1927 figures for this country, owing to later data not being available.

The dominance of American producers in world markets for the newer products, automobiles, radios, films etc., where world demand for the old commodities, cotton, coal, machinery, etc., has declined, or remained stationary, has been a serious factor in the British export picture. The British Empire takes less than half of the United Kingdom exports and supplies less than one-third of her imports. Longing to integrate the British Empire market, special efforts have been made in the United Kingdom. The instrument of the tariff has been considered more and more favorably, but it was the considered opinion of the speaker that the old established free trade policy still held the British majority. Various other substitutes and expedients, such as the "Buy British Goods" campaign, have been undertaken. Substantial tariff preferences are given on British goods in certain Empire markets.

Shipping.

U.S. tonnage 1914, 3,000,000; 1929, 11,500,000. U.K. tonnage 1914, 19,000,000; 1929, 20,000,000. Percentage of American trade carried in American vessels, 1913, 10%; 1920, 51%; 1928, 40% (less than 10% U.S. Government shipping). United States mail subsidies to date, total \$28,000,000 per annum, and have resulted in the building of 62 modern vessels.

Communications.

U.S. submarine cables, 1912, 68,000 nautical miles; 1927, 106,000 nautical miles. U.K., 1927, 144,000 miles,- constituting two-fifths of the world mileage and doing one-half the cable business. The United States cables have the more profitable traffic and are the more modern in construction. The United States and United Kingdom both belong to the International Radio Consortium.

Banks, Investments, Branch Plants.

1913 the United States had 6 branches abroad of four banks. 1930, 238 branches in 38 countries. Dollar acceptances in that year amounted to \$3½ billion. United Kingdom has a vast system of banking connections, using native banks in Europe and branches or subsidiaries in Latin America and Asia.

United Kingdom investments, 1927, \$20,000,000,000; 1927, \$19½ billion; United States, 1914, \$2½ billion (foreign investments in the United States, \$6 billion); 1931, \$17½ billion (exclusive of the war debts of \$12 billion) distributed, first, Latin America, second, Europe, third, Canada, in importance.

The annual investment of new capital was as follows: United Kingdom, 1913, \$805 million (of which less than 50% was in the Empire); 1929, \$435 million, a fair percentage of which was American cash deposited in London. 1930, \$485 million (2/3 of which went into the Empire). The United States investment of new capital abroad in 1929 amounted to \$1½ billion and showed an increase of 6% in 1930.

10% of America's investments abroad went into branch plants in foreign countries,- amounting to 1236 branch factories up to 1929, valued at \$1½ billion, and distributed in the order of importance - Europe, Canada and Latin America. The U.K. has a considerable investment in branch factories abroad as instanced by Dunlop plants in the U.S., Canada, Germany, France, Australia and Japan,- and again, her large share in the control of the rayon business in the world; and again, the Lever soap interests. American investments in the United Kingdom are considerable and increasing. The same is true of the British investments in the United States, although the war caused a substantial decline in this item.

Raw Materials.

Inasmuch as Professor DeHaas dwelt at length on this subject and Mr. Butler's time was limited, he did not do more than briefly touch on the raw materials. He said that while there was serious competition both for control of sources, and again, of markets for products, there had been considerable exaggeration in

the press and elsewhere of British and American competition in this field, and again, of the weakness of America's strategic position. The introduction of reckless Russian competition in Europe has caused the juncture of British American forces to meet the intruder in a number of markets. Raw rubber has ceased to be spectacular.

Conclusions.

The speaker pointed out how few actual conflicts had occurred between the two nations since the war, that is, economic conflicts which developed into diplomatic negotiations of consequence,- the Newcastle consular affair, the right of search within the 12 mile limit in American waters,- under the heading of "shipping", the raw rubber controversy of 1925, being the only notable instances. The principal points of irritation between the two nations were found to be in the vast extension of our export trade, the reduction of British immigration (our Immigration Act playing the leading part), a conflict between British free trade views with our tariff policy, and lastly the existence of such substantial governmental (official) interests in certain phases of this international competition,- the United States in shipping, the United Kingdom in oil, rubber, communications, etc.

The personal opinion of the speaker was that, in a very general fashion, the British attitude towards this country in the past ten years had taken a negative turn, whereas he believed that the American view of the United Kingdom had become more friendly. As to the future, he held that each country provided, on the whole, decent competition in world trade, finance, etc., and that there was a place for each nation in world trade. If the opinion held by many economists is sound, namely, that the expansion in world production and trade in the next 25 years is to far outstrip all previous records, then Anglo-American relations (economic) have been passing through the most serious period which they are likely to encounter,- namely, a period of restricted markets, but slowly expanding.

The key question - what of the future of Great Britain? - depends largely on the calibre of their new generation,- a generation which must shoulder not only its own normal responsibilities but also a fair share of those left in arrears by the last generation (an assumption based on their war losses of men of initiative).

The crying need is for better understanding on both sides.