

1932.
NEW ZEALAND.

Imperial Economic Conference, Ottawa, 1932.

Summary of Proceedings.

*Presented to both Houses of the General Assembly of New Zealand
by Command of His Excellency.*



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I.—PRELIMINARY NOTE

The Proceedings of the Conference opened in Ottawa, on Thursday, the 21st July, 1932, and were continued until Saturday, the 20th August. The Conference was constituted as follows:—

CANADA

1. Delegates

The Rt. Hon. R. B. BENNETT, K.C., M.P., Prime Minister and Secretary of State for External Affairs.
The Rt. Hon. Sir GEORGE PERLEY, K.C.M.G., M.P., Minister without Portfolio.
The Rt. Hon. ARTHUR MEIGHEN, K.C., Minister without Portfolio.
The Hon. EDGAR N. RHODES, K.C., M.P., Minister of Finance.
The Hon. H. H. STEVENS, M.P., Minister of Trade and Commerce.
The Hon. Dr. R. J. MANION, M.C., M.P., Minister of Railways and Canals.
The Hon. E. B. RYCKMAN, K.C., M.P., Minister of National Revenue.
The Hon. ARTHUR SAUVÉ, M.P., Postmaster-General.
The Hon. C. H. CAHAN, K.C., M.P., Secretary of State of Canada.
The Hon. ALFRED DURANLEAU, K.C., M.P., Minister of Marine and Acting Minister of Fisheries.
The Hon. MAURICE DUPRÉ, K.C., M.P., Solicitor General.
The Hon. W. A. GORDON, K.C., M.P., Minister of Labour, Minister of Mines and Acting Minister of Immigration and Colonization.
The Hon. ROBERT WEIR, M.P., Minister of Agriculture.

The above delegates constituted a panel from which members were drawn to represent the Canadian Government according to the subject under discussion.

2. Departmental Advisers

Agriculture

Dr. A. T. CHARRON, Acting Deputy Minister of Agriculture.
Dr. E. S. ARCHIBALD, Director, Experimental Farms.
Dr. J. F. BOOTH, Commissioner of Agricultural Economics.
Dr. G. HILTON, Veterinary Director General.
Mr. J. F. SINGLETON, Dominion Dairy Commissioner.
Mr. G. B. ROTHWELL, Dominion Livestock Commissioner.
Dr. J. M. SWAINE, Associate Dominion Entomologist.
Mr. G. H. CLARK, Dominion Seed Commissioner.
Mr. G. E. MACKINTOSH, Dominion Fruit Commissioner.
Mr. P. E. LIGHT, Markets Service, Live Stock Branch.
Mr. W. A. BROWN, Poultry Division, Live Stock Branch.
Mr. W. B. GORNALL, Markets Division, Fruit Branch.
Mr. C. S. MCGILLIVRAY, Canning Division, Fruit Branch.
Dr. N. T. NELSON, Tobacco Division, Experimental Farm.
Mr. T. G. MAJOR, Tobacco Division, Experimental Farm.

Finance

Mr. C. S. TOMPKINS, Inspector General of Banks.
Mr. W. SELLAR, Comptroller of the Treasury.
Mr. H. B. MCKINNON, Commissioner of Tariff.

Mines

Dr. C. CAMSELL, Deputy Minister of Mines.
Dr. A. W. G. WILSON, Chief, Mineral Resources Division.
Mr. F. C. NEATE, Secretary, Dominion Fuel Board.

National Revenue

Mr. R. W. BREADNER, Commissioner of Customs.
 Mr. G. W. TAYLOR, Commissioner of Excise.
 Mr. C. P. BLAIR, Assistant Commissioner of Customs
 Mr. E. RICHARDS, Assistant Dominion Appraiser.
 Mr. L. F. JACKSON, Assistant Dominion Appraiser.
 Mr. A. C. WILLIAMS, Textile Adviser.
 Mr. R. TELFORD, Chief, Customs Statistical Branch.
 Mr. E. D. LENNIE, Chief Inspector.

Trade and Commerce

Major J. G. PARMELEE, O.B.E., Deputy Minister of Trade and Commerce.
 Dr. H. M. TORY, President, National Research Council of Canada.
 Mr. R. H. COATS, Dominion Statistician.
 Dr. D. A. MCGIBBON, Vice-Chairman, Board of Grain Commissioners.
 Mr. L. D. WILGESS, Acting Director, Commercial Intelligence Service.
 Mr. J. F. SMITH, Canadian Government Fruit Trade Commissioner.
 Mr. H. A. SCOTT, Canadian Government Trade Commissioner.
 Mr. C. M. CROFT, Canadian Government Trade Commissioner.
 Mr. W. GILCHRIST, Chief, Foreign Tariffs Division.
 Mr. F. C. BADGLEY, M.C., Director, Motion Picture Bureau.
 Mr. S. A. CUDMORE, Dominion Bureau of Statistics.
 Mr. W. A. WARNE, Dominion Bureau of Statistics.
 Dr. T. W. GRINDLEY, Dominion Bureau of Statistics.
 Mr. H. MARSHALL, Dominion Bureau of Statistics.
 Mr. W. H. LOSEE, Dominion Bureau of Statistics.
 Lt.-Col. W. A. STEELE, M.C., National Research Council of Canada.
 Mr. A. F. GILL, National Research Council of Canada.

Other Departments

Dr. A. BEAUCHESNE, K.C., Clerk of the House of Commons.
 Mr. T. MULVEY, K.C., Under Secretary of State.
 Mr. V. I. SMART, Deputy Minister of Railways and Canals.
 Mr. H. H. WARD, Deputy Minister of Labour.
 Dr. W. A. FOUND, Deputy Minister of Fisheries.
 Mr. H. E. A. HAWKEN, Acting Deputy Minister of Marine.
 Mr. F. C. BLAIR, Assistant Deputy Minister, Department of Immigration and Colonization.
 Mr. L. BEAUDRY, Counsellor, Department of External Affairs.
 Mr. M. M. MAHONEY, First Secretary, Canadian Legation, Washington.
 Mr. R. K. FINLAYSON, Prime Minister's Office.
 Mr. J. J. COWIE, Director of Fisheries Promotion and Inspection.
 Mr. A. L. JOLLIFFE, Commissioner of Immigration.
 Mr. W. M. JONES, Commissioner of Colonization.
 Mr. F. C. C. LYNCH, Director, National Development Bureau, Department of the Interior.
 Mr. T. MAGLADERY, Director of Soldier Settlement.
 Mr. E. H. FINLAYSON, Director, Forest Service, Department of the Interior.
 Mr. R. D. CRAIG, Forest Service, Department of the Interior.
 Dr. A. RIVE, Third Secretary, Department of External Affairs.

3. Special Advisers

Prof. W. C. CLARK.
 Prof. W. B. HURD.
 Prof. H. R. KEMP.
 Mr. B. STUART MCKENZIE.
 Mr. J. MONYPENNY.
 Mr. M. J. PATTON.
 Prof. K. W. TAYLOR.

4. Personal Staffs

Mr. A. W. MERRIAM, Private Secretary to the Prime Minister.
 Mr. A. D. MACLEAN, Assistant Secretary to the Prime Minister.
 Miss A. MILLER, Assistant Secretary to the Prime Minister.
 Mr. C. S. GUTHRIE, Private Secretary to the Minister of Justice.
 Mr. J. R. MACGREGOR, Private Secretary to the Minister of Finance.

Mr. W. H. GRANT, Private Secretary to the Minister of Trade and Commerce.
 Mr. F. T. COLLINS, Private Secretary to the Minister of Railways and Canals.
 Mr. D. SIM, Private Secretary to the Minister of National Revenue.
 Mr. M. GRONDIN, Private Secretary to the Postmaster General.
 Mr. J. F. DELAUTE, Private Secretary to the Secretary of State.
 Mr. B. A. BIRON, Private Secretary to the Minister of Marine.
 Mr. J. J. LAMB, Private Secretary to the Minister of Fisheries.
 Mr. JULES LANDRY, Private Secretary to the Solicitor General.
 Mr. W. M. DICKSON, Private Secretary to the Minister of Labour.
 Mr. M. J. CULLEN, Private Secretary to the Minister of Mines, Immigration and Colonization.
 Mr. D. L. BURGESS, Private Secretary to the Minister of Agriculture.

5. Secretaries to the Delegation

Mr. J. S. MACDONALD, Second Secretary, Department of External Affairs.
 Mr. N. A. ROBERTSON, Third Secretary, Department of External Affairs.

UNITED KINGDOM

1. Delegates

The Right Hon. STANLEY BALDWIN, M.P., Lord President of the Council.
 The Right Hon. NEVILLE CHAMBERLAIN, M.P., Chancellor of the Exchequer.
 The Right Hon. J. H. THOMAS, M.P., Secretary of State for Dominion Affairs.
 The Right Hon. the Viscount HAILSHAM, Secretary of State for War.
 The Right Hon. Sir PHILIP CUNLIFFE-LISTER, G.B.E., M.C., M.P., Secretary of State for the Colonies.
 The Right Hon. WALTER RUNCIMAN, M.P., President of the Board of Trade.
 The Right Hon. Sir JOHN GILMOUR, Bt., D.S.O., M.P., Minister of Agriculture and Fisheries.

2. In Charge of Publicity Arrangements for the United Kingdom Delegation

Mr. MALCOLM MACDONALD, M.P., Parliamentary Under Secretary of State for Dominion Affairs.

3. Advisers

The Right Hon. H. M. POLLOCK, M.P., For Northern Ireland questions.
 Sir WILLIAM CLARK, K.C.S.I., K.C.M.G., High Commissioner for the United Kingdom in Canada.
 Mr. R. N. KERSHAW, For financial questions.

Industrial Advisers

Sir GILBERT VYLE, Association of British Chambers of Commerce.
 The Right Hon. LORD WEIR, Federation of British Industries.
 Sir ALAN ANDERSON, K.B.E., Chamber of Shipping of the United Kingdom.
 Mr. J. BROMLEY, Chairman, Trades Union Congress General Council.
 Mr. W. M. CITRINE, General Secretary, Trades Union Congress General Council.
 Sir EDWARD DAVSON, Bt., For Colonial Trade Matters.
 Sir DOUGLAS NEWTON, K.B.E., M.P., For agricultural questions.
 Mr. C. le MAISTRE, C.B.E., For Industrial Standardization Questions.

Departmental Advisers

Sir HORACE WILSON, K.C.B., C.B.E., Chief Industrial Adviser to H.M. Government in the United Kingdom.

Treasury

Mr. F. PHILLIPS, C.B., Under Secretary, Treasury.

Board of Inland Revenue

Sir PERCY THOMPSON, K.B.E., C.B.

Board of Customs and Excise

Mr. C. J. FLYNN, Assistant Secretary.

Dominions Office

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Foreign Office

Mr. H. O. CHALKLEY, C.M.G., C.B.E., Commercial Counsellor, H.B.M. Embassy, Washington.

Mr. F. T. A. ASHTON-GWATKIN, First Secretary.

Colonial Office

Mr. G. L. M. CLAUSON, O.B.E., Principal.

Board of Trade

Sir HENRY FOUNTAIN, K.C.M.G., C.B., Second Secretary.

Mr. H. F. CARLILL, Assistant Secretary.

Mr. F. A. GRIFFITHS, M.C., Principal.

Mr. E. HALE, Principal.

Mr. F. H. TAYLOR, Chief Staff Officer.

Mr. T. H. HAMMOND, Higher Clerical Officer.

Department of Overseas Trade

Mr. E. R. EDDISON, C.B., C.M.G., Deputy Comptroller-General.

Sir T. M. AINSCOUGH, Kt., C.B.E., Senior Trade Commissioner in India.

Mr. F. W. FIELD, Senior Trade Commissioner in Canada.

Mr. R. W. DALTON, C.M.G., Senior Trade Commissioner in Australia.

Mr. N. ELMSLIE, Senior Trade Commissioner in the Union of South Africa.

Mr. L. A. PAISH, O.B.E., Trade Commissioner in New Zealand.

Empire Marketing Board

Sir S. G. TALLENTS, K.C.M.G., C.B., C.B.E., Secretary.

Ministry of Agriculture and Fisheries and Department of Agriculture for Scotland

Sir C. J. HOWELL THOMAS, K.C.B., C.M.G., Permanent Secretary.

Sir ROBERT GREIG, M.C., Secretary, Department of Agriculture for Scotland.

Mr. H. L. FRENCH, C.B., O.B.E., Principal Assistant Secretary.

Mr. A. W. STREET, C.I.E., M.C., Principal Assistant Secretary

4. Secretariat to the Delegation*Secretary to the Delegation*

Mr. R. B. HOWORTH, C.B., C.M.G., Deputy Secretary, Cabinet Office.

Assistant Secretaries to the Delegation

Mr. A. E. OVERTON, M.C., Assistant Secretary, Board of Trade.

Mr. P. LIESCHING, C.M.G., Principal, Dominions Office.

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Mr. GEOFFREY LLOYD, M.P., Private Secretary to the Lord President of the Council.

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Mr. C. G. L. SYERS, Private Secretary to the Secretary of State for Dominion Affairs.
 Mr. J. P. L. THOMAS, M.P., Private Secretary to the Secretary of State for Dominion Affairs.
 Capt. T. L. DUGDALE, M.P., Private Secretary to the Secretary of State for the Colonies.
 Mr. W. B. BROWN, C.B.E., Private Secretary to the President of the Board of Trade.
 Mr. D. E. VANDEPEER, Private Secretary to the Minister of Agriculture and Fisheries.

6. Accountant

Mr. V. H. BOYSE, M.B.E., Accountant, Dominions Office.

7. Secretary to the Delegation

Mr. R. B. HOWORTH, C.B., C.M.G., Deputy Secretary, Cabinet Office.

8. Other Assistants

(a) To United Kingdom Ministers

Major G. J. BALL, O.B.E.
 Captain ALAN GRAHAM.
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 Major A. J. MUIRHEAD, M.C., M.P.
 Captain GORDON MUNRO.

(b) From Northern Ireland

Sir BASIL BROOK, Bt., C.B.E., M.C.
 Senator DUDLEY MCCORKELL.
 Mr. LEWIS GREY.
 Mr. W. D. SCOTT, C.B.E., Ministry of Commerce.
 Mr. SCOTT ROBERTSON, Ministry of Agriculture.
 Mr. J. I. COOK, Private Secretary to Rt. Hon. H. M. Pollock, M.P.

COMMONWEALTH OF AUSTRALIA

1. Delegates

The Rt. Hon. S. M. BRUCE, C.H., M.C., M.P., Minister without portfolio.
 The Hon. H. S. GULLETT, M.P., Minister of State for Trade and Customs.

2. Official Staff of Advisers

Dr. A. E. V. RICHARDSON, Professor of Agriculture, University of Adelaide; Member of the Executive of the Commonwealth Council for Scientific and Industrial Research.
 Mr. E. ABBOTT, Deputy Comptroller-General, Department of Trade and Customs.
 Mr. J. F. MURPHY, Prime Minister's Department.
 Mr. F. L. McDUGALL, C.M.G., Economic Adviser to the Commonwealth of Australia in London.
 Mr. L. R. MACGREGOR, Australian Trade Commissioner in Canada.
 Mr. L. E. STEVENS, Department of Commerce.
 Mr. C. B. CARTER, Department of Commerce.
 Mr. A. C. MOORE, Department of Trade and Customs.

3. Advisers on Financial Matters

Mr. E. C. RIDDLE, Governor, Commonwealth Bank of Australia.
 Professor L. G. MELVILLE, Economic Adviser to the Commonwealth Bank of Australia.

4. Personal Staff

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5. Business Consultants

The Hon. W. C. ANGLISS, M.L.C., Representative of Meat Interests.
 Mr. S. MCKAY, Associated Chambers of Manufactures of Australia.
 Mr. R. W. KNOX, Associated Chambers of Commerce of Australia.
 Mr. F. H. TOUT, Graziers' Federal Council of Australia.
 Mr. H. W. OSBORNE, Dairy Produce Control Board.
 Mr. M. B. DUFFY, Adviser on Labour Questions.

6. Secretary to the Delegation

Mr. J. F. MURPHY, Prime Minister's Department.

NEW ZEALAND

1. Delegates

The Rt. Hon. J. G. COATES, M.C., M.P., Minister of Public Works, Transport and Employment.
 The Hon. W. DOWNIE STEWART, M.P., Minister of Finance and Customs, etc.

2. Staff

Mr. A. D. PARK, C.M.G., Secretary to Treasury.
 Dr. G. CRAIG, C.M.G., Comptroller of Customs.
 Mr. T. R. AICKIN, Private Secretary to the Hon. W. D. STEWART.
 Dr. R. M. CAMPBELL, Private Secretary to the Rt. Hon. J. G. COATES.
 Mr. J. W. COLLINS, New Zealand Trade Commissioner in Canada.

3. Advisers

Mr. D. JONES, New Zealand Meat Producers' Board.
 Mr. W. GOODFELLOW, New Zealand Dairy Produce Board and New Zealand Honey Board.
 Sir FRANCIS BOYS, K.B.E., New Zealand Farmers' Union.
 Mr. H. E. NAPIER, New Zealand Fruit Board.
 Mr. G. W. REID, New Zealand Manufacturers' Association.
 Mr. F. O. HAMILTON, New Zealand Tobacco and Hop Growers.
 Mr. R. S. FORSYTH, London Manager of the New Zealand Meat Producers' Board.
 Mr. H. E. DAVIS, London Representative of New Zealand Dairy Produce Board.

4. Secretary to the Delegation

Mr. A. D. PARK, C.M.G., Secretary to Treasury.

UNION OF SOUTH AFRICA

1. Delegates

The Hon. N. C. HAVENGA, M.P., Minister of Finance.
 The Hon. P. G. W. GROBLER, M.P., Minister of Lands.
 The Hon. A. P. J. FOURIE, M.P., Minister of Mines and Industries.

2. Official Advisers

Mr. F. P. VAN DEN HEEVER, Secretary for Justice, Legal Adviser.
 Mr. J. D. HEDDON, Commissioner of Customs and Excise.
 Dr. P. R. VILJOEN, Under Secretary for Agriculture.
 Dr. J. E. HOLLOWAY, Director of Census and Statistics.
 Dr. G. S. H. ROSSOUW, Member of the Board of Trade and Industries.
 Mr. J. A. DIMOND, Trade Commissioner for Union of South Africa in London.

3. Personal Staff

Mr. G. P. JOOSTE, Private Secretary to the Minister of Finance.
 Mr. G. E. VERSTER, Private Secretary to the Minister of Lands.
 Mr. M. L. DE WAAL-DAVIES, Private Secretary to the Minister of Mines and Industries.
 Mr. VON EDEN, Department of Customs and Excise.

4. Business Consultants

Mr. R. STUTTAFORD, M.P., Association of Chambers of Commerce.
 Mr. W. A. MARTIN, Association of Chambers of Commerce.
 Mr. H. J. LAITE, Federated Chambers of Industry.
 Mr. E. G. SAUNDERS, Federated Chambers of Industry.
 Mr. A. V. ALLAN, South African Agricultural Union.
 Mr. G. HEATON NICHOLLS, M.P., South African Agricultural Union. Federated Farmers of South Africa.
 Senator J. P. MALAN, Co-operative Wine Growers' Association.
 Mr. W. E. R. EDWARDS, South African Sugar Association
 Mr P. M. ANDERSON, Gold Mining Industry.

5. Secretary to the Delegation

Mr. G. P. JOOSTE.

IRISH FREE STATE

1. Delegates

Mr. SEAN T. O'KELLY, T.D., Vice-President of the Executive Council, Minister for Local Government and Public Health.
 Mr. SEAN LEMASS, T.D., Minister for Industry and Commerce.
 Dr. JAMES RYAN, T.D., Minister for Agriculture.

2. Advisers

(a) *External Advisers*

Senator T. JOHNSON.
 Mr. JOSEPH BRENNAN, Chairman, Currency Commission.

(b) *Official Advisers*

Mr. J. J. McELLIGOTT, Secretary of the Department of Finance.
 Mr. SEAN MOYNIHAN, Secretary of the Executive Council.
 Mr. J. P. WALSH, Secretary of the Department of External Affairs.
 Mr. J. W. DULANTY, High Commissioner in Great Britain.
 Mr. F. J. MEYRICK, Secretary of the Department of Agriculture.

3. Experts

Mr. T. CLEARY, Revenue Commission.
 Mr. D. TWOMEY, Department of Agriculture.
 Mr. J. B. CONNELL, Trade and Industries Branch, Department of Industry and Commerce.
 Mr. R. C. GEARY, Statistics Branch, Department of Industry and Commerce.

4. Secretariat to Delegation

Mr. J. V. FAHY, Department of External Affairs.
 Mr. F. H. BOLAND, Secretary of Legation, Paris.

5. Secretary to the Delegation

Mr. J. V. FAHY, Department of External Affairs.

NEWFOUNDLAND

1. Delegates

The Hon. F. C. ALDERDICE, Prime Minister.
The Hon. L. E. EMERSON, K.C., Minister of Justice.

2. Expert Advisers

Mr. J. H. PENSON, M.C., Deputy Minister of Finance.
Mr. H. V. HUTCHINGS, Deputy Minister of Customs.
Mr. JOHN P. POWELL.
The Hon. F. McNAMARA, Member of Legislative and Executive Councils.
Mr. CLAUDE NOONAN.
Mr. WILFRED DAWE.

3. Personal Staff

Mr. C. A. FRASER, Secretary to Hon. L. E. EMERSON, K.C.

4. Secretary to the Delegation

Mr. W. J. CAREW, Secretary to the Prime Minister.

INDIA

1. Delegates

Sir ATUL C. CHATTERJEE, K.C.S.I., K.C.I.E., Member of the Council of India.
Sir HENRY STRAKOSCH, G.B.E., Member of the Council of India.
Sir GEORGE SCHUSTER, K.C.S.I., K.C.M.G., C.B.E., M.C., Member of Council of Governor-General of India.
Sir GEORGE RAINY, K.C.S.I., K.C.I.E., I.C.S., Late Member of Council of Governor-General of India.
Sir PADAMJI PESTONJI GINWALA, Kt.
Mr. R. K. SHANMUKHAM CHETTY, M.L.A., Deputy President, Indian Legislative Assembly.
SAHIBZADA ABDUS SAMAD KHAN, C.I.E., Prime Minister, Rampur State.
SETH HAJI ABDOOLA HAROON, M.L.A.

2. Advisers

Mr. H. A. F. LINDSAY, C.I.E., C.B.E., I.C.S.
Mr. B. C. BURT, C.I.E., M.B.E.
Sir SAMUEL SMYTH, K.C.I.E., C.S.I.

3. Secretariat to the Delegation

Secretary to the Delegation

Mr. H. A. F. LINDSAY, C.I.E., C.B.E., I.C.S.

Assistant Secretary to the Delegation

Mr. W. MARLOW, Office of the High Commissioner for India, London.

Attached from the Office of the Secretary of State for India

Mr. E. J. TURNER, C.B.E., Secretary, Economic and Overseas Dept., India Office.

4. Personal Staff

Mr. K. ANDERSON, Financial Dept., India Office, London, Secretary to Sir HENRY STRAKOSCH and Sir GEORGE SCHUSTER.

5. Staff

Mr. E. H. THOMPSON, M.C., Assistant.

6. Secretary to the Delegation

Mr. H. A. F. LINDSAY, C.I.E., C.B.E., I.C.S.

SOUTHERN RHODESIA

1. Delegates (As Observers)

The Hon H. U. MOFFAT, C.M.G., M.L.A., Premier.
The Hon. P. D. L. FYNN, C.M.G., M.L.A., Treasurer.

2. Adviser

The Hon. J. W. DOWNIE, C.M.G., High Commissioner for Southern Rhodesia at London.

3. Staff

Mr. T. G. GIBSON, M.B.E., Government Statistician.
Mr. H. T. MACLACHLAN, Southern Rhodesian Customs.

4. Secretary to the Delegation

Mr. F. M. C. STOKES, O.B.E., Private Secretary to the Premier.

THE SECRETARIAT OF THE CONFERENCE

Secretary to the Conference

Dr. O. D. SKELTON, Under-Secretary of State for External Affairs.

Deputy Secretary to the Conference

Mr. J. E. READ, K.C., Legal Adviser, Department of External Affairs.

Administrative Secretary

Lt.-Col. H. J. COGHILL, Sergeant-at-Arms, House of Commons.

Secretaries Nominated by Delegations

CANADA

Mr. J. S. MACDONALD, Second Secretary, Department of External Affairs.

UNITED KINGDOM

Mr. R. B. HOWORTH, C.B., C.M.G., Deputy Secretary, Cabinet Office.

COMMONWEALTH OF AUSTRALIA

Mr. J. F. MURPHY, Prime Minister's Department.

NEW ZEALAND

Mr. A. D. PARK, C.M.G., Secretary to Treasury.

UNION OF SOUTH AFRICA

Mr. G. P. JOOSTE, Private Secretary to the Minister of Finance.

IRISH FREE STATE

Mr. J. P. WALSH, Secretary of the Department of External Affairs.

NEWFOUNDLAND

Mr. W. J. CAREW, Secretary to the Prime Minister.

INDIA

Mr. E. J. TURNER, C.B.E., Secretary, Economic and Overseas' Department, India Office.

SOUTHERN RHODESIA

Mr. F. M. C. STOKES, Private Secretary to the Premier.

Assistant Secretaries

Mr. H. BEAULIEU, Director, Staff and Publicity, Post Office Department.
 Mr. H. F. FEAVER, Third Secretary, Department of External Affairs.
 Mr. W. IDE, General Executive Assistant, Department of National Revenue.
 Dr. H. L. KEENLEYSIDE, First Secretary, Canadian Legation, Tokyo.
 Mr. F. E. LATHE, Director, Division of Research Information.
 Mr. OLIVER MASTER, Economist, Department of the Interior.
 Mr. T. L. McEVoy, House of Commons Staff.
 Mr. A. E. RICHARDS, Agricultural Economist.
 Mr. B. J. ROBERTS, Comptroller, Government Guarantee Branch, Department of Finance.
 Mr. J. A. WILSON, Controller of Civil Aviation.
 Mr. H. H. WRONG, Counsellor, Canadian Legation, Washington.

Press Officers

L. B. PEARSON, First Secretary, Department of External Affairs.
 A. W. MERRIAM, Private Secretary to the Prime Minister of Canada.
 A. LALONDE, Departmental Solicitor, Post Office Department.

II.—OPENING OF THE CONFERENCE

The Conference was opened by His Excellency the Governor General of Canada who first delivered a gracious message from His Majesty the King, which was in the following terms:

“My thoughts and prayers are with the delegates of my Governments who are gathered in Conference to-day, to explore the means by which they may promote the prosperity of the Peoples of this great Empire.

At this Conference you are opening a new page of history, on which, within a few weeks will be written the record of a determined effort to solve the difficulties weighing so heavily, not only on us, but upon the whole world. It is my earnest hope that when this Conference rises there will be a record of results worthily reflecting the frankness, the sincerity, and the spirit of helpfulness with which, I feel confident, your deliberations will be conducted.

The British Empire is based on the principle of co-operation, and it is now your common purpose to give the fullest possible effect to that principle in the economic sphere. By so doing you will set in motion beneficial forces within the British Commonwealth which may well extend their impulse also to the world at large. I pray that you may be given clear insight and strength of purpose for these ends.

GEORGE R.I.”

21st July, 1932.

His Excellency, on behalf of the Government and people of Canada, welcomed the delegations who had come from Overseas, and delivered an address to the Conference, which is included in Annex I.

On the motion of the Leader of the Delegation of the United Kingdom, seconded by the Leader of the Delegation of Australia, the Prime Minister of Canada was asked to take the Chair at the meetings of the Conference and of the Heads of Delegations.

As its first official act, the Conference placed on record a resolution of respectful devotion to His Majesty the King, which was moved by the Prime Minister of Canada as Chairman of the Conference, and seconded by the Leader of the Delegation of India, and passed unanimously.

The message was in the following terms:—

“The representatives of the Governments of the British Commonwealth, assembled in conference at Ottawa at their first meeting, and as their first official act, desire to present their respectful duty to the King, to thank him for his gracious message which has just been read by His Excellency the Governor General. They join in thanksgiving for Your Majesty's continued health, and earnestly hope that Your Majesty and Her Majesty the Queen may long be spared to strengthen the feelings of love and devotion shared by all the peoples of the British Commonwealth of Nations.”

The following gracious reply, signed by His Majesty, was received and was read to the Conference by the Chairman:—

“The Queen and I have received with sincere pleasure the message of good will and devotion sent to us by the representatives of the Governments of the British Commonwealth at the opening of the Ottawa Conference. Please convey to them our grateful thanks. I shall follow the course of your deliberations with the closest interest and with the confident hope that your labours will be crowned with success.

GEORGE R.I.”

III.—OPENING STATEMENTS

Opening statements were made by the Leaders of the delegations of Canada, United Kingdom, Australia, New Zealand, Union of South Africa, Irish Free State, Newfoundland, India, and Southern Rhodesia, in that order. These speeches are included in the record, which is set forth as Annex I.

Supplementary Statements amplifying the opening statements were presented by the Leaders of the delegations of Australia, South Africa, Southern Rhodesia and the United Kingdom. These statements are included in Annex II.

Opening statements on monetary and financial questions were presented on behalf of the delegations before a committee which was constituted to deal with such matters, and are included in Annex III.

IV.—PUBLICITY

The arrangements for publicity followed those adopted at previous conferences.

The Honourable R. J. Manion, M.C., M.P., Minister of Railways and Canals, Canada, was asked to undertake responsibility for the general supervision of the publicity arrangements and to act as minister in charge of press relations. He was assisted in this work by the following press officers: Mr. L. B. Pearson, First Secretary, Department of External Affairs, Canada; Dr. H. L. Keenleyside, First Secretary, Canadian Legation, Tokyo; Mr. A. W. Merriam, Private Secretary to the Prime Minister of Canada; Mr. A. Lalonde, Private Secretary to the Postmaster General of Canada, and Mr. J. C. Britton, Junior Trade Commissioner, Canada.

He was also assisted by Mr. E. C. Buchanan, the President of the Press Gallery, Ottawa, who acted as press liaison officer. Press Conferences were held daily at 12.30 p.m. and 5.30 p.m.

V.—ORGANISATION

The opening meeting of the Conference was held in the House of Commons Chamber, in the Parliament Buildings. It was found convenient, however, to conduct the work of the Conference at meetings of the Heads of Delegations and other Delegates, held in the Railway Committee Room and in Room 216, in the Centre Block, Parliament Buildings. These meetings were attended by the heads of the delegations, together with other delegates.

It was decided to divide the matters which were under consideration by the Conference into five principal divisions, and to refer the matters comprised in each division to a committee for examination and report. These divisions included matters relating to the Promotion of Trade within the Commonwealth, matters relating to Customs Administration, matters relating to Commercial Relations with Foreign Countries, matters relating to Monetary and Financial Questions and matters relating to Methods of Economic Co-operation.

The conclusions of these Committees and the action taken thereon by the Conference are set forth in the subsequent parts of this report.

Committees were appointed in all instances by the meetings of Heads of Delegations and sub-committees were constituted by all of the five principal committees.

The total number of meetings was: Plenary Conference, 5; Heads of Delegations, 5; Committees and Sub-Committees, 49.

In addition to the committees and sub-committees of the Conference, there were many special groups dealing with inter-delegation matters, particularly matters related to the negotiation of trade agreements.

VI.—SUMMARY

The conclusions of the Conference may be summarized as follows:—

(a) Resolutions and Statements Regarding the Promotion of Trade within the Commonwealth

With regard to the determination of the percentage of Empire Content necessary to secure preferential tariff treatment, the Conference draws the attention of the several Governments of the Commonwealth to the importance of this subject, and recommends that each of the Governments of the Commonwealth should investigate, as rapidly as possible, the standard of Empire Content which should be required by them for the import under preferential rates of the different classes of goods, bearing in mind the following principles:

- (a) That though it must rest with each Government to decide what standard it will require, a greater degree of uniformity throughout the Commonwealth is desirable;
- (b) The standard required should not be such as to defeat or frustrate the intention of the preferential rate of duty conceded to any class of goods.

With regard to the question of export bounties and anti-dumping duties within the Commonwealth, the Conference adopted the following resolution:

This Conference, recognizing that export bounties and exchange depreciation adversely affect the value of tariff preferences within the Commonwealth, expresses the hope that with a rise in the level of commodity prices and with stabilized exchanges such bounties and the special duties which have been adopted as a means of adjusting the situation so created, may be withdrawn.

With regard to the conclusion of certain Agreements for the extension of mutual trade by means of reciprocal preferential tariffs, the Conference adopted the following resolution:

The nations of the British Commonwealth having entered into certain Agreements with one another for the extension of mutual trade by means of reciprocal preferential tariffs, this Conference takes note of these Agreements and records its conviction:

That by the lowering or removal of barriers among themselves provided for in these Agreements the flow of trade between the various countries of the Empire will be facilitated, and that by the consequent increase of purchasing power of their peoples the trade of the world will also be stimulated and increased;

Further, that this Conference regards the conclusion of these Agreements as a step forward which should in the future lead to further progress in the same direction and which will utilize protective duties to ensure that the resources and industries of the Empire are developed on sound economic lines.

The Agreements referred to are annexed hereto and the Conference commends them to the Governments of the several parts of the Empire.

(b) Resolutions Regarding Customs Administration

The Conference recommends that the aims to be kept in view should be:

- (i) The avoidance of uncertainty as to the amount of duty which would be payable on the arrival of goods in the importing country;
- (ii) The reduction of friction and delay to a minimum;
- (iii) The provision of facilities for the expeditious and effective settlement of disputes relating to all matters affecting the application of the Customs Tariff;

and that any measures which Customs Administrations might take to safeguard themselves against evasion should be consistent with these principles.

(c) Statement Regarding Commercial Relations with Foreign Countries

The Conference considered two broad groups of questions affecting the commercial relations of the several members of the Commonwealth with foreign countries.

In the first place, the Conference discussed the general question of the relationship between intra-Commonwealth preferences and the most-favoured-nation clause in commercial treaties with foreign powers. Each Government will determine its particular policy in dealing with this matter, but the representatives of the various Governments on the Committee stated that it was their policy that no treaty obligations into which they might enter in the future should be allowed to interfere with any mutual preferences which Governments of the Commonwealth might decide to accord to each other, and that they would free themselves from existing treaties, if any, which might so interfere. They would, in fact, take all the steps necessary to implement and safe-guard whatever preferences might be so granted.

In the second place, attention was drawn to recent tendencies in foreign countries to conclude regional agreements between themselves for the mutual accord of preferences which were designed as being exclusive, and not to be extended to countries which were not parties to, or did not adhere to the agreements. On this point, there was a general agreement that foreign countries which had existing treaty obligations to grant most-favoured-nation treatment to the products of particular parts of the Commonwealth could not be allowed to override such obligations by regional agreements of the character in question. Particular reference was made in this connection to the question of the Danubian States in regard to which preferential treatment was in contemplation for the cereal exports of the States concerned,—exports which constitute a substantial proportion of the world's exports of the cereals in question. The Conference were, however, informed that in the discussion which took place at Lausanne on the matter, the rights of third countries had, at the instance of the United Kingdom, been expressly reserved.

The Conference recognized that the fact that rights are accorded by most-favoured-nation treatment does not preclude a foreign country from seeking the consent of the various Governments of the British Commonwealth to the waiver of their rights in particular cases, and that these Governments must be guided by consideration of their individual interests in deciding whether or not to meet the wishes of the foreign country concerned, so long, however, as the general principle that rights of this kind cannot be arbitrarily withdrawn is fully and carefully preserved.

The Conference would, however, recommend that where two or more Commonwealth Governments share a common interest in any proposal for the waiver of particular treaty rights, they should consult together with a view to arriving, in so far as possible, at a common policy.

(d) Resolutions and Statements Regarding Monetary and Financial Questions

I

(a) A rise throughout the world in the general levels of wholesale prices is in the highest degree desirable. The evil of falling prices must be attacked by Government and individual action in all its causes whether political, economic, financial, or monetary.

(b) For dealing with the problem in its widest aspects the Governments represented at this Conference record their conviction that international action is urgently necessary and announce their desire to co-operate with other nations in any practicable measures for raising wholesale prices.

(c) The Conference has considered what action can be taken by the nations of the Commonwealth to help towards raising prices.

As regards monetary factors, the Conference recognizes that the central position of the United Kingdom, not only among the countries of the Commonwealth but in world trade and finance, makes the United Kingdom a main factor in anything that can be done. The Conference therefore welcomes the following statement made on behalf of the United Kingdom by the Chancellor of the Exchequer:—

“His Majesty's Government desire to see wholesale sterling prices rise. The best condition for this would be a rise in gold prices and the absence of a rise in gold prices inevitably imposes limitations on what

can be done for sterling. A rise in prices cannot be effected by monetary action alone, since various other factors which have combined to bring about the present depression must also be modified or removed before a remedy is assured. His Majesty's Government nevertheless recognize that an ample supply of short-term money at low rates may have a valuable influence, and they are confident that the efforts which have successfully brought about the present favourable monetary conditions can and will, unless unforeseen difficulties arise, be continued."

(d) The Conference recommends the other countries of the Commonwealth represented here to act in conformity with the line of policy as set out in the statement of the Chancellor of the Exchequer, so far as lies within their power.

In the monetary sphere the primary line of action towards a rise in prices should be the creation and maintenance, within the limits of sound finance, of such conditions as will assist in the revival of enterprise and trade. Among these conditions are low rates of interest and an abundance of short-term money. While regard must be had to the different conditions applying to various types of loans, the rate of interest for all purposes should be kept as low as financial conditions permit. At the same time it is necessary that these favourable monetary conditions be achieved, not by the inflationary creation of additional means of payment to finance public expenditure, but by an orderly monetary policy, safeguarded if the necessity should arise, by such steps as will restrain and circumscribe the scope of violent speculative movements in commodities or securities.

It must be kept in mind, however, that the success of any such policy will be hampered and might be nullified by the failure to modify or remove important non-monetary obstacles. Of the non-monetary factors which are depressing the level of prices many are of international character and require an international remedy. The nations of the Commonwealth should, nevertheless, take all steps that lie in their power to increase public confidence, especially in the field of business enterprise, and to facilitate trade.

(e) The Conference recognizes the great importance to traders of stability of exchange rates over as wide an area as possible. The complete solution of this problem must await the restoration of conditions for the satisfactory working of an international standard as referred to below. In the meanwhile, and pending such a solution, this Conference has considered the possibility of achieving valuable results in two directions—first by creating an area of stability among countries regulating their currencies in relation to sterling; and secondly, by avoiding wide day-to-day fluctuations between sterling and gold.

As regards the latter, the Conference has noted with satisfaction that the United Kingdom has already established machinery aimed at preventing wide fluctuations in the gold value of sterling caused by speculative movements. As to the former, the Conference recognizes the value of the countries within the Commonwealth whose currencies are linked to sterling maintaining stability between their exchange rates and looks to a rise in the general level of wholesale prices as the most desirable means for facilitating this result.

II

The Conference recognizes that the ultimate aim of monetary policy should be the restoration of a satisfactory international monetary standard. Such a standard should so function as not merely to maintain stable exchange rates between all countries, but also to ensure the smooth and efficient working of the machinery of international trade and finance.

This postulates international agreement among the great trading nations of the world, and while certain of the States here represented hold very definite views on the question of the most desirable standard the Conference refrains from making any recommendations on the subject in view of the fact that the question is shortly to be discussed at an international conference. There are, however, several conditions precedent to the re-establishment of any international monetary standard. The most important among them are: a rise in the general level of commodity prices in the various countries to a height more in keeping with the level of costs, including the burden of debt and other fixed and semi-fixed charges; and an adjustment of the factors political, economic, financial and monetary, which have caused the breakdown of the gold standard in many countries, and which, if not adjusted, would inevitably lead to another breakdown of whatever international standard may be adopted.

It is also in the view of the Conference of the utmost importance to the future working of any international standard that international co-operation should be secured and maintained with a view to avoiding, so far as may be found practicable, wide fluctuations in the purchasing power of the standard of value.

(e) Resolutions and Statements Regarding Methods of Economic Co-operation

(i) GENERAL RESOLUTIONS

This Conference, having discussed the question of Economic Consultation and Co-operation within the Commonwealth, and having considered the annexed report prepared for it on the constitution and functions of existing agencies operating in these fields:

Recommends that a committee should be appointed forthwith, consisting of not more than two representatives of each of the participating Governments, to consider the means of facilitating economic consultation and co-operation between the several Governments of the Commonwealth, including a survey of the functions, organization and financial bases of the agencies specified in the annexed report,* and an examination of what alterations or modifications, if any, in the existing machinery for such co-operation within the Commonwealth are desirable.

The Conference further recommends that it shall be an instruction to the Committee to elect their own Chairman from among their members, and to report to the several Governments represented thereon not later than the 31st May next, with a view to the consideration of their report by the several Governments not later than September, 1933.

The Conference was given to understand by the representatives of the United Kingdom that, in order that the necessary time might be available for the preparation and consideration of the report of the Committee concerning the existing and future machinery for economic co-operation within the Commonwealth, the Government of the United Kingdom would continue to furnish any funds which may be required to finance essential work of the Empire Marketing Board down to the end of September, 1933. The Conference records its deep appreciation of the action of the United Kingdom in this respect.

With regard to the above recommendations reservations were made by Mr. Havenga, for the Union of South Africa, and by Mr. Lemass, for the Irish Free State, respectively, in the following terms:—

(*Mr. Havenga*). "While not wishing to object to the acceptance of the report of the Committee on Methods of Economic Co-operation, I desire, in order to remove any ground for misapprehension, to record the following reservations on behalf of the Union of South Africa:

"1. While not generally adverse to the institution of *ad hoc* bodies for economic investigation and preparation, the Union Government will not associate itself with any scheme for the erection of any organization in the nature of a permanent secretariat or preparatory committee to Commonwealth Conferences, whether economic or otherwise.

"2. That portion of the report which introduces the draft resolutions relating to the appointment of a Committee to consider the means of facilitating economic consultation and co-operation, must not be read in the sense that the Union Government is committed in principle to give financial support to Commonwealth Economic Organizations."

(*Mr. Lemass*). "I do not object to the adoption of this report and the accompanying resolutions, but I wish it to be made perfectly clear in the published records of the Conference that the Government of the Irish Free State are not prepared to contemplate the setting up of an Imperial Economic Secretariat or of any similar organ of centralization."

* See Appendix 5 to the Report of the Committee on Methods of Economic Co-operation.

(ii) RESOLUTION CONCERNING INDUSTRIAL STANDARDIZATION

I. The Conference recommends that, with a view to assisting the co-ordination of the work of national standardization, the following principles, as far as practicable, be observed:

- (a) That the specifications should be in accordance with the needs of industry and fulfil a generally recognized want;
- (b) That the community interest of producer and consumer should be maintained throughout;
- (c) That the specifications should be arrived at by general consent;
- (d) That periodical review and revision should be undertaken to prevent crystallization and keep the specifications abreast of progress;
- (e) That full information regarding the initiation of any specification and progress in its preparation should without delay be circulated by the originating body to the corresponding bodies in other parts of the Commonwealth.

II. Having regard to the disadvantages which are apt to occur when a statutory provision embodies a standard specification verbatim, whether in whole or in part, instead of confining itself to a reference to a national standard specification, the Conference recommends that each Government of the Commonwealth in co-operation with its central standardizing body should bring under review the position with regard to such statutory provisions, in order that it may be possible to keep these standards in line with industrial and scientific progress without the necessity of fresh legislation.

III. With a view to facilitating the general adoption of standard specifications throughout the Commonwealth, the Conference recommends that the governments concerned take into favourable consideration the provision of free entry to standard specifications and other documents circulated between the central standardizing bodies.

IV. In order to provide the various parts of the Commonwealth with an accurate means of exchange of colour information and to secure a basic standard in trade practice, the Conference recommends that each central standardizing body should at an early date consider the issue of a standard schedule of colours.

V. As an immediate step towards the promotion of intra-Commonwealth trade through the adoption of commercial standard specifications, the Conference recommends that, in respect of steel, timber, industrial chemical products and replaceable parts of agricultural implements and machinery, immediate steps be taken by the central standardizing bodies in those parts of the Commonwealth affected to secure a greater degree of uniformity in standard specifications and trade practices.

VI. With a view to the employment of common standard specifications for aircraft materials and component parts, and particularly the method of testing therein specified, the Conference recommends that the national standardizing bodies in those parts of the Commonwealth particularly concerned, should co-operate directly with this object in view.

VII. The Conference, taking note of the observation contained in the last paragraph of the Report of the Conference on Standardization accepted by the Imperial Conference of 1930, which reads as follows:—

“Apart from day to day consideration of matters of detail, we are impressed with the desirability of readier means of consultation on questions of policy than are afforded by the past, or by occasional conferences such as the present,”

is impressed with the desirability of obviating the difficulties and delays which inevitably occur under existing conditions in conducting consultations between the central standardizing bodies in the various parts of the British Commonwealth of Nations, and the misunderstandings which occasionally arise due to the distances between the correspondents and to the subject matter of the communications.

The Conference recommends that for the purpose of maintaining closer liaison in these matters the central standardizing bodies in the different parts of the Commonwealth should be authorized to call together, periodically or otherwise, representatives in their respective countries of the corresponding bodies, or persons otherwise designated for the purpose.

The Conference further suggests that such an arrangement might include a provision whereby the Trade Commissioners maintained in different parts of the Empire by the several Commonwealth Governments should, as occasion requires, be available to act as Liaison Officers for this purpose. The Conference considers that it should be made clear that such consultations are purely supplementary to, and not intended in any way to supplant, the method of direct communication already established between the central standardizing bodies.

(iii) GRADING AND STANDARDS OF AGRICULTURAL PRODUCTS

The report of the Sub-Committee, which is set forth as Appendix 2 to the Report of the Committee on Methods of Economic Co-operation, was approved by the Conference.

(iv) RESOLUTIONS CONCERNING INDUSTRIAL CO-OPERATION

This Conference, having examined the Report of the Imperial Economic Committee on Imperial Industrial Co-operation, finds itself in general agreement with the tenor of the Report.

The Report makes it clear that industrial production has developed and will continue to develop in the less industrialized parts of the Commonwealth. These developments involve changes in the economic structure both of the more industrialized and of the less industrialized countries; and the Conference notes with approval the view of the Committee that: "the object of co-operation is not, and must not be, to arrest change, but wisely to direct and facilitate its course."

It should, in the opinion of the Conference, be the object of any policy of industrial co-operation within the Commonwealth to secure the best division of industrial activities among the several parts of the Commonwealth and the ordered economic development of each part, with a view to ensuring the maximum efficiency and economy of production and distribution.

It is further the view of the Conference that the precise nature and extent of the co-operation to be achieved in any particular industry must largely depend upon effective consultation between those engaged or proposing to engage, in that industry in any two or more parts of the Commonwealth.

The Conference therefore recommends to the various industries in which conditions are suitable for the purpose, the desirability of making arrangements for such consultation at the earliest possible date; but it records its belief that such consultation, to be fully effective, should be conducted between responsible persons or bodies adequately representative of the industry in each part of the Commonwealth concerned.

The Conference further recommends that the Governments concerned facilitate and assist such consultations by all available means.

The Conference further recommends that, without prejudice to their liberty to determine their own general economic policies, the Governments of the Commonwealth should give sympathetic consideration to any proposals which may be directed towards giving effect to the principle of industrial co-operation and which may be put before them by responsible parties representing similar industrial interests in the parts of the Commonwealth affected. In this connection the Conference would draw attention to the importance of taking into consideration the interests of other parts of the Commonwealth which might be affected by such proposals.

(v) RESOLUTION CONCERNING FILMS AND RADIO

The Conference takes note of the suggestions contained in the Report upon Films and Radio submitted to it by the Committee on Methods of Economic Co-operation and commends them for the consideration of the Governments represented at the Conference.

VII—PROMOTION OF TRADE WITHIN THE COMMONWEALTH

A—Report of Committee

The meeting of Heads of Delegations, held on July 22nd, set up a Committee on the Promotion of Trade within the Commonwealth to consider the following matters on the provisional agenda of the Conference:

“Examination of aspects of general trade and tariff policy and administration affecting Empire trade, including, *inter alia*, the following subjects:

- (a) Recognition of the principle of reciprocal tariff preferences within the Commonwealth;
- (b) General application of existing and future tariff preferences within the Commonwealth;
- (c) Extension to other parts of the Commonwealth of tariff advantages accorded foreign countries;
- (d) Determination of percentage of ‘Empire Content’ necessary to secure preferential tariff treatment;
- (e) Export bounties and anti-dumping duties within the Commonwealth.”

The Committee was constituted as follows:

The Right Hon. The Viscount Hailsham, Secretary of State for War in the United Kingdom. (Chairman.)

CANADA

The Right Hon. R. B. Bennett, K.C., M.P., Prime Minister and Secretary of State for External Affairs.

The Right Hon. Arthur Meighen, K.C., Minister without portfolio.

The Hon. Edgar N. Rhodes, K.C., M.P., Minister of Finance.

The Hon. H. H. Stevens, M.P., Minister of Trade and Commerce.

The Hon. Dr. R. J. Manion, M.C., M.P., Minister of Railways and Canals.

The Hon. C. H. Cahan, K.C., M.P., Secretary of State of Canada.

The Hon. Robert Weir, M.P., Minister of Agriculture.

UNITED KINGDOM

The Right Hon. Stanley Baldwin, M.P., Lord President of the Council.

The Right Hon. Neville Chamberlain, M.P., Chancellor of the Exchequer.

The Right Hon. J. H. Thomas, M.P., Secretary of State for Dominion Affairs.

The Right Hon. Sir Philip Cunliffe-Lister, G.B.E., M.C., M.P., Secretary of State for the Colonies.

The Right Hon. Walter Runciman, M.P., President of the Board of Trade.

The Right Hon. Sir John Gilmour, Bt., D.S.O., M.P., Minister of Agriculture and Fisheries.

AUSTRALIA

The Right Hon. S. M. Bruce, C.H., M.C., M.P., Minister without portfolio.

The Hon. H. S. Gullett, M.P., Minister of State for Trade and Customs.

NEW ZEALAND

The Right Hon. J. G. Coates, M.C., Minister of Public Works, Transport and Employment.

The Hon. W. Downie Stewart, Minister of Finance and Customs, etc.

UNION OF SOUTH AFRICA

The Hon. N. C. Havenga, M.P., Minister of Finance.

The Hon. P. G. W. Grobler, M.P., Minister of Lands.

The Hon. A. P. J. Fourie, M.P., Minister of Mines and Industries.

IRISH FREE STATE

Mr. Sean T. O'Kelly, T.D., Vice-President of the Executive Council, Minister of Local Government, and Public Health.
 Mr. Sean Lemass, T.D., Minister for Industry and Commerce.
 Dr. James Ryan, T.D., Minister for Agriculture.

NEWFOUNDLAND

The Hon. F. C. Alderdice, Prime Minister.
 The Hon. L. E. Emerson, K.C., Minister of Justice.

INDIA

Sir Atul C. Chatterjee, K.C.S.I., K.C.I.E., Member of the Council of India.
 Sir George Rainy, K.C.S.I., K.C.I.E., I.C.S., Late Member of Council of Governor-General of India.
 Sir Padamji Pestonji Ginwala, Kt.
 Mr. R. K. Shanmukham Chetty, M.L.A., Deputy President, Indian Legislative Assembly.
 Sahibzada Abdus Samad Khan, C.I.E., Prime Minister, Rampur State.
 Seth Haji Abdoola Haroon, M.L.A.

SOUTHERN RHODESIA

The Hon. H. U. Moffat, C.M.G., M.L.A., Premier.
 The Hon. P. D. L. Fynn, C.M.G., M.L.A., Treasurer.

The Committee beg to submit the following report:

1. Negotiation of Trade Agreements

At its first meeting, the Committee decided that the formulation of any proposals which might be submitted to the Delegation of the United Kingdom would be assisted by the constitution of five groups made up of representatives of those Dominions which were interested in: (1) dairy products (including poultry and eggs); (2) meat (including live cattle and pig products); (3) fruit and vegetables; (4) cereals (including flour); (5) metals and minerals. A sixth group on tobacco was formed later on.

These groups held numerous meetings and their activities were of great assistance in connection with the bilateral negotiations between the United Kingdom and certain of the Dominions. The results of their studies in respect to each group of commodities were co-ordinated by an informal committee. Inasmuch as the groups and the co-ordinating committee were not constituted as regular sub-committees of the Committee on Trade Promotion, no report was made by them to the Committee. The conclusions which they reached, however, were made available by them for the use of the interested Delegations.

2. General Matters before the Committee

The Committee have carefully considered the general questions placed on their agenda concerning general trade and tariff policy and administration as affecting trade within the Commonwealth. Many of these questions were also discussed in the course of the bilateral negotiations.

In considering the determination of the percentage of Empire Content necessary to secure preferential tariff treatment, the Committee have briefly examined the statement submitted by His Majesty's Government in Canada summarizing the various regulations at present in force within the Commonwealth governing the percentage of Empire Content necessary to qualify for tariff preferences and the report of the Imperial Economic Committee on "The Definition of Empire Goods." The question was further examined by a sub-committee under the chairmanship of The Right Hon. Walter Runciman.

The Committee suggest that the Conference should draw the attention of the several Governments of the Commonwealth to the importance of this subject, and should recommend each of the Governments of the Commonwealth to

investigate, as rapidly as possible, the standard of Empire Content which should be required by them for the import under preferential rates of the different classes of goods, bearing in mind the following principles:

- (a) That though it must rest with each Government to decide what standard it will require, a greater degree of uniformity throughout the Commonwealth is desirable;
- (b) The standard required should not be such as to defeat or frustrate the intention of the preferential rate of duty conceded to any class of goods.

On the question of export bounties and anti-dumping duties within the Commonwealth, the Committee recommend for the consideration of the Conference the following resolution:

This Conference, recognizing that export bounties and exchange depreciation adversely affect the value of tariff preferences within the Commonwealth, expresses the hope that with a rise in the level of commodity prices and with stabilized exchanges such bounties and the special duties which have been adopted as a means of adjusting the situation so created, may be withdrawn.

At an early stage in its deliberations the Committee was informed that negotiations were in progress between the various delegations for the conclusion of trade agreements, and accordingly a drafting committee, under the Chairmanship of the Right Hon. Neville Chamberlain, was appointed to prepare a resolution to record and present the bilateral trade agreements so negotiated during the Conference. The Drafting Committee presented the following resolution which is recommended by the Committee to the Conference for consideration:

The nations of the British Commonwealth having entered into certain Agreements with one another for the extension of mutual trade by means of reciprocal preferential tariffs, this Conference takes note of these Agreements and records its conviction:

That by the lowering or removal of barriers among themselves provided for in those Agreements the flow of trade between the various countries of the Empire will be facilitated, and that by the consequent increase of purchasing power of their peoples the trade of the world will also be stimulated and increased;

Further, that this Conference regards the conclusion of these Agreements as a step forward which should in the future lead to further progress in the same direction and which will utilize protective duties to ensure that the resources and industries of the Empire are developed on sound economic lines.

The Agreements referred to are annexed hereto* and the Conference commends them to the Governments of the several parts of the Empire.

B—Conference Conclusions

The Conference approved the above report, adopted the statements and resolutions contained therein, and commended them to the several Governments for their consideration.

*The Agreements will be published later as Annex V to this Report.

VIII—CUSTOMS ADMINISTRATION

A—Report of Committee

At a meeting of the Heads of Delegations held on the 22nd of July, a Committee was constituted to consider Customs administration.

The Committee was constituted as follows:

The Hon. W. Downie Stewart, Minister of Finance and Customs, New Zealand (Chairman).

CANADA

The Hon. E. B. Ryckman, K.C., M.P., Minister of National Revenue.

The Hon. Alfred Duranleau, K.C., M.P., Minister of Marine and Acting Minister of Fisheries.

UNITED KINGDOM

The Rt. Hon. Walter Runciman, M.P., President of the Board of Trade.

The Rt. Hon. Sir Philip Cunliffe-Lister, G.B.E., M.C., M.P., Secretary of State for the Colonies.

AUSTRALIA

The Hon. H. S. Gullett, M.P., Minister of State for Trade and Customs.

NEW ZEALAND

The Hon. W. Downie Stewart, Minister of Finance and Customs.

UNION OF SOUTH AFRICA

The Hon. N. C. Havenga, M.P., Minister of Finance.

IRISH FREE STATE

Mr. Sean Lemass, T.D., Minister of Industry and Commerce.

Dr. James Ryan, T.D., Minister of Agriculture.

NEWFOUNDLAND

The Hon. L. E. Emerson, K.C., Minister of Justice.

INDIA

Seth Haji Abdoola Haroon, M.L.A.

SOUTHERN RHODESIA

The Hon. P. D. L. Fynn, C.M.G., M.L.A., Treasurer.

Joint Secretariat

Mr. W. Ide, Department of National Revenue (Canada).

Mr. F. H. Taylor, Board of Trade (United Kingdom).

After preliminary discussion, a Sub-Committee of Officials, with Dr. G. Craig (New Zealand) as chairman, was appointed to consider technical questions arising out of the administration of existing Customs legislation.

The Committee submitted the following statement for the consideration of the Conference:

The Committee on Customs Administration is of the opinion that the aims to be kept in view should be:—

- I. The avoidance of uncertainty as to the amount of duty which would be payable on the arrival of goods in the importing country;

- II. The reduction of friction and delay to a minimum;
- III. The provision of facilities for the expeditious and effective settlement of disputes relating to all matters affecting the application of the Customs Tariff.

It is also agreed that any measures which Customs Administrations may take to safeguard themselves against evasion should be consistent with these principles.

B—Conference Conclusions

The Conference approved the above Report and adopted the statement contained therein and commended them to the several Governments for their consideration.

IX.—COMMERCIAL RELATIONS WITH FOREIGN COUNTRIES

A—Report of Committee

At a meeting of the Heads of Delegations held on the 22nd of July a Committee was constituted to consider commercial relations with foreign countries as included in the provisional agenda in the following terms:—

“(a) Relation of inter-Imperial preferences to concessions to foreign countries;

“(b) Interpretation of most-favoured-nation clause, particularly with reference to the development of regional preferences and of systems of import quotas.”

The Committee was constituted as follows:—

The Hon. N. C. Havenga, M.P., Minister of Finance, South Africa (Chairman).

CANADA

The Rt. Hon. Sir George Perley, K.C.M.G., M.P., Minister without Portfolio.

The Hon. Hugh Guthrie, K.C., M.P., Minister of Justice.

The Hon. Edgar N. Rhodes, K.C., M.P., Minister of Finance.

The Hon. Maurice Dupré, K.C., M.P., Solicitor General.

UNITED KINGDOM

The Rt. Hon. J. H. Thomas, M.P., Secretary of State for Dominion Affairs.

The Rt. Hon. Walter Runciman, M.P., President of the Board of Trade.

AUSTRALIA

The Rt. Hon. S. M. Bruce, C.H., M.C., M.P., Minister without Portfolio.

The Hon. H. S. Gullett, M.P., Minister of State for Trade and Customs.

NEW ZEALAND

The Rt. Hon. J. G. Coates, M.C., Minister of Public Works, Transport and Employment.

The Hon. W. Downie Stewart, Minister of Finance and Customs, etc.

UNION OF SOUTH AFRICA

The Hon. P. G. W. Grobler, M.P., Minister of Lands.

The Hon. A. P. J. Fourie, M.P., Minister of Mines and Industries.

IRISH FREE STATE

Mr. Sean T. O'Kelly, T.D., Vice-President of the Executive Council, Minister of Local Government and Public Health.

Mr. Sean Lemass, T.D., Minister for Industry and Commerce.

Dr. James Ryan, T.D., Minister for Agriculture.

NEWFOUNDLAND

The Hon. F. C. Alderdice, Prime Minister.

INDIA

Sir George Rainy, K.C.S.I., K.C.I.E., I.C.S., Late Member of Council of Governor-General of India.

Sahibzada Abdus Samed Khan, C.I.E., Prime Minister, Rampur State.

SOUTHERN RHODESIA

The Hon. H. U. Moffat, C.M.G., M.L.A., Premier.

The Hon. P. D. L. Fynn, C.M.G., M.L.A., Treasurer

Joint Secretariat:

Mr. R. J. W. Stacy, Private Secretary to the Chief Industrial Adviser (United Kingdom).

Dr. H. L. Keenleyside, First Secretary, Canadian Legation, Tokyo.

The Committee held two meetings. At the First Meeting it was decided that a Sub-Committee of Officials should be appointed to prepare a draft report for Consideration. On the 17th of August this Sub-Committee submitted its proposals to the Committee. Subject to a few minor alterations in the text the report of the Sub-Committee was accepted, and it is appended hereto.

The report is recommended to the favourable consideration of the Conference.

N. C. HAVENGA,
Chairman.

REPORT

The Committee considered two broad groups of questions affecting the commercial relations of the several members of the Commonwealth with foreign countries.

In the first place, the Committee discussed the general question of the relationship between intra-Commonwealth preferences and the most-favoured-nation clause in commercial treaties with foreign powers. Each Government will determine its particular policy in dealing with this matter, but the representatives of the various Governments on the Committee stated that it was their policy that no treaty obligations into which they might enter in the future should be allowed to interfere with any mutual preferences which Governments of the Commonwealth might decide to accord to each other, and that they would free themselves from existing treaties, if any, which might so interfere. They would, in fact, take all the steps necessary to implement and safeguard whatever preferences might be so granted.

In the second place, attention was drawn to recent tendencies in foreign countries to conclude regional agreements between themselves for the mutual accord of preferences which were designed as being exclusive, and not to be extended to countries which were not parties to, or did not adhere to the agreements. On this point, there was a general agreement that foreign countries which had existing treaty obligations to grant most-favoured-nation treatment to the products of particular parts of the Commonwealth could not be allowed to override such obligations by regional agreements of the character in question. Particular reference was made in this connection to the question of the Danubian States in regard to which preferential treatment was in contemplation for the cereal exports of the States concerned,—exports which constitute a substantial proportion of the world's exports of the cereals in question. The Committee were, however, informed that in the discussion which took place at Lausanne on the matter, the rights of third countries had, at the instance of the United Kingdom, been expressly reserved.

The Committee recognized that the fact that rights are accorded by most-favoured-nation treatment does not preclude a foreign country from seeking the consent of the various Governments of the British Commonwealth to the waiver of their rights in particular cases, and that these Governments must be

guided by consideration of their individual interests in deciding whether or not to meet the wishes of the foreign country concerned, so long, however, as the general principle that rights of this kind cannot be arbitrarily withdrawn is fully and carefully preserved.

The Committee would, however, recommend that where two or more Commonwealth Governments share a common interest in any proposal for the waiver of particular treaty rights, they should consult together with a view to arriving, in so far as possible, at a common policy.

B—Conference Conclusions

The Conference approved the Report of the Committee and adopted the statement set forth in the Report appended thereto and commended them to the several Governments for their consideration.

X.—MONETARY AND FINANCIAL QUESTIONS

A—Report of Committee

At a meeting of the Heads of Delegations held on the 22nd of July, a Committee was constituted to consider monetary and financial questions as included in the Provisional Agenda in the following terms:—

“Consideration of existing inter-relationships of the various currencies and monetary standards of the Empire, and of the desirability and feasibility of taking steps to restore and stabilize the general price level and to stabilize exchange.”

The Committee was constituted as follows:—

The Hon. H. H. Stevens, M.P., Minister of Trade and Commerce, Canada (Chairman).

CANADA

The Rt. Hon. R. B. Bennett, K.C., M.P., Prime Minister and Secretary of State for External Affairs.

The Hon. C. H. Cahan, K.C., M.P., Secretary of State of Canada.

UNITED KINGDOM

The Rt. Hon. Neville Chamberlain, M.P., Chancellor of the Exchequer.

The Rt. Hon. Sir Philip Cunliffe-Lister, G.B.E., M.C., M.P., Secretary of State for the Colonies.

AUSTRALIA

The Rt. Hon. S. M. Bruce, C.H., M.C., M.P., Minister without portfolio.

The Hon. H. S. Gullett, M.P., Minister of State for Trade and Customs.

NEW ZEALAND

The Rt. Hon. J. G. Coates, M.C., Minister of Public Works, Transport and Employment.

The Hon. W. Downie Stewart, Minister of Finance and Customs, etc.

UNION OF SOUTH AFRICA

The Hon. N. C. Havenga, M.P., Minister of Finance.

The Hon. P. G. W. Grobler, M.P., Minister of Lands.

The Hon. A. P. J. Fourie, M.P., Minister of Mines and Industries.

IRISH FREE STATE

Mr. Sean T. O'Kelly, T.D., Vice-President of the Executive Council, Minister of Local Government, and Public Health.

Mr. Sean Lemass, T.D., Minister of Industry and Commerce.

Dr. James Ryan, T.D., Minister for Agriculture.

NEWFOUNDLAND

The Hon. F. C. Alderdice, Prime Minister.

INDIA

Sir Henry Strakosch, G.B.E., Member of the Council of India.

Sir George Schuster, K.C.S.I., K.C.M.G., C.B.E., M.C., Member of Council of Governor-General of India

SOUTHERN RHODESIA

The Hon. P. D. L. Fynn, C.M.G., M.L.A., Treasurer.

Joint Secretariat:

Mr. B. J. Roberts, Department of Finance (Canada).

Mr. J. D. B. Fergusson, Private Secretary to the Chancellor of the Exchequer (United Kingdom).

Mr. F. H. Boland, Secretary of Legation (Irish Free State).

At the opening meetings general statements were submitted by the following Delegations: Canada, United Kingdom, Australia, New Zealand, South Africa, Irish Free State, Newfoundland and India.

After the delivery of these statements an exchange of views on various aspects of existing financial and monetary conditions took place, as a result of which two questions—one relating to the possibility or desirability of securing a rise in the general levels of wholesale prices and the other relating to the stabilization of currencies within the Empire—were remitted to the Sub-Committee. This Sub-Committee was constituted as follows:—

Hon. C. H. Cahan, K.C., M.P., Secretary of State of Canada (Chairman).

CANADA

Mr. Watson Sellar, Comptroller of the Treasury.

Professor W. C. Clark, Financial Adviser.

UNITED KINGDOM

Mr. F. Phillips, C.B., Under Secretary Treasury.

Mr. R. N. Kershaw, Financial Adviser.

AUSTRALIA

Mr. E. C. Riddle, Governor, Commonwealth Bank of Australia.

Professor L. G. Melville, Economic Adviser to the Commonwealth Bank of Australia.

NEW ZEALAND

The Rt. Hon. J. G. Coates, M.C., Minister of Public Works, Transport and Employment.

The Hon. W. Downie Stewart, Minister of Finance and Customs, etc.

Mr. A. D. Park, C.M.G., Secretary to Treasury.

UNION OF SOUTH AFRICA

The Hon. N. C. Havenga, M.P., Minister of Finance.

Dr. J. E. Holloway, Director of Census and Statistics.

IRISH FREE STATE

Mr. Joseph Brennan, Chairman Currency Commission.

Mr. J. J. McElligott, Secretary, Department of Finance.

NEWFOUNDLAND

Mr. J. H. Penson, M.C., Deputy Minister of Finance.

INDIA

Sir Henry Strakosch, G.B.E., Member of the Council of India.

Sir George Schuster, K.C.S.I., K.C.M.G., C.B.E., M.C., Member of Council of Governor-General of India.

SOUTHERN RHODESIA

The Hon. P. D. L. Fynn, C.M.G., M.L.A., Treasurer.

Joint Secretariat:

Mr. B. J. Roberts, Department of Finance (Canada).

Mr. J. D. B. Fergusson, Private Secretary to the Chancellor of the Exchequer (United Kingdom).

Mr. F. H. Boland, Secretary of Legation (Irish Free State).

Five meetings were held by the Sub-Committee, in addition to which there were a number of informal meetings of experts representing the different Delegations. The Report submitted by the Sub-Committee was adopted unanimously by the Committee on Monetary and Financial Questions. The Committee therefore submits to the Conference and recommends that it adopt the following statement:

I

(a) A rise throughout the world in the general levels of wholesale prices is in the highest degree desirable. The evil of falling prices must be attacked by Government and individual action in all its causes whether political, economic, financial, or monetary.

(b) For dealing with the problem in its widest aspects the Governments represented at this Conference record their conviction that international action is urgently necessary and announce their desire to co-operate with other nations in any practicable measures for raising wholesale prices.

(c) The Conference has considered what action can be taken by the nations of the Commonwealth to help towards raising prices.

As regards monetary factors, the Conference recognizes that the central position of the United Kingdom, not only among the countries of the Commonwealth but in world trade and finance, makes the United Kingdom a main factor in anything that can be done. The Conference therefore welcomes the following statement made on behalf of the United Kingdom by the Chancellor of the Exchequer:—

“His Majesty’s Government desire to see wholesale sterling prices rise. The best condition for this would be a rise in gold prices and the absence of a rise in gold prices inevitably imposes limitations on what can be done for sterling. A rise in prices cannot be effected by monetary action alone, since various other factors which have combined to bring about the present depression must also be modified or removed before a remedy is assured. His Majesty’s Government nevertheless recognize that an ample supply of short-term money at low rates may have a valuable influence, and they are confident that the efforts which have successfully brought about the present favourable monetary conditions can and will, unless unforeseen difficulties arise, be continued.”

(d) The Conference recommends the other countries of the Commonwealth represented here to act in conformity with the line of policy as set out in the statement of the Chancellor of the Exchequer, so far as lies within their power.

In the monetary sphere the primary line of action towards a rise in prices should be the creation and maintenance, within the limits of sound finance, of such conditions as will assist in the revival of enterprise and trade. Among these conditions are low rates of interest and an abundance of short-term money. While regard must be had to the different conditions applying to various types of loans, the rate of interest for all purposes should be kept as low as financial conditions permit. At the same time it is necessary that these favourable monetary conditions be achieved, not by the inflationary creation of additional means of payment to finance public expenditure, but by an orderly monetary policy, safeguarded if the necessity should arise, by such steps as will restrain and circumscribe the scope of violent speculative movements in commodities or securities.

It must be kept in mind, however, that the success of any such policy will be hampered and might be nullified by the failure to modify or remove important non-monetary obstacles. Of the non-monetary factors which are depressing the level of prices many are of international character and require an international remedy. The nations of the Commonwealth should, nevertheless, take all steps that lie in their power to increase public confidence, especially in the field of business enterprise, and to facilitate trade.

(e) The Conference recognizes the great importance to traders of stability of exchange rates over as wide an area as possible. The complete solution of this problem must await the restoration of conditions for the satisfactory working of an international standard as referred to below. In the meanwhile, and pending such a solution, this Conference has considered the possibility of achieving valuable results in two directions—first by creating an area of stability among countries regulating their currencies in relation to sterling; and secondly, by avoiding wide day-to-day fluctuations between sterling and gold.

As regards the latter, the Conference has noted with satisfaction that the United Kingdom has already established machinery aimed at preventing wide fluctuations in the gold value of sterling caused by speculative movements. As to the former, the Conference recognizes the value of the countries within the Commonwealth whose currencies are linked to sterling maintaining stability between their exchange rates and looks to a rise in the general level of wholesale prices as the most desirable means for facilitating this result.

II

The Conference recognizes that the ultimate aim of monetary policy should be the restoration of a satisfactory international monetary standard. Such a standard should so function as not merely to maintain stable exchange rates between all countries, but also to ensure the smooth and efficient working of the machinery of international trade and finance.

This postulates international agreement among the great trading nations of the world, and while certain of the States here represented hold very definite views on the question of the most desirable standard the Conference refrains from making any recommendations on the subject in view of the fact that the question is shortly to be discussed at an international conference. There are, however, several conditions precedent to the re-establishment of any international monetary standard. The most important among them are: a rise in the general level of commodity prices in the various countries to a height more in keeping with the level of costs, including the burden of debt and other fixed and semi-fixed charges; and an adjustment of the factors political, economic, financial and monetary, which have caused the breakdown of the gold standard in many countries, and which, if not adjusted, would inevitably lead to another breakdown of whatever international standard may be adopted.

It is also in the view of the Conference of the utmost importance to the future working of any international standard that international co-operation should be secured and maintained with a view to avoiding, so far as may be found practicable, wide fluctuations in the purchasing power of the standard of value.

B—Conference Conclusions

The Conference approved the above Report and adopted the statement contained therein and commended them to the several Governments for their consideration.

XI.—METHODS OF ECONOMIC CO-OPERATION

A—Report of the Committee

At a meeting of the Heads of Delegations held on the 22nd of July, a Committee was constituted to consider methods of economic co-operation as included in the provisional agenda in the following terms:—

“Consideration of the appropriate basis and means of effecting inter-Imperial economic co-operation, including review of existing agencies, examination of the report of the Imperial Economic Committee on Industrial Co-operation, and discussion of communications and of research and standardization.”

The Committee was constituted as follows:—

Sir Atul Chatterjee, K.C.S.I., K.C.I.E., Member of the Council of India (Chairman).

CANADA

The Hon. Arthur Sauvé, M.P., Postmaster-General.

The Hon. W. A. Gordon, K.C., M.P., Minister of Labour, Minister of Mines and Acting Minister of Immigration and Colonization.

UNITED KINGDOM

The Rt. Hon. J. H. Thomas, M.P., Secretary of State for Dominion Affairs.

The Rt. Hon. the Viscount Hailsham, Secretary of State for War.

The Rt. Hon. Sir John Gilmour, Bt., D.S.O., M.P., Minister of Agriculture and Fisheries.

AUSTRALIA

The Rt. Hon. S. M. Bruce, C.H., M.C., M.P., Minister without Portfolio.

The Hon. H. S. Gullett, M.P., Minister of State for Trade and Customs.

NEW ZEALAND

The Rt. Hon. J. G. Coates, M.C., Minister of Public Works, Transport and Employment.

The Hon. W. Downie Stewart, Minister of Finance and Customs, etc.

UNION OF SOUTH AFRICA

The Hon. N. C. Havenga, M.P., Minister of Finance.

The Hon. P. G. W. Grobler, M.P., Minister of Lands.

The Hon. A. P. J. Fourie, M.P., Minister of Mines and Industries.

IRISH FREE STATE

Mr. Sean T. O'Kelly, T.D., Vice-President of the Executive Council, Minister of Local Government, and Public Health.

Mr. Sean Lemass, T.D., Minister of Industry and Commerce.

Dr. James Ryan, T.D., Minister of Agriculture.

NEWFOUNDLAND

The Hon. F. C. Alderdice, Prime Minister.

INDIA

Sir George Rainy, K.C.S.I., K.C.I.E., I.C.S., Late Member of Council of Governor-General of India.

Sir Padamji Pestonji Ginwala.

SOUTHERN RHODESIA

The Hon. H. U. Moffat, C.M.G., M.L.A., Premier.

The Hon. P. D. L. Fynn, C.M.G., M.L.A., Treasurer.

Joint Secretariat:

Mr. Oliver Master, Economist, Department of the Interior (Canada).

Mr. C. G. L. Syers, Private Secretary to the Secretary of State for Dominion Affairs (United Kingdom).

The Committee held five meetings. At the first meeting it was decided to set up a Sub-Committee on Procedure, to consider and make recommendations as to the method of dealing with the various questions falling within the terms of reference of the Committee. The Sub-Committee was constituted as follows:—

Sir Atul Chatterjee, K.C.S.I., K.C.I.E., Member of the Council of India (Chairman).

CANADA

The Hon. W. A. Gordon, K.C., M.P., Minister of Labour, Minister of Mines, and Acting Minister of Immigration and Colonization.

Mr. R. H. Coats, Dominion Statistician, Department of Trade and Commerce.

UNITED KINGDOM

The Rt. Hon. J. H. Thomas, M.P., Secretary of State for Dominion Affairs.

AUSTRALIA

Mr. F. L. McDougall, C.M.G., Economic Adviser to the Commonwealth of Australia in London.

NEW ZEALAND

Dr. R. M. Campbell, Private Secretary to the Rt. Hon. J. G. Coates.

UNION OF SOUTH AFRICA

The Hon. A. P. J. Fourie, M.P., Minister of Mines and Industries.

IRISH FREE STATE

Mr. J. P. Walshe, Secretary, Department of External Affairs.

NEWFOUNDLAND

The Hon. L. E. Emerson, K.C., Minister of Justice.

INDIA

Sir Padamji Pestonji Ginwala.

SOUTHERN RHODESIA

Mr. T. G. Gibson, M.B.E., Government Statistician.

Joint Secretariat:

Mr. H. F. Feaver, Third Secretary, Department of External Affairs, (Canada).

Mr. C. G. L. Syers, Private Secretary to the Secretary of State for Dominion Affairs, (United Kingdom).

The Committee also set up forthwith a Sub-Committee on Industrial Standardization, and, subsequently, on the recommendation of the Sub-Committee on Procedure, further Sub-Committees on Grading and Standards of Agricultural Products, on Industrial Co-operation, and on Films and Radio.

The Committee considered the general question of economic co-operation at their third and fourth meetings and had before them a report on existing machinery for economic co-operation, prepared by a special committee constituted by the Sub-Committee on Procedure; this report, together with a supplementary note by the United Kingdom Delegation, is appended.

The following statement on the general question of economic co-operation was submitted to the Committee by a special drafting committee:

The drafting committee appointed by the Committee on Methods of Economic Co-operation at their last meeting submit the following draft for inclusion in the report of the Committee to the Conference:

The Committee has discussed the general question of the methods of economic co-operation within the Commonwealth, including the questions whether or not it is desirable that means should be devised for carrying on between successive Imperial Conferences the economic

work arising out of those Conferences and of assisting on the economic side in the preparatory work for such Conferences, and what steps could be taken to secure the provision of adequate and stable financial support for inter-Imperial economic organizations, and, in the light of the views expressed in that discussion, it was decided to recommend to the Conference that a resolution in the following terms should be approved:

This Conference, having discussed the question of Economic Consultation and Co-operation within the Commonwealth, and having considered the annexed report prepared for it on the constitution and functions of existing agencies operating in these fields:

Recommends that a committee should be appointed forthwith, consisting of not more than two representatives of each of the participating Governments to consider the means of facilitating economic consultation and co-operation between the several Governments of the Commonwealth, including a survey of the functions, organization and financial bases of the agencies specified in the annexed report,* and an examination of what alterations or modifications, if any, in the existing machinery for such co-operation within the Commonwealth are desirable.

The Conference further recommends that it shall be an instruction to the Committee to elect their own Chairman from among their members, and to report to the several Governments represented thereon not later than the 31st May next, with a view to the consideration of their report by the several Governments not later than September, 1933.

The Conference was given to understand by the representatives of the United Kingdom that, in order that the necessary time might be available for the preparation and consideration of the report of the Committee concerning the existing and future machinery for economic co-operation within the Commonwealth, the Government of the United Kingdom would continue to furnish any funds which may be required to finance essential work of the Empire Marketing Board down to the end of September, 1933. The Conference records its deep appreciation of the action of the United Kingdom in this respect.

The above recommendations were approved for submission to the Conference, subject to the reservations indicated in the following statements made by Mr. Havenga, for the Union of South Africa, and by Mr. Lemass, for the Irish Free State, respectively:—

(*Mr. Havenga*). "While not wishing to object to the acceptance of the report of the Committee on Methods of Economic Co-operation, I desire, in order to remove any ground for misapprehension, to record the following reservations on behalf of the Union of South Africa:

"1. While not generally adverse to the institution of *ad hoc* bodies for economic investigation and preparation, the Union Government will not associate itself with any scheme for the erection of any organization in the nature of a permanent secretariat or preparatory committee to Commonwealth Conferences, whether economic or otherwise.

"2. That portion of the report which introduces the draft resolutions relating to the appointment of a Committee to consider the means of facilitating economic consultation and co-operation, must not be read in the sense that the Union Government is committed in principle to give financial support to Commonwealth Economic Organizations."

(*Mr. Lemass*). "I do not object to the adoption of this report and the accompanying resolutions, but I wish it to be made perfectly clear in the published records of the Conference that the Government of the Irish Free State are not prepared to contemplate the setting up of an Imperial Economic Secretariat or of any similar organ of centralization."

The Committee accordingly commend the foregoing draft resolution to the approval of the Conference.

*See Appendix 5.

The Committee have also considered reports prepared for them by the Sub-Committees on Industrial Standardization, Grading and Standards of Agricultural Products, and Industrial Co-operation, which reports are annexed hereto.† They approve those reports and commend the draft resolutions contained therein to the approval of the Conference.

With regard to the report of the Sub-Committee on Films and Radio, which is also annexed,‡ the Committee submits the report to the Conference with a recommendation that the Conference adopt the following resolution:

“The Conference takes note of the suggestions contained in the Report upon Films and Radio submitted to it by the Committee on Methods of Economic Co-operation and commends them for the consideration of the Governments represented at the Conference.”

The Sub-Committee on Procedure held three meetings and made periodic recommendations to the Committee, but submitted no general report.

ATUL CHATTERJEE,
Chairman.

B—Conference Conclusions

The Conference approved the above Report and adopted the statements and resolutions contained therein, together with the resolutions set forth in the reports of the Sub-Committee which follow, and commended them to the several Governments for their consideration.

†See Appendices 1, 2 and 3.

‡See Appendix 4.

APPENDIX 1

COMMITTEE ON METHODS OF ECONOMIC CO-OPERATION

Sub-Committee on Industrial Standardization

The Sub-Committee was constituted as follows:

CANADA

Dr. H. M. Tory, President National Research Council of Canada (Chairman).
Mr. B. S. McKenzie, Secretary Canadian Engineering Standards Association.

UNITED KINGDOM

Mr. E. R. Eddison, C.B., C.M.G., Deputy Comptroller-General, Department of Overseas Trade.
Mr. C. le Maistre, C.B.E., Technical Adviser on Industrial Standardization. Director British Standards Institution.

AUSTRALIA

Mr. R. W. Knox, Associated Chambers of Commerce of Australia.

NEW ZEALAND

Mr. J. W. Collins, New Zealand Trade Commissioner at Toronto.
Mr. G. W. Reid, New Zealand Manufacturers' Association.

UNION OF SOUTH AFRICA

Dr. G. S. H. Rossouw, Member of the Board of Trade and Industries.

IRISH FREE STATE

Mr. J. W. Dulanty, High Commissioner in Great Britain.

NEWFOUNDLAND

The Hon. L. E. Emerson, K.C., Minister of Justice.

INDIA

Sir Samuel Smyth, K.C.I.E., C.S.I.

SOUTHERN RHODESIA

Mr. T. G. Gibson, M.B.E., Government Statistician.

Secretary—Mr. F. E. Lathe, Director of Division of Research Information, National Research Council (Canada).

INTRODUCTORY

The Sub-Committee on Industrial Standardization, appointed by the Committee on Methods of Economic Co-operation, begs leave to report as follows:

The Sub-Committee has held seven meetings. In order to obtain more complete technical information upon which it could base opinions, it has held four informal consultations with representatives of industrial interests. These consultations related to the possibility of adopting national agreements within the Commonwealth regarding commercial standard specifications and practices as to: (a) steel; (b) timber; (c) industrial chemicals; and (d) component parts of agricultural implements and machinery with a view to inter-changeability.

The Sub-Committee takes note of the resolution adopted by the Imperial Conference of 1926 commending the further development of standardization

within the various parts of the British Commonwealth of Nations, and of the general recommendations of the Conference on Standardization held in 1930, and of the resolutions adopted by the Imperial Conference of that year.

The Sub-Committee also takes note that the Imperial Conference of 1930 commended the co-ordination of standardization under a central body in each country, to which support should be given by the Government. It urged closer co-operation between these standardizing bodies with a view to the further development of standardization, and the establishment, so far as practicable, of uniform standard specifications. Stress was laid upon the importance of simplification by means of the reduction of unnecessary types, sizes, etc., of everyday commodities. The Conference also recommended the adoption of marks or brands by the various standardizing bodies, to be protected throughout the Commonwealth, and suggested measures to promote adherence to standard specifications and practices.

The Sub-Committee takes note of the progress being made to put into practical operation the results of the Imperial Conference of 1930, and once again desires to bring prominently before the Governments of the various parts of the Commonwealth the importance of the judicious development of national standard specifications, the importance of buying on nationally recognized specifications as safeguarding purchasing and insuring quality and performance. It welcomes the advance that is being made in the various parts of the Commonwealth in the co-ordination of industrial standardizing activities in one central national body representative of all parties concerned. It urges once again that the central standardizing body in each part of the Commonwealth should be accorded the active support of the Government by way of financial and technical assistance and by the co-operation of the Government purchasing departments, and otherwise.

The Sub-Committee also desires to draw attention to the statement in paragraph 16 of the Twenty-First Report of the Imperial Economic Committee on the subject of Imperial Industrial Co-operation that "the development of standardization in the various parts of the Empire, upon the basis of close co-operation in establishing uniform standard specifications, facilitates Empire trade definitely and effectively."

THE EXTENT TO WHICH THE RECOMMENDATIONS OF THE 1930 CONFERENCE HAVE BEEN CARRIED OUT

(1) Central standardizing bodies have been formed in the United Kingdom, Australia and New Zealand. Substantial progress in this direction has also been made in Canada. In the Union of South Africa, in the Irish Free State, and in India the position is as reported in 1930. In Newfoundland no organization for industrial standardization is in existence. In Southern Rhodesia, while there is no central standardizing body, active standardization efforts are being made under the direction of the various government departments.

(2) In those parts of the Commonwealth in which central standardizing bodies exist, the national governments support them by direct financial assistance.

(3) In regard to the co-operation of government purchasing agents, great progress has been made in the United Kingdom where the purchasing departments of the Government and all local authorities are increasingly adopting British standard specifications. Progress has also been made in Canada, Australia, New Zealand and South Africa.

(4) National standardizing work in the United Kingdom is stimulated on the initiative of various Government departments, with most beneficial results. In some degree this may also be said to be true in the other parts of the Commonwealth.

(5) At the invitation of the Board of Trade of the United Kingdom, the British Standards Institution has taken over the work of compiling an index of industrial specifications in common use throughout the country. No steps have so far been taken in any other part of the Commonwealth.

(6) With reference to the stress laid by the Imperial Conference of 1930 on the necessity for the further development of systematic and expeditious consultation and co-operation between the central standardizing bodies in the various parts of the Commonwealth, substantial progress has been made. Regarding the view of that Conference that there are many occasions when the position might be clarified and delay avoided by oral explanation, the Sub-Committee is im-

pressed by the evidence it has received of the utility of the visit undertaken by the Director of the British Standards Institution to Canada, Australia and New Zealand in 1931-32.

(7) An increase in the communication of draft specifications between the standardizing bodies in the various parts of the Commonwealth has resulted in many useful suggestions in the direction of co-ordination being made and adopted.

(8) The recommendation regarding the separation of codes (or rules) from the actual specifications themselves is being generally observed.

(9) The standardization mark "British Standard" has been registered in the United Kingdom by the British Standards Institution. No corresponding action has as yet been taken in any other part of the Commonwealth, but the matter is under consideration in Australia.

(10) Generally throughout the Commonwealth simplification is being promoted as part of the ordinary standardizing activities.

(11) The use of national standard specifications for the supply of materials, machinery and apparatus is on the increase. The Governments in all parts of the Commonwealth have led the way in adopting the standard specifications. Industrial organizations are also recommending the use of the standard specifications. In so far as consumers are concerned, it is advisable that the value of employing national specifications should be brought more prominently to their notice.

RECOMMENDATIONS

As a result of its deliberations the Sub-committee recommends that the following resolutions be submitted for adoption by the Imperial Conference:

I. The Conference recommends that, with a view to assisting the co-ordination of the work of national standardization, the following principles, as far as practicable, be observed:

- (a) That the specifications should be in accordance with the needs of industry and fulfil a generally recognized want;
- (b) That the community interest of producer and consumer should be maintained throughout;
- (c) That the specifications should be arrived at by general consent;
- (d) That periodical review and revision should be undertaken to prevent crystallization and keep the specifications abreast of progress;
- (e) That full information regarding the initiation of any specification and progress in its preparation should without delay be circulated by the originating body to the corresponding bodies in other parts of the Commonwealth.

II. Having regard to the disadvantages which are apt to occur when a statutory provision embodies a standard specification verbatim, whether in whole or in part, instead of confining itself to a reference to a national standard specification, the Conference recommends that each Government of the Commonwealth in co-operation with its central standardizing body should bring under review the position with regard to such statutory provisions, in order that it may be possible to keep these standards in line with industrial and scientific progress without the necessity of fresh legislation.

III. With a view to facilitating the general adoption of standard specifications throughout the Commonwealth, the Conference recommends that the governments concerned take into favourable consideration the provision of free entry to standard specifications and other documents circulated between the central standardizing bodies.

IV. In order to provide the various parts of the Commonwealth with an accurate means of exchange of colour information and to secure a basic standard in trade practice, the Conference recommends that each central standardizing body should at an early date consider the issue of a standard schedule of colours.

V. As an immediate step towards the promotion of intra-Commonwealth trade through the adoption of commercial standard specifications, the Conference recommends that, in respect of steel, timber, industrial chemical products and replaceable parts of agricultural implements and machinery, immediate steps

be taken by the national standardizing bodies in those parts of the Commonwealth affected to secure a greater degree of uniformity in standard specifications and trade practices.

VI. With a view to the employment of common standard specifications for aircraft materials and component parts, and particularly the method of testing therein specified, the Conference recommends that the national standardizing bodies in those parts of the Commonwealth particularly concerned, should co-operate directly with this object in view.

VII. The Conference, taking note of the observation contained in the last paragraph of the Report of the Conference on Standardization accepted by the Imperial Conference of 1930, which reads as follows:—

“Apart from day to day consideration of matters of detail, we are impressed with the desirability of readier means of consultation on questions of policy than are afforded by the past, or by occasional conferences such as the present,”

is impressed with the desirability of obviating the difficulties and delays which inevitably occur under existing conditions in conducting consultations between the central standardizing bodies in the various parts of the British Commonwealth of Nations, and the misunderstandings which occasionally arise due to the distances between the correspondents and to the subject matter of the communications.

The Conference recommends that for the purpose of maintaining closer liaison in these matters the central standardizing bodies in the different parts of the Commonwealth should be authorized to call together, periodically or otherwise, representatives in their respective countries of the corresponding bodies, or persons otherwise designated for the purpose.

The Conference further suggests that such an arrangement might include a provision whereby the Trade Commissioners maintained in different parts of the Empire by the several Commonwealth Governments should, as occasion requires, be available to act as Liaison Officers for this purpose. The Conference considers that it should be made clear that such consultations are purely supplementary to, and not intended in any way to supplant, the method of direct communication already established between the central standardizing bodies.

APPENDIX 2

COMMITTEE ON METHODS OF ECONOMIC CO-OPERATION

Sub-Committee on Grading and Standards of Agricultural Products

The Sub-Committee was constituted as follows:—

Mr. A. W. Street, C.I.E., M.C., Principal Assistant Secretary Ministry of Agriculture and Fisheries (United Kingdom), Chairman.

CANADA

Dr. J. F. Booth, Commissioner of Agricultural Economics, Department of Agriculture.

AUSTRALIA

Dr. A. E. V. Richardson, Professor of Agriculture, University of Adelaide.
Mr. L. E. Stevens, Department of Commerce.

NEW ZEALAND

Dr. R. M. Campbell, Private Secretary to the Rt. Hon. J. G. Coates.

UNION OF SOUTH AFRICA

Dr. P. R. Viljoen, Under Secretary for Agriculture.
Mr. J. A. Dimond, Trade Commissioner for Union of South Africa in London.

IRISH FREE STATE

Mr. J. W. Dulanty, High Commissioner in Great Britain.
Mr. D. Twomey, Department of Agriculture.

INDIA

Mr. B. C. Burt, C.I.E., M.B.E.

SOUTHERN RHODESIA

Mr. T. G. Gibson, M.B.E., Government Statistician.

Secretary:

Mr. A. E. Richards, Agricultural Economics Branch, Department of Agriculture (Canada).

REPORT

The Sub-Committee on Grading and Standards of Agricultural Products begs leave to report as follows:—

Scope of Enquiry

The Sub-Committee, after briefly reviewing the existing legislation pertaining to grades and standards in the countries represented, agreed that it would not be possible to examine critically or recommend grades and standards for specific products. The drafting of grades and standards is a matter requiring more detailed study than can be given in the limited time available at this Conference; furthermore, technical officers whose knowledge and advice would be necessary are not available to all countries represented. The Sub-Committee decided, therefore, to confine its attention to the principle involved and to the desirability or otherwise of recommending measures designed to further the adoption of improved grading and standardization.

Following an informal conference with the Sub-Committee on Industrial Standardization, it was also agreed that the matter of standardization of containers used in the marketing of agricultural products should be reviewed by the Sub-Committee on Grading and Standards of Agricultural Products.

Desirability of Grades and Standards

It is obvious that the paramount need in merchandising agricultural products is to secure, promote and maintain confidence between buyer and seller.

With this end in view, many of the countries of the British Commonwealth of Nations have adopted national standards of quality and packing, which, if harmonized both as to nomenclature and definition, would greatly facilitate trading, encourage goodwill and increase consumption. It is believed that if a greater degree of uniformity were obtained, a degree of qualitative control would result which would be beneficial to all concerned.

The Sub-Committee therefore recommends that the countries comprising the British Commonwealth of Nations should work towards the adoption of uniform standards for those agricultural products which experience has shown most readily lend themselves to standardization.

This recommendation is in accord with the resolution which was passed by the Research Committee of the Imperial Conference, 1930, in the following terms:—

“The Research Committee of the Imperial Conference desire to draw attention to the assistance which might be rendered to intra-Imperial trade in certain agricultural commodities by reasonable uniformity of standards or grades, and urge that those responsible for formulating regulations of this character in each part of the British Commonwealth of Nations should bear this aspect in mind.”

The Sub-Committee has considered a suggestion that has been placed before it to the effect that, in view of the great importance, from the producers' standpoint, of maintaining public confidence in a product, it would be helpful if the United Kingdom Government would legislate to require all wholesale trading in suitable commodities (eggs, for example) to be conducted on the basis of Commonwealth standards. This suggestion does not rule out the use of marks of identification in addition to the grade specified, but inasmuch as it would apply not only to produce from the United Kingdom and Commonwealth countries, but to foreign produce as well, the suggestion becomes of international significance. The Sub-Committee appreciates the merits of the suggestion, but recognizes that important questions of policy and administration are involved. In any event, it is possible that, in the course of time, the objective may be reached by another route, namely, through some form of commodity-organization. The Sub-Committee recommends that the proposal be further explored.

On the general question, the Sub-Committee is of opinion that, in order to facilitate the unification of Commonwealth grade-standards, arrangements should be made for the exchange of memoranda describing in detail the grade-standards in existence in the different countries of the British Commonwealth. This could usefully be followed by a further conference representative of the Dominions interested.

Standard Containers

With regard to containers, the Sub-Committee is further agreed that the maximum results from standardization of grading can only be attained if the containers in which agricultural products are marketed exhibit as high a degree of standardization as to size, quality and appearance as possible. The Sub-Committee realizes that countries comprising the British Commonwealth of Nations have given much attention to the matter of standardizing containers used for the shipment of agricultural products and recommends that, in so far as the characteristics of the product and the materials available for the manufacture of containers will permit, efforts should now be made to standardize containers as between different parts of the Commonwealth. The Sub-Committee suggests that this matter be made the subject of further study in such manner and at such time as is provided for the carrying forward of the program of unification of grade standards referred to above.

A. W. STREET,
Chairman.

APPENDIX 3

COMMITTEE ON METHODS OF ECONOMIC CO-OPERATION

Sub-Committee on Industrial Co-operation

The Sub-Committee was constituted as follows:—

The Hon. J. W. Downie, C.M.G., High Commissioner for Southern Rhodesia in London. (Chairman.)

CANADA

Mr. F. C. C. Lynch, Director, National Development Bureau, Department of the Interior.

Professor K. W. Taylor.

UNITED KINGDOM

Mr. G. G. Whiskard, C.B., C.M.G., Assistant Under-Secretary of State, Dominions Office.

Mr. E. R. Eddison, C.B., C.M.G., Deputy Comptroller-General, Department of Overseas Trade.

AUSTRALIA

Mr. F. L. McDougall, C.M.G., Economic Adviser to the Commonwealth of Australia in London.

NEW ZEALAND

Mr. J. W. Collins, New Zealand Trade Commissioner at Toronto.

UNION OF SOUTH AFRICA

Dr. J. E. Holloway, Director of Census and Statistics.

Dr. G. S. H. Rossouw, Member of the Board of Trade and Industries.

IRISH FREE STATE

Mr. Sean Lemass, T.D., Minister for Industry and Commerce.

NEWFOUNDLAND

The Hon. L. E. Emerson, K.C., Minister of Justice.

INDIA

Sir Padamji Pestonji Ginwala.

Joint Secretariat:

Mr. Oliver Master, Economist, Department of the Interior (Canada).

Mr. C. G. L. Syers, Private Secretary to the Secretary of State for Dominion Affairs (United Kingdom).

REPORT

The Sub-Committee on Industrial Co-operation, appointed by the Committee on Methods of Economic Co-operation, beg leave to report as follows:—

The Sub-Committee on Industrial Co-operation have discussed this problem generally in the light of the Report of the Imperial Economic Committee on Imperial Industrial Co-operation. It was agreed that the Report constituted a useful approach to the problem, and the Sub-Committee recommend that a resolution along the following lines be presented to the Conference for its consideration:—

This Conference, having examined the Report of the Imperial Economic Committee on Imperial Industrial Co-operation, finds itself in general agreement with the tenor of the Report.

The Report makes it clear that industrial production has developed and will continue to develop in the less industrialized parts of the Commonwealth. These developments involve changes in the economic structure both of the more industrialized and of the less industrialized countries; and the Conference notes with approval the view of the Committee that: "the object of co-operation is not, and must not be, to arrest change, but wisely to direct and facilitate its course."

It should, in the opinion of the Conference, be the object of any policy of industrial co-operation within the Commonwealth to secure the best division of industrial activities among the several parts of the Commonwealth and the ordered economic development of each part, with a view to ensuring the maximum efficiency and economy of production and distribution.

It is further the view of the Conference that the precise nature and extent of the co-operation to be achieved in any particular industry must largely depend upon effective consultation between those engaged, or proposing to engage, in that industry in any two or more parts of the Commonwealth.

The Conference therefore recommends to the various industries in which conditions are suitable for the purpose, the desirability of making arrangements for such consultation at the earliest possible date; but it records its belief that such consultation, to be fully effective, should be conducted between responsible persons or bodies adequately representative of the industry in each part of the Commonwealth concerned.

The Conference further recommends that the Governments concerned facilitate and assist such consultations by all available means.

The Conference further recommends that, without prejudice to their liberty to determine their own general economic policies, the Governments of the Commonwealth should give sympathetic consideration to any proposals which may be directed towards giving effect to the principle of industrial co-operation and which may be put before them by responsible parties representing similar industrial interests in the parts of the Commonwealth affected. In this connection the Conference would draw attention to the importance of taking into consideration the interests of other parts of the Commonwealth which might be affected by such proposals.

APPENDIX 4

COMMITTEE ON METHODS OF ECONOMIC CO-OPERATION

Sub-Committee on Films and Radio

The Sub-Committee was constituted as follows:—

The Rt. Hon. J. G. Coates, M.C., Minister of Public Works, Transport and Employment (New Zealand), Chairman.

CANADA

Professor K. W. Taylor.

Mr. F. C. Badgley, Director, Motion Picture Bureau, Department of Trade and Commerce.

UNITED KINGDOM

The Rt. Hon. Sir Philip Cunliffe-Lister, C.B.E., M.C., M.P., Secretary of State for the Colonies.

AUSTRALIA

The Hon. H. S. Gullett, M.P., Minister of State for Trade and Customs.
Mr. L. E. Stevens, Department of Commerce.

NEW ZEALAND

Dr. R. M. Campbell, Private Secretary to the Rt. Hon. J. G. Coates, M.C.

IRISH FREE STATE

Mr. J. B. Connell, Trade and Industries Branch, Department of Industry and Commerce.

SOUTHERN RHODESIA

The Hon. P. D. L. Fynn, C.M.G., M.L.A., Treasurer.

Mr. H. T. MacLachlan, Customs.

Secretary: Mr. H. F. Feaver, Third Secretary, Department of External Affairs (Canada).

REPORT

1. In view of the far-reaching influence exercised through the film and the radio, the Sub-Committee urges the Committee on Methods of Economic Co-operation to recommend the Imperial Economic Conference to take special notice of the need for the continued development of radio and film facilities throughout the Commonwealth. We desire to emphasize the connection of these forms of instruction and entertainment not only with the commercial development but with the cultural development and the general outlook of the peoples of the Commonwealth.

2. *Cinematograph.*—The end to be sought is not merely the development of cinematograph film production in the United Kingdom alone, but its development in all parts of the Commonwealth. The quality of Commonwealth films has shown a marked improvement in recent years, and their competitive value has been strengthened accordingly; but it has been suggested to us that prior developments and financial arrangements give an advantage to other productions, and encouragement is required to ensure the development of the film industry throughout the Commonwealth.

3. The Sub-Committee draws attention to the Resolution adopted by the Imperial Conference of 1926, which reads:—

“The Imperial Conference, recognizing that it is of the greatest importance that a larger and increasing proportion of the films exhibited throughout the Empire should be of Empire production, commends the matter and the remedial measures proposed to the consideration of the Governments of the various parts of the Empire with a view to such early and effective action to deal with the serious situation now existing as they may severally find possible.”

4. The Sub-Committee is gratified to note that substantial progress has been made in the exhibition of Commonwealth films. This is mainly due to their improved quality, and in some parts of the Commonwealth the progress is ascribed to the quota system which requires that a stipulated proportion of such films be exhibited.

5. It has been suggested that aid might be given to the distribution of Commonwealth films and at the same time revenue might be derived by the imposition, in addition to the footage customs duties now in force, of a special levy upon the value of all foreign films displayed, this levy being based on the value of such films for renting purpose, while Commonwealth films are exempted from the levy. We appreciate that in practice the collection of the levy could not be made at the moment of entry because the actual value on which it should be assessed might not be ascertainable until renting contracts are made.

6. We have had under consideration the different methods of censorship in various parts of the Commonwealth. Clearly the extent and method of censorship is a matter entirely within the authority and discretion of each country. It is, however, plainly in the interests of the distribution of Commonwealth films and in the interest of producers of those films that they should be acquainted with the conditions of censorship obtaining in each part, and that films distributed in the different parts should be of a character and form requiring the minimum of censorship and consequent mutilation. The evidence produced to us shows that difficulties in this regard have been largely overcome of late, but we would recommend that, in order to obviate any difficulties in the future, close contact should be maintained between Commonwealth producers and the censorship authorities in the different countries. In particular, it would be convenient if close liaison of this kind could be maintained in London between the High Commissioners' offices and the Board of Film Censors.

7. The Sub-Committee agree to refer to the Committee on Methods of Economic Co-operation for consideration a proposal that those Dominions which levy a duty on films should consider the possibility of admitting a single positive of each Commonwealth film, without payment of duty, under bond for exportation within thirty days, in order to afford exhibitors an opportunity of viewing the film without the payment of duty upon those films which prove to be unsuitable for display.

8. *Radio.*—The Sub-Committee urges the Committee on Methods of Economic Co-operation to recommend closer liaison between the responsible bodies controlling radio in all parts of the Commonwealth. This would assist towards the ideal of ensuring accessibility to the whole Commonwealth of all material and programmes of general interest. It should lead also to an interchange of facilities possible through mechanical recording and reproduction.

For the Sub-Committee,

J. G. COATES,
Chairman.

APPENDIX 5

COMMITTEE ON METHODS OF ECONOMIC CO-OPERATION

Sub-Committee on Procedure

REPORT OF SPECIAL COMMITTEE ON EXISTING MACHINERY FOR ECONOMIC CO-OPERATION

MEMBERS

Canada—Mr. N. A. Robertson
United Kingdom—Mr. G. G. Whiskard
Australia—Mr. F. L. McDougall
Union of South Africa—Mr. J. A. Dimond
India—Mr. H. A. F. Lindsay

1. The Committee was appointed for the purpose of presenting in as brief but complete a form as possible a picture of the organs of economic co-operation at present existing within the Empire. For the purpose of their enquiry, they have confined themselves to official organizations other than those which are purely national in character—that is to say, to organizations reporting to one or more Governments of the Commonwealth, and/or performing functions of definite interest to more than one Government of the Commonwealth.

2. The following is believed to be an exhaustive list of such organizations:—

- (i) The Imperial Economic Committee.
- (ii) The Imperial Shipping Committee.
- (iii) The Empire Marketing Board.
- (iv) The Executive Council of the Imperial Agricultural Bureaux.
- (v) The Imperial Institute.
- (vi) The Imperial Institute of Entomology.
- (vii) The Imperial Mycological Institute.
- (viii) The Imperial Communications Advisory Committee.
- (ix) The Mechanical Transport Council.
- (x) The Imperial Forestry Institute.
- (xi) The Empire Timbers Committee.

Mention may also conveniently be made of the following bodies:—

The Bureau of Hygiene and Tropical Diseases, which, though scarcely within the economic field proper, derives part of its income from Empire Governments;

The Wool Industries Research Association, towards which certain Governments individually contribute;

The Empire Cotton Growing Corporation which is partly financed out of a capital fund of £1,000,000 contributed by the United Kingdom Government and partly by a statutory levy, carried out by the Customs authorities on imports of cotton into the United Kingdom.

The Standing Committee on Empire Forestry whose main function is to maintain continuity of action between meetings of the British Empire Forestry Conference—i.e. in effect to make the necessary preparations for successive conferences.

3. These organizations can suitably be classified under two headings:—

- (a) in accordance with the nature of their constitution and the source of their finance; or
- (b) in accordance with the functions which they perform.

4. In classifying these organizations from the point of view of their constitution and finance, the point for consideration is the extent to which they reflect the constitutional relationship between the different parts of the Commonwealth as defined by the Conference of 1926. Only two, viz. the Imperial Economic Committee and the Executive Council of the Imperial Agricultural Bureaux, reflect this relationship closely, but in the case of the Imperial Economic Com-

mittee the United Kingdom bears all expenses, and in the case of the Executive Council of the Imperial Agricultural Bureaux, the United Kingdom is represented by three members as against one for each of the Dominions, one for India, and one for the Colonial dependencies. In the following paragraph a summary description of the constitution and finance of each of the bodies mentioned in paragraph 2 above is given.

5. (i) *Imperial Economic Committee.*

As regards constitution, all parts of the Commonwealth are equally represented; the members are appointed by the Governments whom they represent; the chairman is elected by the members from its own numbers, and the Committee reports to each of the Governments represented.

As regards finance, the expenses of the Committee (approximately £5,000 per annum) are defrayed out of the Empire Marketing Fund, i.e. are borne solely by the United Kingdom.

(ii) *Imperial Shipping Committee.*

As regards constitution, all parts of the Commonwealth are represented; the members of the Committee are nominated by the Governments whom they represent, but are appointed by the United Kingdom Government, who also appoint the chairman, and the Committee reports to each of the Governments represented. The United Kingdom, however, has a substantially larger representation on the Committee than have the other parts of the Commonwealth, and in addition the membership includes two experts in shipping, and one expert in civil aviation.

As regards finance, the expenses of the Committee, which in recent years have been quite small, are borne by United Kingdom funds alone.

(iii) *Empire Marketing Board.*

As regards constitution, the Board is advisory to its Chairman, the Secretary of State for Dominion Affairs, though in practice it has worked on lines scarcely distinguishable from those of a fully Imperial body. It consists of six ex-officio and six other United Kingdom representatives, with eight representatives of the Dominions, India, Southern Rhodesia and Colonies and Protectorates, appointed by the Chairman after consultation with the Chairman of the Imperial Economic Committee.

As regards finance, the costs of the Board are borne by the United Kingdom Government. It will be recalled that there were special reasons for this and that those reasons have been directly affected by the recent grant of extended preferences by the United Kingdom. In a number of cases the grants made by the Board have been matched from other sources.

The expenditure from the Empire Marketing Fund up to March 31, 1933, is estimated at £3,300,000 odd, the Board's resources for the current year being £416,000 odd.

(iv) *The Executive Council of the Imperial Agricultural Bureaux.*

As regards constitution, the Council consists of three members appointed by the United Kingdom Government (representing England, Scotland, Northern Ireland respectively) and one appointed by each of the Dominions and India, and one by the Secretary of State for the Colonies. It appoints its own chairman and reports to each of the Governments represented.

As regards finance, its income, which amounts to £20,000 per annum, is derived from proportional contributions made by the several Governments represented, which are stabilized over a period of years and are paid into a common fund, over which the Council has complete control, and out of which the entire costs of the Bureaux eight in number, and of the Council itself, are met.

(v) *The Imperial Institute.*

As regards constitution, the Institute is under the direct control of the United Kingdom Government exercised through the Parliamentary Secretary to the Department of Overseas Trade, who is assisted by a Board of Governors (appointed by the United Kingdom Government). This Board includes representatives of the Dominions and India, as well as of United Kingdom Departments and of scientific and commercial interests.

As regards finance, its present income, amounting to £35,500 in the current year (excluding a gift of £25,000 from a private individual which is being used for capital purposes) consists of £10,000 from the Government of the United Kingdom; £3,600 contributed by the Governments of Canada (£2,000) the

Union of South Africa (£1,200) and Newfoundland (£464); £1,200 contributed by the Government of India; £6,492 contributed by Colonial Governments; £6,856 contributed by another private individual; and £6,000 odd from miscellaneous sources. In addition a cinema is maintained in the Institute at the charges of the Empire Marketing Fund.

(vi) Imperial Institute of Entomology.

As regards constitution, the Institute is governed by an Honorary Committee of Management, consisting of twenty (20) members resident in the United Kingdom, though in many cases with oversea experience, plus the Chief Entomologist of each of the Dominions ex-officio. Its work is further reviewed by the Imperial Entomological Conference, which meets every five years and last met in 1930.

As regards finance, the latest available report indicates that the Institute expected in the current year an income of £13,000. Apart from £1,800, the annual income is derived from contributions from the Governments of the United Kingdom, the Dominions, India and Colonial dependencies. The Imperial Entomological Conference of 1930 estimated the minimum efficient income of the Institute for the following five years at £18,070. None of the foregoing figures include the cost of the Biological Control Station at Farnham Royal, which was established and is maintained at the charges of the Empire Marketing Board, at an original capital cost of £15,000 plus a maintenance charge of about £5,000 a year.

(vii) Imperial Mycological Institute.

As regards constitution, this Institute closely resembles the Imperial Institute of Entomology. It has an honorary Committee of Management with the same Chairman as that Institute, consisting of twenty-three (23) members, plus the Chief Mycologist in each of the Dominions ex-officio.

As regards finance, the latest available report indicates that the Institute expected in the current year an income of £5,400, the whole being subscribed by the Dominions and the Colonial dependencies (£3,650). It has lately been provided with a new headquarters building at the charges of the Empire Marketing Fund.

(viii) Imperial Communications Advisory Committee.

As regards constitution, this Committee derives from a recommendation of the Imperial Wireless & Cable Conference, 1928. It consists of representatives appointed by the Governments of the United Kingdom, Canada, Australia, New Zealand, Union of South Africa, Irish Free State, India and the Colonies and Protectorates.

As regards finance, no appreciable expenditure from public funds is involved.

(ix) Mechanical Transport Council

As regards constitution, the Council consists of five members representing the Governments which had contributed to its work, viz: Australia, New Zealand, India, Southern Rhodesia and the Colonial dependencies, with three representatives of the Empire Marketing Board. The Council has full control over its own funds and elects its own Chairman. The technical work is carried out through a Directing Committee of five persons, none of whom are members of the Council.

As regards finance, the whole of the cost of the first year's working (£20,000) was borne by the Empire Marketing Board, who further agreed to make a total contribution up to £60,000 subject to its contributions being matched from other sources. Contributions from other Governments (New Zealand, Southern Rhodesia, India, Colonies, Sudan) have been at the rate of approximately £9,500 per annum; and in addition the Government of the Commonwealth of Australia contributed £500 towards the expenses of the first year. Up to March 31, 1932 a sum of £39,257 had been provided for the Council's needs.

(x) Imperial Forestry Institute

As regards constitution, this Institute, which was established as the outcome of a resolution of the British Empire Forestry Conference of 1923, is associated with the University of Oxford, the Professor of Forestry at Oxford being its Director. It is controlled by a Board of eight Governors, of whom four are resident in Oxford, while the Colonial Office, the Forestry Commission and the Empire Forestry Association are also represented.

As regards finance, the income of the Institute amounted to £13,000, of which the Forestry Commission of the United Kingdom provides £3,000, Colonial Governments £5,000 and the Empire Marketing Board £4,950. The last named contribution was part of a grant of £9,500, to be spent over five years and designed to allow time for Empire Governments to consider the recommendation of the Forestry Conference of 1928. The Rajah of Sarawak has recently made a private gift of £25,000 to the Institute.

(xi) *Empire Timbers Committee*

As regards constitution, this Committee was appointed by the Department of Scientific and Industrial Research of the United Kingdom. It consists of ten members, including representatives of Canada, Australia, South Africa, India, the Colonial Office and the Empire Marketing Board, with two advisers representing the Imperial Institute Advisory Committee on Timber.

As regards finance, the Committee has no resources at its direct disposal, but advises on certain aspects of the administration of the grant made available from the Empire Marketing Fund to the Forest Products Research Laboratory at Princes Risborough. That grant amounts in the present year to £7,000.

6. From the above brief analysis it will be seen that every one of the bodies enumerated above falls short to a greater or less degree of being a completely "Imperialized" body. The Imperial Economic Committee reflects the spirit of the 1926 Resolutions as regards constitution; but differs from them as regards finance. The Executive Council of the Imperial Agricultural Bureaux reflects them as regards finance, but differs from them as regards constitution in so far as the United Kingdom is more strongly represented than other parts of the Empire. All the others fall short in constitution (both by reason of the predominance of United Kingdom representation and of the fact that members are appointed by the United Kingdom Government even though they may be chosen to represent other Governments) and in finance, in so far as their expenses are not apportioned on a fixed basis among participating Governments, are to a greater or less degree under the control of the United Kingdom Government, and are in some cases derived from non-Governmental sources.

7. The second basis on which the organizations in question may be classified is that of function. The wide variation in the constitution and finance of these bodies will have suggested, what is in fact the case, that nearly every one of them has been set up *ad hoc* to deal with a particular problem; and it follows from this that their relationship with one another is haphazard rather than planned. As a result we have not found it possible to classify them in any accurate or useful manner according to the types of function which they perform; but in the following list we have attempted to summarize, in the briefest possible space, the main activities of each body.

(i) *The Imperial Economic Committee*

Economic Enquiries.

(ii) *The Imperial Shipping Committee*

Investigation of Shipping questions.

(iii) *The Empire Marketing Board*

Promotion and correlation of scientific research affecting agriculture and fisheries.

Market Intelligence.

Market Promotion.

Publicity.

Economic Investigation.

(iv) *The Executive Council of the Imperial Agricultural Bureaux*

Management of eight Bureaux for dissemination of scientific information.

(v) *The Imperial Institute*

Display of Empire Products.

Testing of Empire Products.

Dissemination of information.

(vi) *The Imperial Institute of Entomology*

Entomological Research.

Dissemination of Entomological information.

(vii) The Imperial Mycological Institute

Mycological Research.

Dissemination of Mycological information.

(viii) The Imperial Communications Advisory Committee

Advice on the control of Imperial cable and wireless facilities.

(ix) The Mechanical Transport Council

Design, construction and testing of new transport units.

Advice on motor transport problems.

(x) The Imperial Forestry Institute

Forestry Research and Training.

Dissemination of forestry information.

(xi) The Empire Timber Committee

The promotion and supervision, in respect of oversea Empire timbers, of the testing and utilization program of the Forestry Products Laboratory, Princes Risborough.

8. The above list might suggest that there is considerable overlapping of function between these different bodies. It does not follow, however, that, because different bodies are apparently performing similar functions or the same body is performing different functions, there must necessarily be overlapping. On the other hand, it is obvious that, unless careful precautions are taken to ensure interchange of information between the various bodies engaged in similar functions, considerable wastage both of effort and money might result. While the Sub-Committee have no reason to think that such wastage does occur to any material extent, and believe that in practice it has been avoided by mutual co-operation and understanding, they are not aware that any definite plan has been framed to prevent it.

9. Apart from the possibility, or likelihood, of overlapping of function, with consequent wastage of effort and money, as between different "Imperial" bodies, there is clearly a possibility, or likelihood, to be guarded against of overlapping between "Imperial" and "national" or even "international" bodies performing the same function—for example between the Empire Marketing Board and the Trade Commissioner services of different parts of the Empire in market promotion, or between an "Imperial" and a "national" research organization.

10. The institutions dealt with in this memorandum are limited to those which have a definitely Imperial character. No account has been taken of national institutions undertaking also work of Imperial scope, *e.g.* the Low Temperature Research Station at Cambridge, or the Onderstepoort Veterinary Station in South Africa.

11. The Committee have not regarded it as coming within their terms of reference either to draw up an outline of the whole area in the economic sphere within which intra-Commonwealth co-operation is or might be desirable, or to compile a list of the various functions which could more usefully be performed by Imperial rather than by national, or by national rather than by Imperial, bodies or to call attention to any gaps in the area covered by the existing bodies.

REPORT OF THE SPECIAL COMMITTEE ON EXISTING MACHINERY FOR ECONOMIC CO-OPERATION

NOTE BY UNITED KINGDOM DELEGATION

IMPERIAL INSTITUTE

The statement in paragraph 5 (v) of the Report regarding the finance of the Imperial Institute gives no indication of the highly unsatisfactory position in which the Institute stands at present.

From the attached statement, Annex A, it will be seen that the position, after certain capital adjustments designed to make available, so far as may be, the resources of the Institute to carry on its current work, is that while its income amounts to about £35,500 for the present year, its expenditure is estimated at about £40,000, leaving a deficit of more than £4,000 which must be made up from surplus funds. In 1933, it will be necessary to encroach upon

investments in order that the Institute may pay its way, and even so it would not have been possible to carry on had it not been for the generosity of private individuals.

The Imperial Conference in 1930 found that "the present activities of the Imperial Institute cannot be abandoned or cut down without definite loss to Imperial interests"; yet since that date the annual grants from the home and overseas Governments have been reduced (in consequence of the general trade depression and financial stringency) from £31,295 to £20,156, or by more than 35 per cent.

The fundamental question with regard to the Imperial Institute is the question of the provision of a regular income proportionate to the services which the Institute has rendered and continues to render to the Commonwealth.

ANNEX "A"

The gift of £25,000 from a private individual which is referred to in the second paragraph of paragraph 5 (v) of the Report of the Special Committee on Existing Machinery for Economic Co-operation, has been utilized in the following manner:—

A sum of £9,866 has been paid over for investment as an addition to the Endowment Fund, thus liquidating the liability to repay the sum of £26,401 originally diverted from the Fund for erecting the North Gallery. £16,535 of this liability had been already met by the transfer of the North Gallery Sinking Fund securities to the Endowment Fund. As a result of these steps the income from the Endowment Fund has been increased by £1,256 in 1932 and £1,454 in future years when the full annual dividend will accrue. In addition, the Institute is relieved of the necessity to pay over to the Endowment Fund the annuity of £864 received from the Office of Works in respect of the North Gallery. The remainder of the gift, £15,134, together with some £5,000 of surplus funds accumulated during past years, forms a fund to meet deficits on current working and approximately £16,650 has been invested in interest bearing securities. The figures in the Estimate for 1932 are swollen by the receipt of the full amount of the gift and the transfer of part of it to the Endowment Fund. The position, apart from these transactions, is that receipts are estimated to amount to £35,754 10s. 5d. and payments are expected to reach £40,223 15s. 8d., a deficit of £4,469 5s. 3d. which must be made up from surplus funds. It should not be necessary to encroach upon the invested portion of the surplus until 1933.

XII.—CONCLUDING RESOLUTIONS

The Closing Session of the Conference was held in the House of Commons Chamber in the Parliament Buildings.

At this session, the Chairman of the Conference, on behalf of the delegates, presented to the Rt. Hon. Stanley Baldwin, Lord President of the Council and Leader of the United Kingdom Delegation, a salver, as an expression of their appreciation of his presence at the Conference and of the great service which he had rendered, not only to his own Country, but to the world at large—his public service and his activities in literature and in many other fields.

Upon the motion of the Leader of the United Kingdom Delegation, seconded by the Leader of the Delegation for Australia, the Conference placed on record a resolution of thanks to the Prime Minister of Canada for having presided over the Conference and, as a permanent mark of esteem, the Leader of the Delegation of the United Kingdom, on behalf of the delegates, presented to the Chairman a salver, which might be a memento of his service in that capacity.

The Conference adopted the following resolutions:—

“The Imperial Economic Conference desires to record its appreciation of the work accomplished by the chairmen and members of the committees and sub-committees which have been engaged in the discussion of the subjects referred to them.

“The Conference desires to record its appreciation of the work performed by Dr. O. D. Skelton as Secretary of the Conference and his able associates of the Conference Secretariat whose efficient and faithful services have assured the successful administration of the proceedings of the Conference.”

The delegates, in their concluding speeches, also expressed their appreciation of the hospitality which they had received, including both Government hospitality and private hospitality, and of the work of the Hospitality Committee during their stay in Ottawa.

The concluding addresses are included in the Record in Annex IV.

XIII.—TRADE AGREEMENTS

At the Closing Session Trade Agreements were signed, in the following order:—

- (i) United Kingdom-Australia;
- (ii) United Kingdom-Union of South Africa;
- (iii) United Kingdom-New Zealand;
- (iv) United Kingdom-India;
- (v) United Kingdom-Newfoundland;
- (vi) United Kingdom-Southern Rhodesia;
- (vii) United Kingdom-Canada;
- (viii) Canada-Irish Free State;
- (ix) Canada-Union of South Africa;
- (x) Canada-Southern Rhodesia;
- (xi) Union of South Africa-Irish Free State;
- (xii) New Zealand-Union of South Africa (by exchange of letters).

During the Conference negotiations were commenced with a view to the conclusion of agreements between other members of the British Commonwealth, and substantial progress was made.

XIV.—ADDRESS TO HIS MAJESTY THE KING, EMPEROR OF INDIA

At the Closing Session, the following address to His Majesty was moved by the Chairman of the Conference, seconded by the Leader of the Delegation of the Union of South Africa, and unanimously adopted:—

“To His Majesty the King,—Emperor of India: The representatives of the Governments of the British Commonwealth, who have been assembled in conference at Ottawa during the past few weeks, desire at the conclusion of the Conference again to present their respectful duty.

“They pray that Divine Providence may continue to give to Your Majesty and to Her Majesty the Queen, health and strength to preside over the destinies of all the Nations of the Commonwealth and they renew the assurance of devotion and affection of your peoples.”

The address was despatched by the Chairman of the Conference.

The following gracious reply, from His Majesty, was received and read by the Chairman at the close of the proceedings:—

“ I appreciate very much the message which the representatives of the Governments of the British Commonwealth have sent to me on the termination of the Ottawa Conference. The Queen and I thank them all most sincerely for their expression of devotion and good wishes. Your work has been arduous and intricate, but I rejoice to think that your achievement has justified the high expectations with which the Conference began, and that you have been able not only to conclude important practical agreements for the promotion of trade within the British Empire, but also to adopt principles to help its future development.

“ I am confident that the results of your labours, and the spirit of co-operation and mutual helpfulness which has brought about their success, will be of real benefit to my peoples.

“ I wish you all Godspeed, and a safe and happy journey homeward.

GEORGE R.I.”

ANNEX I

RECORD OF PROCEEDINGS at the Opening Session of the Conference, held in the House of Commons Chamber, Parliament Buildings, Ottawa, on Thursday, the 21st July, at 11 a.m.

At 11 o'clock a.m. His Excellency the Governor General proceeded to the Commons Chamber and took his seat upon the Throne.

His Excellency the Governor General: I have the honour to communicate to you a message from the King, which His Majesty has been graciously pleased to command me to deliver to you:

"My thoughts and prayers are with the delegates of my Governments who are gathered in Conference to-day, to explore the means by which they may promote the prosperity of the Peoples of this great Empire.

At this Conference you are opening a new page of history, on which, within a few weeks, will be written the record of a determined effort to solve the difficulties weighing so heavily, not only on us, but upon the whole world. It is my earnest hope that when this Conference rises there will be a record of results worthily reflecting the frankness, the sincerity, and the spirit of helpfulness with which, I feel confident, your deliberations will be conducted.

The British Empire is based on the principle of co-operation, and it is now your common purpose to give the fullest possible effect to that principle in the economic sphere. By so doing you will set in motion beneficial forces within the British Commonwealth which may well extend their impulse also to the world at large. I pray that you may be given clear insight and strength of purpose for these ends.

21ST JULY, 1932.

GEORGE R. I."

Having delivered to you His Majesty's message, I now have the privilege, on behalf of the Government and people of Canada, of welcoming to the Capital City of this Dominion those of you who come from Overseas.

My Government appreciated very deeply the cordial manner in which other Governments throughout the Empire have accepted their invitation to send representatives to Ottawa, and I know well that, from coast to coast, all Canada echoes that appreciation.

You come here, therefore, as the honoured guests of Canada. But, Gentlemen, you all meet here—guests and hosts alike—burdened with great responsibilities; you meet to-day as the chosen Trustees of Empire, knowing that your deliberations will materially affect the future welfare of millions.

Twenty-eight years ago, it fell to my predecessor, Lord Aberdeen, to welcome here a distinguished assembly of delegates from the British Empire overseas, but that gathering was a Colonial Conference and not an Imperial Conference as are the meetings initiated to-day; for, in the years that have intervened, immense and far-reaching events have occurred, affecting profoundly the development of that Empire; yet they have left unchanged the spirit which unites it, the common allegiance to the Crown, and the common ideals which have brought you now to Ottawa.

When, in 1914, war shattered the peace of the whole world, those ideals were subjected to their sternest test; they emerged from it unimpaired, for the units of the Empire, united, perhaps, as they had never been before, gave freely of their best to serve the common cause. It is appropriate to recall that, in this very building where you meet, is set the Memorial Chamber, consecrated as the national shrine of Canada's glorious contribution to that cause; to all of us, from whatever land we come, it may serve as a solemn reminder of the strength that unity, and unity alone, can achieve.

To-day, though the shadow of war is not upon us, we are still faced by the inevitable, sombre, consequences of war; the economic crisis, under the load of which the whole world staggers, is its most bitter legacy.

It is, indeed, in exceptional circumstances that the Conference meets. Unique in its setting, in that no Imperial Conference has hitherto met save in London, it may well be the most momentous gathering ever held within the British Empire. The outcome may change its whole destiny; and, if your meeting achieves, as all hope it may, results that will strengthen the Empire to

surmount the difficulties which this troubled age has thrown in its path, who can tell but that the Empire, in saving itself by its own united efforts, may not save the whole world by its example?

In places of worship of every denomination throughout this Dominion, prayers are being offered up to Almighty God for your guidance at this Conference. I humbly join the people of Canada in their prayers for divine blessing upon your deliberations.

His Excellency thereupon descended from the Throne and left the Chamber.

Right Hon. Mr. Baldwin: It is my privilege and my duty, as leader of the British delegation, to propose the appointment of a Chairman of this Conference. In the Chamber of the Commons House of Parliament of this ancient Dominion one name will be present to all our minds, the name of a statesman who by virtue of his great position, his abilities and his character would seem admirably fitted to preside over our deliberations. I propose, with a happy confidence, that the Right Honourable Richard Bennett, Prime Minister of Canada, be appointed Chairman of the Imperial Conference.

Right Hon. Mr. Bruce: It is my privilege to support Mr. Baldwin in his proposal that Mr. Bennett should take the Chair at this Imperial Conference. I endorse all that he has said of the great qualities that Mr. Bennett possesses to preside over this historic gathering, and I have the very greatest pleasure in seconding the proposal that the Right Honourable Richard Bennett be the Chairman of this Imperial Conference.

Right Hon. Mr. Baldwin: Will those in favour say aye? Contrary? Carried unanimously.

The Chairman: Gentlemen, I thank you for the great honour you have done Canada and Canadians by electing me Chairman of this Conference. I shall endeavour to discharge my duties as to expedite in every possible way the transaction of the business for which we are met.

The first business will be a resolution of loyalty to His Majesty the King, and I will move the resolution myself.

I propose that the following resolution should be adopted:

The representatives of the Governments of the British Commonwealth, assembled in conference at Ottawa at their first meeting, and as their first official act, desire to present their respectful duty to the King, to thank him for his gracious message which has just been read by His Excellency the Governor General. They join in thanksgiving for Your Majesty's continued health, and earnestly hope that Your Majesty and Her Majesty the Queen may long be spared to strengthen the feelings of love and devotion shared by all the peoples of the British Commonwealth of Nations.

I will call upon one of the representatives from India to second it.

Sir Atul Chatterjee: I have the great and proud privilege to second this loyal resolution.

The Chairman: You have heard the motion which I have just put from the Chair, seconded by the head of the Indian delegation, Sir Atul Chatterjee. I now invite you to express your approval of it by rising.

(The delegates rose).

The Chairman: The message will now be dispatched to His Majesty the King.

Gentlemen, we will now proceed with our addresses in the order which has been heretofore followed at previous conferences, except that at the instance of the Right Honourable Stanley Baldwin, the head of the delegation from the United Kingdom, I shall precede rather than follow him.

Gentlemen, on behalf of the Canadian people I welcome you. This is a proud day for Canada, for in its capital city are gathered delegates from throughout the British Empire, empowered to speak for one-quarter of the earth's population and instructed to co-operate in determining a plan by which this great Empire may continue its leadership among the nations. This Conference in many ways is unique among all other assemblies of history. At no time have there been more fully represented the countries which comprise the British Empire. At no time have we been faced with greater need for unselfish and concerted action. At no time have the prospects of achievement been more certain.

We meet in days when the machinery of world commerce is out of gear. International finance has broken down; the old-fashioned industrial life to which we have grown accustomed has undergone a change. We move toward a new economic order of things. Our part in fashioning it depends in large measure upon the outcome of this Conference. Since the prosperity of other years has left us we have been witness to the efforts made in many countries throughout this time of trial to recover the happiness and plenty which, despite intervening troubles, we yet should claim to be the birthright of us all. And these heroic efforts, because they failed or but in part succeeded, do not on that account commend themselves less warmly to us. They merely serve to show that recovery is beyond the strength of any single nation.

Recently at Lausanne the nations of the Old World by a like unselfishness have laid the foundation of a better understanding and have exchanged old doubts and fears for a new confidence and trust. To those who, out of the seeming dissension of the earlier days of that Conference have brought agreement, we offer our tribute of sincere praise. And we rejoice that there the representatives of the motherland have maintained its tradition as a sure guide to whose wise counsel and direction the world will always be indebted. Lausanne demonstrates the force of united effort directed toward the achievement of a common purpose.

We have a common purpose. We have a supreme desire to achieve it. And there can be no group of countries in the wide world so capable of united action as are the countries which comprise the Empire.

Therefore we are equipped and ready for the task. It would be folly to pretend it is not a great one. It would not be British to turn aside because it is. Great though it may be, grave as are the difficulties, we cannot hesitate. We are bound in loyalty and self-interest to go forward, knowing as we must that our success means the beginning of a new and greater prosperity for ourselves, the Empire, and the world.

We may take heart, for there is no task of which we are incapable. When we marshal the strength of the Empire, which is the sum total of its co-operating parts, we are invincible; provided each part brings to the whole its maximum contribution. None of us should come to this Conference asking that the others do for us what by every test we should do for ourselves. We must see to it that we are prepared to make some contribution to the whole, knowing that in that way only can we expect the whole to make some contribution to us.

In that belief Canada in the last two years has done as best she might to increase her power for self-service and for Empire service. Only the other day this Government concluded a treaty with our friends and neighbours, the United States of America, by which the St. Lawrence Waterway and the Great Lakes will be made into a great seaway through which the commerce of the Empire will be carried to the heart of this continent, and through which the products of this country will go out to all parts of the Empire. This waterway will be free to all ships of the Commonwealth, and I believe will be the sure means by which the parts of the Empire will be brought still closer to one another.

These times of stress have found none among you lacking in determination to care for yourselves. Great Britain, confronted with changing world conditions, has by new means strengthened herself to meet them, and by fiscal and financial re-adjustments has maintained her age-old power to withstand adversity. All parts of the Empire have been resolute and resourceful in the face of universal misfortune.

We have done, each one of us, what we might to maintain our integrity and have not abandoned our national position in face of those influences which threatened to destroy it. In this great world upheaval we have suffered, but we have not surrendered. The vital forces which have made us what we are, continue unimpaired. We have endured and fought back with all our might the economic surge which swept upon us. To-day we are come together, tested by tribulation, wiser through experience, bound one to the other as joint heirs of a great past and of a great future to be built upon the foundations of a new and enduring plan of Empire co-operation.

For a great many years Colonial and Imperial Conferences have discussed the question of closer Empire association and have searched for a formula by which it might be brought about. Throughout these Conferences is to be found the evident desire for an improvement in Empire trade relationships through the general application of tariff preferences.

At the Imperial Economic Conference held in London two years ago, Canada submitted what she conceived to be the basis of a plan for closer economic association.

That plan was predicated upon the general adoption of preferential tariffs, and we maintained that such a plan could best provide reciprocal benefits to those participating in it. At that time a most profitable enquiry, in my opinion, was held into the merits of our proposal, and all competing plans and projects were fairly and fully canvassed. The Empire as a whole was not then ready to adopt our plan. By common consent the Conference was adjourned. This Conference follows upon that adjournment.

In the interval, as I have said, the United Kingdom has adopted the principle of tariffs as an instrument of economic advancement. As a consequence, the difficulty in adopting our plan has been removed. Our policies are now uniform. Our desire for achievement is even greater now than then. Our common need is now more urgent. No one, therefore, can now deny that the time for action has arrived, and that the British Empire at last is able to fulfil its long-time hope of real and helpful closer Empire economic association. And that the son of the greatest protagonist of Empire trade is to-day one of the delegates to this Conference seems to me prophetic.

I will resubmit in principle my earlier proposal, with such modifications as the present circumstances make advisable.

I do not need to tell you that its terms have engaged the anxious attention of His Majesty's Government in Canada. We have considered the question not only from the point of view of our own advantage, but also from the point of view of yours. And we have resolved upon a proposal which we believe it will be to our common interest to disclose at the outset of this Conference, so that there may be before you for examination—and we earnestly trust acceptance—the plan this Government holds to be the best.

What do we hope for from this Conference? The answer is, I think, from all of us, greater markets within the Empire. This is the answer from all of us undoubtedly, if we are persuaded, as I am, that greater Empire markets mean as well greater world markets. For to us in Canada closer Empire economic association does not mean in any sense world dissociation. The trading potentialities of this Empire are great. But even one-quarter of the human race cannot profitably shut itself off from contact with the rest of the world.

When we reach an agreement by which our products pass more freely from one Empire country to another, we drive clear channels through the stagnant pools dammed up by the world upheaval, and naturally we will carry past the boundaries of the Empire and to its benefit, establish once more again throughout the world that commerce which is its very life blood. The British people in their vigour, industry, and experience have nothing to fear from foreign competition when they are united in that economic association which is now possible. When from this Conference that results, we will welcome fair and friendly competition. In our own interest we will welcome it.

But we have no right to invite unfair attack upon the plan so full of promise for us. We within the British Empire have established our own standards of living. Those it is our duty to safeguard. I am disinclined to comment adversely upon the standard of living of any other country, or upon the economic scheme on which that standard of living is based. But I do say that where they are unlike and antagonistic to our own, we must resist the conscious or unconscious efforts to put them in free competition with our own.

The plan we must achieve will lead us through this world period of reorganization and change. So when we find our orderly progress opposed, and when our social and industrial existence is threatened, it is our common duty to provide the safeguards which will leave us free to go forward on the course we have decided to be the right one. State-controlled standards of living, state-controlled labour, state-aided dumping dictated by high state policy, conflict in theory and in practice with the free institutions of the British Empire. The subordination of individual right and liberty to a national economic plan affronts our whole idea of national development. We must be active in the defence of our institutions. We must put before all else our peace and happiness.

As we desire greater Empire markets, it is our task to decide the means by which they may be obtained. As each of us must find markets for our exportable surplus products, it is in our common interest to achieve a plan which will provide the maximum exchange of goods compatible with those domestic considerations fundamental to the development of our natural resources. Those considerations cannot be forgotten if the Empire project is to succeed.

In the past, Canada's manufactured products have enjoyed a measure of protection, though at times it is claimed by some a not wholly adequate measure of protection, in the home market. Our natural products have enjoyed little or no fiscal advantage over their foreign competitors in Empire markets. It is now our hope to secure it for them. Inasmuch as the ideal application of the principle of protection involves an equalization of benefits thereunder as between

manufactured and natural products, it is the desire of this Government to effect that equalization and to find a way for our exporters into Empire markets by giving the exporters from those markets a way into ours.

Under our prevailing tariff system, Canada is equipped to make this readjustment. The United Kingdom, through its existing tariff preferences and their application in principle to natural products, will be similarly equipped. We, therefore, will propose that the United Kingdom shall extend the principle of her present tariff preferences to natural products. And on our own part we are prepared to make the necessary adjustments in our tariffs to secure the advantages which we believe will come from this arrangement. Those Canadian industries which now have reached maturity under protective tariffs and are competing in world markets must support this proposal because of the great advantages that are to be obtained for the exporters of natural products. And they will support it, for it is clear that to the country as a whole there will come as a result an increased prosperity in which they cannot fail to fully share.

I have said, before, and I do not desire to minimize the fact, that Canada must have greater export markets for its natural products. No country can live unto itself in this complex age, and with our relatively small population, with our vast and varied natural resources, with our immense exportable surplus in natural products, we perhaps above all other countries must be assured of other markets than our own. And I confidently believe that the people of the United Kingdom will not hesitate to support our proposal knowing on their part that it will mean increased prosperity to many of their basic industries, and through them increased prosperity to all classes in the land.

The Dominion of Canada has always enjoyed free entry into the markets of the United Kingdom. That has been helpful to our development, and we make full acknowledgment of the fact. That free entry has been for products which, generally speaking, did not come in competition with their own. We now propose that the United Kingdom have free entry into Canada for her products which will not injuriously affect Canadian enterprise. Canada in the days when its industrial structure was less strong than it is now, granted to the United Kingdom preferences in her markets. Those preferences we now propose to increase in respect to a selected list of commodities in which Great Britain is especially equipped to supply the Canadian market. And we will ask that for those natural and processed products which comprise the most important part of our exports, we be given a preference. The proposal to us seems a just and reasonable one. Just, upon the basis of the concessions we will be called upon to make; reasonable, upon the basis that the great basic industries of both countries should be the ones selected for preferential treatment because upon the welfare of those industries depends primarily the welfare of their countries.

This Government has tested the soundness of our proposals by the means most likely to determine it. By this arrangement our standard of living will be unaffected. By this arrangement the consumer will be safeguarded against an unwarrantable increase in the cost of commodities. If we apply the same tests to the situation in the United Kingdom, we believe that they will provide the same answer. For inasmuch as this project aims equitably to distribute the concessions which it entails, and equitably to distribute the benefits it confers, in the long run it will prove to be just and beneficial to all classes in all communities of both countries.

On the assumption that measures will be taken to ensure that the effective operation of the agreement will not be impaired by the unfair competition to which I have referred, Canada proposes to grant to the United Kingdom: (1) extension of the free list; (2) retention of the existing preferences in favour of Great Britain, and (3) increased preferences in respect of a selected list of articles in which Great Britain is especially equipped to supply the Canadian market without injuring efficient Canadian enterprise.

And in exchange Canada asks: (1) the retention of existing preferences, and (2) their effective extension to those other natural and processed products of which the United Kingdom is an importer.

The proposal of this Government has been put in terms general enough to permit the consideration of all items that may rightfully claim to fall within the principle of it. It is made specific enough to permit of its discussion by the general Conference and of its detailed analysis by technical committees to be set up for that purpose.

The agreement should be an enduring one.

This is not the time for ephemeral treaties. We must decide our course and follow it unswervingly. An arrangement terminable on short notice would, I fear, have but the effect of increasing instability of conditions. And trade stability is essential to our recovery. Furthermore, a short-time agreement would, in our view, but suggest a real doubt as to its advantages.

We have come together in confidence of our power to work out a plan for our common benefit. Let us manifest this confidence by adopting a plan the lifetime of which will outlast any vicissitudes which may counsel its abrogation. But provision for flexibility must be made, so that either country may negotiate foreign trade agreements without impairing the effectiveness of agreed preferences. I say that in the successful pursuit of this plan, we will achieve the added power which we all desire, to enlarge our place in markets beyond the Empire.

This proposal is directed to the United Kingdom, but in principle it is offered to all the other parts of the Empire wherever its application will be mutually advantageous.

With the two great Dominions of Australia and New Zealand we have, within the past year, made trade agreements which, I believe, are already proving mutually advantageous. Those agreements in the light of this proposal may be reviewed and if possible made more comprehensive.

Concurrently with the primary task of enquiring into the fiscal proposal we have made, an examination will be carried on, by a committee set up for that purpose, into the monetary question with a view to agreeing on some plan to be made the basis of a discussion in a larger world conference, or of taking such measures as will be helpful, in so far as they may operate until action on a wider scale is possible.

Committees may be set up to examine other agencies of inter-Imperial co-operation, capable of contribution toward the effective operation of the fiscal arrangements upon which we will agree.

Delegates to this Conference of the British peoples:

When we look back upon the long road this Empire has travelled and see the milestones of achievement which mark the progress of its advance, we are given full courage to continue. For whatever may be the obstacles which confront us, more formidable ones already have been met and overcome.

At other times we have been faced with tasks which then seemed hopeless of accomplishment. The strong hearts and minds of our forebears triumphed over them and handed on to us an ever greater Empire built upon their prowess and their sacrifice. This they did in trust that we should keep it safe. And we accept the trust.

We have no fear because the road seems dark. By our united will it shall become a bright one. The Empire is at the crossroads. Which way point faith and hope? That way we follow.

Right Hon. Mr. Baldwin: Sir, on behalf of the United Kingdom delegation, before I proceed to my speech I should like to say how grateful we are for the inspiring message delivered by His Excellency the Governor General on behalf of the Dominion of Canada to welcome all the delegations. I should like further to thank the Prime Minister for his speech, and to say that we look forward to studying sympathetically the proposals on the lines he has laid down, and we will do our utmost to co-operate with good will to accomplish the purpose that he has in view.

As leader of the United Kingdom Delegation at the Conference of 1926 I was associated with a series of resolutions, unanimously agreed, which not only defined the constitutional relationship with one another of the various parts of the Empire but gave to the world a new form of political partnership based on the positive desire of each to co-operate with the other. To-day the Conference is concerned with economic relationships, where Empire co-operation is similarly of vital importance, and I am proud once more to lead a Delegation that, as in 1926, intends to work with you to that end.

It is a good augury that there are associated with this Conference many of those who took part in the work of 1926.

We all have great expectations of the successful outcome of this great gathering of the representatives of the peoples of the Empire. There is not one country represented here that is not suffering from depression and disappointment—not one that does not look to Ottawa to give fresh stimulus and fresh hope. I most confidently believe that we shall not be disappointed, and I trust that we shall end the Conference with definite arrangements made for our mutual advantage. But the real importance of Ottawa lies in the fact that it marks the point where two roads diverge, the one leading to the development

of purely national interests, the other to closer Imperial unity, and to the recognition of advantages in mutual co-operation in trade. If when our task is finished we can say that we have definitely taken this latter road, the actual distance progressed is of minor importance, because progress will continue, and in the future we shall always be approaching nearer and nearer to the goal.

It will be in your minds, as it is in ours, that as a result of the change in our fiscal policy this Conference has a degree of freedom which has been denied to earlier Conferences. Though the field open to us in the past has been limited, the principle of imperial preference has been recognized and the preferences we were able to give have been of considerable value. Those given in respect of commodities such as sugar, wine, tobacco, coffee, dried fruits, and the preferences under the McKenna duties have been a real stimulus to Empire trade. Now under the new policy which our country has adopted we have given to the Empire a wide extension of preference under the Import Duties Act, by which free entry has been provisionally granted. It is now open to us to deal over a wider field, and we trust that we may find opportunity of taking full advantage of this new freedom.

While we have thus given what is, I think, the greatest privilege that can be extended to sister nations, namely, free entry, I want once again gratefully to acknowledge, as I have done on previous occasions, the help that our country has received from the preferences voluntarily given by the Dominions, and in doing so I desire to express our warm appreciation of what has been done in that direction. Even now, however, we have by no means exhausted the field of mutual preference. Of the trade carried on by the Empire, 70 per cent is still with foreign countries, only 30 per cent among ourselves. Were conditions to remain as they are, the possibilities of expansion to-day are enormous, but looking to future generations, as population increases, the scope can hardly be measured. Development may come more quickly than we anticipate. When George III ascended the throne, the population of Great Britain was only seven millions. By the end of his reign it had doubled and a hundred years later that doubled population had trebled. In the life of a people 100 years is but a brief span.

Looking at the situation from another aspect, the trend to-day is towards larger units. International trade is so hampered by barriers of all kinds that a strong opinion is developing in favour of groups, not necessarily political in character, but offering to members economic advantages in the mutual opening of markets. No one suggests that complete free trade within the Empire is possible. Considerations of revenue and of past policy stand in the way. But equally there can be no doubt that more constant communications and more complete information about Imperial market requirements would, if properly focussed, present Governments with opportunities of securing trade with other countries of the Empire, and of making commercial arrangements with other groups of nations such as could hardly be reached if each Government acted alone.

What then should be the first aim of this Conference? It should be to clear out the channels of trade among ourselves. For that purpose we need not measure too closely or too exactly the relative value of preferences given and received. If we all approach the problem with a view to seeing how much each can contribute to the common stock without detriment to our own national interests, we shall not need to concern ourselves with the relative advantages obtained by each, since we shall know that an increase in the purchasing power of any member of the Empire must show itself in increased Imperial trade, and the prosperity of each will add to the prosperity of all.

The present universal depression makes the extension and improvement of Imperial trade a matter of urgent importance to all parts of the Empire. The extension and greater activity of Empire trade is the most hopeful means of stimulating demand in the world markets and of restoring a sound level of wholesale commodity prices.

When I speak of the Empire, I am thinking, not only of the Dominions and India, but also of the Colonies, where a keen desire exists for mutual trade with the whole Imperial connection. Colonial territories are situated mainly in tropical latitudes, and they mostly produce food and raw materials, buying manufactures in return. In recent months the Colonies have considerably extended both in range and area the preferences which have long been established as an important feature of policy, and their desire to play their part in fostering Empire trade is shown by the fact that these preferences are Empire wide.

On our side the United Kingdom have recently granted further extensive preferences to the Colonies, a decision justified on material as well as sentimental

grounds, since capacity to buy must depend on ability to sell. The value of Colonial trade to the United Kingdom is shown by the fact that the proportion of United Kingdom exports taken by the Colonial Empire, which amounted to 7 per cent in 1924, has risen in the first quarter of 1932 to 11 per cent. A similar tendency is shown by the figures of the trade between the Colonies and the rest of the Empire. In 1930 the Colonies sold to the United Kingdom goods valued at £39 millions and to the rest of the Empire £20 millions, while during the same year they bought from the United Kingdom £50 millions and from the rest of the Empire £46 millions. It is the desire of the United Kingdom to see trade between the Colonies and the Dominions and India still further increased. We cordially welcome such arrangements as the agreement between Canada and the West Indies which has conferred benefits on both, and we shall hope that our discussions in Ottawa may do much to open up possibilities of mutual trading between the tropical and temperate regions of the Empire.

We have made during the last few months a very intensive examination of the trade of the whole Empire, in the endeavour to find how we can help both ourselves and you, for despite clashes of sectional interest here and there we believe that the prosperity of the United Kingdom and that of all the other parts of the Empire are intimately linked together.

There is one factor, however, which has adversely affected us all, namely, the calamitous fall in the prices of primary commodities and the accompanying fall in production and consumption. Here perhaps I may be allowed to remind you that the countries of the Commonwealth depend upon world prosperity both directly, when they are selling commodities for which a world market is indispensable to them, and also indirectly, when they sell to the United Kingdom, because the purchasing power of the United Kingdom depends upon her ability to sell in a world market, and that in turn depends upon the ability of the world to buy.

In our opinion, this Conference should present us with a valuable opportunity for exchanging views on that subject. We believe that general assent would be given to the view that a recovery in world prices is one of the essential features in the recovery of the world, and it is our policy in the United Kingdom to co-operate in any practical international scheme designed to secure recovery of world prices. There are, however, limits to what even a large group of countries can do to raise their own price level if the trend of prices in the outside world is persistently downwards. Among the factors which should operate towards a restoration of price levels the first place must be assigned to the recovery of confidence by traders and producers. This object can best be achieved by assuring traders of a market for their goods, by the removal or limitation of existing barriers to trade, particularly arbitrary and erratic quota systems and exchange restrictions, by finding a solution of the problem of reparations and war debts, and by lessening the heavy burden of taxation and interest charges. At Lausanne the way was opened to a final settlement of reparations. As regards interest rates, we have just recently made a further step forward by launching our great scheme for converting over £2,000 millions of 5 per cent War Loan to a rate of $3\frac{1}{2}$ per cent. This scheme has been received with the greatest enthusiasm and the progress already made in the actual process of conversion has exceeded all anticipations. We are confident that the success of the operation besides reducing public charges in the United Kingdom, to an important extent, will lead to a lowering of long-term interest rates to the benefit of industry and commerce and to the advantage of the Governments, not only in the United Kingdom but throughout the Empire.

Reverting now to Empire trade, we hope that as a result of this Conference we may be able, not only to maintain existing preferences, but in addition to find ways of increasing them. There are two ways in which increased preference can be given—either by lowering barriers among ourselves or by raising them against others. The choice between these two must be governed largely by local considerations, but subject to that, it seems to us that we should endeavour to follow the first rather than the second course. For however great our resources, we cannot isolate ourselves from the world. No nation or group of nations, however wealthy and populous, can maintain prosperity in a world where depression and impoverishment reign. Let us therefore aim at the lowering rather than the raising of barriers, even if we cannot fully achieve our purpose now, and let us remember that any action we take here is bound to have its reactions elsewhere.

His Majesty's Government in the United Kingdom therefore place before the Conference as its general objective the expansion of Empire trade, brought about as far as possible by the lowering of trade barriers as between the several members of the Empire.

We believe such an objective to be the one best calculated to ensure the permanence and stability of the Empire and to restore and increase the prosperity of all its peoples. We believe, too, that by reviving and strengthening trade within the Empire we shall be serving the interests of civilization as a whole and we shall be taking the most practical means of hastening the economic recovery which is so essential to the world at large.

The Chairman: The head of the delegation from the Commonwealth of Australia, the Right Hon. Stanley Bruce, will now address us.

Right Hon. Mr. Bruce: Mr. Chairman, I desire to associate myself with what has been said by Mr. Baldwin in appreciation of the address that was delivered to us by His Excellency the Governor General in opening this Conference. I desire also to extend to you, sir, my appreciation of the great speech that you have made. So far as Australia is concerned, we entirely endorse the review that you have given of the great principles of reciprocal trade. All the ideals that you have expressed with respect to that question are ideals that we in Australia have fought for for many years, and we trust that at this Conference we are going to see the consummation of our hope.

We also concur most cordially in what you said, in the resolute attitude you adopted towards the possibility of what we do here being destroyed by unfair action on the part of any outside people.

It is fitting that this great gathering of the British nations of the world should have been called by the Prime Minister of Canada and that it should be held in Ottawa the capital city of the senior Dominion of the Empire.

Nearly forty years have passed since Sir Wilfrid Laurier, on behalf of the Canadian people, took the first step towards economic co-operation among the British peoples.

Some of the greatest names in our public life, for example, Joseph Chamberlain in England—and we are all glad indeed that his distinguished son should be present with us to-day as a member of the Conference—Alfred Deakin in Australia, and many others will always be remembered for their association with the long campaign which, as we all confidently hope, is to be carried to a successful issue by this Conference.

This is an all-British Conference, but its significance and, as I trust, the benefits which will flow from it, are not confined to British people.

The eyes of the world are upon us to-day in hope and expectation.

The depression through which we are passing afflicts every nation and the problems which confront us are due to the same causes that have brought all peoples to the brink of ruin.

Anything we do here to help ourselves will assist in the general solution that must be found if civilization is to be saved.

Our success should serve an even greater purpose. It should serve as an inspiration to action on an international basis which is essential if full prosperity is to be recaptured.

Failure is unthinkable. If we, the British peoples, united by ties of kinship and common interest, cannot in this hour of crisis act together in a spirit of co-operation and good will, what hope is there of international action between nations divided in sympathy and outlook and in many cases the inheritors of centuries of prejudice and hostility?

This Conference has a great task. May we live up to the traditions of our race, remembering that British genius and leadership have ever excelled in the face of adversity.

To succeed we must recognize the causes of the unparalleled depression that has swept over the world; because it is impossible for us to deal with the problems on the economic side of the British Empire unless we recognize that it is world causes that have led to all the difficulties we face to-day.

First comes, I suggest, the calamitous fall in commodity prices. This has led to the undermining of confidence, to the cessation of internal and international investment, and the placing of an intolerable burden upon debtor countries.

If we are to overcome our troubles there must be an increase of commodity prices, a restoration of confidence, and an easing of the burden of debtor countries.

To achieve these things and to bring about a complete solution of the present difficulties, I recognize that international action is necessary.

We cannot wait for complete international agreement. This Conference, representative of the world's greatest group of nations, must aim at the improvement of the present position and thus make a definite contribution towards final solution.

Our primary object is the promotion of intra-Empire trade and the consummation of a closer economic union between the British nations.

This is not the occasion on which I should discuss this question or set out Australia's proposals to assist Empire trade. That will come later. At this stage I confine myself to saying that the Australian delegation, as a result of months of careful preparation, has arrived in Ottawa ready to make its contribution to the discussions which are opening to-day. We know what action we can take further to help Empire trade and particularly British trade in the Australian market, and we are also ready with definite but limited requests for assistance to some of our exports.

By mutual goodwill and co-operation there is much that we can do to help each other, and I am confident that beneficial results will flow from our deliberations.

Our task is a formidable one. We have, however, overcome the more difficult task of determining the constitutional relationships of the different parts of the British Empire. Our achievement in that field has compelled the admiration of the world.

In solving the problem of our economic relationships we should not be confronted by so difficult a task. Our trade is essentially complementary. Our constitutional relationships involved unique problems. They were, however, governed by the fundamental principle of the constitutional freedom of the self-governing parts of the Empire.

In approaching the problems of our economic relationships we will be governed by a similar fundamental principle—that of economic freedom.

With the recognition of this basic fact and the application of practical methods of co-operation, I am confident we will find ways by which we can help ourselves, and in doing so help the rest of the world.

I trust the result of our efforts will be that we shall lay foundations upon which can be built a great structure of reciprocal trade which will progressively promote prosperity throughout the Commonwealth of British Nations.

Our accomplishment, however, is not limited by what we can achieve in the realm of intra-Empire trade. I believe that in monetary policy we can take action which will be a contribution towards the restoration of prices, confidence and stability.

To-day the world is not suffering from any lack of commodities. The production of wealth has, with the aid of science, attained to a point never previously reached and is sufficient to provide a standard of living higher than has previously existed. Yet we have millions of people unemployed, and the general standard of living is declining. This position is a challenge to our civilization. To fail to find a solution is an indictment of statesmanship in the Empire and throughout the world. All peoples are looking for a lead on this problem. Let us here at Ottawa attempt to give it. There is no reason why we cannot within our own group of nations, associated as we assuredly would be with other nations whose monetary policy is closely linked to ours, take the first steps to restore world trade. Such a development would gain the adherence of many other countries and with the strength thus gathered the way would be paved for the solution of what is perhaps the greatest problem that has ever baffled mankind.

There could be no greater contribution towards the world's restoration. In no better way could we build on the foundations laid at Lausanne. That Conference promises to remove some of the deepest causes which are destroying confidence. We all desire to congratulate our colleagues of the United Kingdom Delegation on the success there attained. I desire, in particular, to pay tribute to the invaluable services of the Prime Minister of Great Britain to this cause which lies so near his heart. I also desire to record our appreciation of the work of Mr. Chamberlain and Mr. Runciman, who were members of the British Delegation to Lausanne.

I sincerely believe that the accomplishment at Lausanne, followed by what we must achieve here, will be the forerunner of a general international conference which will lead to the restoration of commodity prices, the return of confidence and the lifting of the burden of debtor countries, so that to a depressed and almost desperate world hope may come again.

(Supplementary Statement made by Mr. Bruce on July 22nd appears on pages 24-31).

The Chairman: The Chairman of the delegation from the Dominion of New Zealand, Right Hon. J. G. Coates, will now address us.

Right Hon. Mr. Coates: Mr. Chairman, I desire to thank you and to thank also the leaders of the British delegation and of the Australian delegation for their contributions to this Conference. Sir, I am sure that the sentiments to which they have given utterance will be endorsed by all succeeding delegations.

I desire to thank you, sir—I desire to thank the people of Canada for their cordial and generous hospitality since our arrival in this Dominion. We arrived on the West coast and travelled across this wonderful continent. Wherever we stayed, whether the town was large or small, the generosity of the people and their great cordiality were of a nature that encouraged us to go forward.

New Zealand looks upon this Conference as an event of singular importance. The world-wide depression has borne home to us the inadequacy of our own unaided and individual efforts to cope with our economic difficulties. Never was there a clearer and more urgent call to co-operation; in the succession of Colonial and Imperial Conferences none has been of such immediate and vital concern. I join with my colleagues who have spoken in acknowledging the deep and almost overwhelming sense of responsibility that we feel in approaching the tasks ahead of us.

A full statement on New Zealand's trade and tariffs was placed before the Imperial Conference of 1930. This showed the great development of the Dominion's natural resources, aided by British capital; the consequent expansion of exports, which are wholly primary products and are sent almost entirely to the United Kingdom; (by value, all except 7 per cent or 8 per cent of our total exports go to that market;* some 90 per cent of our dairy exports, and over 99 per cent of our mutton and lamb exports are sold in the United Kingdom). The statement showed also the high value of imports relative to population—we were for a long time the largest per capita importer of the products of the United Kingdom; and, referring more particularly to tariffs, it was shown that our Governments have for the past thirty years extended an increasing measure of preference to British goods and have sought to make that preference effective. There is no occasion for me now to cover again the ground that was covered in our 1930 statement, I am to refer rather to developments of the past two years.

The world-wide depression has struck New Zealand with a severity that has dislocated our economic life. That we will regain and surpass our former prosperity, we are confident; and, as I shall note presently, drastic steps have already been taken towards internal readjustment. But we are not yet on an even keel. The drop in sterling price-levels, cushioned though it has been by the United Kingdom's departure from the gold standard but still of a suddenness without precedent, has left a gap between our selling-prices and costs of production. There is of course nothing peculiar to New Zealand in this position; our difficulties are the difficulties of the rest of the Empire and of the world. The force of the impact upon New Zealand of the collapse in prices can be briefly indicated: the prices realized for our exported farm produce were last year 10 per cent below the 1914 level, while costs of production for our farmers were still 40 per cent above 1914. That is the gap we have to close. To the extent that the general problem is accentuated in New Zealand, this is due to two factors; as a borrowing country, we have debts which we incurred at a time when their real burden was lighter than it is at present price-levels; and the fall in the prices of foodstuffs and raw materials, our staple exports, has been relatively greater than the decline in the price of manufactured goods which are our imports. The disparity has been such that to pay for a given quantity of imports New Zealand in 1931 had to export 60 per cent more goods than were required in 1928.

The volume of New Zealand's exports has continued to increase—though it is clear that a great part of these have returned a net loss to the producers. This loss is due to the fact that the value of the exports has fallen in two years (1929 to 1931) by some 35 per cent, that is from £55,000,000 to £35,000,000.* Inevitably, our imports have fallen likewise; they declined in the total from 1929 to 1931 by 50 per cent (from £48,000,000 to £24,000,000) and imports from the United Kingdom declined by 45 per cent (from £22,000,000 to £12,000,000). These figures illustrate how intimately our capacity to purchase in the British market is related to the sale of our products in the British market at payable prices. Our problem at Ottawa is to devise ways and means of restoring and extending that capacity.

*N.B.—The percentage of retained imports was—1929, 62 per cent, and 1930, 72 per cent.

*These figures are in New Zealand currency and so allow for the increased values due to the 10 per cent exchange premium in 1931.

The depression has not diminished our preference for British goods. Indeed, the percentage of imports drawn from the United Kingdom has increased in these two years from 46 per cent to 49 per cent—in New Zealand the United Kingdom has thus had a larger share of a smaller market than in normal times. If attention be paid to imports of a type produced in the United Kingdom, the corresponding percentages were 59 per cent in 1929 and 67 per cent in 1931. Let me take one commodity for which we depend on external sources of supply and in which we have made deliberate efforts to assist British industry. I refer to motor vehicles. In the two years of depression, 1929 to 1931, the number imported from non-British countries fell from 12,500 to less than 750, a decline to 6 per cent of the 1929 total, while our imports from the United Kingdom in 1931 were still 60 per cent of their 1929 figure, and over 70 per cent of the 1930 total. In the result, the United Kingdom's share in our market rose from 15 per cent in 1929 to 21 per cent in 1930 and 65 per cent in 1931. I think it may reasonably be claimed that our tariff preferences, combined with other means of furthering the use of British products, have been of material aid in directing trade into Empire channels. This may be illustrated by the following table:—

PERCENTAGE OF TOTAL IMPORTS RECEIVED FROM THE UNITED KINGDOM BY

ARTICLE	ARGENTINA	DENMARK	NEW ZEALAND
	%	%	%
Electrical apparatus.....(1929)	17	21	55
Iron and steel—bar, sheet, angle, etc.....(1929)	24	5	91
Apparel.....(1930)	Not available	32	77
Woollen piece goods.....(1929)	34	28*	90
Cotton piece goods.....(1929)	44	41	87
Window glass.....(1929)	2	1	40
Motor cars.....(1930)	0·3	Not available	28
			In 1931 the New Zealand per-centage was 70

*1930 figure.

Let me summarize the extent of New Zealand's tariff preferences:—

Seventy-three per cent of our imports (1930) were subject to preference: that is to say they were either dutiable at a lower rate if of British origin, or they were admitted free of duty if, and only if, they were produced in British countries. The imports that came within this latter group—the Empire free list—amounted to 34 per cent of our total imports. This 34 per cent was additional to the imports admitted free of duty in any case, and altogether 54 per cent of our imports of British origin were wholly exempt from New Zealand customs duties.

The range of goods subject to British preference has been constantly widened by successive revisions of the New Zealand customs tariff. Comparing 1930 with 1920, in ten years the percentage of British imports admitted on preferential terms increased from 47 per cent to 73 per cent.

We have not reached the limit of what we can do: presently I shall indicate generally, and later we shall discuss in detail, the lines of further proposed concessions.

Meanwhile it must be remembered that despite the advantages already mentioned, there has been a severe drop in our trade with British countries. For the time being we have lost our place as the largest per capita consumer of the exports of the United Kingdom: in 1929, we imported from the United Kingdom goods to the value of £14.10.6 per head of our population; in 1931, this figure had fallen to £7.9.0 per head. This loss is symptomatic of our disturbed economic condition and clearly indicates how a change in price-levels destroys the power to purchase and consume.

Closely related to, and indeed inseparable from, the difficulties which I have mentioned are monetary and financial questions. We are glad to note that these are to be considered by the Conference, with a view to action to restore and stabilize the general price-level.

Two years ago, the external debt charges of New Zealand absorbed one-sixth of the value of our exports; this year they are absorbing one-third of the exports. "Owing to the fall in export prices, about 80 per cent more exports must be sent abroad to pay interest on Government and local body debts than were

required in 1928.”* This disparity illustrates the effect of a change in the price level in its bearing upon an indebted country whose income depends on primary products; the debtor and the producer suffer inequitably—and not merely the debtor and the producer, for injury to them means injury also to creditors and to the whole community.

It is in recognition of this fact that New Zealand has proceeded during the present year in dealing with internal readjustment. We have taken careful stock of our position and in the light of the best expert opinion we could summon, we have felt obliged to take action which even a year or two ago we would have been unwilling to contemplate. By legislation we have scaled down fixed charges in the nature of rent and of mortgage and other interest payable within the Dominion; in general a cut of one-fifth has been imposed, with power reserved to the courts to meet special circumstances on the application of the land-owner, mortgagee or other lender.* The Government's own expenditure has been cut drastically. Economies have been imposed in three years aggregating £10,300,000 which compare with a Budget expenditure of about £25,000,000: though unemployment expenditure and interest charges have hidden the real reductions in expenditure.

This policy has taken us part of the way along the road of adjustment. Yet it is clear that neither the action which we have already taken, nor indeed any further action of a purely internal character that we could take, is able to restore our prosperity. It is for this reason that New Zealand looks with the most vital concern to our deliberations here at Ottawa. We make no pretence of offering a complete and final plan of rehabilitation. We are anxious to pool our information and our suggestions with those offered by delegates from Great Britain and our sister Dominions. We are anxious to reduce to a minimum the preliminary formalities to this Conference and to get at once to grips with our common problems. But briefly an indication may be given at this stage of the lines of our thinking.

To ensure the satisfactory settlement of our major problems, we recognize that world recovery is necessary; and we are unwilling to suggest remedial action for ourselves which would prejudice general recovery. We recognize, too, that however much we may foster intra-Empire trade, exporters of the United Kingdom and of other parts of the Empire must still look to foreign markets to absorb much of their output. The freeing of trade from restrictions recently imposed by foreign countries is therefore a pressing necessity.

Nevertheless the most urgent task of the moment, and the one with which we are immediately concerned, is the rehabilitation of trade and industry within and amongst our own countries. It is in the faith that by common action we can serve our mutual interests, that we enter upon this Conference. This is, after all, a British Empire conference. Though our special concern is thus with our own countries and we seek within them to reverse present disastrous trends in prices, our objects are in no sense detrimental to general world interests. On the contrary, steps towards recovery in our Empire are also the most effective contribution we can make towards general recovery. We look, then, in the first place to the stimulation of Empire trade.

My first reference to tariffs and preferential arrangements is to extend to His Majesty's Government in the United Kingdom the grateful thanks of New Zealand for the concessions granted under the tariff which came into force in March of this year. To an extent that was greatly appreciated, the products of the Empire were exempted from the revenue tariff then imposed; and this, we feel, marks the beginning of a new era in Imperial trade. To the Government and the people of the United Kingdom, we wish to express our gratitude.

For our own part, as I have indicated, tariff preferences already granted by New Zealand extend over the major part of our imports. We are prepared to go further. We will proceed by reducing where possible the rates of duty on British goods, and in certain cases we will increase the rates on foreign goods. This will increase the margin of preference for British goods. Moreover as an earnest of our desire to facilitate commerce generally, we will reduce also the general or non-preferential rates on many other imports upon which we are prepared to reduce the corresponding British rates.

*Report of Economic Committee, N.Z., 1932. Parliamentary Paper B-3, p. 9 cf. (ibid p. 14): "In recent years of high prices the returns from New Zealand wool exports have been sufficient to pay the overseas interest bill twice over. In 1930-1931 and 1931-1932, the proceeds of a similar volume of wool exports would pay only about half of the interest bill."

*National Expenditure Adjustment Act (New Zealand), 1932. This is apart from the provisions of the Mortgagors' Relief Acts, under which relief may be granted by the Court, on application made by the mortgagor or the mortgagee.

It is our sincere desire that His Majesty's Government in the United Kingdom will be able to increase the preferences already granted on Empire products, and to consider the feasibility of extending them to products which are not now included. Apart from the products on which preference has already been given, which is greatly appreciated, New Zealand is interested in meat and meat by-products. I take it that details in applying the principle of reciprocal tariff preferences will be considered in committee as this Conference proceeds. Experience has proved beyond question that tariff preferences are a valuable instrument in stimulating Empire trade. Their influence is however expressed in long-term trends; and it is we think necessary that, in the present emergency, they should be aided by some more direct means.

For this reason we support the proposals that have been made for the judicious application with respect to selected commodities, of the principle of the quota to govern the importation of non-Empire products into Empire markets. In no case do we think the quota, or quantitative restrictions, should apply to products of the Empire; but the end can be best achieved by taking power to restrict the volume of foreign imports. This is an unusual course, but prevailing conditions are so highly abnormal that we are forced to regard it as necessary. With the dislocation of trade, we have all the elements of uneconomic dumping by foreign countries of surpluses at prices regardless of costs of production. At the appropriate time we shall be prepared to discuss the application of the principle of the quota to selected articles of import into New Zealand. New Zealand is concerned at the threatened flooding of the markets on which we rely; and in respect to dairy produce, meat, including pig-products, and fruit, we think that a quota on imports from foreign sources into the United Kingdom is urgently necessary. In offering this opinion, we are aware that the paramount consideration of His Majesty's Government in the United Kingdom must be the welfare of their own citizens, both as consumers and as producers. We are convinced that the quota can be applied without injury to their interests; and indeed, that while the interests of the consumer are safeguarded, the Home producer can be materially assisted thereby.

The further discussion of import quotas may presumably be postponed to a later stage of the Conference. For the present, the New Zealand delegation give their full support to the general principle, viewing it as an emergency measure designed to tide us over this abnormal period.

We look upon the quota, or some other effective means of insulating Empire markets from the disastrous influence of unduly low price-levels, as bearing a vital connection with efforts to raise sterling prices. That these must be raised is generally realized. It may be that efforts to raise the price-level should be undertaken on a basis even wider than that offered by this Conference. But this surely does not justify the shirking of action within the competence of Empire countries. It is proverbially easier to find excuses for doing nothing than it is to do something: there might be danger in assuming that the possibility of a world conference may excuse inaction here and now.

As New Zealand sees this matter, an explicit avowal by the British Government of the principles on which they and their monetary advisers have recently acted would revive throughout the world confidence in the future of prices. Britain has already given a lead by bringing clearly into view a period of cheap money. She has given a lead by eliminating fluctuations of a speculative character in the exchange value of sterling. The mere statement that Britain is working, with her unrivalled knowledge and financial machinery, for a recovery of wholesale prices would, in our opinion, emphasize and support the improvement already in evidence in important commodity markets.

We offer no opinion, we ask for no decision as to the ultimate objective of British monetary policy. But British statesmen and financiers have shown and are showing a courage that shines out brightly in a distracted world. All we ask is an assurance of this Conference that the objects of British monetary policy are to provide a sound basis for the continuance of trade and for the fulfilment of contracts.

The burden of inter-governmental and other debts, particularly those in the nature of war debts, is a problem of real difficulty and one which, we take it, may appropriately be discussed at this Conference as well as at a wider one. We are gratified to note the extent to which interest rates are being reduced in the London money-market, and we hope that the Dominions will benefit as loans domiciled in London fall due for repayment or conversion. That is promising, but we are glad that the presence of the Right Hon. the Chancellor of the Exchequer of Great Britain enables us to emphasize the pressing urgency for action with the least possible delay, to raise the price-level. We have spoken of the difficulties that face us. We can make some local adjustments,

but it is simply impossible to restore even a reasonable measure of sound conditions in the Dominion unless and until the general price-level in Great Britain is increased, and increased substantially. That is something which cannot be left to take care of itself.

Our special appeal to the Chancellor of the Exchequer—if we may direct our remarks to him through you, Mr. Chairman—is that he accept the view that the price level must be raised, as the very essential of increased intra-imperial trade.

During the past year or two farmers and exporters have obtained some help through the exchange rate. It is not advisable to rely wholly on variations in the exchange rate to bring about adjustment. What we all need urgently is such a level of sterling prices as will help to close the gap between selling prices and costs of production. This will enable the trading nations to continue settling their debts and advancing their common interests through their accustomed medium and market, London.

Mr. Chairman, I desire to close this preliminary statement on the note on which I began. This Conference has caught the attention and quickened the hope of our people in New Zealand. They are bearing the burdens of the depression in a magnificent spirit; they realize that their local problems are part and parcel of the greater problems with which we are all faced; and they look to this Conference—as I am sure the people in all our countries look to their representatives—for a positive and courageous lead. We dare not disappoint the expectations which have been raised. For my own part, I cannot help thinking of our deliberations here in relation to the thousands of our citizens who are workless through no fault of their own, and to our farmers who are carrying on in the face of difficulties which only those who are in touch with them can appreciate.

We are embarking upon a great adventure in Imperial co-operation and reciprocity. It is instinctive in our people that, in adversity, we should seek not merely our own self-preservation but also the preservation and advancement of other members of the family of British nations. Approaching our problems in this spirit we will overcome them as certainly as our Empire has triumphed over even greater difficulties in the past.

May I conclude, Mr. Chairman, by endorsing the sentiment expressed in one of your journals this morning in its reference to our deliberations: "The uppermost thought is but of humble prayer that God will guide with wisdom all who are of the Conference, that His grace will give it light to see and courage to achieve for so much of mankind."

The Chairman: The head of the delegation from the Union of South Africa, the Hon. N. C. Havenga, will now address us.

Hon. Mr. Havenga: Mr Prime Minister, I also desire on behalf of myself and my colleagues here to express my thanks for the welcome which has been accorded us and for the courtesy and hospitality extended to us. A few of us here were also present when nearly two years ago you proposed the adjournment of the Economic Section of the last Conference in London to meet in Ottawa, when you assured us in advance of the warm welcome of the Canadian people.

I note that the vicissitudes of political fortune, while responsible for the absence of a number who were associated with us on that occasion, have brought together in this room other old friends of a former historic Conference, already referred to by Right Hon. Mr. Baldwin, as well as other colleagues whom we are glad to meet.

We reassemble here this morning in a spirit of free association and with a sincere desire to co-operate in order to promote the happiness and prosperity of our respective peoples.

We have listened with great interest to the contributions which have come from the leaders of the various delegations in explaining their views upon the task which lies ahead.

I take this early opportunity of repeating what the South African delegates affirmed in 1930, that in general the Union approves of the extension of trade relations amongst us by agreements embodying reciprocal tariff benefits. Such a policy brings in its train many problems, some of which appear on the agenda paper as items for discussion, but the ultimate success of the Conference will be measured not by resolutions or even by bilateral agreements, but by its effect on international trade.

South Africa does not subscribe to the theory of a self-contained and isolated British Empire. None of its members—least of all the United Kingdom—can exist by trade within the Commonwealth alone. If our industries are to survive,

tariff walls are inevitable, but it is our duty to-day to see how far they can be lowered or where preferential entries can be made through those walls, in order that trade now hampered thereby may recover some freedom of movement.

South Africa is in the unique position of being the only Dominion with which the United Kingdom has a favourable trade balance. For many years past the Union has purchased from the United Kingdom twice as much in value as she has sold to her. Moreover, to-day the Union stands fourth in the list of Great Britain's customers amongst all the countries of the world.

Bearing in mind that the primary object of tariff preferences is the promotion of trade, it will be realized that South Africa is in a particularly difficult position when asked to decide in what direction we can still further increase our imports from the United Kingdom.

Averaged over the last six years we have granted preferential rates on nine million pounds worth of goods per annum from the United Kingdom, mostly textiles, machinery and iron and steel manufactures. These I understand are the particular industries requiring assistance. The possibilities of giving new or additional preferences have been examined, and I must frankly state that where these are sought in order to secure a diversion of trade, consideration will have to be given to their effects on foreign countries which now buy our products freely and whose markets we must retain for the surplus that the Commonwealth is unable to absorb.

To Canada we extend preferences on imports totalling over a million pounds per annum, principally on wheat, newsprint and rubber tires. Negotiations for a trade agreement have been proceeding for some months past, and it is hoped that these negotiations will be brought to a satisfactory conclusion.

Unfortunately the Customs agreement which existed for some years between Australia and the Union has been terminated, but that with New Zealand is still in force although trade between us is necessarily small, owing to the similarity of our products.

This is not a suitable occasion for discussing the relationship of inter-Commonwealth preferences and commercial treaties with foreign countries, but I can assure the Conference that the hands of the Union Delegates are not fettered in this connection.

I turn now to the position of Dominion secondary industries in relation to tariff preferences. It is not only sound policy but inevitable that the Dominions should broaden the basis of their prosperity and increase the stability of their economic structure by the development of industries utilizing their raw materials or essential to their national welfare.

Reverting to the important matter of expansion of inter-Commonwealth trade, I wish to refer particularly to our agricultural exports and in doing so to point to the very great development which has taken place in Union agriculture during the past fifteen to twenty years. Instead of being an importer of certain agricultural products—which it was in the past—the Union is now in the position of producing more than it can consume and in the case of certain products it has an enormous surplus which it must endeavour to dispose of on the overseas markets. It is realized that most or all of the Dominions are in the same position and that consequently the marketing of agricultural products will provide one of the most important points for discussion at this Conference.

On the subject of currencies and monetary standards, that have been referred to by previous speakers, there are certain propositions which we consider to be of essential importance. First, all the good work which we hope to do in building up satisfactory trade relations tacitly assumed the existence of a reasonably stable measure of value. International commerce is carried on on small margins of profit. If, therefore, the proceeds of a transaction may be dissipated by a change in the rate of exchange before the due date of payment, commerce becomes speculation, and this tends further to restrict the volume of transactions, an evil which we all deplore. Instability of foreign exchange is therefore not necessarily an evil of lesser magnitude than instability of prices; it may in fact sap the roots of international commerce.

Secondly, an Empire currency based on one common unit of value, such as has been advocated, will, in our opinion, involve so much unfruitful adjustment in every member of the Commonwealth, except the member whose unit happens to be chosen as the common unit, that this subject lies outside the sphere of practical measures.

We come therefore to the question what this Conference, by fostering such unity of objectives as may be found possible, can contribute to the solution of this question. We admit fully the drawbacks of a measure of value, based on one commodity. Unfortunately many countries have found it impossible to maintain even this imperfect measure, and have had to be satisfied with some-

thing less accurate. What the world requires is a measure of value more stable than gold, not a measure of value less stable than gold. While improvements in the functioning of the gold standard may be possible, we are of opinion that the settlement of balances of international indebtedness will be most easily effected by some universally acceptable commodity. Gold has established its pre-eminence for this purpose. We are, however, not of opinion that any improvements in the measure of value such as will be universally acceptable, are likely to be brought about in a sufficiently short time to be of much assistance for the immediate and practical measures which it is hoped to take at this Conference. We consider, therefore that the restoration of the gold standard at such parities as various states may find possible, and after such adjustments of their economic life as they find necessary, will be a forward step in the direction of world economic progress. We consider that the broader questions whether a better standard of value can be invented, together with the allied questions of the raising and stabilizing of the world level of prices, and the desirability or otherwise of international devaluation to encompass this end, are questions not for this Conference, but for the world Monetary Conference which is to be held later in this year.

The interest taken in this Conference, not only by the Nations which form the British Commonwealth, but by the world at large, shows what importance is attached to our deliberations.

During the last two years, the economic position of the world has become steadily worse. To-day we have to face the position that the very foundations of our economic system are in danger, and unless the world can find some way out of the *impasse* in which disregard of our economic limitations has landed us, we cannot hope to maintain the high level of civilization, which we had come to regard as our inalienable heritage.

The application of the economic discoveries of our age in ever-widening circles has made essential to the economic life of each individual the maintenance at a very high speed of a system of circulation of commodities and services. The whole world has become similar to one of those old-time outposts of civilization, which were dependent for their food supplies on the timely arrival of the provision ship. Only the position has become more complex. If one important economic group in that long chain of inter-communication, which links our economic system from country to country, from town to town, from industry to industry,—if one such group is disorganized the disorganization spreads slowly and insiduously to all other groups. Dislocation begets dislocation, unemployment begets unemployment, loss of confidence begets loss of confidence.

And yet if all the world were once more to recover its faith in these economic institutions, which have in the past brought to the cottage of the poor man material comforts which mediaeval emperors did not know, depression would lift, unemployment would diminish, our ships and wharves and railroads would once more throb with activity at the behest of commerce and cheerfulness would succeed gloom.

We hope that this Conference will produce material adjustment in our trade relations, which will benefit all concerned. This Conference can, by aiding the world to recapture confidence in its economic system, contribute largely to universal revival. Lausanne has initiated the process; let Ottawa carry it through the next stage.

The Chairman: We will now hear from the head of the delegation from the Irish Free State, Mr. Sean T. O'Kelly, Vice-President of the Executive Council.

Mr. O'Kelly: I wish to begin my statement by thanking most sincerely—on behalf of my Government and the members of our delegation—the Prime Minister, Mr. Bennett, and his colleagues for the very cordial reception which they have extended to us.

It is a source of very great pleasure indeed to us to find ourselves in this glorious country of Canada, to admire its beauties and to share in the pride of its great achievements. We are proud of the place which Canada has won for herself amongst the nations of the world. We are particularly proud of the part which Irishmen have taken in the building up of this nation, and I think Canadians will not refuse us the right to regard Ireland as one of the great motherlands from which their race has sprung. We wish them from our hearts every happiness and prosperity, and we most earnestly hope that the economic crisis which has come upon Canada as upon all other countries will be of short duration and that it will not mark any real slackening in the march towards an ever greater and ever more prosperous nation.

This Conference comes at a time in the world's history when radical changes in the whole fabric of inter-State economic and financial relationships seem to be a necessary preliminary to further progress, if indeed they are not absolutely essential to prevent a breakdown in our present civilization. The Government of the Irish Free State are fully conscious of the extreme gravity of the situation. We realize that a foremost part in finding adequate solutions for the crisis can be taken at this Conference, the success of which is of vital import to all nations. We enter into the discussions of the Conference in a spirit of friendly co-operation, and with the intention of making general trade agreements or particular agreements where such would be to the mutual advantage of the parties.

Special difficulties have recently arisen which affect about 85 per cent of our external trade and which may involve substantial changes in the form and direction of that trade as well as in the internal economic structure of our country. Apart from these difficulties, our economic position is in many respects unlike that of the other States here represented. Our economic development has hardly begun. We are still, and shall be for some considerable time to come, engaged in the task of building up the elements of an economic life suitable to the conditions of our people. It is, therefore, more difficult for us to see the lines along which our contribution to the common endeavour must proceed.

Our aim is the aim of all organized States, namely, to provide such economic conditions in our country as will allow the greatest possible number of our people to live there in peace and comfort. We seek to put an end to the anomaly of one-sided development which has caused a country relatively rich in natural resources to be the one country in Europe whose population has steadily decreased for almost a century. Like every other Government represented at this Conference, we seek, first of all, the interests of our own people, and any acceptance of general principles of economic relationship must be governed by the degree to which they serve that end. We believe that the freest possible development of each State of the Commonwealth is the best guarantee of mutual co-operation and friendship, and that no inter-State relationship can have a permanent character which is not established on a completely free basis or which leaves either party in a position of inferiority.

We most earnestly hope that the Conference will be a success whether or not the people of the Irish Free State can share in the ultimate benefits to the same full extent as the peoples of the other nations whose representatives are gathered here. We are convinced that the atmosphere of good will created by the Canadian Government and people will be of inestimable value in bringing these discussions to a successful issue.

The Chairman: The Hon. L. E. Emerson, K.C., Minister of Justice from the newest Dominion and the oldest colony, Newfoundland, will now address us.

Hon. Mr. Emerson: Mr. Chairman, I join first of all with the previous speakers in thanking His Excellency, the Governor General for the gracious speech of welcome with which he opened this Conference, and secondly, sir, I join with those speakers in thanking you for the reception which you have accorded us. The arrangements which have been made for the convenience of our work and comfort are marked evidence of the serious thought which has been given to them by yourself, your colleagues, and those of your staffs who have given such unremitting service in the interest of those who attend here to-day.

I join with previous speakers in congratulating you on your election as presiding officer of this most important Conference, the first of its kind held under, if I may so call it, the new constitutional "dispensation." I feel sure that it must be a source of pride to you to preside over, and to the people of Canada to have this country as the seat of, this unique assembly.

I regret very much the absence at our opening meeting of Mr. Alderdice, the Prime Minister of Newfoundland, and I assure you on his behalf, that he regrets most sincerely, as I do, that he is not here to join in our deliberations from their very beginning. Within the last few weeks an election has been held in my country, which has resulted in a change of Government. His departure from Newfoundland in time to arrive for the opening of the Conference was impossible.

In dealing with the problems with which the Conference is faced, I have to point out at the very outset that Newfoundland's position is, speaking generally, upon a footing very different from that of her sister Dominions. Her population is small, her resources, although large are only partially developed, and the

population is widely scattered over a long and heavily indented coast line. None of these conditions affect to a like extent the relations between themselves of the other nations whose representatives sit at this Conference. We still look to the outside world for capital, for finance and for most of the articles of daily use and consumption.

For example. One of the most important items already referred to by those who have preceded me is that of the Money Standard of the Empire. In Newfoundland all the banking and financial arrangements are made through the four largest chartered banks in Canada. We have no banks of our own. The rates of exchange on London or New York are settled for us in Montreal by conditions of the trade of Canada with these centres, so that in dealing with Imperial Currency, our interest at present is, as it will be for very, very many years to come, bound up with that of Canada. We will follow her decision at this Conference on this question with keen interest.

The main object of this Conference is to increase the trade between every country of the Commonwealth with the other and, in so far as possible, to accomplish this end without decreasing the trade at present done with other countries. The spectre of trade depression with its consequent evil of unemployment, has made us turn our eyes inward. As members of a large and dispersed family we seek in time of distress to help one another. Various specifics have been suggested, Imperial Free Trade, Imperial Preference and so forth, but whatever may be the panacea which will ultimately cure the ills from which we suffer, it is clear that this Conference will consider as its basis variations in our respective tariffs. In all your countries, gentlemen, the tariff is used for the two purposes of protection for your industries, and for the raising of revenue. In Newfoundland the situation is different. Customs and excise receipts are at least seventy-five per cent of our total revenue. The geographical and other characteristics of the country make it impossible to collect any substantial portion of our revenue by direct taxation. A revision downward of our tariff in favour of our Imperial partners, desirable though we may consider it to be, is therefore an object very difficult to accomplish.

Our export trade goes almost exclusively to countries outside the Empire. Our fish, our most valuable industry of all, to the extent of almost two-thirds goes to Southern and Southeastern Europe and to Brazil. Of our newsprint over one-half goes to the United States of America, and of our minerals over two-thirds has of recent years gone to Germany, Holland and Belgium. On the other hand our purchases, as to two-thirds, are made within the Empire.

You will understand from this cursory summary how difficult it is for us to do what we would like to do, namely, to offer general exchange of tariff privileges between you and ourselves.

There is no reason, however, why the balance of our imports should not be purchased within the Empire, and particularly from England and from Canada. While it might not be possible to revise the tariff downwards, there would seem to be no reason why this balance should not be directed into Commonwealth channels by a restriction upon imports from other countries in exchange for their assistance in solving the problems with which we are faced. I stress this suggestion especially when I feel that its acceptance will not ultimately entail any sacrifice upon the acceptors. In order to explain to those of the Conference who are not familiar with the special conditions to which my comments have been directed, I again will illustrate my point by a couple of instances which Newfoundland will ask the Conference to consider.

In Bell Island there are vast iron ore deposits operated by a company using capital obtained from England and Canada, employing men exclusively from Newfoundland. This company exports a portion of its ore to Canada, where it uses Canadian coal, and Canadian labour in manufacturing steel and the by-products from the ore. Its capital is British, its ore is British, its labour is British; its product is distinctly and completely British, but for years the company has been able to find a market for a very large portion of its production at Bell Island only in Continental Europe. On the other hand the steel manufacturers of Great Britain are and have been for many years using ore obtained from countries outside the Empire. I submit to the Conference that this is a subject calling for its consideration. It is typical of the class of subjects which has called it into existence.

Again in a general way may I refer to the competition with which we in Newfoundland are faced in trading in round and sawn lumber. The present Government has not yet settled any policy as to the development of our vast timber territories in Newfoundland and in the Labrador. If it is decided that

the export of unmanufactured timber is to be permitted from Newfoundland or from Labrador, we will be forced to sell to the countries outside of the Empire unless the conditions of import into England are changed.

Finally, by way of explanation of my submissions, Newfoundland has been of recent years the pioneer in the most modern method of chilling salmon and other fresh fish. The competition we have had to face in one of the biggest markets of the world is making it increasingly difficult for our country to sell this product.

Our close connection both historically and geographically have interwoven with England and Canada the problem our Prime Minister and I have to lay before you. This is my excuse for mentioning these two countries alone. Upon all subjects, I have dwelt only very generally. Upon his arrival with his advisers the Prime Minister of Newfoundland will, I am confident, lay before you and before the various committees, proposals in concrete form and he will also take up with you and our committees other less important, but none the less grave issues which face us in our Dominion. I am sure that they will receive at your hands careful consideration and that when we conclude this epochal Conference they will have been settled to our mutual benefit and satisfaction.

The Chairman: I will call upon the head of the delegation from India to address the gathering.

Sir Atul C. Chatterjee: May I at the outset express the pleasure and gratification of the Indian Government that at the invitation of your Government an Indian delegation is participating in this historic gathering in your beautiful capital city. We have travelled far to come here but our reward is equally great. Representing as we do one of the older civilizations of the globe, we deem ourselves fortunate thus to be brought into close contact with one of the newest and most progressive nations of the modern world.

We appreciate very greatly the most kindly and cordial welcome that was extended to us by His Excellency the Governor General this morning, and also the very great welcome, sir, that you have extended to us as the Prime Minister of this great country.

Previous speakers, Mr. Prime Minister, have emphasized the momentous importance of this Conference and the weighty issues which await the result of our deliberations. The Indian delegates feel this very strongly, and it will be our constant aim to contribute our share to the solution of the difficult and anxious problems which surround us. I believe I can best serve the purposes which are common to us all if I attempt to explain the point of view from which the Indian delegation approaches them. The success of this Conference depends very much on the extent of our sympathetic appreciation of the circumstances in which the representatives of each part of the Empire speak to-day—circumstances arising in each country from the course of history, and created for each of us by the irresistible pressure of economic forces. I hope I shall not make too heavy a demand on your patience, if I try to explain the position of India.

In doing this may I first of all refer to a circumstance which gives this Conference a special significance for India. This is the first occasion on which the leadership of the Indian delegation to an Imperial Conference has not been filled by the Secretary of State for India, and it marks one more stage in India's advance to complete self-government. The question of trade relations occupies the foremost place in our Agenda. Now in the sphere of Customs Tariffs, India has already achieved autonomy in this sense that, when the Government of India and the Indian Legislature are in agreement the Secretary of State in London stands aside and does not exercise the power of control which is vested in him in our existing constitution. That the leadership of the Indian delegation has fallen to me, and that two of my colleagues have been selected from among the members of the Indian Legislature is an implicit recognition of this fact. The Indian delegation is unique in this respect that it is not composed of Ministers of the Crown, and that the Government it represents, though it does not command a majority in its Legislature, must act in concurrence with that Legislature if in the sphere of tariffs it is to act at all. The special difficulties arising from this peculiar situation will be obvious and need not be explained at length.

I must also refer to the fact that we are at a transition stage in India's constitutional advance and a stage which is approaching its termination. The declarations made by His Majesty's Government in the United Kingdom, after they had taken counsel with the representatives of India at the Round Table Conference, envisage the next stage as the establishment of a Federal Constitution for a Greater India, including not only British India but the Indian States. It is impossible for the Indian Delegation to put this impending change from their thoughts when they approach the problems before the Conference. They have to keep in view not only the India of to-day but also the India of the future, an India which I hope and believe has a large part to play in the British Commonwealth of Nations, bearing its proper share of the common responsibilities and contributing to the welfare of the whole. It must be the aim of those of us who represent India to-day so to perform our task that, while on the one hand India contributes her share in the present task of economic co-operation in the British Commonwealth of Nations—on the other hand the Government of the Greater India to which we look forward in the near future remains free to decide and shape for itself the future policy in accordance with its own conception of its position in the Commonwealth.

Turning now to the economic side of the question, I cannot claim for India that in this region she occupies any unique position or that her difficulties cannot be paralleled elsewhere, though there are features in her situation which deserve to be noticed. Like other parts of the Empire she has been exposed to the full blast of the economic storm, and since the great bulk of her population belongs to the class of primary producers, she, like the Dominions and the Colonial Empire, experienced at once the full effect of the catastrophic fall in prices and all that followed from it. As in many of the Colonies, a very high proportion of her population are directly dependent upon agriculture for their means of subsistence, while the average income, and consequently the purchasing power of the people, judged by western standards, is very low. Like most of the Dominions she has felt that to secure a due balance in her national life, industrial development is necessary and must be steadily pursued. Like most of the Dominions again, though at a much later date, she adopted a policy of protection in order that the growth of industries might be expedited. In all these respects India's circumstances resemble those of one part of the Empire or another. But no Colony and no Dominion contains a population of 350 millions—three-fourths of the population of the Empire as a whole; no other part of the Empire contains such extensive tracts where the density of population produces a pressure upon the soil which is the cause of constant anxiety; nowhere else in the Empire does the recurring menace of famine, brought about by the unequal distribution of the seasonal rains, involve Governmental action on anything approaching the same scale. No Dominion and no Colony has a problem of military defence of the same scale as India.

The outlines of India's fiscal policy are to a large extent determined by the circumstances I have attempted to describe. The scale of Defence expenditure and the limited number of sources to which the Central Government can look for revenue, render the maintenance of the Customs revenue a matter of great importance, while at the same time the low level of purchasing power of the great mass of the population makes it desirable to keep the general level of duties within moderate limits. In these circumstances the effect on the Customs Revenue of a particular rate of preference requirest the closest examination, lest the productiveness of that source of income should be endangered. Again there are commodities which, in the interests of industrial development, of public health, or of educational progress, have been left in India free of duty except in a financial emergency so acute as to over-ride the considerations of policy which would ordinarily be applicable. In such cases there can be little scope for preferential rates of duty. In the third place there are the commodities which are subject to protective duties. The policy adopted by India aims at securing an ordered and balanced development and the avoidance of some of the dangers and difficulties to which protection sometimes leads. The industries selected for protection are only those which are considered to possess natural advantages that would enable them in the long run to dispense with State assistance. In every case the protection duty is only fixed after a careful examination by the Tariff Board at a level which will be adequate for its purpose without imposing an unnecessary burden on the consumer. The Government of India and their delegation feel that a policy of this kind, deliberately adopted and found by experience to work satisfactorily, should not be discarded on the eve of a great constitutional change. It is of great importance to the future of India that the scheme of protection should be handed over to the new Govern-

ment in full working order and with its vital principles unimpaired. Theoretically, it might seem that preferences in the case of protective duties would be excluded altogether, but practically the result has been different. One of the most interesting things about the Indian system of protection is that it has led directly to what has been in effect, if not in intention, a preference for Empire goods. In two very important cases, iron and steel and cotton piece goods, it has been found that the imposition of a lower rate of duty on goods made in the United Kingdom is entirely consistent with India's interests. My colleagues and I hope that an examination on similar lines of other protected industries may lead to a solution which will be in the interests of both India and of other parts of the Commonwealth.

One other aspect of India's economic position may be briefly notice in passing. Like other parts of the Empire, she can neither meet her international obligations nor purchase her requirements of manufactured goods unless she can find a market for her raw produce. Her exportable surplus of certain commodities may, however, exceed—may even very greatly exceed—the Empire's present capacity to absorb them. India has to find markets outside the Empire for the great bulk of the exportable surplus of her products, although in normal years she purchases a greater proportion of her requirements from within the Empire than from without. These are facts which those responsible for India's welfare have constantly to bear in mind. The development of her foreign trade generally is one of her primary interests. But it is not in the mind of any of us here, I am sure, that trade would be confined to Empire channels, and it is the hope of the Indian delegation that this Conference may prove to be an important step towards greater freedom of trade throughout the world.

There is one item in the agenda the importance of which cannot be stressed too strongly. I mean the inter-relationship of monetary standards of the Empire and the desirability and feasibility of restoring and stabilizing the general level of prices and achieving exchange stability. For here we come to factors which affect the very foundations on which any structure of fiscal preferences has to rest. The benefits to production and trade of a preferential system may easily be swept away unless it is supported by a monetary and credit policy which assures a reasonable measure of stability of general wholesale prices. Above all things it is essential that the level of prices should be such as to re-establish equilibrium with costs and the burden of all fixed and semi-fixed money obligations. The precipitous fall in the level of wholesale prices in the last three years has created disequilibria of a character and an intensity which have had, and continue to have, the most unfortunate and dangerous consequences on the economic life and on the public and private finances of all countries, but particularly of countries, like India, which are mainly engaged in the production of primary commodities.

Determined measures of readjustment are urgently necessary, and I desire to express the earnest hope that the Conference may be able to reach agreement on a plan which will bring about this desired end. Although for the full attainment of this end world-wide co-operation will be necessary, much can be accomplished at Ottawa as a preliminary to international discussion. Moreover if a lead is given by us here it will have a potent influence towards restoring general confidence. Let me emphasize that India regards the monetary problem as one of vital and urgent importance.

I have only one word to say in conclusion. In speaking on preferential tariffs I have dealt so fully, Mr. Prime Minister, with our special difficulties that I may have seemed to attach more weight to them than to the common aim and purpose which brings us together. I hope this is not the impression I have produced. The Indian delegation has come to Ottawa in the hope and the belief that between the various parts of the Empire agreements can be reached which will be mutually advantageous to the countries concerned and harmful to none. It is in this spirit that they will strive to play their part in the work of the Conference.

The Chairman: The country of Southern Rhodesia has not yet attained the status of a Dominion, but it has established responsible Government, and by common consent the members of its delegation are present as observers, and we will now be addressed by the Prime Minister, the Hon. Mr. Moffatt.

Hon. Mr. Moffat: Sir, I wish first, on behalf of myself and the other members of the Southern Rhodesia delegation, to associate myself with the thanks and appreciation expressed by the other members for the kind welcome extended to us by His Excellency the Governor General on behalf of the Government of Canada, and for the lavish hospitality which we are receiving.

I speak for the youngest of the self-governing communities of the British Empire.

First, I wish to thank the Government of Canada for having extended to Southern Rhodesia an invitation to attend the Imperial Economic Conference, 1932, though the Colony has not yet attained to the position of a Dominion. I also thank the other Dominions for having approved of and agreed to the invitation; and the Right Hon. the Secretary of State for the Dominions for his good offices.

For over thirty years it has been the policy of Southern Rhodesia to grant tariff preferences to the United Kingdom and to Dominions which reciprocate. This policy was laid down by Cecil Rhodes, the founder of Rhodesia, in 1898. It is, therefore, in whole-hearted support of the extension of the policy of preferences, and of any other suitable methods which will assist in increasing trade within the Empire, that the representatives of Southern Rhodesia have come to this Conference.

The Colony is a producer of primary products, both mineral and agricultural, and stable markets for these are necessary to its progress. We have large areas of empty lands suitable for a variety of crops needed by the Mother Country, and to some extent by the Dominions and Crown Colonies. Southern Rhodesia also produces gold and base metals. Markets for these products will enable us to take settlers and to fill up our empty lands and thus to absorb some of the surplus population of the United Kingdom which must look overseas for its future.

The advantages are obvious on both sides. Something will have to be given up in return for advantages gained, and there must, therefore, be a spirit of give and take.

The nearer we get to the Conference, the more the difficulties before us can be seen and appreciated. But it is the genius of our people to overcome such difficulties.

I feel confident we shall not fail in our endeavours, and, with the encouragement of trade within the British Empire and the British Commonwealth of Nations, we shall strengthen existing bonds of sentiment and create new ties of self-interest and of sympathy.

The Chairman: Gentlemen, a reply has been received from His Gracious Majesty to the message dispatched to him this morning. It is as follows:—

“The Queen and I have received with sincere pleasure the message of good will and devotion sent to us by the representatives of the Governments of the British Commonwealth at the opening of the *Ottawa* Conference. Please convey to them our grateful thanks. I shall follow the course of your deliberations with the closest interest and with the confident hope that your labours will be crowned with success.

GEORGE R.I.”

At 1.35 the Conference adjourned to meet in the Railway Committee Room this afternoon.

ANNEX II

SUPPLEMENTARY OPENING STATEMENTS

Supplementary Opening Statements by the Leaders of the Delegations of the Commonwealth of Australia and of the Union of South Africa, which were made on Friday, the 22nd July, pursuant to the action taken at the meeting of the Conference on Thursday, the 21st July, 1932.

STATEMENT BY LEADER OF THE DELEGATION FOR AUSTRALIA (THE RIGHT HON. S. M. BRUCE)

In the series of Imperial Conferences since the war, the peoples of the British Empire, through the exercise of their traditional gifts for political common sense, have solved the problems of constitutional relationship.

On the economic side, however, progress has been slight. This aspect of the last Imperial Conference was a failure. Fortunately, the delegations assembled in London on that occasion were not prepared to allow that failure to stand, and accordingly resolved to adjourn to Ottawa.

Since 1930, however, we have been faced by a radically changed position. Then the world depression was serious, but in the last two years it has deepened and widened until now it is of the gravest intensity. It affects every country and is reducing the well-being of every class of citizen throughout the world.

We must find the appropriate remedies for our present troubles, for failure to do so, and to do so quickly, will have consequences more serious than we care to contemplate.

The position with which we are faced is one of paradox. The world is poverty-stricken; but we are not poor in the same way as in the past. The world is not suffering from scarcity. Indeed, we appear to be facing problems of readjustment caused by our very progress. Such problems are certainly soluble.

Many explanations are put forward as to the causes of the present depression.

Some authorities believe that monetary causes lie at the basis of our troubles and that through monetary reform we can find a happy issue out of our afflictions.

Others ascribe our difficulties to maladjustments in the present economic structure. They point to the rapidly changing methods of production, with the consequent tendencies to over-production, and they regard economic nationalism as preventing the world's adjustment to its own progress.

Whatever causes lie at the root of the present situation there cannot be the slightest doubt as to the main symptom. This is evident in the continuous and unprecedented fall in the price of wholesale commodities.

Falling prices first destroyed the purchasing power of the agricultural nations of the world, making the burden of their private and Government debts intolerable. The inevitable consequence of the collapse of agricultural prices has been severely to diminish the export trade of the industrial countries.

We must not only arrest the fall in prices but must find the means to raise them to a reasonable level and then introduce elements of stability to prevent the disastrous effects of violent fluctuations. This great and urgent problem is certainly one which the Imperial Economic Conference must consider, and it is one in the consideration of which the Australian Delegation is prepared to play its part.

At the opening session I referred to the task of the Conference in dealing with monetary problems. Let us here attempt to arrive at agreement as to what we can achieve by our joint effort, and let us also determine to bring to the international solution of the problem the whole influence and strength of a united commonwealth of British nations.

If falling prices are the main symptom of the depression, it is no less clear that the result has been the undermining of confidence. I deliberately assert that this Conference can help the whole world. It is our immediate task to restore Empire confidence, but confidence is contagious, and if, within the British Empire, we can banish economic fears and doubts of stability and thus set enterprise free our actions will have beneficial repercussions throughout all nations.

At this conference our main concern is with the problem of Empire trade. It is unnecessary to advance theoretical arguments in favour of Imperial economic co-operation when we are all convinced of its desirability. We are concerned with practical issues and seek to restore the prosperity of our countries and to rehabilitate their purchasing power. Australia is therefore approaching the Conference in an entirely realistic spirit. We refuse either to belittle or to exaggerate what can immediately be accomplished in the fields of Empire trade.

Without overlooking the importance of trade between the Dominions, and in order to simplify the issue and to avoid making this statement unduly complicated, it is better for me to discuss our attitude to Empire trade in terms of the trade between Great Britain and Australia. I should here like to point out to my Indian colleagues that my use of the word Dominion is intended to include India, whose position in economic affairs is one of full Dominion status.

Both the British and Australian Governments have subjected their trade with each other to careful examination, and have jointly conducted in Canberra and in London a preliminary discussion of the possible methods of mutual assistance.

This examination and discussion has shown that Australia's preferential system has been of great significance to British trade. It must, however, be remembered that we have for years been giving generous preference to Great Britain without any consultation. Discussions between the two Governments upon methods of preference could hardly have taken place unless based upon reciprocity.

To-day Great Britain is prepared for a wide adoption of the principle of preference and thus the opportunity for consultation has arisen. We now find that our system of preference can be substantially improved.

Australia began her policy of preference to British goods as long ago as 1907, when, mainly by the reduction of the British rates, concessions to the extent of 5 per cent were made on 317 items. In every revision of the Tariff since that time preferences to Britain have been repeated and, as a rule, increased both in numbers and in margin, until prior to the depression they ranged over practically the whole tariff and expressed on the average an advantage of 15 per cent in favour of the industries of the United Kingdom. It is not my intention to engage in the old argument as to what has been the actual value of those preferences to Britain, but one matter is beyond challenge. The trade of the eight years 1922-29, discloses the remarkable fact that Australia with its small population of about 6,000,000 people and situated some 12,000 miles from the British Islands was second only to India as Britain's best customer.

Australian people have always shown a strong sentimental liking for British goods, and this has been a considerable contributing factor to Britain's place in the Australian market, but the true explanation for this phenomenon in trade is to be found in the comprehensive system of Australian preferences. It is sometimes charged against the Commonwealth that in her grant of preferences she has first adopted a tariff level sufficiently high against Britain to protect her own secondary industries and has then lifted the wall somewhat higher against the foreigner, and that, therefore, her preferences have been of little benefit to Britain. Such a contention, however, cannot be sustained. It is true that in our tariff policy we have protected approved Australian manufacturing industries against excessive competition from Great Britain, but even in those industries the tariff wall as it was prior to November, 1929, allowed the preferential competition of British goods over most of the field covered by Australian secondary industry.

We went far beyond that. We carried the practice of preference down into the lowest range of our duties and applied it to goods not produced in Australia, and even to large quantities of raw material required for our industrial life.

Had it not been for our policy of preferences such goods would have been admitted free of duty or at a very low revenue rate applicable to British and foreign goods alike. What we have done is to admit such goods free or at a low rate from Britain with a duty or a higher rate against the foreigner.

The benefit of this policy to British industry is disclosed by the following examples: Cotton piece goods, dutiable in the Australian tariff at 5 per cent British, 25 per cent foreign, and tinned plate, free British, and 10 per cent foreign.

The effect of such duties has been to give to Britain practically the whole of the Australian trade and there is not the least doubt that in adopting such a policy we have penalized Australian industry and our consumers. Taking the 5 years 1926-27 to 1930-31 inclusive, we find that of cotton piece goods of

a total value of £37,700,000 imported into Australia, no less than £32,800,000 came from Britain, and of the total tinned plate to the value of £5,858,000, no less than £5,700,000 came from the same source. In our tariff even at the present time, despite the financial emergency revision of the late Government between 1929 and 1932, of the total of 1,326 items in our schedule, British goods secure free admission under 326 items. In our 25 years of preferences we have given not ungenerously and we have given at no small expense to ourselves.

Briefly, our policy has been to prefer British trade to foreign trade up to our capacity to bear the burden of such a measure, and we have not been deterred by the fact that Britain has been able to do little in return because of her fiscal policy. I am sure I am speaking for the Australian people when I say that they have been glad to help British trade and would have continued to assist irrespective of Britain's attitude so long as it was possible to do so under the present difficult circumstances.

At the Imperial Conference of 1930, the Prime Minister of the Commonwealth, in his opening statement contrasted British trade with Australia with that carried on by Great Britain with Argentina and Denmark. This comparison was striking and since Argentina and Denmark are two of Australia's most important competitors in the British market, I propose to continue to use these two countries for comparative purposes.

During the calendar year 1929, Argentina and Denmark imported goods from all countries to a total value of £267,000,000 as against £145,500,000 imported from all sources into Australia. Moreover, British imports from Argentina and Denmark in the same year amounted to £139,000,000 and from Australia only £56,000,000. Yet in that year Australia bought from the United Kingdom goods to the value of £54,000,000 while the combined exports from Britain to Argentina and Denmark amounted only to £40,000,000.

In the same year Australia derived 90 per cent of her cotton piece goods from the United Kingdom, but Argentina and Denmark took only 38 per cent and 41 per cent respectively. On printing paper the British proportion of the trade was 64 per cent in Australia, 1·3 per cent in Argentina and 10 per cent in Denmark. Australia bought 22 per cent of her motor vehicles from Great Britain while the British share of this trade was 2 per cent in Argentina and under 1 per cent in Denmark.

Those figures, I submit, very vividly demonstrate the value of the preferences Britain has for so many years enjoyed from Australia.

I pass on now to the main features of the proposals we are making to Britain at this Conference. We intend first to adhere to all the preferences now operating. Next we propose generally to widen existing preferences with a limited number of reservations where Britain has already practically the whole of the trade, and in certain other special cases.

Then we contemplate, by the further reclassification of the tariff, to make available in a preferential way to Great Britain, protected areas in Australian industry which are not being exploited by Australian manufacturers. These changes should be of considerable advantage to Great Britain.

Another direction in which we believe we can increase British trade is by a close examination of the practice of admission under by-law. We are even prepared to widen the margins of preferences in Britain's favour with respect to the admission of essential goods not produced in the Commonwealth. I emphasize this proposal because it provides strong evidence of our preparedness to make an immediate contribution to the revival of British exports to Australia, even though such concession must obviously prove onerous to our people under existing circumstances.

We will undertake, possibly with very slight exception, to remove the remaining prohibitions and surcharges imposed two years ago for financial reasons. Finally, may I add that in addition to these steps I have outlined, we will be prepared to give earnest consideration to any requests made by the British Government for additional concessions which are in our power to make.

It is necessary that I should lay it down clearly, however, that all of these proposals are conditional upon what we deem reasonable reciprocity by Great Britain. We are not here to barter item by item. We have the fullest disposition to give generously all that we can possibly afford to give, and I am completely confident that Great Britain approaches the Conference in the same spirit.

The suggestion has been made—I do not know with what measure of authority—that the new British preferences to products from the Dominions under the Import Duties Act are conditional upon new or increased preferences

being granted by the Dominions. Speaking for Australia, it is essential that I should make it clear that this suggestion has caused much astonishment. I may add that the unanimous view of the Australian people is that, while for a quarter of a century they have given preferences to Great Britain freely and unconditionally, they regard the British preferences granted under the Import Duties Act as a somewhat tardy response for the benefits from Australia long enjoyed by British industry.

An appreciation of what the Australian grant of preference has meant to Great Britain has at times been clouded by misapprehension with regard to Australia's determination to establish secondary industries. Happily the day is past when it could be thought that reciprocal Empire trade could be built on the basis of Britain doing all the manufacturing while Australia confined herself to primary production. The Conference does not, I am sure, expect from me a defence of Australia's policy of protection of those secondary industries for which we have available raw materials, suitable industrial conditions and a sufficient market for economic production.

Nearly half our people are dependent upon secondary industries. Although it is true that the development of local manufactures has from time to time restricted, and even stopped certain British imports, the great growth of Australian population due to local industry has created a much stronger market for British trade as a whole than we could possibly have offered if we had confined our activities to pastoral and farming pursuits. This is clearly disclosed by the undeniable fact that Great Britain's progressive prosperity in the Australian market has synchronized with the rapid growth of Australian manufacturing.

Owing to emergency financial conditions our predecessors in office were obliged to bring about as speedily as possible a favourable and substantial balance in the export trade in order that Australia's overseas obligations might be honoured. The steps taken included many prohibitions against non-essential goods, special surcharges and a general drastic increase in the tariff level. Notwithstanding the improvement in the position, it is still necessary for Australia to preserve the large favourable export balance which has now been built up.

Subject to the maintenance of that balance the present Government is proceeding vigorously to bring the tariff back to a normal protective level. Already most of the prohibitions and surcharges have been removed (within a few weeks of coming into office the present Government reduced duties upon 70 items or sub-items) and at this moment the Tariff Board, an independent body, which, after hearing evidence in support of requests, makes recommendations with respect to tariff revision to the Government—is engaged in a general revision of all the main features of the tariff. From the nature of many reports recently received it is clear that the emergency tariff levels will be very substantially reduced.

As I have shown, British industry enjoyed a remarkable and enviable position in Australia under the tariff as it was in the years before the depression, and I am confident that with the proposed enlarged preferences and other steps I have indicated, Great Britain can confidently expect, as prosperity returns to the Commonwealth, not only a recovery of her previous trade in our market, but also a progressively improving position.

Thus the Australian Delegation, after the most careful consideration and helpful preliminary discussion, feel that they are ready with practical proposals for the assistance of British trade over a very wide range of commodities and with definite though limited requests for our own exports.

We are so well aware of the importance of the prosperity of Great Britain to Australia that we are prepared to go a very long way to help British trade. Unless, however, Great Britain on her part is prepared to take action to help to restore the prosperity and purchasing power of Australia, the possibilities of increasing British trade are limited, no matter what preference or other advantages might be granted.

From this fact emerges one of the fundamental principles that must guide this Conference. By co-operation we must restore our mutual prosperity and purchasing power.

I now propose to indicate the nature of the requests we seek from Great Britain. We are not seeking great or difficult concessions. So little is required to restore Australia to the position of a great market for British goods and a market of far greater potentialities, that we are convinced that such action must be regarded as being highly advantageous from the British point of view.

Australia, however, recognizes that if she is asking for consideration in the British market it is essential that she should take every possible step to reduce her costs of production and increase her competitive power. This Australia is doing, and there can be no doubt of the sincerity of her efforts in endeavouring to restore her financial and economic position.

The country has faced its economic crisis. A drastic plan of retrenchment, curtailment and taxation was agreed to by the Commonwealth and State Governments. This, known as the Premier's Plan, is being carried out. We have reduced our rates of interest on capital and our rates of wages. We have thus reduced very substantially our costs of production.

Since the Delegation left Australia I have been advised that our adverse trade balance in merchandise of £32,000,000 in 1929-30 has been turned into a favourable one of £31,000,000 for 1931-32. We are continuing to reduce our costs of production, our efficiency in progressively advancing, and in many forms of agriculture we have an almost unlimited capacity for the expansion of production. Yet in spite of these endeavours we are producing at a loss and we cannot indefinitely continue to do so.

What we require is a market capable of absorbing our production and a relatively small measure of assistance in that market,—assistance, too, over a limited range of commodities. Great Britain can provide that market and can at once afford to the Dominions the needed assistance.

It will surely be found well worth while for a great industrial country like Great Britain to help Australia and the other Dominions back on to the road towards prosperity. The help she gives will be at once reflected in the improved markets for her own manufactures. In these days when the world is affected by such intense nationalism is there anything like such good prospects for British trade in any other direction?

The form in which Great Britain can render any such assistance is the vital question which we must consider here. It is clear to us that Great Britain can give effective assistance with those commodities, the Empire production of which falls short of Empire requirements—that is to say—goods in which the Empire is a net importer. I refer to such commodities as meat, dairy products and fruit. On the other hand, the possibility of obtaining effective assistance is much less with those commodities in which the production within the Empire is considerably in excess of Empire requirements, products in which the Empire is a net exporter.

The preferences granted by the United Kingdom before the Import Duties Act came into operation, though limited in their scope, have been of considerable benefit to the industries concerned. The new preferences cover a wide range of items, some of which beneficially affect certain of Australia's exports. It is a matter of concern to Australia, however, that these preferences do not apply to some of her most important exports, to which preference could be effectively applied, and that in respect of others to which they do apply they are not sufficiently effective in view of existing world marketing conditions. This has been made clear in the preliminary negotiations with the Government of the United Kingdom in which the Australian Government has indicated in the frankest terms the general character of its requests. Brief reference to some of the products to which I refer will make the position clear.

Australia's requests for preference relate principally to the products of agriculture, which term I use in its widest sense.

The collapse in the prices of agricultural and pastoral products has especially affected the purchasing power of the Dominions, with the result that there has been a rapid decline in the demand for manufactured goods produced by the United Kingdom. This decreased demand is intensified by the fact that prices for industrial products have not fallen to the same extent as that to which agricultural prices have declined.

For the prosperity of the Empire, and in the interests of Great Britain as the industrial centre of the Empire, it is essential that measures should be devised for increasing the consumption of Empire agricultural produce by means of preferences or by other effective methods.

The outstanding product of Australia, on which her prosperity largely depends, is wool. Despite the remarkable progress in the breeding of sheep and in the application of highly efficient methods of production and marketing, the wool industry of Australia is in a most precarious position, owing to the extremely low level of prices in the world markets.

Unfortunately, Great Britain is not in a position to render assistance to this major industry. Wool is one of the commodities of which the Empire production is far in excess of Empire requirements, and the great bulk of our

wool clip must necessarily be marketed outside the Empire. We cannot see that the position of the wool grower can be improved until world prosperity is restored and wool values improve materially.

Wheat is Australia's second major industry. Through the progress of research and its intelligent application by the growers, and through the rapid development of efficient harvesting machinery, a highly efficient industry has been established.

Wheat growers in the Empire have suffered perhaps more than any other group of primary producers by the calamitous fall in prices. The desperate plight of the United Kingdom growers has been recognized, and steps have been taken by the British Government to maintain and stimulate production through a quota and a guaranteed price for home grown wheat.

As far as preferences are concerned, the position of wheat is also difficult. We in Australia have so far not succeeded in formulating a definite proposal, but we shall look forward with interest to discussions upon this most important Empire product with the British and Canadian delegations.

There is, however, one phase of the wheat problem which I would wish to reserve for discussion at a later session of the Conference, because it is of grave concern to the wheat producers of Australia, and, I believe, also of Canada. The marketing methods adopted by Russia completely disorganized the market in 1930. There is no form of overseas competition which has aroused such strong feeling amongst Australian wheat growers as the dumping of Russian wheat into Great Britain.

It is impossible to say what will be the extent of Russian competition and its effects in the future. We, therefore, desire to discuss fully with the British Government the nature of the action which can be taken to counteract the Russian marketing methods to which I have referred, if and when they are again adopted.

The position of meat is causing the Australian Government and a large proportion of our farmers and pastoralists the gravest concern. It would be difficult to obtain the endorsement of Australian public opinion to any reciprocal arrangement which did not include provision for some real benefit for meat producers.

The inclusion of meat in the concessions which Great Britain finds herself able to make would not only mean that the beef cattle industry would be benefited, but that real assistance would also be given to the great wool producing industry of Australia. Moreover, the wheat farmer who is associating sheep grazing more and more with his arable production, would also feel that the policy of Imperial economic co-operation had direct significance to himself.

Foreign competition has recently been intensified by the gradual closing of foreign markets, with the result that prices have receded to ruinous levels. The effects are as damaging to the interests of the United Kingdom producers as to the producers in the overseas Empire. Moreover, the lack of confidence in values is discouraging to the industry in Australia and is having a paralyzing effect on producers. On meat, and here I am including pig products, Australia requests, and indeed must firmly press, for effective assistance from Great Britain.

The Commonwealth Government recognizes that, for economic reasons, Great Britain can do little to assist in wool, and perhaps in wheat, but the exclusion of meat would create a position which would be somewhat similar to Australia excluding from the benefits of preference the whole of Great Britain's great staple industries and restricting preferential assistance to a series of relatively minor forms of manufacturing.

The dairying industry is assuming increasing importance as one of Australia's great exporting industries. The special value of this industry to Australia lies in the fact that it offers scope for intensive agriculture in the settled regions of assured rainfall, and that it is important to the future of irrigation development.

The principal item of export is butter, the output of which in Australia is capable of great expansion. The large supplies of butter coming upon the London market have depressed prices to a level which is no longer profitable to Dominion producers.

The Import Duties Act might have been expected to improve the position of Dominion producers, but an additional disturbing factor has arisen, namely, the restriction of the German and other Continental markets by the imposition of prohibitive duties. It is inevitable that a large proportion of the surplus will find its way to the London market and further depress prices. Australia therefore attaches great significance to assistance such as shall secure markets in the United Kingdom for her dairy products.

The development of the fruit and viticultural industries has been a feature of Government policy in promoting intensive agriculture and closer settlement in Australia. The preference which we seek on these products will be exceed-

ingly helpful in promoting the development of intensive agriculture in the irrigation areas. In these areas there is room for very considerable extension of settlement, especially as the main capital expenditure on irrigation works has been completed. At the present time the Empire supply of fresh, canned and dried fruit and wine is markedly less than Empire requirements.

I shall not attempt any further elaboration of the requests Australia desires to put forward, but in the discussions that are to follow we shall bring forward proposals in regard to sugar, base metals and certain other products. With most of the commodities for which we are making requests, the position can be met by means of a tariff preference of moderate dimensions, but the world economic position in regard to certain commodities is such that we are by no means convinced that a tariff preference alone will meet the case.

We shall ask our British colleagues to meet us and frankly to discuss the position in these industries in order that we may reach a common understanding.

It may be that we shall be confronted with such abnormal producing and trading conditions due to the depression that we shall be forced to the conclusion that preferential duties alone will not prove effective. This may lead us to the conclusion that the only way in which the Empire markets can be secured for certain important commodities such as, for example, meat and butter is by the adoption of a scheme of restrictions upon imports from outside the Empire.

I approach the whole question with an open mind, but provided we are agreed as to the merits of Empire preference, we must, unless we are to fail, give preference full opportunity to operate. The Commonwealth Government realizes that intensive nationalism in many countries has, under the spur of economic fear led to the creation of systems of prohibitions and restrictions. These systems have developed to such an extent as to have become part of the cause of the depression. Australia has certainly no desire to add to these difficulties but we do not believe that it can be sound policy to allow Empire industries to be extinguished because of the action of foreign nations.

I now turn to another subject included in our agenda.

Great as are the benefits that can be obtained from preferences we should realize that these benefits will be improved if the Empire can evolve methods of industrial co-operation. The several Governments have received from the Imperial Economic Committee an interesting report which will serve as a basis for our subsequent discussions. This report puts forward the sound contention that within the Empire there is room both for a steady development of manufacturing activity in the Dominions and yet for the maintenance of Great Britain's industrial position in a group of equal nations. It also makes clear that if Great Britain is to retain this position she must become to an increasing extent the industrial specialist.

The Imperial Economic Committee has envisaged the holding of conferences between those engaged in a given industry in, say, Great Britain and Australia with the idea of arriving at decisions as to the forms of activity most suited for prosecution in each country, and for arrangements for mutual assistance in the fields of marketing, technical developments and research.

The Commonwealth Government welcomes the opportunity for close consideration of this subject, since it believes that at least in certain industries co-operation will prove advantageous to both the Australian and the British manufacturer and not least to the Australian consumer of manufactured goods. I am indeed of opinion that considerable as are the concessions Australia is prepared to make further to help the British manufacturer, there is still more than can be done, provided he can reach mutually helpful agreements with his Australian colleagues in regard to complementary production.

At this Conference we had better limit the discussion of the principles of complementary production within the Empire to manufacturing industries, but I believe the principles may later be found to be applicable to agriculture.

The objective of this Conference is to bring about closer economic co-operation between the nations composing the British Empire. If, following upon the results of this Conference, that objective is to be attained and progressively strengthened, it is essential that sound methods of economic consultation should be evolved.

The question of inter-Imperial economic consultative machinery is included in the Conference agenda, and at this stage I will merely state that Australia, while coming forward with no special plan, is prepared to co-operate in a constructive spirit in the discussions which must take place.

The Empire has proceeded very cautiously in regard to methods for consultation and for the provision of common services in the Imperial field. We have, however, in the fields of agricultural science, developed methods of co-operation which are already producing most valuable results.

Through the Empire marketing Board much useful work has been done for agricultural research, for marketing, and for the establishment of intelligence services. The Imperial Conference of 1930 recommended the extension of these activities and this Conference will undoubtedly take into careful consideration the constitution, terms of reference, and financial position of the Board.

The Imperial Economic Committee, on its part, and within its terms of reference, has also done useful work. The Commonwealth Government believes that the time has come for a most careful review of the work of these and of the other Imperial or semi-Imperial economic bodies. It expects as a result of such review we shall recommend a concentration of effort and a clearer and fuller interpretation of the activities and terms of reference.

The essential thing at this Conference, is that we should immediately set ourselves to the great task that confronts us, in a practical spirit. If we do so, I am confident that in a spirit of goodwill and helpfulness we will accomplish much.

STATEMENT BY LEADER OF THE DELEGATION FOR SOUTH AFRICA (THE HONOURABLE N. C. HAVENGA)

The South African Delegates desire to pay a tribute to the care and thoroughness with which the Agenda has been framed, and to the preparatory work done by the various Governments, especially the United Kingdom. This will prove of the greatest use in lightening the labours of the Conference and in shortening its duration.

A tribute is also due to the ungrudging assistance of agricultural, industrial and commercial bodies throughout the Commonwealth, whose representatives are here in the capacity of business consultants.

On the question of secondary industries in the Dominions the Union Government holds the view that their development is a necessary concomitant of growth.

The right of any Dominion to establish and encourage local industries cannot be questioned and it is sound policy not to rely entirely on primary industries. The Union is extremely fortunate in her gold mining industry, but a limit has already been set to the period of its activities; and the other great primary industry, agriculture, is dependent not only on the weather but on the purchasing power of other countries,—two factors beyond the farmer's control.

The success of this industrial policy in the Union can be judged by the fact that to-day £56 millions of fixed capital is invested in secondary industries giving employment to over 200,000 persons, providing a local market for over £26 millions of raw materials of South African origin and having a gross output of over £100,000,000. This development has proceeded too far to be brought to a standstill and its existence cannot be jeopardized.

Those who are engaged in secondary industries in South Africa are not antagonistic to tariff concessions, but they are naturally apprehensive as to the effect of reducing any tariff rates under which they have established themselves. They are of opinion that the interests of the British manufacturer and exporter will be better served by tariff rates designed to counteract competition from countries with lower wages and standards of living.

Rationalization of industries or complementary production is primarily a matter for the industries themselves to settle. A Government can only take part in supplementing any arrangement come to, by such legislative action as may be necessary and is deemed suitable and to be in the general interests of the country it represents.

Attention is invited to the recent and increasing agricultural development in the Union and particularly the great importance which the Union must attach to the question of finding an outlet for its surplus products on overseas markets.

Since the Dominions and most of the Colonies produce commodities of a similar kind, the chances of developing inter-dominion trade in these products are not very great, but no doubt the possibilities will be fully explored by the technical advisers.

As far as Canada is concerned the chances of increasing inter-dominion trade appear to be greater; the Union for instance, is interested in the possible increased export to Canada of the following products: Maize, sugar, wines, fresh fruit, especially citrus, dried and canned fruits, fruit juices and cordials.

Great Britain, however, still remains the best market for the Union's agricultural products, and it is hoped that one of the results of this Conference will be a great increase of agricultural exports from the Dominions to the United Kingdom.

The Union greatly appreciates the preferential treatment so far extended to it by Great Britain.

Prior to the passing of the Import Duties Act preferences were extended to the Union on the following products, sugar, wines and spirits, dried fruits, tobacco, jam and canned fruits and cordials. It is interesting to note that of the total benefits received under these preferences no less than 69 per cent went to sugar, while the other products which benefited materially are wine and brandy, tobacco and dried fruit. It must be observed that these commodities are produced in certain restricted areas of the Union and that consequently only a small percentage of Union farmers benefit by the preferences.

Regarding the products falling under the Import Duties Act it may be stated that it is quite impossible at this early stage to determine whether or not the preferences given thereunder are likely to be of any real value. Preference on dried fruits referred to in the Act will not benefit the Union, while the 10 per cent preference on citrus fruit is hardly sufficient to assist the Union in competing with foreign countries.

The items on the free list of the Import Duties Act, and which accordingly do not qualify for preference, form a very large percentage of Union exports. It is, however, realized that it would be difficult or impossible to arrange preferential tariffs on such products as wool, maize, hides and skins.

The Union has an exportable surplus of 4 to 6 million bags of maize per annum, and, if a remunerative market could be found, its production could be greatly increased. At present Great Britain takes about 50 per cent of our maize and only about 5 to 12 per cent of her requirements can be met from British South Africa, while not more than 12 per cent can be obtained from Empire sources. This being the case, it is realized that it would be difficult to impose a duty on maize from foreign countries, with a preference for the Dominion product. The question of flat white maize used for industrial purposes might, however, receive further consideration. The 10 per cent preference on maize products given under the Import Duties Act may be of some assistance.

The main agricultural products in respect of which the Union would welcome better and increased marketing facilities are meat, dairy products and fruit.

Up to now the Union has not attempted to develop the meat export trade to any extent, but largely owing to the slump in wool prices and the instability of the maize market, it has to consider the advisability of changing its farming system in the direction of meat production.

Geographically, South Africa is favourably situated to enter the chilled beef trade in Great Britain and there would seem to be no good reason why the Union, together with Southern Rhodesia, the Protectorates and South West Africa, should not succeed in producing a sufficient number of good quality cattle for the regular supply of chilled beef to the British market.

The present position is that Great Britain produces about 45 per cent of her requirements of beef, while only about 51 per cent of the total is obtained from Empire sources. The bulk of chilled beef imported into Great Britain is supplied by the Argentine. The cattle population in the Union is 11½ million and although it consists largely of unimproved stock, there is no doubt that, provided a remunerative market for chilled beef could be established, the necessary improvement could and would be effected in a very short time. It may be added that there is a sufficient number of wellbred foundation stock to initiate immediately a forward policy of stock improvement.

In order to compete with the established trade from South America, South Africa would require some assistance, and it is hoped that Great Britain will give this matter its very serious consideration.

Regarding mutton and lamb Great Britain obtains about 80 to 85 per cent of its requirements from Empire sources, and there appears to be no reason why this percentage could not be increased to 90 per cent or more.

Up to the present the Union has concentrated on wool production, but economic conditions have forced it to consider the production of mutton and lamb for export. Provided some preferential treatment could be extended to it by Great Britain there would seem to be every prospect of the Union becoming a regular supplier of mutton and lamb to the British market.

The Union has 44½ million sheep, mostly woolled, but Union farmers have already commenced breeding mutton types and with a large supply of comparatively cheap food which is available, there is very little doubt that the production of both mutton and lamb could be carried out rapidly and on an extensive scale.

The dairy industry in the Union has developed very rapidly during the past two years and the Union, with other Dominions, is very desirous of increasing and improving the marketing facilities for dairy products. It is true that Great Britain has already granted to the Dominions 10 per cent preference under the Imports Duties Act, but foreign competitors have already largely nullified the effects of this concession by a reduction in prices. It is hoped therefore that Great Britain may find it possible to revise the preferences accorded to the Dominions under that Act.

During 1931, the Union exported over 4 million pounds of butter and, although this quantity is relatively small, the Union is in such a favourable position in regard to available land and food supplies that no limit can be placed on the development of the dairy industry provided always marketing conditions were made favourable.

The Fruit industry has become of great importance to the Union involving relatively large areas, and thousands of farmers are dependent upon the industry. Its growth is reflected in the export values which in 1931 amounted to close on 1½ million pounds to Britain alone and in the fact that nearly 10 million trees are not yet in full bearing. The Union Department of Agriculture has developed excellent systems of packing, grading and inspection of fruit with the result that South African fruit has already made a name for itself in Great Britain which is its best market.

Competition, however, from foreign countries, such as the United States of America and some of the South American States, is becoming increasingly strong. Great Britain has granted 10 per cent preference on fresh fruits but it has already become patent that in the case of citrus this preference cannot be effective. The position is such that the Union is forced to ask for further consideration of its fruit exports and also in regard to its wines and tobacco.

Reference was made yesterday by us to the existing trade position between the United Kingdom and the Union and the difficulty under those circumstances of further increasing imports from the United Kingdom, but if the United Kingdom is willing to make further concessions in these matters, the Union will be prepared to give favourable consideration to requests for additional preferences on commodities which offer the greatest possibilities of an increase in trade to the mutual benefit of both countries.

It is not suggested that along these lines a panacea may be found for the world's ills, nor yet that by the adoption of these expedients within the British Commonwealth the depression will immediately vanish. The disease from which the world has been suffering is too deepseated to expect a sudden and miraculous recovery upon the abatement of the symptoms. But the health of the organism is conditioned by the health of its constituent parts and if the members of the Commonwealth improve their substance by a fair and mutually advantageous adjustment of their commercial relations, they would further the cause of general recovery and stabilization by a revival of confidence.

STATEMENT BY THE LEADER OF THE DELEGATION FOR SOUTHERN RHODESIA (THE HONOURABLE H. U. MOFFAT)

(Placed on Record on Wednesday, the 27th July, 1932.)

It is 42 years since the first occupation of Southern Rhodesia by Europeans and during this period there has been considerable development.

The main industries of the Colony are the production of primary commodities, both mineral and agricultural.

Owing to its inland position and having no seaboard, it is not likely to become a manufacturing country, though a few secondary industries based mainly on local products for the local market and for export to the territories inland have grown up.

Its exportable products are:—

Minerals.—Gold, asbestos, chrome, coal (and coke) and mica.

Agriculture.—Livestock—beef, pork, etc.; tobacco, citrus fruit, white maize, dairy produce and eggs, ground nuts, hides and cotton.

Twenty-five per cent of the European and the bulk of the Native population centres round and is directly engaged in Agriculture.

Since 1898 it has been the policy of the Colony to grant substantial preferences to imports from the United Kingdom, this policy having been provided for by Mr. Rhodes on behalf of the young country in that year.

Preference has also been extended to other British countries which reciprocate; investigation shews that the preference in the duties charged on Empire products amounts to 55 per cent of the duties charged on foreign goods.

The Colony is prepared to grant increased preferences on certain classes of British goods with a view to providing further protection against foreign competition and, after discussion and consultation with representatives of the United Kingdom, a schedule has been submitted of a revised tariff which makes provision for these increases.

Similar consideration will be extended to the other British countries which will reciprocate.

Prior to the passing of the United Kingdom Import Duties Act this year only one product from Southern Rhodesia was receiving preference from the United Kingdom, namely, unmanufactured tobacco. Thanks to this preference, the export of Rhodesian tobacco to the United Kingdom has made considerable progress since 1926.

"The United Kingdom Import Duties Act, 1932," now provides for a preference of 10 per cent on the following further exports from Southern Rhodesia—*asbestos, citrus fruit and mica.*

In common with the rest of the world, Southern Rhodesia is suffering great hardship from the fall in market prices, and, despite every economy on the part of the producers, prices, in the case of nearly all products, have reached an unpayable limit.

In the case of the base metals, asbestos and chrome, the demand has fallen independently of prices and the output has almost stopped. The mica producers, a small but promising industry, have gone out of business.

Assistance is sought, by way of increased preference or otherwise, for the following:—

Agriculture:

Livestock industry (beef, pork, etc.)
Tobacco,
Citrus fruit,
White maize,
Dairy produce and eggs.

Minerals:

Asbestos,
Chrome,
Copper.

Livestock:

Meat.

There are 2,500,000 head of cattle in the Colony. It is estimated that the feeding grounds can carry three to four times this number. The present herds have been built up in a little more than thirty years.

The Export trade has been as follows: live cattle to the Union of South Africa; live cattle and frozen meat to the Belgian Congo, Northern Rhodesia and, in small numbers, to Portuguese East Africa; frozen meat to the continental market.

The South African markets are becoming saturated and the only hope for the Industry lies in export overseas.

Tobacco

The consumption of Southern Rhodesian tobacco in the United Kingdom during the year 1931 amounted to 6,250,000 pounds.

As already mentioned, the preference granted by the United Kingdom has led to the use of increasing quantities of Empire leaf, including Rhodesian; but

it has not been effective in reducing the existing figure of the consumption of foreign tobacco in the United Kingdom, as is shown by the Board of Trade returns, from which the following figures are extracted:—

TOBACCO WITHDRAWN FROM BOND FOR CONSUMPTION

—	Non- Preferential (Foreign)	Preferential (Empire)
	lbs.	lbs.
1926.....	116,740,000	17,880,000
1930.....	125,285,000	25,652,000
Increase:—	Foreign 8,545,000	Empire 7,772,000

It is felt that an increase in the preference would lead to a quicker change over from foreign to Empire leaf and to a diminution in the imports of foreign tobacco.

Provided there are assured markets, production can be increased and multiplied almost indefinitely. This would lead to land settlement on a considerable scale and to a large increase of Rhodesian trade with the United Kingdom and the rest of the Empire.

There is a further opening for Empire tobacco in a change over from foreign to Empire leaf in the manufacture in the United Kingdom for export to British countries outside the United Kingdom particularly the Crown Colonies. The amount of leaf involved in this trade is 15 to 18 million pounds.

An entrance for Empire tobacco is, therefore, sought into the Dominion and Crown Colony markets.

In so far as Dominion markets are concerned, most of the Dominions are producers, though, at the same time, importers of a considerable amount of tobacco. There should, therefore, be room for the admission of Rhodesian and other Empire leaf to supplant foreign leaf importations. This would be assisted by the imposition of duties intermediate between the excise levied on the local product and the duty on foreign leaf.

Effective preference for Empire tobacco is also sought from the Crown Colonies.

Citrus Fruit

There is an increasing production of citrus fruit in Southern Rhodesia. Production is mainly for export, the local market being of little importance. Growers are subjected to harmful competition from foreign countries, some of them with large local markets, the surplus being exported, and—it is contended—sold at cost, or, at times, less than cost of production prices.

In this case a specific duty would, it is estimated, be of more value than an ad valorem duty.

Maize

In common with other British African countries—the Union of South Africa and Kenya—Southern Rhodesia produces a high quality flat white maize, grown largely for export. Flat white maize is used mainly, not for feeding but for industrial purposes, e.g., the manufacture of starch, glucose, etc.

An extension of the market in the United Kingdom is sought—

- (a) By protection against imports of foreign white maize,
- (b) By increasing the demand for white maize in the United Kingdom by means of duties on imports of products manufactured from it. Starch for the manufacture of glucose has been specifically quoted by United Kingdom millers who favour the use of African flat white maize for this purpose.

Dairy and Other Products

It is sought that any advantages accorded to other Empire producers be extended to Southern Rhodesia.

Tea and Coffee

These are new industries but it is anticipated that Southern Rhodesia will become an exporter of these products and it is sought that any advantages accorded to other Empire producers be extended to Southern Rhodesia.

Asbestos (Raw), Chrome Ore

These two commodities are of great importance to Southern Rhodesia. Foreign asbestos is at present subject to a duty of 10 per cent. Chrome ore is on the free list. Russia is a competitor.

Copper

The Northern Rhodesia production of copper is of the greatest importance to Southern Rhodesia from the point of view of Railway transport, supply of coal and as providing a market for produce of all kinds. Southern Rhodesia desires to lend its support in asking for consideration for this very important industry.

Proportions of Southern Rhodesia Import Trade

The following statement shows the distribution of the import trade of the Colony for the year 1929:—

Proportion of Imports from—	Per cent
The United Kingdom.....	45·4
British South Africa.....	20·8
Rest of Empire.....	7·9
Total Empire Trade.....	74·1
Foreign Countries.....	25·9
All sources.....	100

STATEMENT BY THE LEADER OF THE DELEGATION FOR THE UNITED KINGDOM (THE RIGHT HONOURABLE STANLEY BALDWIN)

(Placed on Record on Thursday, the 28th July, 1932.)

1. In view of the invitation from the Chairman of the Conference to pool information, and of the statistics furnished by the Canadian Government, the United Kingdom Delegation think it may be helpful to their colleagues to put in tabular form some of the trade figures between the United Kingdom and the Dominions and India, and to add some comments and deductions which seem to them to arise from the figures, and some observations which may be of assistance in the common endeavour to find ways of improving trade relations within the Empire and of developing the resources and industries of each part of the Commonwealth so as to increase the prosperity of the whole.

2. Of the table which follow, table No. I shows the imports to the United Kingdom classified under three heads, viz., (a) goods dutiable before December, 1931, (b) goods dutiable under the Import Duties Act or the Horticultural Products Act, and (c) goods not subject to duty. Before the end of 1931, a comparatively small range of imports was subject to any tariff; but the emergency tariff at the end of last year and the Import Duties Act of February 1932 greatly widened the range of imports subject to tariff. Hence, although the principle of Imperial Preference was recognized in earlier tariffs, its scope was necessarily restricted to a small although important range of products; the extent to which preference on Empire products has been increased by the two later Acts is strikingly shown by the table. The table is as follows:—

TABLE I

RETAINED IMPORTS INTO THE UNITED KINGDOM, 1930, (EXCLUDING GOLD AND DIAMONDS)

—	Canada		Australia		New Zealand		Union of South Africa		Irish Free State	
	£000	%	£000	%	£000	%	£000	%	£000	%
Class of goods.....										
(a) Dutiable before Dec. 1931.....	660	1·8	4,660	12·0	80	0·2	1,580	13·3	5,740	13·7
(b) Dutiable under Import Duties Act or Horticultural Products Act.....	19,410	54·3	13,500	34·6	20,280	50·3	4,625	39·0	11,020	26·3
(c) Not subject to duty.....	15,690	43·9	20,820	53·4	19,930	49·5	5,645	47·7	25,160	60·3
All retained Imports.....	35,760	100·0	38,980	100·0	40,290	100·0	11,850	100·0	41,920	100·0

—	Newfoundland		British India		Southern Rhodesia		Total Dominions, India and Southern Rhodesia		Total Other British Countries		Total Foreign Countries	
	£000	%	£000	%	£000	%	£m.	%	£m.	%	£m.	%
Class of goods.....												
(a) Dutiable before Dec. 1931.....			14,730	36·8	155	14·2	27½	13	20½	43½	117	17
(b) Dutiable under Import Duties Act or Horticultural Products Act.....	266	13·1	17,070	42·6	474	43·5	86½	41	14½	31	371	53
(c) Not subject to duty.....	1,766	86·9	8,270	20·6	460	42·3	98	46	12	25½	210	30
All retained Imports.....	2,032	100·0	40,070	100·0	1,089	100·0	212	100·0	47	100·0	698	100·0

3. From this table it will be seen that the proportion of imports from the Dominions which still enjoy free entry in some cases exceeds 90 per cent, and only falls appreciably below that figure in the case of British India. (The fact that 37 per cent of imports from India are dutiable is accounted for by the revenue duty on tea, on which India enjoys a particularly valuable preference.) By way of contrast, since our change of fiscal policy, only 30 per cent of our imports from foreign countries are admitted free of duty. In the case of imports from the United Kingdom into the four principal Dominions, there is to-day practically no free entry; that is to say a duty or tax of some kind is charged on almost all goods imported into those Dominions. Further, it will be seen that, over considerably the greater part of the preferential field, the preference accorded by the United Kingdom is in the form of a total remission of the duty payable by foreign goods.

4. Turning now to Dominion imports, the following table shows the value of the total imports of merchandise into the Dominions and British India in a recent year, distinguishing imports from the United Kingdom, other Empire Countries and foreign countries.

TABLE II

—	Total Imports			
	From all sources	From United Kingdom	From other British countries	From foreign countries
	£1,000	£1,000	£1,000	£1,000
Canada (year ended 31st March, 1931).....	186,246	30,725	11,388	144,133
Australia (year ended 30th June, 1930).....	129,220	54,241	15,509	59,470
New Zealand (year 1930).....	42,663	20,223	9,007	13,433
Union of South Africa (year 1930).....	63,357	29,735	6,947	26,675
Irish Free State (year 1930).....	56,811	45,467	996	10,348
Newfoundland (year ended 30th June, 1930).....	6,533	1,133	2,761	2,639
British India (year ended 31st March, 1930).....	180,597	77,327	16,019	87,251
Southern Rhodesia (year 1930).....	7,473	3,945	1,666	1,862
Total.....	672,900	262,796	64,293	345,811

5. The following table shows for the year 1930 the total value of imports and exports of the United Kingdom from and to the several Dominions and British India inclusive of gold and silver bullion and coin.

TABLE III

Country	Imports into U.K. (inclusive of Bullion and Coin)	Exports from U.K. (inclusive of Bullion and Coin)	Visible balance favourable to Dom- inion (+) unfavour- able to Dominion (-)
In Million £			
Canada.....	38.7	31.3	+ 7.4
Australia.....	70.5	33.0	+37.5
New Zealand.....	44.9	18.7	+26.2
Union of South Africa.....	62.1	27.7	+34.4
Irish Free State.....	43.1	44.3	- 1.2
Newfoundland.....	2.2	0.9	+ 1.3
British India.....	52.0	61.6	- 9.6
Southern Rhodesia.....	2.3	2.6	- 0.3
Total.....	315.8	220.1	+95.7

NOTE.—The imports shown above are inclusive of goods subsequently re-exported as well as bullion and coin. The figures in table I, which relate to imports of merchandise retained in the United Kingdom, are, therefore, not comparable with the above figures and the large discrepancies in the case of Australia and Union of South Africa are mainly due to the importation of gold from those countries (in 1930 imports of bullion and coin from Australia amounted to £24 million as against £5 million in 1929 and £1 million in 1928. Imports of gold from the Union also showed an upward tendency in these years). The large re-export trade in primary products imported from most of these countries is also an important factor.

6. From these tables it will be seen—

- (1) That the visible trade balance in favour of the Dominions is nearly £100 millions:
- (2) That during the year 1930 imports into the Dominions from foreign countries amounted to nearly £350 millions.

7. In drawing up these tables no attempt has been made to specify the rate of duty charged in respect of importation into the Dominions or the extent of preference accorded to the United Kingdom. It is, however, necessary to bear in mind that the percentage of duty charged on the value of the article is of great importance in assessing the value of a preference. A preferential rate of duty, if the preference is to be of material assistance, must not be so high as, in effect, seriously to restrict importation: and the United Kingdom Delegation would urge upon the Dominions that the rates of duty charged should be so graduated as to give to the products of the United Kingdom a reasonable chance of competing on even terms, and that the rate of duty against United Kingdom products should be fixed for protective purposes no higher than is necessary to give a reasonably efficient industry in the Dominion a fair chance. In this connection they desire to draw attention to the favourable tariff treatment which they have hitherto accorded to imports from the Dominions which compete with goods produced in the United Kingdom.

8. It is necessary also to remember the importance of certainty as affecting trade. In order to enable a manufacturer or importer to carry on business, it is essential that he shall be able to assess with reasonable assurance the cost of the article delivered to the consumer. Anything in the nature of arbitrary or uncertain impositions by means of regulations which leave it to the discretion of the executive to determine the rates of duty to be paid cannot fail to restrict and even to prevent transaction of business.

9. The United Kingdom Delegation desire also to emphasize to their colleagues the fact that the United Kingdom is so highly industrialized that it is vital to the physical existence of her people to find adequate markets for her products and that in fact more than half her export trade is taken by foreign countries. There are at the present moment $2\frac{3}{4}$ million unemployed persons in the United Kingdom; anything tending to check the foreign exports of the United Kingdom must lessen the purchasing and saving power of her people and so damage the markets on which the Dominions so largely depend for the consumption of their products.

10. The tables given above show that the United Kingdom has been doing her share in encouraging the trade and industry of the Dominions; that she takes a very large proportion of Dominion exports for many of which there

would seem to be no other outlet available in the world; that she has consistently made it easy for those exports to enter her ports on the best possible terms and with the least possible interference by Governmental policy or by customs administration; that she has been eager to give to the Dominions an extensive preference in every case in which she has found it possible to impose a tariff and that she has helped the Dominions to build up a substantial favourable visible balance of trade. It is moreover a source of legitimate satisfaction that the preferential access to the British investment market which has resulted from the close association between the United Kingdom and the Dominions has played an important part in the development of their resources. The extent to which this factor has operated may be gathered from the fact that before the war it was estimated that about one-half of the £3,800 million of British capital invested overseas was placed in Empire countries. Since the war, although there has necessarily been some diminution in the flow of overseas investment the proportion allotted to Empire countries has substantially increased and out of a total of £1,401 million invested between 1919 and 1931, no less than £848 million has found its way to the countries of the Empire.

11. The United Kingdom delegation have no intention of building up a balance sheet or of weighing meticulously the benefits given or received; but they are anxious that the outside world shall realize—what is doubtless present to the minds of all their colleagues at the Conference—that the spirit animating us all has been constantly and consistently displayed in our actual dealings with the Dominions, and that any suggestion that the United Kingdom has been backward in developing or assisting Dominion trade or that the concessions on the side of the Dominions have not been fully reciprocated both in the letter and the spirit, would be wholly unwarranted by the facts.

12. Having dealt with the action which has been taken in the past to further Empire trade and appreciating fully the advantages which have been received in Empire markets, the Representatives of the United Kingdom have entered this Conference with the intention of making their full contribution to a still further extension of Empire trade. They have put frankly and fully to the Dominions the articles on which they desire to secure further advantages in Dominion markets; and they will welcome from the Dominions an equally full statement of the corresponding advantages they seek in the market of Great Britain.

13. The United Kingdom Delegation will approach the examination of these statements as they are received with an unprejudiced mind and indeed with an earnest desire to give effect to the wishes of the Dominions; and they are convinced that in their own views will be given equally favourable consideration.

STATEMENT BY THE LEADER OF THE DELEGATION FOR THE
UNION OF SOUTH AFRICA (THE HON. N. C. HAVENGA) RELAT-
ING TO THE SUPPLEMENTARY STATEMENT OF THE RT. HON.
STANLEY BALDWIN.

(Placed on Record on Saturday the 30th July, 1932.)

The Delegation for the Union of South Africa have had the opportunity to consider the very interesting statement prepared by the United Kingdom Delegation, placed on Record on Thursday, the 28th July, 1932.

The history of trade relations between the Union and the United Kingdom renders it unnecessary, it is hoped, to again stress the fact which has been made clear in previous conversations with the United Kingdom Delegation that to strike a balance sheet of advantages and concessions is quite foreign to the minds of this Delegation. But they feel constrained to comment on some of the observations made and deductions drawn by the United Kingdom in the above mentioned statement. These comments are offered, not in a carping and ungenerous spirit, but in a frank effort to see the trade relations between the two countries in their proper perspective. They wish to place it on record that South Africa has never objected to the treatment its commodities have received at the hands of Great Britain; it has neither complained of the spirit manifested by the United Kingdom in matters of trade, nor has it been querulous of the fact that preferential treatment was not always reciprocated. The

Union has always had a clear perception of the different circumstances of the two countries and the categorically imperative duties owed by each to its domestic industries and other vital interests.

The statement of the Delegation for the United Kingdom mentioned the fact that the emergency tariff at the end of last year and the Import Duties Act of February, 1932, greatly widened the range of imports subject to tariff. This is undoubtedly the case, and it is appreciated that this extension is of some value to the Union. It must be mentioned, however, that the Dominions were not consulted as to the selection of commodities for the imposition of this tariff, nor was there any correlation between these preferential tariffs and the requirements of each industry effected. Greater elasticity in these preferences would have been of greater utility to the Union. It would have preferred to see a slightly larger margin of preference in favour of certain of the commodities affected, while there are others in regard to which the extension of preferential rates were not so material.

The primary function of this Conference in the opinion of this Delegation is to conduct an examination of ways and means by which the state members of the Commonwealth could co-operate in extending our existing markets. It is submitted that this object is not best served by a statement such as that under consideration, which aggregates the trade of the Dominions with Great Britain and consequently reflects a favourable trade balance for the Dominions. As the Delegation for the Union of South Africa have had occasion to point out previously, South Africa is in a peculiar position. The Union has encouraged British imports without insisting on quantitative trade reciprocity and, if the figures are examined in their true perspective, the balance of trade is definitely in favour of the United Kingdom.

Table II of the United Kingdom Delegation's statement does not truly reflect the Union's absorption of British goods, nor the increasing market which it has offered those goods. As the figures appearing in that Table do not relate to concurrent periods for the respective Dominions, they are of little value for purposes of comparison. From the eighth place as a customer of the United Kingdom, the Union rose in one year to fourth place, which it at present occupies.

In its comments on the Table of Retained Imports into the United Kingdom, 1930 (excluding gold and diamonds), the British Statement stresses the large proportion of imports from the Dominions which still enjoys free entry. It is submitted that the accentuation of this point is disproportionate to the consequential advantage to the Dominions. The United Kingdom takes from the Dominions mostly foodstuffs and raw materials, which in its own interests and in accordance with its fiscal policy have been accorded free entry, and exports to them manufactured articles.

In the British Statement attention is directed to the favourable tariff treatment which has hitherto been accorded to imports from the Dominions which compete with goods produced in the United Kingdom. It is presumed that this point does not contain the implication that what was until recently the considered fiscal policy of Great Britain was a concession to Imperial sentiment. The Union has always adhered to the principle that her principal obligation was towards her own producers. Consequently the Union would see nothing unnatural or unreasonable in South African produce being subjected to duties in the market of the United Kingdom for the protection of the domestic produce of the latter. This Delegation could not entertain the suggestion that the United Kingdom should grant concessions which would militate against British domestic industries. But the Union would welcome preference for the Dominions over foreign products.

Mention is made further, in the British statement of the help which the United Kingdom has afforded the Dominions in building up a substantial favourable visible balance of trade. While this statement represents the global result after balancing the figures of trade between the United Kingdom and the Dominions jointly, it is not a true reflection of the position as between Great Britain and the Union. The Union Delegation consider it necessary to draw attention to this aspect of their trade relations especially in view of the rather misleading computation in Table III, resulting in a considerable balance in favour of the Union. That table does not reflect the true position in that it embraces in the quantum of the Union's imports into the United Kingdom such items as gold, trans-shipments and subsequent exports. Apart from other elements in that statement which tend to magnify its margin of error the inclusion of gold is clearly fallacious. It figures as consumptible merchandise.

If gold be so treated in Table III of the British Statement, it would be difficult to justify its exclusion from Table I where its inclusion would result in the reduction of the percentage of Union produce enjoying preference in the British market from 52 per cent to 9 per cent.

Table I of the Supplementary Statement shows the value of imports from the Union, retained by the United Kingdom as £11,850,000 in 1930.

Table III with a note of warning that the figures are not comparable with Table I, shows the favourable balance of South African trade with Britain as £34,400,000.

The conclusion drawn in paragraph 6 (1) is "that the visible trade balance in favour of the Dominions is nearly 100 millions." Of this amount South Africa is held to account for rather more than one-third.

Now it is obvious that if Britain consumes only £11,850,000 worth of South African goods, South Africa cannot by any stretch of imagination have a favourable trade balance with her three times as large. Where is the discrepancy?

The discrepancy is in two items, namely, goods subsequently re-exported, and gold.

For the re-exports Britain obtains commission and handling charges, but she is not a customer for these goods, and cannot include them in the trade balance.

As regards gold the position is clear; South Africa uses more than twice as much British merchandise as Britain does South African merchandise. As South Africa has therefore an insufficient amount of commercial bills in Britain to pay for what she buys there, she must needs pay for the rest in cash. The trader who receives payment in cash does not, however, thereby become the customer of the man who buys from him. South Africa is looking for outlets for her ordinary commodities, but not for her gold and does not find it necessary to offer any larger share of her competitive trade to secure an outlet for her gold.

The position may be paralleled in the trade of the United Kingdom. In 1930 the United Kingdom imported goods for £386,000,000 in excess of her exports. How did she pay the difference? She paid it by services, such as shipping and commissions and by income from her foreign investments. But there is no reference in the United Kingdom Statement to payments made by her from sources other than those derived from competitive trade.

In support of its views as set out above, the Delegation for the Union of South Africa desires to draw attention to the statement on this question of balance of trade made by the Right Honourable J. H. Thomas, Secretary of State for Dominion Affairs, on the 8th of October, 1930, at the last Imperial Conference.

As far as the Union is concerned the position is that South Africa in 1930 bought from Britain more than twenty-nine million pounds' worth of commodities which enter into competitive trade while Britain bought from South Africa less than twelve millions' worth of such goods, and this favourable position of Britain in the competitive trade of South Africa is the normal position.

The Union Delegation welcome the invitation to the Dominions to make full statements of the reciprocal advantages, which they hope to obtain in the market of Great Britain, and the assurance by the United Kingdom Delegation that the examination of such statements will be approached with an unprejudiced mind and with an earnest desire to give effect to the wishes of the Dominions. On its part the Delegation for the Union of South Africa desire to reiterate their statement, already made to the Conference, that, if the United Kingdom Delegation are able to meet the wishes of the Union Delegation in regard to assistance to certain products, the Union Delegation will be prepared to give favourable consideration to requests from the United Kingdom for additional preferences on commodities which offer the greatest possibilities of an increase in trade to the mutual benefit of both countries.

It is suggested that a discussion on these lines take place as soon as possible.

ANNEX III

STATEMENTS MADE BEFORE THE COMMITTEE ON MONETARY AND FINANCIAL QUESTIONS

STATEMENT BY THE PRIME MINISTER OF CANADA (THE RIGHT HON. R. B. BENNETT)

The question we have to discuss this afternoon divides itself into two heads—the problem of price levels and the problem of stabilizing exchange rates. It will not, however, be necessary for me to deal at great length with either of these phases.

Canada, like all other countries, has suffered severely from the calamitous fall in commodity prices. Since August, 1929, our index of wholesale prices has fallen 32 per cent and is now only 4 per cent above the pre-war level. This means that the dollar has increased in purchasing power by 48 per cent. As a result of this rapid and persistent decline in the general price level and the inevitable disparities created between different kinds of prices, normal business relationships have been disrupted, profit margins have disappeared in many cases, enterprise has been discouraged, unemployment has steadily increased, the fiscal problems of all our public bodies have been greatly aggravated, and the burden of fixed charges is exerting an almost intolerable pressure upon some of the strategic elements in our national economy.

Only a few facts need be cited to illustrate the way in which the traditional alignment of economic forces in this country have been sundered by the different rates of speed at which the various parts of our price structure have succumbed to the deflationary pressure of falling prices.

While wholesale prices have been falling 32 per cent, our cost of living index number has fallen only 19 per cent. On this basis the purchasing power of the dollar has increased 24 per cent.

Prices of raw materials, here as elsewhere, have fallen much more rapidly than wholesale prices generally. Thus, prices of raw and partly manufactured materials have fallen 47·3 per cent since August, 1929, whereas prices of fully and chiefly manufactured articles have declined only 26·0 per cent. Farm products have been particularly hard hit, the decline averaging 56·4 per cent. Wheat, the staple of the Western farmer, has fallen from an average price of \$1.50 per bushel in 1926 to 55 cents in June, 1932, a drop of 63·3 per cent, giving an index of 36·7 as compared with one of 70 for manufactured goods at wholesale.

Established relationships between the various commodity groups have been dislocated. This may be briefly indicated by the following index numbers for the eight important groups of commodities into which our wholesale price index is divided: Vegetable products, 54·3; non-ferrous metals and their products, 56·6; animals and their products, 57·6; fibres, textiles and textile products, 69·3; wood, wood products and paper, 72·1; chemicals and allied products, 82·6; non-metallic minerals and their products, 86·0; and iron and its products, 86·6. The general index stands at 66·6, and the base year for all these indexes is 1926. The wide range in the variations since 1926 is apparent.

Of special importance is the fact that our export prices have fallen more rapidly than our import prices. Thus between 1929 and 1931 our index of export values declined 30·5 per cent whereas the import values index fell only 22·5 per cent. In other words it took 11 per cent more exports last year to buy the same quantity of imports as in 1929.

While nearly all other types of prices have been declining more or less rapidly, we have seen a significant rise in taxes—federal, provincial and municipal—and in interest rates or the cost of capital. The Canadian indicator of the yield on high grade, long-term bonds has risen from 93·9 in December, 1930, to 113·2 in May, 1932. In January of this year a high of 119·8 was reached.

Interest charges represent the most important of the fixed or semi-rigid elements in our cost structure. If prices remain on their present level, such charges will constitute an intolerable or almost intolerable burden in many cases.

Even if it can be borne, the fortuitous gain to the creditor of 40 to 48 per cent in general purchasing power above what he contracted for appears to be a grave injustice.

Moreover, such fixed charges, except as they are reduced by bankruptcy and re-organization, are not being adjusted by the normal corrective processes which falling prices are supposed to set in motion. Indeed it seems that new disequilibria are created almost as rapidly as old maladjustments are corrected and the paralysis of business enterprise with profit margins uncertain or non-existent continues. Trade languishes and unemployment persists or tends to become aggravated.

One of the most important effects of the fall in prices is the increased burden of the fixed charges payable on our Governmental and private obligations held abroad, chiefly in the United States and the United Kingdom. Canada is an important debtor country; on January 1, 1932, total British and foreign investments in Canada were estimated at 6.4 billion dollars, against which is an offsetting Canadian investment abroad of 1.8 billion dollars. A careful compilation of the amounts we will have to pay abroad during the fiscal year ending March 31, 1933, indicates a total of \$362,000,000, or over a million dollars a day (exclusive of Sundays). Of this total, \$233,000,000 represents interest and \$129,000,000 represents maturing principal. Moreover, declining commodity prices have greatly increased the drain of this interest and amortization bill upon our national production. As one dollar to-day will purchase at wholesale 48 per cent more than it did in 1929, the real burden of the service charges on these foreign obligations has increased from \$362,000,000 to \$535,750,000.

It is true that there would be some offset because of the fact that these commitments include interest and principal payable to Canadian nationals who will exercise the privilege of cashing their coupons and bonds in New York when the terms of the security allow that alternative. Such payments will eventually come back to Canada. It is estimated that possibly from 25 to 50 million dollars will return to this Dominion. (There is a wide range to this estimate because it is impossible to estimate with precision). This leaves a net balance of service charges payable abroad amounting to from \$310,000,000 to \$340,000,000 which in terms of the 1929 dollar would be equivalent to from \$460,000,000 to \$500,000,000. The total value of our wheat and wheat flour exports in the record year 1929 was \$494,000,000; in the fiscal year ended last March it had fallen to \$135,000,000.

From another angle these obligations abroad are of major significance in the consideration of Canada's monetary policies. Most of them are payable in New York or optionally in Canada and New York or Canada, London and New York. Where such options exist, the premium on New York funds makes it practically inevitable that payment should be demanded in New York funds. This means that during the year ended next March a maximum of over \$279,000,000 will be payable in the United States. England's going off the gold standard was followed by a drastic decline in the price of our dollar on the New York market. The effect which this action by England had on Canada is difficult to exaggerate. It has resulted in a struggle to maintain the national integrity. It was necessary for us to increase customs duties not for the purpose of protection, but to maintain the balance of our national position. We had either to face bankruptcy or restrict imports. At one time, our dollar fell as low as 75 cents in the New York market. To-day the premium on New York funds is only 14 or 15 per cent, but even with this premium the increased burden to the individual corporation or government of servicing these foreign loans is obviously a heavy one.

It is equally clear that the depreciation of the Canadian dollar and the fluctuations in New York exchange increase the difficulty of refunding old loans and floating new issues in the American market. This is particularly important in view of the fact that since the war the United States has been our chief source of capital imports. Of the 6.4 billions of foreign investments in Canada referred to above, over 3.9 billions or nearly 62 per cent are owned in the United States, and only 2.2 billions or 34 per cent in the United Kingdom. From 1924 to 1931, the United States absorbed over 41 per cent of the public issues of Canadian bonds, whereas the United Kingdom's purchases averaged less than 2 per cent of the total as compared with approximately 75 per cent before the war. At the end of 1931, Canadian banks had 83 million dollars loaned on call in New York and over 100 million dollars in bank balances in that market. Under present conditions, therefore, the relationship of our dollar to the American dollar is bound to be of great significance to Canada.

Finally, the evils of *fluctuating* exchanges are especially injurious to Canada because of the importance of foreign trade in our national life. With only ten million people, Canada ranks fifth among the nations in imports and sixth in exports, whereas on a per capita basis we rise to third place in exports and to third or fourth in total foreign trade (depending on the year selected). Normally, about 20 per cent of our productive activities, it is estimated, are directly involved in commodity exports. Nor, as was pointed out in other discussions this morning, is the major portion of this foreign trade with Empire countries. In 1930, for instance, 46 per cent of our exports of Canadian produce went to the United States and 67·9 per cent of our total imports came from that country. With the whole British Empire, on the other hand, the proportions were only 33 per cent for exports and 20·3 per cent for imports. For Canada, therefore, stable exchanges with gold standard United States as well as with the Empire countries are a vital necessity. With our Southern neighbours, also, tourist expenditures and other forms of commercial and social intercourse bulk large. Invisibles play an important part in our international balance of payments. Tourist expenditures in this country, for instance, have amounted to from \$200,000,000 to \$250,000,000 annually. Our new production of gold has also been a matter of great importance to us. Although we have not been on the gold standard since 1929 in the sense of maintaining a free market for gold, we have been obliged to meet in terms of gold the external payments referred to. Our production of gold last year was \$55,000,000 and the present rate of production is about \$5,000,000 a month. You can realize how important this has been to us.

I have said enough to indicate the importance which Canada is bound to place upon the solution of the problems of price instability and of unstable exchanges. In particular we believe that it is imperatively necessary to put a stop to the persistent decline in commodity prices which is paralyzing private enterprise, choking off international trade, multiplying unemployment and social distress, and menacing the stability of our present social and economic order. We also believe it urgently desirable to encourage in every way that can be accepted as sound and practicable, a rise in prices to a height more in keeping with the fixed or highly rigid cost elements in the existing economic structures of most countries. Moreover, we regard it as necessary to eliminate, as soon as possible, the wide and erratic fluctuations in exchange rates which are impeding the free flow of commerce and of capital between the nations and which undermine and confuse the normal workings of tariff rates and tariff preferences.

I am not proposing any specific remedy—indeed I do not know how far it is possible to go in endeavouring to raise prices and to effect a stabilization of exchange rates. There are people in my country, and I suppose you have the same type in yours, who think it would be very easy to raise prices. They would see no reason why it should not be possible by a little printing and engraving to issue fifteen million dollars in Dominion notes to pay for unemployment relief in our municipalities. They maintain that the basis of currency is the real estate, the wealth and the resources of this country, and surely these are sufficient to meet a fifteen million dollar payment. But unfortunately or fortunately, as a friend of mine has pointed out, it is not possible to lift up a piece of this real estate to pay a debt in New York. Nor would the foreign creditor accept it. Personally I cannot see how we can carry on business with the world at large unless there is some commodity or yardstick of universal acceptance. I confess that gold seems to me to be the commodity which can perform this function most effectively but others may disagree with me. In that connection I would call your attention to the fact that the British Empire produces about 80 per cent of the world's gold supply.

In so far as stabilizing exchange rates is concerned, there have been, as you know, various proposals by which it was hoped this object could be achieved. One of these schemes you will remember called for the use of an Empire exchange pool with a credit of half a billion dollars to maintain stable exchanges between the various parts of the Empire. I would not undertake to pass judgment on such proposals but there is a conviction that something should be done if possible to stabilize exchange within the Empire, notwithstanding the difficulties of distances and different conditions. Anything that could be done would be of great benefit to the economic life of Canada and would facilitate the conduct of international trade as well as help to render effective any system of Empire preferences.

I have stated the objectives that should guide the world's monetary authorities in the present emergency. As a permanent program for the more distant future, we also believe that it should be a responsibility of our monetary authorities to do their utmost to *eliminate* the long-run secular fluctuations, and to *moderate* the short-run cyclical fluctuations, in the world level of prices. So pernicious are the social and economic effects of such price changes that the elimination of monetary instability would constitute one of the most important contributions which statesmanship could make to the buttressing of our present economic and social system.

We recognize, of course, that the monetary objectives which have been named can only be *fully* attained by broad international action. We recognize also that monetary action is only one line of approach to the solution of the world's problems and that it must be accompanied by other remedies, perhaps of a more fundamental character. We do not overlook either the difficulties and the limitations of such monetary action, especially when invoked by only one nation or a few nations and at a time when public confidence is at an extremely low ebb. But we believe that the situation is grave enough to justify the most sympathetic consideration of every promising remedy—and grave enough to counsel against any unnecessary delay.

Consequently, we are hopeful that this Conference will examine the role which money has played in the current depression and explore the extent to which monetary weapons may be employed to promote immediate recovery and to safeguard us from future disasters of a similar kind. We are anxious also that this Committee consider carefully whether anything can be done with safety by the Empire countries acting alone or with such other countries as could be rapidly associated with them in a program to check deflation and promote price restoration.

Even if the answer to this question should prove largely negative, it is believed that much benefit may result from an exchange of views in regard to the immediate monetary policies of the various Commonwealth countries, and from a joint examination of the existing monetary standards and credit machinery of the various Commonwealths with possible suggestions as to methods by which existing mechanisms for controlling credit and stabilizing exchanges may be perfected.

In any case it would seem possible to formulate a series of recommendations as to objectives and policies to be submitted to the World Monetary Conference to be held in London or Geneva later this autumn. Our discussions in this Committee should constitute an invaluable preparation for the later Conference, and, if an agreement could be reached by the Empire countries in regard to general objectives and policies, the possibility of constructive action at the World Conference should be measurably improved.

STATEMENT BY THE LEADER OF THE DELEGATION FOR
AUSTRALIA
(THE RT. HON. S. M. BRUCE)

There is no question of greater interest to Australia at the present Conference than that of action to bring about a higher price level and stability of exchange. Unless an increase in commodity prices can be achieved it is difficult to see how the present financial and economic system of the world can be maintained. In relation to this Conference of British countries it is obvious that any reciprocal tariff arrangements that are arrived at can be of little benefit unless the paralysis of trade is stayed and the price level is raised. It will be agreed that tariff arrangements can certainly be destroyed by instability of exchange.

The peoples of the world have shown remarkable patience in submitting to the severe adjustments already made. But they have not been enough. As to the further action needed, one school of thought maintains that the only way out is that we should go on reducing down to the point that will allow profitable production on the basis of the present price level. Another school maintains that it is impossible to bring about the necessary further reductions and that a solution can be found only by an increase in commodity prices and the stabilizing of exchange.

Australia subscribes to the second view. It appears to us to be quite impossible to reduce costs and standards to an indefinite extent without social and economic disaster. We do not believe that the peoples of the world can be induced to accept the further drastic reductions that would be necessary. An attempt to effect them would have results that one scarcely cares to contemplate. If such reductions are to be effected, they would have to cover interest, capital and every form of wealth in addition to reductions of wages and the living standards of the workers.

Australia unhesitatingly holds the view that the idea of reduction to the basis of present price levels must be rejected and every effort must be directed towards bringing about an increase. The question that confronts us is how this can be done. Again we have two schools of thought. One is composed of those who say that nothing can be achieved by any group of nations, however large, operating on its own internal economy and that by international action of a general character only can success be achieved. The other school is composed of those who say that action by a large group can effect its own internal price level and that such action would force those outside the group to take similar action, thus paving the way to a complete solution.

In order clearly to set out the position as Australia sees it, it is desirable that I should give to the Conference the story of how the fall in commodity prices has affected Australia, the actions that we have taken to meet the crisis that has confronted us, and what our present position is.

A HIGHER PRICE-LEVEL AND STABLE EXCHANGES

Among the first signs of the coming depression was a heavy fall about the middle of 1928 in the prices of certain raw materials and food stuffs. The fall has since affected almost all commodities, though unevenly, Australia's main exports being hit early and severely.

The prices of Australian exports were reasonably stable from 1925-26 to 1927-28. Even then they were about 27 per cent below the peak reached in 1924-25. The sharp decline which began in 1928 has continued ever since, with little intermission. A given volume of exports from Australia is now worth in gold only 32 per cent of what it was worth in 1927, 44 per cent in sterling and 57 per cent in Australian currency.

It is a truism that a heavy fall in prices makes difficult the payment of all debts. The debtor must hand over more goods to meet his fixed obligation. For instance, the fall in the prices of Australian exports means that the quantity of them needed to pay interest on our external debt is increased by over 100 per cent. Our position has been made worse by the fact that in Australia export prices have fallen much more than those of imports. Notwithstanding the fall in import prices, Australia must send about 50 per cent more exports to pay for a given volume of imports.

In the post-war years up to 1928-29, the financial relations of Australia with the rest of the world were fairly steady. Our exports were worth about £147,000,000 and our imports about the same. Though our interest and sinking fund payments were heavy, amounting to about £30,000,000 per annum, we were, during that period, borrowing heavily abroad for developmental work, our overseas loans being about equal in value to our interest and sinking fund payments. Since January, 1929, it has no longer been possible to raise long-term loans overseas. Australia had to face the task of paying for her imports and meeting her interest and sinking fund payments out of exports reduced to about one-third of their old value, or £48,000,000 gold in an average season. Oversea interest and sinking fund payments in 1931-32 required £30,000,000 out of whatever total of exports our producers' efforts and the luck of the seasons could win. To adjust the economic life of the country to this changed position within two years seemed at the time impossible. Yet it has been done. Exports were increased, imports cut down and the burden of overseas payments lightened. We have even achieved a small margin in our trade balance for the year ending 30th June, 1932. This is not due entirely to our own efforts. Great Britain has helped substantially, partly by suspending interest and sinking fund payments on the War Debt, and partly by her departure from the gold standard.

A phenomenal season was the main factor in swelling our exports so that they realized about £64,000,000 in gold. Maintenance of their average volume would have given us only £48,000,000 gold. By stringent measures we reduced our imports from £151,000,000 in gold to £36,000,000. The war debt moratorium and Britain's departure from the gold standard reduced our overseas require-

ments for interest to £21,000,000 gold. This left a surplus of £7,000,000 gold, some of which is required for the payment of services and dividends. The real surplus is probably under £4,000,000 and whatever it is, it appears as a much needed increase in London balances.

This Australian effort to preserve external solvency in a world of shrinking trade has necessarily intensified and prolonged the depression. The reduction of imports to considerably less than half their old volume is for other countries a serious curtailment of their market. In particular it curtails the market for Empire countries from which more than half of Australian imports are drawn. The increase of 33 per cent in the quantity of exports, which are practically all food and raw material, increases the pressure on markets already well supplied and lowers still further the world prices of these commodities.

From the Australian angle, the balance attained this year is precarious, both on account of natural causes and of social and economic conditions in Australia. For two years we have had remarkably good all-round seasons for export production in a country notoriously liable to great variations of climate. A rough generalization is that we get, on the average, one good, one middling and one bad year in every three. The balance attained in 1931-32 was only possible with the help of a particularly good season. An average season would reduce the volume of exports by about 20 per cent and their value perhaps by £10,000,000 gold below the figures reached in 1931-32. A bad season would reduce the volume by 40 per cent and the value by perhaps £20,000,000 gold. It is clear that to meet oversea obligations at the present level of prices will require a considerable intensification of effort even in an average year and in a drought might prove impossible, in the absence of accommodation overseas.

The internal adjustment necessary to preserve the fabric of industry has of necessity been difficult. With gold prices for export products at one-third of the old level and with no prospect of reducing costs by so much, many individual producers have had to face an adjustment so difficult that, when exceptional seasons come to an end, a curtailment of production beyond that suggested above must follow.

It is desirable that I should give the Committee some details in order to establish the magnitude of the social adjustment already made and the difficulty of carrying it further. The Federal Basic Wage is now down on the average 30 per cent below the high point of 1929, and wages generally have been reduced by 20 to 25 per cent.

In conjunction with a reduction of 22 per cent in the interest on internal Government loans, interest charges were reduced generally, either voluntarily or by legislation, to roughly the same extent. Export producers have, however, been unable in many cases to pay even reduced interest and are being carried by banks and merchants. This situation is obviously unstable.

In January, 1931, the Australia-on-London rate of exchange, previously held within 10 per cent of par, went to £130. Australian to £100 sterling. This gave the exporter an immediate increase of over 20 per cent in his returns stated in Australian currency. The increase in costs has been much smaller. There has resulted a much needed redistribution of income, helping materially to maintain and even to increase export production.

This effect was reinforced last September by the similar depreciation of sterling in relation to gold. The Australian sterling exchange remained for a time at the old rate, so that Australian export prices were, on the average, increased by another 25 per cent, in relation to gold prices. In December last the Australian rate hardened a little to £125 Australian to £100 sterling, giving the present relation of £100 Australian—£60 gold. These changes have left Australian export prices fairly steady over the last year in face of the continued fall in gold prices. The relatively stable distribution of Australian income thus achieved has been an essential factor in maintaining export industry.

These three aids to export production—wage reductions, interest reductions and a currency steadied in purchasing power—have made it possible for the export producer, by drastic economies, to keep going. Some of his economies have been real economies of lasting usefulness. But his immediate cutting of costs has often been at the expense of depreciation of property or plant. A further element in "keeping going" has been a serious reduction of the farmer's standard of living, accepted in the hope of better times in the future. Other

"savings" have been made by postponement of the payment of rates and interest and for material, adding a further element of instability to the financial structure.

Summarising the efforts made to swim against the adverse current of events, Australia has cut down the value of her imports from overseas to one-quarter of their value before the slump. She has increased the volume of her exports by one-third. By taxation and direct cuts she has revised incomes throughout her economy in drastic fashion. She has adjusted her currency so that even these reduced incomes are paid in a unit of account which, unlike other monies, has increased very little in purchasing power. By these measures, we have succeeded in meeting every commitment, in holding together the economy that felt first and most severely the brunt of the depression. But the strain involved in the longer continuance of the depression in Australia must not be ignored. This has carried further than in the other Dominions the exhaustion of private and public reserves.

So far we have concentrated on the maintenance of our external solvency. In that we have succeeded. I grant that Australia's very success has embarrassed other Dominions and countries. By restricting imports we have shut the products of their industries out of our own market. By reducing wages, interest and other costs, both directly and indirectly through the relative depreciation of our currency, we have increased our competitive power in markets already heavily supplied. We had no choice. So severe and long continued was the fall of prices that we had to do these things or default.

Yet in view of the level commodity prices have reached what we have done is not sufficient. If prices in oversea markets do not rise, we may have to do more. The first dry season will inevitably mean a further curtailment of imports and another depreciation of our £. A second major reconstruction of this kind in Australia would have further disturbing effects on other countries, themselves engaged in similar measures, which simultaneously pursued would cancel each other. There is a tendency to-day for countries to seek competitive advantage by undervaluing their currencies, which the possession of paper currencies divorced from gold leaves them free to do so.

In his Rhodes Memorial Lectures at Oxford this year Professor Gustav Cassel condemned such undervaluation as being the negation of any international standard, but it is the breakdown of the old international standard that has set the exchanges fluctuating and admitted the practice he condemns. The mutually destructive character of adjustments made in this way serves to emphasize the urgency of joint action by as many countries as possible to find a solution that will preserve the interests of all.

I have dealt at length with Australia's position because in discussing both past and future efforts at adjustment we shall make best progress towards an agreed line if we attempt to see each Dominion's problem of internal adjustment as it has presented itself within that Dominion. It is obviously against the general interest and against the credit of the Dominions and of Britain that any of them should go under.

I have not underestimated nor minimized the depressing effect of redoubled competition in restricted markets. The pressure on the trade of other Dominions caused by adjustments such as those found necessary in Australia is inevitable in any attempt to re-shape our economic activity to the present level of prices. Recognition of this emphasizes the necessity of seeking the level of sterling prices at which these stresses will disappear. They arise very largely because countries need to increase their exports to meet their oversea interest obligations and to pay for essential imports. They will fade out as the values of their exports recover. We may then look for a relaxation of prohibitive tariffs and embargoes on trade and for a greater stability in exchanges.

The only alternative to rising prices is a drastic, all-round deflation of costs to bring them within present prices, and so restore profit as the incentive to enterprise. The cut would apply not only to wages and interest—external as well as internal, private as well as public—but also to capital charges. The peoples of the world, already so sorely tried, simply will not stand such further pressure. Continued cuts in wages would provoke an ugly resistance. The writing-down of debts would take the form of wide-spread insolvencies and defaults, quite possibly involving the collapse of the present financial system.

I need hardly elaborate this. We are all, I think, in agreement with the Right Hon. the Leader of the British Delegation that "a recovery in world prices is one of the essential features in the recovery of the world." He also

suggested that there are limits to what even a large group of countries can do to raise their own price level if the trend of prices in the outside world is persistently downward. There are some, perhaps, who might not accept that view. There can be no doubt that if a practical international scheme designed to secure a recovery of world prices could be evolved, it would be the most effective means of achieving our objective. Whenever international action, however, is suggested, those talking of it appear to visualize a great Conference of the nations at which unanimity would be achieved and from which immediate results would flow. It appears to me difficult to contemplate a Conference of so successful a character in the present position of the world. But I suggest there are other ways of achieving our objective than by such a Conference. If a definite lead were given at the present time I am certain that it would be followed by other countries. Great Britain is obviously best equipped to give that lead. There are signs in France, still more signs in the United States, that if Britain gave a lead to the Empire and to other countries off gold, it would be paralleled and strengthened by similar action amongst those still on the gold standard. I believe that a definite declaration of their policy by the British Government and the maturing of plans already put in hand would have a tremendous effect and would quite probably turn indecision into confidence and give strength to deep-seated forces already at work.

The rise in sterling prices which will come from the action I have indicated will carry us towards a level increasingly consistent with a restored international standard. The dominant problem during the period of rising prices will be the appropriate parities between sterling and other currencies including those of the Dominions. These will not be attained if they are sought in a spirit of strident economic nationalism. They can only be attained by careful management of the exchange rates. We have paper currencies, and whether we like it or not, we must manage them. We shall do so well or ill, as we succeed or fail in our judgments of economic trends. The task is a complex one that calls for close co-operation between central banks. In Dominions where central banks do not yet exist, it may be necessary to set up autonomous boards charged with the management of their exchanges. These boards would be first steps towards central banks. The central banks would be co-operating to bring us back to an international standard that will work. In this connection the Hon. the Leader of the South African Delegation may be right when he claims that stable exchanges are a necessity to commerce. On his part he will no doubt admit that a reasonably stable measure of value is a necessity for the production, without which there can be no commerce. We know all too well the poverty in the midst of plenty that has mocked our increased capacity to produce during the fall in prices. It is this that has deranged commerce and thrown the exchanges into confusion.

Some may accuse Australia of too rough an energy in her struggle to pay her debts. Be it so. I should prefer conviction on such a charge to responsibility for the appreciation in the purchasing power of money and for the slow paralysis of trade. We have at least avoided that infection. We have produced more heavily than ever before and marketed our products as we went. They have gone into current consumption, feeding and clothing both East and West.

With this growing trade, no one will welcome stable exchanges more than we will if they come with higher prices. But any attempt to restore stable exchanges without a tolerable level of prices would be a mockery. A true international standard must give us stability of prices both in place and in time. By that I mean that we need currencies stable in their relations all round the world. We need, even more sorely, money that will enable a debt contracted in one year to be repaid by a comparable service when it falls due in another. If out of the present universal distress we can learn something of the art of reconciling these two stabilities we may yet extract from adversity a lesson of unrivalled value. Perhaps that reconciliation is not so difficult. Even now, the way to it may be clearing.

In conclusion I recognize that anything that Australia or any other Dominion can do in relation to this great problem is relatively unimportant. The influence of action by Great Britain, however, cannot be exaggerated. We trust that Great Britain will make a definite declaration of her policy and give us and to the whole world the lead which she alone can give.

STATEMENT BY THE LEADER OF THE DELEGATION FOR NEW
ZEALAND
(THE RT. HON. J. G. COATES)

Since the latter part of 1929 New Zealand, in common with other parts of the British Empire, has been struggling against a severe economic depression. The whole mechanism of our production, distribution, profits, wages and interest, seems to be out of joint.

New Zealand is essentially a producer of primary produce, i.e., raw materials and foodstuffs. Pastoral and dairy products account for about half of the total national income and for over 90 per cent of the total value of exports. Thus the effect of changes in prices of such products becomes significant.

New Zealand's external trade per head is one of the highest in the world and by far the greatest portion of that trade is with Great Britain.

The general development of New Zealand has been carried out mainly with British capital—both public and private. The Government and local body debts raised by New Zealand in Great Britain total approximately £174,000,000. Figures relating to private investments are not available, but the total indebtedness, both public and private, to Great Britain, would probably be not far short of £200,000,000.

New Zealand's population is predominantly of British stock and the Imperial sentiment is strong. New Zealand is therefore closely allied to Great Britain by strong ties of sentiment, trade and debt.

New Zealand's external obligations are admittedly heavy for a relatively small population, but the country is fertile, the people are industrious and of a high general level of intelligence. These obligations could be carried without strain whilst the country's products were welcomed in Great Britain and the prices remained steady. In fact, its debts were largely incurred on that assumption, but the extraordinary fall in prices since 1929 has completely changed the position. As a primary producer New Zealand has been hard hit because prices for primary products have fallen considerably more than the prices of imported manufactured commodities.

In 1928 and 1929 the external debt charges of New Zealand absorbed little more than one-sixth of the value of exports, whilst at present they absorb about one-third of the value of exports.

The volume of imports into New Zealand is further decreased by the fact that the terms of trade have swung heavily against New Zealand; to such an extent that the quantities of imports that can be purchased is now only about half of what it was three years ago. Such a heavy curtailment in so short a period has imposed a great strain on New Zealand's economic system and drastic steps have been necessary to restore some measure of economic equilibrium and to ensure that overseas obligations are in the meantime met.

Whilst the Dominion has no wish to escape the liabilities incurred on its behalf, nevertheless it is recognized that the burden has been gradually increased by the lack of stability in the sterling price level and a strong public feeling exists that steps should be taken to restore that price level.

The only thing that can really relieve the strain in New Zealand is a rise in British prices and the people of the Dominion—and I think also in other parts of the Empire—expectantly look to the financial wisdom of London to devise a means of achieving the desired object. It is realized that London is the foremost financial centre in the world and trades with the whole world and accordingly it is recognized that Great Britain must also consider the matter from an international standpoint.

Adjustments in internal fixed charges in the Dominion, such as interest, rent and wages, have been put into effect, but at the same time it has to be recognized that failure to stop the fall in prices and bring about some measure of restoration will make it difficult for New Zealand to continue to carry existing debt burdens.

The Dominion is at present operating on a sterling exchange system and desires to adhere to that system. It is willing and anxious to co-operate in any steps which London may devise with a view to remedying matters. Such co-operation might include the co-ordination of our banking system under a central reserve bank and the charging of such a bank with the duty of maintaining the sterling exchange system.

The following is extracted from the New Zealand Ministers' opening statement to the Conference, 21st July, 1932:—

We look upon the quota, or some other effective means of insulating Empire markets from the disastrous influence of unduly low price-levels, as bearing a vital connection with efforts to raise sterling prices. That these must be raised is generally realized. It may be that efforts to raise the price-level should be undertaken on a basis even wider than that offered by this Conference. But this surely does not justify the shirking of action within the competence of Empire countries.

As New Zealand sees this matter, an explicit avowal by the British Government of the principles of which they and their monetary advisers have recently acted would revive throughout the world confidence in the future of prices. Britain has already given a lead by bringing clearly into view a period of cheap money. She has given a lead by eliminating fluctuations of a speculative character in the exchange value of sterling. The mere statement that Britain is working, with her unrivalled knowledge and financial machinery, for a recovery of wholesale prices would, in our opinion, emphasize and support the improvement already in evidence in important commodity markets.

We offer no opinion, we ask for no decision as to the ultimate objective of British monetary policy. But British statesmen and financiers have shown and are showing a courage that shines out brightly in a distracted world. All we ask is an assurance of this Conference that the objects of British monetary policy are to provide a sound basis for the continuance of trade and for the fulfilment of contracts.

The burden of inter-governmental and other debts, particularly those in the nature of war debts, is a problem of real difficulty and one which, we take it, may appropriately be discussed at this Conference as well as at a wider one. We are gratified to note the extent to which interest rates are being reduced in the London money-market, and we hope that the Dominions will benefit as loans domiciled in London fall due for repayment or conversion. That is promising, but we are glad that the presence of the Right Hon. the Chancellor of the Exchequer of Great Britain enables us to emphasize the pressing urgency for action, with the least possible delay, to raise the price-level. We have spoken of the difficulties that face us. We can make some local adjustments, but it is simply impossible to restore even a reasonable measure of sound conditions in the Dominion unless and until the general price-level in Great Britain is increased, and increased substantially. That is something which cannot be left to take care of itself.

Our special appeal to the Chancellor of the Exchequer is that he accept the view that the price-level must be raised, as the very essential of increased intra-imperial trade.

May we stress one argument in support of this matter? It is the final point. In our country, and we think we may say Australia also, farmers and exporters have obtained some help through the exchange rate. But what we all need urgently is such a level of sterling prices as will enable the trading nations to continue settling their debts and advancing their common interests through their accustomed medium and market, London.

STATEMENT BY THE LEADER OF THE DELEGATION FOR SOUTH AFRICA (THE HON. N. C. HAVENGA)

I think we can each of us find a counterpart in our respective countries of the picture that has been hung up by those colleagues who have already spoken of the disastrous consequences to our national economy resulting from the fall in the general price level.

The problem before us seems to me to be to find what we can contribute towards the finding if possible of some remedy to cure the evils from which we are suffering.

In my remarks at the opening of this Conference the other day I dealt shortly with the matter and I desire again to stress a few of the points I then endeavoured to make.

There are two questions involved in the currency debacle which has become such a significant feature of this depression. It will probably aid much to clear thinking if we keep the two apart.

There is first, the breakdown of a large part of the world's machinery of exchange of commodities and services, reflecting itself strongly, as is to be expected, in currency, the instrument with which we account for our commercial transactions.

There is secondly, the evil caused by the fact that while the world has reached a marvellous degree of perfection in its industrial processes, it has not yet in the sphere of the measurement of material values emerged beyond the somewhat primitive stage of employing a measuring rod which expands and contracts under the influence of the commodities which it measures.

The first problem is one of restoration of economic health in a world which has, in the last quarter century, engaged in practices which have materially undermined its physique. The second is the more difficult problem of the invention of machinery which will be as great an advance on the present measures of value as the steam engine was an advance on the animal-drawn transport which preceded it. If the world cannot invent a more perfect standard of value, we shall be forced to put up with the best we have. But if the world is to go on enjoying a high degree of material civilization, it will be necessary to concentrate all our attention on the subject of the restoration of economic health, the convalescence to which is proving to be such a long and painful process. We consider therefore that the first approach to the solution of our present monetary problems should be by way of a restoration of world confidence, "a clearing out of the channels of trade" as Mr. Baldwin has so well expressed it.

We are all oppressed by the phenomenally low level of commodity prices. We all desire higher prices, but what we mean is not that cheapness, or in other words, plenty, is an economic evil, but that having made all our dispositions on the level of values of say 1928, we find that all our machinery is out of gear when we have to sell at the prices of 1932.

But must we act on the assumption that this state of affairs will continue indefinitely? What are the great economic factors in the world to-day?

We have plenty of commodities, and the power of producing much more if need be.

We have millions of people desiring those commodities but lacking in an effective demand for them. We have millions of money, seeking safe investment, and unwilling to assume the risk of carrying out its normal function, which is to link up the commodities with the people requiring them.

But we lack the gear-lever which will link up the machinery of production through universal joints to the differential of consumption which will set in motion the wheels of progress.

In less metaphorical language we have blocked up the channels of trade, we are labouring under a heavy burden of war debts and reparations, and we go on spending huge amounts on armaments. Let us resolutely face the fact that all this is uneconomic. It may be difficult to understand just exactly in what way all this has a reaction on our economic machinery. The economic system which makes possible the maintenance of a high civilization is so exceedingly complex that even the best experts find it difficult to measure all the strains and stresses which are set up by the actions of political communities. But any plain man can understand that in the long run no good can be done by improving our technique in one direction, and then setting up as many barriers as we can to full utilization of the products of that technique. We are therefore of opinion that the most hopeful approach to the monetary question is that on which this Conference, and other Conferences in Europe are at present engaged, namely that of reviving world confidence and re-opening the channels of trade. Once our economic system functions again, once consumption is linked to production, a rise of prices must result from the enhanced demand of millions who are in dire need of consumable commodities.

We hold the view therefore that to blame the monetary part of the economic machine for not having stood the strain when the whole machine broke down is to make a false, and therefore misleading approach to the subject.

As I indicated in my address at the Opening of the Conference, we are of opinion that a re-establishment of at least that degree of certainty, which is associated with the use of one commodity as a measure of value, will help materially to revive trade.

We realize the difficulties with which many states will be faced for some time to come in restoring the gold standard. We realize too that the old parities are no longer sacrosanct. We consider, however, that if the states here repre-

sented can affirm their determination to restore as soon as practicable at least the relative stability of the gold standard, such action will have a settling effect on many people, who in ignorance of the intricacies of a very involved subject, are now so doubtful of the future of world currencies that this factor has a very unsettling effect on enterprise and on confidence generally.

This unsettling effect is not being allayed by the large crop of schemes for monetary reform, which are emanating from different quarters. Holding as we do that the restoration of confidence offers the most hopeful approach to the question of restoration of currencies, we naturally attach great importance to this phase of the monetary question.

Coming now to the question of the invention of a monetary standard more stable than a one-commodity standard, we do not consider that this subject can be adequately dealt with even by a group of states as large as that represented here. It is essentially a subject for the world monetary conference since it affects other states as much as the British Commonwealth.

As a preliminary indication of our views we are, however, prepared to say first, that we consider that some commodity basis will be essential to an improved standard. As long experience has proved gold to be the most satisfactory, we consider that any scheme for the inauguration of a better standard of value must necessarily be based on gold. Secondly, we consider that this is a question in which the world must move with the greatest circumspection. In view of the far-reaching reactions of monetary systems, forming, as they do, the setting of all our economic activities, it is better to proceed with the imperfect instrument we know, than risk all in the hope that somehow we shall thereby improve our tools. While we are therefore anxious that any schemes which offer some hope of improvement, should be thoroughly investigated, we should prefer to be very cautious in our adoption of new schemes. The world monetary conference will likewise offer a better chance of having such schemes thoroughly examined by a Committee of the greatest technical experts on the subject.

It would no doubt be comparatively easy to increase the number of units of currency which our producers obtain for their goods by a process of depreciating our currency. Many states have unfortunately been compelled to have recourse to this expedient. We consider, however, that this is only a temporary palliative. We agree with the leader of the United Kingdom Delegation where he stated in his opening speech: "There are limits to what even a large group of countries can do to raise their own price level if the trend of prices in the outside world is persistently downward".

What is wanted is an upward trend of the international price-level, not an upward trend in the local price level, while world prices fall.

In the final analysis our only hope lies in sound currency, and the process of staving off economic adjustment by adjusting our currencies is merely a process of mortgaging the future, and therefore of delaying recovery.

STATEMENT BY THE IRISH FREE STATE DELEGATION

It may be stated at the outset that, in general, economic and financial conditions in the Irish Free State have shown the same tendency towards deterioration manifest in other parts of the world, including Commonwealth countries. The main factors in the position may be set forth briefly as follows:—

Import and Export Trade:

Since 1929, exports of domestic produce have declined more than imports, with the result that the visible adverse balance of trade has increased from £11,000,000 in 1930 to £16,000,000 in the twelve months ended 30th April, 1932:—

	Imports	Domestic exports	Adverse balance of trade
	£	£	£
1930.....	56,769,000	44,567,000	11,024,000
1931.....	50,468,000	36,276,000	13,397,000
Twelve months ended 30th April, 1932.....	50,848,000	34,197,000	15,846,000

Invisible Exports:

As a means of redressing its normal adverse balance of trade, the Irish Free State depends to a considerable extent on its invisible exports. Precise or up-to-date figures with regard to these are not available. The most important item is the income from investments abroad. This has fallen heavily owing to the reduction or passing of dividends by commercial and industrial concerns, railways, etc., and will fall still further as the result of conversion operations in gilt-edged securities.

The next most important invisible export is emigrants' remittances, estimated roughly at 3.64 millions some years ago. The bulk of these comes from the United States of America and in consequence of the severe depression in that country, there has been a serious diminution in this figure in the last two years.

Purchases of Goods from the United Kingdom and other Commonwealth countries:

The next table shows the values of the imports into the Irish Free State, distinguishing from where consigned:—

Imports consigned from	Values			Proportions		
	1929	1930	1931	1929	1930	1931
	£m	£m	£m	%	%	%
United Kingdom.....	47.9	45.4	40.8	78.1	80.0	80.8
Other commonwealth countries.....	1.2	1.0	1.5	1.9	1.7	2.9
Other countries.....	12.2	10.3	8.2	20.0	18.3	16.3
Total imports into Irish Free State.....	61.3	56.8	40.5	100.0	100.0	100.0

Despite the severe depression, the Irish Free State has continued to be a substantial purchaser of British goods, as the following table shows:—

PRODUCE AND MANUFACTURES OF UNITED KINGDOM EXPORTED

Consigned to	1929	1930	1931
	£m	£m	£m
Irish Free State.....	36.1	34.5	30.4
Other Commonwealth countries.....	288.4	213.8	140.2
Other countries.....	404.8	322.4	218.6
Total exports from United Kingdom.....	729.3	570.7	389.1
Exports to Irish Free State as percentage of total.....	4.9	6.0	7.8

In 1931, the Irish Free State was by far the most important market for United Kingdom exports and re-exports. During the first quarter of 1932, the latest period for which statistics are available, the relative position has been maintained, as the following table shows:—

PRODUCE AND MANUFACTURES OF UNITED KINGDOM EXPORTED

Consigned to	First quarter		
	1930	1931	1932
	£m	£m	£m
Irish Free State.....	8.6	7.1	7.0
Other Commonwealth Countries.....	64.7	37.3	33.4
Other countries.....	90.9	58.9	51.9
Total exports from United Kingdom.....	164.1	103.3	92.3
Exports to Irish Free State as percentage of total.....	5.2	6.9	7.6

Statistics are available as from January, 1930, of the imports into the Irish Free State of a few commodities classified by country of *origin*. These indicate that, in certain cases, striking changes in the direction of imports in favour of Commonwealth countries have occurred during the past twelve months.

Commodities and origin	1930	1931	Jan.-March 1932
	In thousand cwts.	In thousand cwts.	In thousand cwts.
Bacon: Commonwealth.....	29	39	49
Other.....	342	362	17
Butter: Commonwealth.....	24	27	17
Other.....	7	2	1
Wheat: Commonwealth.....	1,202	3,222	1,068
Other.....	4,114	2,413	134
Maize: Commonwealth.....	445	3	
Other.....	6,935	11,198	3,047
Wheaten flour: Commonwealth.....	3,089	3,166	734
Other.....	242	211	35
	in thousand £	in thousand £	in thousand £
Touring Motor Cars: Commonwealth.....	947	801	142
Other.....	110	173	8

Effect of Depreciated Currencies:

The stimulus afforded by exchange depreciation to exports from Australia and New Zealand of various agricultural commodities, especially butter, meat and wool, has helped, with other causes, to undermine the strength of particular markets, and has resulted, for example, in making Irish wool practically unsaleable in its normal market. In regard to butter, the same depressing effect has been visible. As a result of exchange depreciation by other Commonwealth countries and of their bounty systems, the Government of the Irish Free State have been compelled to introduce a system of bounties on exports of butter, simply to keep the country in butter production. This system they are anxious to terminate as speedily as possible, but, with the 25 per cent exchange premium which butter exports enjoy in Australia and the lesser premium in New Zealand, these countries can place the commodity on the British market at prices below cost of production in the Free State. The following table illustrates the points outlined in this paragraph:—

PERCENTAGE CHANGES BETWEEN 1929 AND 1931 IN QUANTITIES, VALUE AND PRICES OF BUTTER AND WOOL IMPORTED INTO THE UNITED KINGDOM
(+ increase - decrease)

	Quantity	Value	Price
	%	%	%
Butter:			
Australia and New Zealand.....	+68	+ 9	-35
Irish Free State.....	-33	-54	-32
Wool:			
Australia and New Zealand.....	+ 3	-43	-44
Irish Free State.....	-17	-59	-51

The huge increase in the imports of butter from Australia and New Zealand between 1929 and 1931, and the decline in the imports from the Irish Free State, will be noted. In consequence of these increased supplies, the price of butter has fallen by one-third. With regard to wool, the increased supplies, which were presumably the main cause of the fall in price, came mainly from South America.

Fall in Agricultural Prices:

As a producer of primary commodities, the Irish Free State has suffered severely from the fall in agricultural prices in recent years. The following index number of agricultural prices indicates the heavy and abnormal extent of the decline. (Base 1911-13=100):—

1929..	139.3
1930..	124.8
1931..	110.1

Agricultural prices in 1931 were 21 per cent less than in 1929.

Increased Taxation:

Despite the fall in production at home and the reduced external trade, it has been found necessary to increase the burden of taxation which was already intensified by the steep fall in prices previously mentioned. Owing to the growth of unemployment and increased distress generally throughout the country, the Budget provision for normal expenditure, which usually runs to £26½ millions has had to be supplemented to no less an extent than £2½ millions in the current financial year 1932-33. The raising of this additional large sum, as well as the maintenance of existing revenue, have involved heavy increases in both direct and indirect taxation.

Increased Burden of Fixed External Payments:

While the amount of the loan indebtedness abroad of the Free State is, unlike most of the other States of the Commonwealth, comparatively small, the volume of its external payments is very considerable, running to no less than £5½ millions per annum. This sum was practically the same in the year 1931, when the agricultural price index number was 110, as in 1929 when it was 139, and in 1922 when it was 160. The additional real burden involved in the payments may be measured directly by reference to these figures. These payments represented, in 1931, 15 per cent of the total exports.

Unemployment and Emigration:

Even before the present depression began, the Irish Free State had to contend with a severe unemployment problem. At the census of 1926, the number of persons who stated that they were out of work was 78,000, which constituted 12 per cent of the number of "employees" (657,000) in the country. The proportion of unemployed amongst work people insurable under the Unemployment Insurance Acts, the scope of which does not extend to agriculture and private domestic service, was 17 per cent, a figure considerably in excess of the United Kingdom figure of 9 per cent for April, 1926.

The current available statistics of unemployment for the Irish Free State are unsatisfactory, as they are in most countries. They indicate that in 1932 there has been a marked increase in unemployment in insured industries, and it is estimated that unemployment in these industries now exceeds 20 per cent. No statistics are directly available to indicate the magnitude of unemployment in uninsured industries, of which agriculture is the most important. The cessation of emigration overseas, practically all drawn from rural areas in the country, without any marked development in non-agricultural industry, has, it is known, resulted in a huge increase in unemployment in agriculture. An approximate idea of the magnitude of this increase may be derived from the declines in emigrants overseas, who numbered 21,000 in 1929, 16,000 in 1930 and 1,500 in 1931, as compared with a normal annual figure of upwards of 30,000.

PART II

The Irish Free State pound, resting on a sterling exchange standard, has at all times up to the present been maintained at parity with the pound sterling. The position of the Irish Free State as a creditor country has facilitated this. There is, accordingly, no problem of exchange instability between the Irish Free State and the United Kingdom with which this Conference need be concerned.

Notwithstanding this, the Irish Free State is materially interested in the general problem of exchange instability as exemplified in recent times both in the world generally and more especially in the case of some of the inter-Commonwealth exchanges. The delegates of the Irish Free State consider that the stabilization of exchanges between members of the Commonwealth could profitably be investigated at this Conference, and that any progress made would be a valuable contribution towards the solution of the wider problems that may hereafter engage the attention of the proposed World Monetary Conference.

Should other members of the Commonwealth find it feasible to maintain stability in terms of sterling, the methods to be adopted for this purpose would appear to be likely to involve problems which would be common in several respects to those members and the Irish Free State, and on which the interchange of views at this Conference should serve a useful purpose. The experience of the Irish Free State in operating a sterling exchange standard suggests that there are points of policy in the administration of such a standard on which communication and co-operation between the various authorities operating such a standard would be beneficial to all.

It is recognized that wide issues affecting exchange standards in general involve considerations which could not well be explored fully by a body having the limited membership of this Conference. Nevertheless, if the method of a sterling exchange standard, or something approximating to it, is to be adopted generally, even as an interim measure pending further advance, it would seem to be very desirable that the members of the Commonwealth who resort to this method should have the advantage of some enlightenment from the authorities of the United Kingdom as to the policy to be pursued in regard to sterling itself, and especially the expectations entertained as to its future exchange relations with free gold currencies.

STATEMENT BY THE LEADER OF THE DELEGATION FOR NEWFOUNDLAND (THE HON. F. C. ALDERDICE)

At the meeting on Tuesday morning, July 26, it was decided that the different delegations should present an outline of the difficulties they experience in monetary and financial matters arising out of the present situation.

Newfoundland currency and exchange problems are at the present time very closely associated with those of Canada. Newfoundland currency is at present for practical purposes Canadian currency and exchange operations are conducted through Montreal. Nevertheless, the present exchange difficulties affect Newfoundland in special ways.

Newfoundland depends for her prosperity to a very large extent upon export trade. In the twelve months ended June 30, 1932, Newfoundland exports were valued at more than twice the total of government expenditure and more than five times the interest on the external debt. For the preceding financial year the exports were valued at nearly eight times the interest charge on the external debt. The depression of world markets and of prices thus has an especially grave effect on the prosperity of the Dominion.

The exports of Newfoundland are to a large extent paid for on a sterling basis. In the year ended June 30, 1931, over fifty (50) per cent of all Newfoundland exports were paid for on this basis, and the decline in the value of sterling as compared with the Canadian dollar has affected seriously the yield of the export trade in recent months.

On the other hand, the depreciation of the Canadian dollar in terms of the dollar of the United States has thrown a heavy burden upon the Newfoundland government in respect of the interest on the public debt, a large part of which is payable in New York funds at the holder's option.

It may further be noted that Newfoundland trades with a very wide circle of Empire and foreign countries. The widespread nature of the present international depression has thus been of peculiar difficulty.

The difficulties as affecting Newfoundland may be divided under the following heads:—

1. Difficulties arising out of the general international depression, affecting the purchasing power of all Newfoundland's customers.
2. Difficulties arising particularly out of the fall of the sterling exchange rate, about half of the exports being paid for on a sterling basis.
3. Difficulties arising from the decline of the Canadian dollar as compared with the dollar of the United States, involving a relative increase in the interest charge on the public debt.
4. Difficulties arising from the depreciation of other non-Empire currencies, notably that of the Brazilian milreis.

A further point must be emphasized,—that recent exchange fluctuations, particularly those of sterling, have introduced an element of uncertainty which renders the position still more difficult.

The international aspect of the present monetary difficulties is obvious. Newfoundland would welcome the adoption by this Conference of a resolution inviting a wider international co-operation with a view to exchange stability generally and the raising of the present international price level.

Some part of the solution of the problem lies, however, within the Empire itself. In this connection, the Newfoundland delegation draws attention first to the present position of sterling exchange. The Delegation feels that so long as sterling exchange maintains its present low level, permanent improvement is not likely to be effected. They would welcome any suggestions which the United Kingdom Delegation may see fit to bring forward on this matter.

Next in importance to the recovery of sterling stands the question of eliminating the present fluctuations in inter-Empire exchange rates. Any such result would appear to depend upon the establishment of greater uniformity of policy on important financial matters as between the different parts of the Empire. For this purpose, it is suggested that the present opportunity should be taken to ascertain whether a permanent body could be established at which important financial questions affecting the Empire could be raised and discussed with a view to the evolution of a common Empire policy on financial and monetary matters.

STATEMENT BY SIR GEORGE SCHUSTER (INDIA)

I shall confine my remarks to a description of the actual effects on India of the recent fall in prices, leaving to Sir Henry Strakosch the task of more general treatment. It is not necessary to enter into elaborate detail for the main features of our position are similar to those already described for other countries. But there are special features in the case of India. Its mere size makes our problems more serious, while the conditions of the people and the present political situation import considerations which are not present in the case of the other Empire countries.

The position has to be considered in two broad divisions, first, the economic condition throughout the country, that is to say the effects of what has happened on the masses of the people; secondly, the reactions on the budgetary and financial position of the Government.

India has a population of 350,000,000. Although she has achieved important industrial development she is still essentially an agricultural country. Over 70 per cent of her vast population rely directly on the cultivation of the soil for their livelihood, mainly as small cultivators on their own account. They cling to the soil, and the laws of inheritance lead to the division of the land into ever smaller holdings. The average standard of life is, to those accustomed to Western standards, incredibly low. While the people live mainly on their own produce they require money, first, to meet their fixed charges, land revenue to the Government, canal dues in irrigated areas, in some parts rent to private landlords, and, most important of all, interest on their debts to the money lenders, for the ordinary cultivator in India is always heavily indebted; and secondly, to purchase certain absolute necessities, such as cotton piece goods, kerosene, salt. As regards both these requirements for money they have suffered very severely from the fall in prices. In the case of the first—their fixed money obligations—this must obviously be so, while as regards the second, the prices of the necessities which they have to buy have not fallen to anything like the same extent as those of the produce which they have to sell. Our general position in this respect is similar to that of New Zealand, as explained by Mr. Coates in his speech at the opening of this Conference. The index number, based on 100 for 1914, for Indian exports has fallen from an average level of 138 in 1928 to 78 in April, 1932, while the general index figure of internal prices in India for imported commodities had only fallen from 145 to 124. There has thus in the last three years been a fall of about 43 per cent in the prices of exported goods as compared with the fall of 13 per cent in the prices of imported goods. But the position of the poorest classes is really worse than these general figures indicate. It can be most clearly understood by taking typical commodities which the ordinary agriculturist has to buy and sell. Thus in April last the index figures (based on 100 for 1914) were for cereals 66, raw jute 45, hides and skins 52, cotton 89. On the other hand the figure for cotton piece goods was 127 and for kerosene 161. The comparative stability of the internal prices for those goods is partly due to the fact that the basic prices of manufactured and semi-manufactured goods have fallen less than for primary products, and partly to the increase in customs import duties which the necessities of the financial crisis have forced the Government to impose.

The figures sufficiently indicate how difficult the position of the small cultivator has become. For the prices which he is now realizing for his "money crops" are in many cases only about half the pre-war prices, while his fixed charges have probably in most cases increased and the cost of his necessary purchases is much higher. The margin of cash which he can realize is thus totally inadequate to meet his needs. In these circumstances he is forced either to restrict his own consumption of the foodstuffs which he produces, or to part

with any property which he may have (cash savings, gold and silver articles, etc.), or to get more deeply into debt. There is clear evidence that recourse to all three of these methods has been general during the past eighteen months. The Provincial Governments have done their utmost to meet the situation by remissions of land revenue, canal dues, etc., and by forcing reductions of rent. But their own financial difficulties impose limits on their powers in this direction, while even a total remission of their levies would not fill the gap.

I may turn now to the effects on the budgetary and financial position.

The economic depression has caused a drop of unparalleled magnitude in India's Trade and consequently in Government revenue. The average value of India's post-war trade in merchandise (i.e., for the ten years ending March 31, 1930), was, exports, 325 crores (about £243½ million sterling) and imports, 242 crores (about £181½ million sterling) showing a favourable balance of 83 crores (£62 million sterling). For 1931-2, however, the figures had dropped to less than one-half, namely, exports, 160 crores (£120 million sterling), imports, 125 crores (£92 million sterling), favourable balance, 35 crores (£28 million sterling), while, as I shall explain later the figures up to date for the current year are much worse. The two significant facts here are, first, the drop in the total values, and secondly, the drop in the favourable balance. It is the former which mainly affects the budgetary position with which I will deal first. The drop in values indicates that customs revenue on which we rely for two-thirds of our tax revenue, would without increasing the rates of the duties have been halved. The general falling off in trade is equally affecting income-tax receipts, while railway revenue has dropped in a manner which is causing most serious embarrassment to the Government's finances. I may indicate the magnitude of our railway interests by saying that the Government of India has 752 crores, or £564 million sterling, invested in its railways, and that in a normal year the gross traffic receipts from this system should be about 110 crores, or £83 million sterling annually. The receipts will probably be less than 80 crores, or £60 million sterling for the current year.

To meet the situation of which I have just given the salient features, the Government has had to take drastic measures both to restrict expenditure and to increase taxation. But the scope for economies in the case of the Government of India is limited. The main charges of the Central Budget are for Debt Services and Defence. Out of a total budgetary expenditure in 1929-30 of about £100 million sterling, the cost of ordinary civil administration was only about £9 million sterling. Army expenditure accounted for about half the balance. The case of military expenditure is particularly worth noting, because it affords a good illustration of the difficulty of adjusting post-war standards to an economic level which has fallen much lower than the pre-war level. Pre-war military expenditure was 29 crores, say £21 million sterling, but the post-war military budget four years ago had been stabilized at 55 crores, or £41½ million sterling, nearly twice the pre-war figure. And yet we now maintain 16,000 *less* British troops in India than we had before the war. The difference is mainly accounted for by the higher standard of efficiency which the war proved it necessary to maintain, to higher rates of pay and to other special features such as the addition of war pensions. We have for 1932-3 reduced the figure to 46½ crores, or about £34½ million sterling, including cuts in pay. We cannot get it appreciably lower without reducing fighting troops on a large scale. The dangers of such a course just now are obvious. On the civil side we have made severe economies but this has meant cutting down administrative services and Public Works expenditure to a low level which cannot safely be maintained. The scope for economies being thus limited it has, in order to fill the gap been necessary to impose very heavy increases in taxation. To explain shortly what has been done I may say that, while our normal tax revenue has since the war averaged about 75 crores (£56 million sterling), I have been forced during the last two years to impose new taxes calculated to yield 34 crores (£25½ million sterling), an increase of nearly 50 per cent. Yet, on present indications even this may prove insufficient if the present low level of prices continues.

The figures which I have given indicate how great are the budgetary difficulties, but the intrinsic position is not fully revealed by these figures. In order to explain this one must turn to the second point, the balance of trade. Before the war India could, taking the average of the ten pre-war year figures, rely on a favourable balance of exports over imports of merchandise of about 72 crores (£54 million sterling). I have already given figures showing that for the ten post-war years to the end of March, 1930, the average favourable

balance had increased to 83 crores (£61 million sterling), and that for 1931-32 the balance had been reduced to 34 crores (£25½ million sterling). But the position since the close of the last financial year has got steadily worse. The trade figures for the first three months of the current year, April, May and June, show total exports of merchandise 30 crores (£22½ million sterling) and imports 37 crores (£27¾ million sterling)—an unfavourable balance of 7 crores. Thus, if we continue at this rate for the rest of the year we shall have an unfavourable balance of 28 crores (£21 million sterling) compared with a normal favourable balance both for the pre-war and post-war periods of 70 to 80 crores (£54 million to £61 million sterling). But India as a debtor country needs to maintain a large favourable balance of trade in merchandise. The Government in order to meet its essential obligations has to find about £30 million sterling annually, that is to say 40 crores, while the figures indicate that, as an average, a further margin of 10 crores (£7½ million) at least is required to meet other items in the adjustment of payments on private accounts. Therefore, apart from movements of capital or the country's requirements for the purchase of precious metals, India in order to maintain an even position requires a favourable trade balance of at least 50 crores (£37½ million) annually. In the past, as I have shown, this minimum has in fact been exceeded by 20 to 30 crores; and this margin has been utilized by India for the import of gold and silver, which according to age-long tradition the Indian people buy. Yet we are now faced with a heavy unfavourable balance of trade—a feature which, save only in the totally exceptional disturbances just after the war, India has never experienced before. It will be asked how in these circumstances our exchange rates are being maintained. The answer is that since last September, India, instead of importing gold and silver, has practically stopped buying silver and has been *exporting* gold on a large scale. Actually in six months, October, 1931, to March, 1932, India exported gold to the value of 57 crores, or on the basis of the full gold parity of sterling to the value of about £32 millions. This process is still continuing at the rate of about 4 crores (£3 millions sterling) per month. This is the key factor which must be remembered in assessing the realities of the Indian economic situation. According to the figures for the first three months of this year India is only exporting merchandise at the rate of 120 crores (£90 million sterling) per annum, while she needs, as I have already shown, a favourable trade balance of at least 50 crores (£37½ millions) in order to maintain an even keel. Therefore, if it were not for the export of gold she could only afford to be importing at the rate of 70 crores (£52½ millions) per annum. A reduction of imports to such a figure would create a completely impossible budgetary position. If, on the other hand, imports were not so reduced she would be unable to meet her external obligations except by raising fresh loans, a course of which the dangers and disadvantages are obvious.

In what I have already said I have dealt with the general economic position in the country and with the budgetary and currency position of the Government. But there is another side of the Government's financial activities which has a very important bearing on the general economic position of the country. I refer to the Government's program of capital expenditure on public works generally, but especially on railway construction and irrigation works. The grave budgetary difficulties which I have described combined with the difficulty of maintaining financial and currency stability in the face of the slump in export trade have forced the Government to cut down most drastically the whole of its program of capital expenditure. Financial policy as regards the railways clearly illustrates this. In the three years from 1st April, 1927, to the 31st March, 1930, expenditure on new construction and Open Line works on the railways, including the expenditure from the Depreciation Fund, averaged £31¼ million sterling. For the financial year 1932-33, this expenditure has been reduced to a total of £7¼ million sterling. This reduction in construction work seriously affects the economic position in India. It must also seriously affect the position in England, for a large portion of the railway expenditure would have taken the form of the purchase of locomotives, etc., from England. These figures are no more than an illustration in one important field of the vicious circle of depression into which a country is forced when its Government has to undertake a drastic policy of economy and deflation. As a further detail illustrating this I may quote the fact that, when the program of the development of the Indian iron and steel industry was fixed five years ago, it was worked out on the assumption that the Government requirements of rails from the Tata Iron and Steel Works would amount to 200,000 tons per annum. The

actual orders for the current year are only 38,000 tons. It is obvious how such subnormality in activity must react on the economic position throughout the country.

In what I have said above I have dealt only with the position of the Central Government of India. But the position of the various Provincial Governments is even more difficult. I need not enlarge upon this for the effects in this field are precisely similar to those of the Central Government which I have already outlined.

While the difficulties of effective action towards producing a rise in prices are fully recognized, the situation which I have attempted to describe seems to us to justify the consideration of any course which offers a hope, however slight, of ameliorating the position.

The discussion of the exact lines which such a course might follow can be left to a later stage, but I should like to conclude by shortly summarizing India's needs, and stating what is likely to happen if these cannot be met.

We need above everything a substantial and early rise in prices. We recognize that a rise in world prices to be brought about by International co-operation is the ultimate ideal, but, short of this, we believe that a rise in sterling prices extending throughout the sterling area would not only bring us great immediate benefits, but would probably by its own stimulus and example lead to a general movement throughout the world. If we could be assured by declaration from the British Government that their policy would be directed to raising sterling prices and to maintaining monetary and credit conditions appropriate to that end, we should feel justified in adopting a policy which would itself contribute largely to a general improvement in trade.

STATEMENT BY SIR HENRY STRAKOSCH (INDIA)

I should like, with your permission, to amplify the very instructive surveys of the previous speakers by dealing with the monetary problem from a somewhat wider angle. I shall endeavour to explain how intimately the question of Imperial Preference is bound up with that of monetary co-operation within the Empire, indeed, how essential such monetary co-operation is to the promotion of Inter-Empire Trade and how the absence of an appropriate and uniform monetary policy within the Empire is likely to frustrate the advantages that Imperial Preference is designed to give.

There is hardly a single one of the statements made by the heads of the Delegations at the Opening Meeting of the Conference, and again to-day, which does not refer to the fall of wholesale prices as the fundamental factor in the economic depression and which does not emphasize the urgent need of seeing the trend of wholesale prices reversed.

This view is now also accepted over a wide area outside the British Empire. (Notably in the United States of America.)

It is unnecessary at this stage to deal at any length with the causes of the fall of the gold level of prices and the abandonment of the gold standard by all but a few countries. Yet it is, I believe, useful to refer to it briefly. There has been a good deal of controversy on this subject but public discussion in the more recent past has shown that there is a great measure of unanimity on the fundamental factors that have brought about that fall. The differences where they exist to-day are mainly of emphasis and not of substance.

It is now generally recognized that the fall of prices and therefore the crisis is due to a combination of factors—political, economic, financial and monetary—all acting and reacting one upon the other but all operating on the situation through the monetary medium.

It is now also recognized that one of the most important elements in the situation has been the reparation and war debt question. The refusal (by the imposition of high tariffs and other restrictions to the movement of goods) of the two reparation and war debt creditor countries, France and United States, to receive these and other debt payments in the form of goods or securities had compelled the debtor countries to discharge their obligations in the form of gold. The consequent depletion of their monetary gold reserve set in motion a vicious circle of deflation, which in its early stages produced a severe economic depression to which was later on added a financial crisis,—a crisis of confidence which in some countries threatens to destroy the very foundations of the Credit system; i.e., the system upon which our modern economic and social organization rests.

Happily as a result of the Lausanne Conference there is a fair prospect of this question being solved in a way in which the baneful effect of reparation and war debt payments will be mitigated substantially.

For the purpose of our immediate task it seems important that we should keep firmly in mind what are the principal reactions of a fall of prices on production and trade. That will, I believe, provide us with a good guide when we come to consider the means by which we may hope to extricate ourselves from our present difficulties.

A rapid appreciation of the purchasing power of money (which finds its expression in the fall of the general level of wholesale prices)—

(a) enhances the burden of all debts because ultimately they can only be met in the form of goods and services;

(b) enhances also all fixed or semi-fixed money obligations other than debts; e.g., rents, wages, railway rates and taxes;

(c) and so sets up a disequilibrium between the cost of production and the price of the commodities produced.

The enhancement of the purchasing power of money thus causes widespread insolvency, deranged budgets and the destruction of profits of enterprise which in turn reduces the volume of production and brings with it unemployment and ultimately forces upon the community a reduction of the standard of living.

A reference in a local newspaper to the experience of a Calgary sheep farmer puts the effect of a disequilibrium between costs and prices simply and neatly. The sheep he had sent to market were sold for twenty-five cents a head. His costs including railway freight amounted to forty-eight cents and thus left him with a loss of twenty-three cents per sheep. The rigidity of certain costs is well illustrated by the fact that the taxi fare from the Chateau to the House of Commons costs fifty cents, that is, the money value of two sheep.

The income of the community is determined by the volume of its production. The incentive to production, on the other hand, depends upon the prospect of the production yielding a profit.

If there is no prospect of it yielding profit, production will be reduced.

Falling wholesale prices and the disequilibrium which such a fall creates between the cost of production and prices thus leads inevitably to a curtailment of production, that is, to a reduction of the income of the community. Unemployment and a progressively increasing inability of meeting debt charges is bound to ensue.

How a rapid fall of wholesale prices causes a disequilibrium to develop between costs and prices may be gathered from a chart showing the course of wholesale prices and cost of living in the United Kingdom, United States, Germany and France since 1928. The cost of living index is a good index of the general cost of production in a country.

The object of the Ottawa Conference is the promotion of inter-Empire trade mainly by a system of tariff preferences.

The Chairman of the Indian Delegation in his Opening Speech said:—

“The benefits to production and trade of a preferential system may easily be swept away unless it is supported by a monetary and credit policy which assures a reasonable measure of stability of general wholesale prices”

And he emphasized:—

“That the level of wholesale prices should be such as to re-establish equilibrium with costs and the burden of all fixed and semi-fixed money obligations.”

To elucidate the point let me briefly deal with some of the effects on Inter-Imperial Trade and the operation of preferential tariffs of—

(a) Sterling prices remaining where they are at present.

(b) Sterling prices falling below the present level.

(c) Sterling prices rising above the present level.

I shall do so from the point of view of those Empire countries, the currencies of which are at present linked to sterling. They are all in the main producers of primary commodities and all are on balance debtor nations, mainly to the United Kingdom.

(a) If sterling prices remain at their present level (which is some 3 per cent below that at which it stood when the United Kingdom and all but one of the Empire countries abandoned the Gold Standard) the burden of debt and the disequilibrium between costs and prices is likely to remain so great as to continue to impede production and to absorb so large a proportion of the exportable surplus of these countries to meet their debt charges as to leave but the slightest margin with which to buy commodities from the United Kingdom. No amount of preference in favour of United Kingdom goods could in these circumstances lead to purchases by the Dominions and India of the United Kingdom goods beyond the absolutely indispensable minimum.

The burden of debt at the present level of prices is so great that it is by no means excluded that one or other of the countries will be unable fully to meet their obligations—which are mainly to United Kingdom.

There is moreover the possibility that some of them will not be able to maintain the link with sterling at the present rate of exchange. It may become necessary for them to depreciate their currencies in terms of sterling so as to ease their burden of internal debt and to reduce the disequilibrium between costs and prices.

The effect of such a development would be to give to the country which has allowed its currency to depreciate a definite advantage in the cost of production and thus in its competitive power over producers in the other parts of the British Commonwealth. A depreciation of currency in these circumstances is equivalent to an extra tariff against the rest of the Empire. It would tend to restrict trade, to cancel preferences already agreed and abnormally to stimulate some of its industries. Such a development is clearly contrary to the whole spirit of Empire co-operation and is the surest way of destroying it.

(b) If sterling prices were to fall below their present level the dangers and difficulties to which I have alluded would be very substantially increased. Production and trade would be reduced still further and default on external as well as internal obligations and depreciation of the currency would be almost inevitable in many cases. The risk of social and political difficulties would be substantially enhanced. And finally any system of Empire preference would be quite ineffective.

(c) Most of the difficulties to which I have alluded would be mitigated and possibly completely removed by a rise of wholesale prices.

The conclusion to be drawn from this cursory survey is clearly that to make the aims of the Ottawa Conference attainable it is indispensable:

(a) That pending the re-establishment of a stable international monetary standard the Empire countries should as far as possible adopt a common standard of value and that the wholesale level of prices in terms of that common standard should be raised to a point at which an equilibrium is re-established between costs and that level of prices.

Further, that on the attainment of that level monetary policy should be directed towards maintaining it stable both in terms of commodities and in terms of other Empire currencies.

The United Kingdom, being the greatest centre for Empire trade and finance and being in a very strong creditor position *vis à vis* the rest of the Empire, the trend of prices in terms of the common standard must depend in the main upon the monetary policy she decides to pursue.

If it is agreed that (1), a general rise of prices is necessary and (2), that stability of Inter-Empire exchanges is desirable then in order to attain these objects it is the monetary policy of the United Kingdom which must be the decisive factor. The task of the other members of the Empire sterling group in these circumstances involves no new problem. It would be confined to maintain stable the exchanges of their national currencies on London. They would in other words have to do no more than all gold standard countries used to do before the War.

To What Level Should Wholesale Prices Be Raised?

It is sometimes said that the interests of the United Kingdom in this regard and those of the rest of the Empire diverge because—

(a) United Kingdom is a creditor country and as such profits by a low level of prices, and,

(b) The divergence between costs of production and the prices of the goods she produces is less than the divergence in the other parts of the Empire.

As to (a) the United Kingdom has a vital interest in seeing that her debtors remain solvent not only because she has a claim on them as a creditor but also because she is deeply interested in the sale to them of United Kingdom products.

(b) The purchasing power of the Dominions, India and the Colonies for these goods clearly depends largely upon the cost of production being brought into harmony with the price of these commodities.

It is clear then that the measure of harmony of the interests of the United Kingdom and the rest of the Empire is much greater than any possible divergence in regard to the particular price level to be aimed at. In these circumstances it should not be difficult to devise a common policy which would suit the requirements both of the United Kingdom and the rest of the Empire.

The fall in prices and the consequent process of economic disintegration has already reached so advanced a stage that there is no time to lose. If we are to avoid troubles far more acute and far more dangerous than those we have already experienced quick and determined action is necessary.

One more word in conclusion. I think we all realize that the measures of Imperial co-operation in the economic and monetary field which we are considering here—even if they were put into execution immediately—will not restore to the Empire the measure of prosperity it enjoyed before the crisis. That prosperity can return to us only if and when the production and trade of the world as a whole have been restored. And that requires among other things the re-establishment of an international monetary system which can be relied upon to assure all reasonable conditions of stability, both in regard to the purchasing power of money in terms of commodities and in regard to the exchanges. The measures for Empire co-operation in the monetary field must therefore be regarded as no more than a preliminary stage to alleviate the position and pave the way to the restoration of an international monetary standard. The Empire will have an important—if not deciding—voice in the determination of what that standard should be. It seems desirable, therefore, that we should avail ourselves of the opportunity this Conference offers to consider what international monetary standard the Empire would favour and the conditions under which it would be prepared to adopt it.

But before we come to consider this question the Conference will no doubt agree that our first task is to pursue the subject of immediate practical importance, viz., to reach agreement first on the broad proposition that a rise in the wholesale level of prices is necessary and then on the method by which such a rise may be achieved.

STATEMENT BY THE RT. HON. NEVILLE CHAMBERLAIN (UNITED KINGDOM)

1. We all listened yesterday to a series of statements from the various Delegations at this table in which they gave us a most vivid and impressive picture of the serious effects which have been produced in their respective countries by the heavy fall in wholesale prices. I wish to pay my tribute to the helpful character of these various statements, in every one of which I found some suggestive or illuminative features.

2. Naturally the different conditions in the various Dominions and in India have been reflected in some variation in their presentment of their case, but it seems that there is a very general agreement at any rate on two important matters. In the first instance every speaker dwelt with the utmost conviction upon the necessity for a rise in wholesale commodity prices if his country was to be rescued from grave embarrassment; and, in the second place, there was a general, though not perhaps universal feeling that the United Kingdom could contribute more to a solution of the problem of how to raise prices than any other of those who are met here.

3. However flattering to our vanity may be this attribution to the United Kingdom of such far-reaching powers, I fear I must submit to you some considerations which will show our limitations. Nevertheless the United Kingdom is earnestly desirous of putting before our fellow delegates such conceptions as we have been led to adopt, and indeed we are glad to have an opportunity of repeating in these surroundings some statements which perhaps have not been as widely circulated as we should desire.

4. Let me begin then by some observations upon three important matters which have been the subject of discussion here and upon which some indication of the ultimate British objectives has been specifically asked for. I shall have a good deal to say upon the subject of price levels but I want to make it perfectly clear at once that upon the desirability of raising wholesale commodity prices the United Kingdom Delegation is in full sympathy and agreement with the Dominions and India.

5. Not only is it truly the fact, as stated for example by Sir George Schuster, that we are necessarily affected favourably or unfavourably by anything which concerns their prosperity, but the fall in price level has created its own special problems in our country. We in common with the Dominions have had to face the difficulties created by an increased real burden of debt—by the heavy rate of taxation necessary to balance our budget out of an income diminished by decreased production at home and loss of income from abroad; by the widening discrepancies between wholesale and retail prices; by an excessive reduction in the profits of enterprise; and by a very great volume of unemployment.

6. All these phenomena are only too familiar to the world at large and the purpose of enumerating them here is only to make it clear how severe has been the effect upon the United Kingdom. On some matters such as excessive taxation and heavy unemployment it has perhaps suffered longer than the rest of the world.

7. I hope I have now made it plain that any idea of there being a divergence of view between the United Kingdom and the rest of the Empire on this question of price levels must be founded upon a complete misapprehension of the real facts.

8. In the second place there is the question of the measure of value which should be ultimately adopted. I venture to express my agreement with Mr. Bennett's observation when he said that he failed to see how we could carry on business with the world unless there were some universal yardstick, and I am not disposed to differ from him when he said that he was unable to see a yardstick other than one based on gold which would be universally acceptable. The leader of the South African Delegation also made some extremely weighty observations on the same subject. At the same time we must make it clear that we have no intention of returning to the gold standard unless we can be thoroughly assured that a remedy has been found for the maladjustments which led to the breakdown of that standard last year. It would be useless for the countries now on the sterling basis to revert to gold if the fundamental conditions—economic and political, as well as monetary—had not been so changed as to obviate the risk of a fresh fall in gold prices. Before we change our present basis we must be sure that the change can be maintained and that we shall not have to do our work all over again in a few years' time.

9. There is a third point on which the opinion of the British Delegation has been sought, namely, the possibility of the stabilization of exchange within the Empire. The United Kingdom Delegation recognizes the great importance to traders of a stable rate of exchange and they desire to see the utmost possible stability of exchange rates both between those currencies within the Empire which are based on sterling and also between sterling and gold. They would be very glad to discuss any proposals which may be put forward with this object in view, but they must submit that present world conditions are singularly unfavourable to stability. One of the most alarming features of the world situation is that vast accumulations of capital have been formed which instead of seeking investment in normal fashion on a long term basis are held for safety in short form. This international short term capital is moved from one financial centre to another with extraordinary rapidity whenever distrust as to the future of an important currency or the prospect of a quick profit suggests a transfer and its volume is so great as entirely to outweigh for considerable periods of time the effect of ordinary trade factors on the course of the exchanges. The United Kingdom has had experience of the working of this factor both ways. In the summer of 1931 very great withdrawals of short term money from Great Britain took place whereas this year we have had equally sudden and undesired inflows of short term foreign money seeking a refuge in London, and these facts emphasize that, whilst the difficulties caused by big movements of short term capital are usually minimized or ignored by theoretical economists, they present a formidable problem to the people who actually have to handle exchange. The British Government has devised important new machinery for dealing with this problem so far as practicable in the shape of the Exchange Equalization Account, but it would be going too far to say that even now we could give a

definite undertaking that we could keep exchange constantly at one uniform level. Clearly the ultimate remedy for the fluctuations in exchange is the restoration of confidence in the world at large. In proportion as the various forces—political, monetary and economic—which have undermined that confidence are overcome, there will be diminution of the extent and the rapidity of irrational and speculative movements of short-term capital.

10. Coming back now to the question of price levels I need hardly emphasize the fact that it is in wholesale much more than in retail prices that we desire to see a rise and I agree with those Delegates who have indicated the view that it is possible to contemplate a substantial rise in the one without a corresponding movement in the other seeing that the fall in wholesale prices has been accompanied by no equivalent drop in the cost of the articles concerned to the consumer. On this point then there is no difference between us, but when we come to the question how this desired rise in price level is to be attained I seemed to find in some of the speeches made yesterday a suggestion that it could be effected by some manipulation of the monetary factor alone.

11. If such a view be anywhere held I venture to submit that the matter is not so simple. I agree with Sir Henry Strakosch in his view that the causes of the depression in prices were political, economic, financial and monetary, and if the causes are manifold it is surely unwise to suggest that the remedy is unitary. In everyone of these four fields there are features which must be modified or removed if we are to achieve our purpose, and I cannot think that it will be out of place if I attempt to summarize briefly the views of the United Kingdom Delegation under each of the four heads.

12. On the political side there stands out as one of the most prominent of the causes which brought about falling prices the question of reparations and war debts. Happily I need say no more upon this matter since the first step at least has been taken at Lausanne towards the removal of this cause.

13. Financial causes are closely linked with the political. Lack of confidence owing to political insecurity prevents the free flow of investment capital between the nations of the world and dries up the sources from which industry may be maintained and replenished. Frozen credits constitute at once a barrier and a menace and they lead to that restriction of consumption which is the precursor of the lowering of price levels.

14. On the economic side there is disequilibrium between production and consumption and whilst it may be a matter of controversy whether too much is being produced or too little consumed the effect is the same in both cases.

15. Surely after consideration of these matters it cannot be contended that the world can be put right or even that prices can be restored merely by an alteration in the monetary factor. In his interesting review of the chain leading from cause to effect Sir Henry Strakosch concluded that the result of lowered prices was the curtailment of production. In practice that must of course be the case, but the vitally important question is how long a time must elapse before the effect follows the cause.

16. In speaking of price levels here the Delegates have been thinking in terms of primary commodities. If farmers were ruled by theoretical economics they would go out of business as soon as prices became unremunerative, but having to meet the pressing demands of their creditors they are apt instead of reducing production, to increase it, hoping thereby to make up in volume what they have lost in value.

17. I have been looking at some of the figures of production of primary commodities in Australia and New Zealand, during three years, 1929, 1930 and 1931, of falling prices, and the results are significant. Taking the imports into Great Britain of butter from Australia the quantity in 1929 was 768,000 cwt. and the average price was 165s. a cwt. In the following year, the import was increased to 950,000 cwt. and the price fell to 126s. Was the production of butter reduced as a result of this fall? On the contrary, in 1931 it went from under a million to over a million and a half cwt. and the price fell from 126s. to 107s. per cwt.

18. A similar story can be told of the imports of frozen mutton and lamb from the same country. In 1929 they were 593,000 cwt. and the price was 68s. per cwt. In 1930 the importation rose to 810,000 cwt. and the price fell to 61s. Instead of the fall in price reducing production the imports in the following year rose to no less than 1,532,000 cwt. and the price dropped to the calamitous level of 47s. The New Zealand figures tell the same tale although the fluctuations are somewhat less striking. My purpose in quoting these figures is not to

criticize Australia or New Zealand, but to point out that if economic laws are left to work themselves out their movement is so slow that in the course of it the producer may be ground to pieces.

19. I agree with the leader of the South African Delegation that monetary factors may be obliterated by economic factors in the determination of price levels, and it seems to us that if we are to restore stability of price and confidence in the future of the market for the great primary commodities, we must look for some means of regulating supplies in such a way that they shall not be from time to time completely out of relation to the absorbing capacity of their markets.

20. It is an interesting and remarkable phenomenon that the great primary products in which this Conference is interested may be divided into two substantial categories, those in which there is a world market and those for which Great Britain alone provides an outlet. Clearly we have here a state of affairs in which it is the sterling prices that matter in the case of the one set of commodities whilst it is the world or gold prices that are of importance to the producer in the other. In studying this matter we must not deceive ourselves by taking averages over unlike conditions. It is the circumstances attaching to individual commodities to which we must address ourselves because it is the fate of those individual commodities which will affect the fate of those whom we here represent.

21. It is obvious that this Conference cannot deal effectively with the prices of commodities which are governed by a world market. That must be the task of a world conference. But when we come to consider commodities which are sold almost exclusively in the sterling market the United Kingdom Delegation wish to suggest to their fellow delegates the advisability of considering the regulation of supply rather than of importation into Great Britain. To form a stable working scheme it is obviously necessary that all the main sources of supply—home, Empire or foreign—must be brought into the plan. But it is the view of the United Kingdom Delegation that the British Government could make a valuable and indeed indispensable contribution to the actual working of such a scheme by reason of the fact that they would be in a position to control entry to the sole market for the commodities concerned. This is not the time to elaborate further the ideas which I have put forward, but if other Delegations are prepared to give favourable consideration to the principle concerned the United Kingdom Delegation will be glad to co-operate with them in working out details.

22. I need perhaps hardly emphasize the point that if on this matter and in respect of commodities sold on the sterling market the united efforts of the British Empire succeeded in raising to a suitable level the wholesale prices of the commodities concerned and at the same time substituting an orderly and even adaptation of supply to demand for the present violent fluctuations and alternations of prosperity and ruin, the Empire would thereby have offered to the world that lead which is so frequently called for and which might find effectual backing at any conference called to consider the more difficult and complex problems of world prices.

23. While stressing the importance of the economic factor which seems to me to have been somewhat underestimated, I do not desire it to be thought that the United Kingdom Delegation do not fully appreciate the necessity of favourable monetary conditions if progress towards recovery is to be attained; and whilst the effectiveness of such conditions would be immensely increased if they existed on an international scale we do not undervalue the part which may be played by the United Kingdom in this respect. We may however fairly claim that not only is there now no monetary obstacle to a rise in wholesale prices but that monetary conditions have been established which, failing any serious setback, should play an effective part in promoting recovery. Among these factors are the successive reduction of Bank Rate to a figure equal to the lowest ever recorded and an extraordinary abundance of short-term money. It may reasonably be assumed that banking policy in the United Kingdom will be directed towards providing an adequate supply of credit at moderate rates to meet the requirements of expanding production and industry provided that no unwise speculative movements occur in Great Britain or elsewhere.

24. On the part of the British Government, we have every confidence that the action we took recently in the conversion of the £2,000 million War Loan will play no inconsiderable part in the provision of favourable monetary conditions. What we all desire is to see trade again in an active position and traders taking advantage of the monetary facilities offered to them. In this connection

nothing is more useful than a substantial reduction in the long-term rate of interest to supplement the fall in short-term money rates. The conversion scheme for the 5 per cent War Loan and the great public enthusiasm with which it has been received have placed British gilt-edged securities on a $3\frac{1}{2}$ per cent basis and it should not be long before the advantages gained by the gilt-edged borrower spread over into other fields of investment. This development is of course of the greatest interest to those Dominions which finance their requirements in London as well as to British traders.

25. I am now in a position to summarize the views I have put before you. In the opinion of the United Kingdom Delegation it is not desirable to embark upon any rash experiments in currency policy for the central position of the United Kingdom in world commerce and finance and the wide-spread use of the sterling bill as a medium of international trade will always require us to proceed with great circumspection. We do not see any prospect of a speedy return to the Gold Standard, nor are we prepared to say at the present time at what parity such a return should be effected if and when it takes place. We are doing and shall continue to do our utmost to prevent wide fluctuations in the value of sterling caused by speculative movements and we believe that we have now established effective machinery for this purpose. While desiring to see the stabilization of exchange within the Empire and anxious to pursue further discussions upon this subject, we have to recognize that there are important features in the situation to-day which render any prospect of the immediate establishment of stability somewhat doubtful. We recognize the profound importance of bringing about as soon as possible a rise both in sterling and in gold prices. We believe that this can only be brought about by a combination of actions applied from the various angles of politics, economics, finance and monetary control. We consider that movement in the right direction has already begun on the political side, and that easier financial conditions will follow on the restoration of political confidence. We have indicated that in our view the economic factor is of vital importance and we have shown how we think it should be dealt with in connection with products sold on the sterling market, thus setting an example which might later be followed in the international sphere. Lastly we have indicated that as we believe we have already provided in London favourable monetary conditions which are an essential precedent to a recovery in prices and in prosperity, and I conclude by expressing our hope that further discussion, whether in committee or sub-committee, will lead to fruitful and practical results.

ANNEX IV

RECORD OF PROCEEDINGS at the Closing Session of the Conference, held in the House of Commons Chamber, Parliament Buildings, Ottawa, on Saturday, the 20th August, at 10.30 a.m.

The Conference met at 10.30 o'clock a.m.

Right Hon. R. B. Bennett, Prime Minister and Secretary of State for External Affairs of Canada, in the Chair.

The Chairman: Gentlemen, the first order of business will be a resolution of devotion and affection to His Majesty the King-Emperor. It is moved by the Chair in the following terms:—

“To His Majesty the King,—Emperor of India: The representatives of the Governments of the British Commonwealth, who have been assembled in conference at Ottawa during the past few weeks, desire at the conclusion of the Conference again to present their respectful duty.

“They pray that Divine Providence may continue to give to Your Majesty and to Her Majesty the Queen, health and strength to preside over the destinies of all the Nations of the Commonwealth and they renew the assurance of devotion and affection of your peoples.”

Mr. Havenga: I take great pleasure in seconding that motion.

The Chairman: You have heard the motion. We will adopt it standing. The motion was unanimously agreed to, all standing.

The Chairman: The next order of business will be the report of Committee No. 1, presided over by the Right Hon. Viscount Hailsham.

Lord Hailsham: Mr. Chairman, Committee No. 1 reports its constitution and membership, and then submits a report dealing with the various matters which were committed to its charge. The report has been already before the meeting of all the delegates and has been adopted by them for recommendation to the plenary session, and with your permission I would ask that the report be taken as read.

The Chairman: Is it your pleasure that the report should be taken as read? Agreed.

Lord Hailsham: Then, sir, I beg formally to move its adoption.

The Chairman: Lord Hailsham moves, seconded by Mr. Bruce, that the report that has just been read shall be adopted. What is your pleasure? The motion was agreed to.

The Chairman: The next order of business is the signature of agreements. Bilateral agreements have been entered into between a number of the nations that constitute the Commonwealth, and I would now ask that they be signed, commencing with the agreement between the United Kingdom and Australia.

(The agreement was signed by Right Hon. Stanley Baldwin on behalf of the United Kingdom, and by Right Hon. S. M. Bruce on behalf of the Commonwealth of Australia.)

The Chairman: The next agreement to be executed will be that between the United Kingdom and South Africa.

(The agreement was signed by Right Hon. Stanley Baldwin on behalf of the United Kingdom, and by Hon. N. C. Havenga on behalf of the Union of South Africa.)

The Chairman: The next agreement is that between the United Kingdom and New Zealand.

(The agreement was signed by Right Hon. Stanley Baldwin on behalf of the United Kingdom, and by Right Hon. J. G. Coates on behalf of the Dominion of New Zealand.)

The Chairman: The next agreement is that between the United Kingdom and India.

(The agreement was signed by Right Hon. Stanley Baldwin on behalf of the United Kingdom, and by Sir Atul C. Chatterjee on behalf of the Government of India).

The Chairman: The next is the agreement between the United Kingdom and Newfoundland.

(The agreement was signed by Right Hon. Stanley Baldwin on behalf of the United Kingdom, and by Hon. F. C. Alderdice on behalf of Newfoundland).

The Chairman: The agreement between the United Kingdom and Southern Rhodesia.

(The agreement was signed by Right Hon. Stanley Baldwin on behalf of the United Kingdom, and by Hon. H. U. Moffatt on behalf of Southern Rhodesia).

The Chairman: Gentlemen, it seems but fitting that the agreement between the United Kingdom and Canada should be executed on behalf of the United Kingdom by the son of that great statesman whose almost inspired vision made possible to-day the realization of his hopes. The Lord President of the Council (Right Hon. Stanley Baldwin) has kindly suggested that Mr. Neville Chamberlain should sign the agreement between the United Kingdom and Canada.

(The agreement was signed by Right Hon. Neville Chamberlain on behalf of the United Kingdom, and by Right Hon. R. B. Bennett on behalf of the Dominion of Canada).

The Chairman: The next bilateral agreement will be that between Canada and the Irish Free State.

(The agreement was signed by Right Hon. R. B. Bennett on behalf of Canada, and by Mr. Sean T. O'Kelly on behalf of the Irish Free State).

The Chairman: The agreement between Canada and the Union of South Africa, between Canada and Southern Rhodesia, between the Union of South Africa and the Irish Free State, together with an exchange of letters between New Zealand and the Union of South Africa, complete the bilateral agreements.

(These agreements were signed at a later stage of the proceedings by Right Hon. R. B. Bennett and Hon. N. C. Havenga; Right Hon. R. B. Bennett and Hon. H. U. Moffat, Hon. N. C. Havenga and Mr. Sean T. O'Kelly and Right Hon. J. G. Coates and Hon. N. C. Havenga, respectively).

The next item on the agenda is the adoption of the report of the Conference. The printed report of the proceedings, which I now hold in my hand, is complete except with respect to the report of to-day's proceedings. That will be added. With that subsequent addition, I move the adoption of this report as the report of the Conference. The motion is seconded by Mr. Bruce.

Motion agreed to.

The Chairman: Gentlemen, some of you are aware that this Conference was so arranged that the birthday of the Lord President of the Council would fall while he was present in Ottawa, and as he was born in the same year as this Confederation came into being, it is regarded as fitting that his colleagues should in some way indicate their appreciation of his presence here and of the great service he has rendered not only to his own island country but to the world at large—his public service and his activities in literature and in many other fields. We have thought it desirable to present him with a silver salver made, I am bound to indicate to the delegates, from Canadian silver by Canadian craftsmen and bearing the signatures in the silver of every one of the delegates except that of the Lord President, Mr. Baldwin, himself. I now have much pleasure, on behalf of the delegates attending this Imperial Economic Conference, in presenting to the Right Hon. Stanley Baldwin, Lord President of the Council, this small salver as an expression of our appreciation, with sincere wishes that he may be long spared to render continued service to the Empire.

Mr. Baldwin: Mr. Prime Minister, I had managed successfully to forget all about my birthday but you have brought it back to me. What can I say on this occasion except that I will endeavour to keep every birthday in the future in this hospitable country. Mr. Bennett's original presentation was made upstairs in the presence of the delegates. When you asked my acceptance of this plate your words touched me profoundly and I spoke to you from my heart. To-day I would only thank you in public for that kind and generous thought, and also every member of the delegation who has been good enough to allow himself to be associated with it, and I may express the hope that nothing has occurred during the last month that makes the members of the delegation regret now that act of kindness and generosity.

The Chairman: The next order of business on the agenda, I read, is "closing addresses." I will now call upon you, Mr. Baldwin, to make your closing address, hoping that it is not the closing address which you will make in Canada.

Mr. Baldwin: "Closing address" is a deceptive term. All that I have been asked to do at this stage is to move a resolution which I will now put:

The Imperial Economic Conference desires to record its appreciation of the work accomplished by the chairmen and members of the committees and sub-committees which have been engaged in the discussion of the subjects referred to them.

I can move that with a whole heart, as I was not the chairman of any committee or sub-committee. With your permission, Mr. Bennett, I will just add, although not strictly relevant to the terms of the resolution, one observation which otherwise I could not fit into the proceedings at all.

The business on the last day of the Conference is of a very formal nature, and you will notice, gentlemen, that Mr. Bennett produced a printed volume of the proceedings of the Conference. He moved that it should be adopted and it has been adopted, but he did not tell you what I can tell you—and I have had some experience. The preparation of that voluminous report reflects immense credit on the Canadian secretariat. Let me say another word for a body of men who are sometimes overlooked: Let us not forget the work done by the printers who got that document ready in time for the meeting to-day. I beg to submit the resolution which I have just moved.

Mr. Bruce: I have the very greatest possible pleasure in seconding the resolution which has been moved by Mr. Baldwin, and I should like to associate myself very closely with him in what he has said with regard to the admirable work of the secretariat to this Conference. I have been privileged to attend three Imperial Conferences, and in doing so I have come to a realization of the task of the secretariat, the typists, the printers and everyone associated with its daily work, and my admiration has increased as conferences have gone by. We all owe a very great and sincere debt of gratitude to them for all that they have done. You, Mr. Chairman, have been good enough to entrust to me a resolution dealing with this subject, and if I might read it, it could then be added to the resolution which Mr. Baldwin has moved. This is the resolution I would propose:—

The Conference desires to record its appreciation of the work performed by Dr. O. D. Skelton, Secretary of the Conference, and his able associates of the Conference Secretariat, whose efficient and faithful services have assured the successful administration of the proceedings of the Conference.

I do not know what would be the proper procedure, but I am sure we should desire to move both these resolutions, and if I might move this one it might subsequently be added to the motion which Mr. Baldwin proposed.

The Chairman: You have heard the motion moved by Mr. Baldwin and seconded by Mr. Bruce. Is it your pleasure that it be adopted?

Motion agreed to.

The Chairman: I would now ask Mr. Havenga to second the resolution which Mr. Bruce has moved.

Mr. Havenga: Mr. Chairman, I desire to associate myself and also my colleagues of the South African delegation with the expressions of thanks and appreciation which have come from Mr. Baldwin and Mr. Bruce.

I should like particularly to register our thanks to the permanent officials of Canada, to Dr. Skelton, whose name has already been mentioned and also to the officials of the other delegations whose efficiency and zeal have made the Conference possible. Theirs has been a Herculean task, and they have acquitted themselves nobly.

The Chairman: Gentlemen, you have heard the motion. Are you agreed?

Motion adopted.

Mr. Baldwin: Mr. Chairman and gentlemen: The very happy task devolves on me as the Chairman of the senior delegation, as we in the United Kingdom are called, to move in this great assembly a vote of thanks to the Prime Minister of Canada for having presided over the Conference during the last month. It is a curious thing, Mr. Prime Minister, how typical of the Conference has been your weather in Canada this summer. We were met with blue sky and sunshine, and we have had a great deal of that. We have also had storms; we have had thunder and lightning; and we have very nearly been washed out. But we finish up the Conference on the most beautiful day that we have yet had, and that is an omen.

It has been a great happiness to everyone of the delegations to meet in Ottawa. There has never been an Imperial Conference before, although there has been a conference, which has met outside of the United Kingdom, and what more fitting than that the first Imperial Conference to be held beyond our shores should be held in this ancient Dominion, in this beautiful country and in this fair city of Ottawa. Over that Conference it was fitting that your own Prime Minister, the Prime Minister of Canada, should preside, and fortunate have we been that in Canada's Prime Minister we have a man so admirably qualified for that difficult task. He possesses a power of drive given to few, which is an essential element in the conduct of business of this kind. He has a grasp of detail which is astonishing, and yet with all, when one realizes what a grasp of detail involves, I have been struck all the time by his accessibility, that he has always been ready to discuss points as they arise with any delegation at any hour and in any place.

I am confident that had it not been for the impelling power from the top the work of this Conference would never have been completed in the time, and had it not been completed in the time there would always have been the danger inherent in all conferences that no conclusions would have been reached at all, because there are limits to human strength, to human patience, and to human tolerance. We are but mortal after all. I should like to thank Mr. Bennett publicly as representing this country, to thank him as I have done privately and before, for the amazing hospitality of his people. It is not a hospitality of the lips. It is a hospitality of the heart and of the nation, and we have all—I speak for every delegation—been touched profoundly, all of us, in whatever sphere our work has lain, by the thoughtful, kindly provision for our comfort, a provision not official, but like that of a kindly personal host, in fact, almost like that of a hostess; and by the thoughtfulness for our welfare in every way.

I should like, too, to congratulate the Prime Minister on the amazing efficiency that has characterized every thing pertaining to our reception and what is generally termed government hospitality. We owe a great debt of gratitude to all those officials and to all who worked under them. I know too that they have worked night and day to ensure that this Conference shall leave the happiest of personal memories in all our hearts.

It is a little embarrassing to me that a few minutes ago the presentation of this salver was made to me. I had had it given to me upstairs and I did not realize until yesterday or this morning that there would be a presentation in public. It is embarrassing because the idea occurred to the delegates attending this Conference that it would be but fitting to mark by some small present to the Prime Minister the esteem in which we hold him. It has not been the practice to recognize the services of the president of the Conference, although I believe there is an instance in which it has been done, but it seemed fitting to us and meet in every way that on this great occasion of a Conference overseas there should be some permanent mark of esteem given to the Chairman which might

be for his life a record of an occasion truly historic, and therefore, before I sit down I hope to make on behalf of the members of every delegation that presentation to which I allude.

I would only add this in conclusion. What we have done at this Conference is to build a foundation on which we and future generations may erect as fair and stable an edifice as lies in their capacity to accomplish. We have done that, and we have learned more than we have ever learned before of each other's difficulties and each other's point of view. It only remains for us to try and work out in practice what we have achieved on paper, and with that sanity and that forbearance which I hope will always characterize the members of the British Commonwealth of Nations, and then it may well be that the generations that come after, in speaking of us, may say indeed, "They builded better than they knew."

(Mr. Baldwin then presented on behalf of the delegations a silver salver to Mr. Bennett).

Mr. Bruce: Mr. Prime Minister, it is my privilege to second this resolution of thanks to you and the people of Canada which has been moved by the President of the Council. I associate myself, sir, with everything that he has said. Of you he has said the things that we all think, but unhappily we have not all his power of expression, and I would not detract in the slightest degree from anything that Mr. Baldwin has said in attempting to re-say it in my own language. I can assure you, sir, that we all recognize that your genial and forceful personality has been the main-spring of this Conference, and we all recognize that the success which has been achieved has been due in very great measure to the guidance you have given the Conference in presiding over all its plenary sessions. But your work has not stopped there because, after all, at a Conference of this character probably the best work is not done in the formal meetings, but in association outside, in informal discussions and deliberations. There, Sir, you have played a very great part, and we are all deeply grateful to you.

I would also like to be associated with the expression of thanks to your Government and to the people of Canada. We have been fortunate in having many opportunities of expressing to the people of Canada how deeply we feel the cordiality and the kindness of the welcome that has been extended to us all, and on this, the last formal meeting of the Conference, I would like to repeat what I think we have all said on many an occasion before.

Sir, there is one thing that we can say at the close of this Conference. We came here in a spirit of hope, and with a determination to succeed, and I think that we can say that we have accomplished all that we came here to do. We had the ideal that this Conference should not be one of bargaining between nations seeking for selfish gain, but that we would endeavour in our deliberations to make some contribution to the restoration of the prosperity of all parts of the British Empire, and in so doing make some contribution towards the restoration of prosperity throughout the whole world. In that, I think, we have succeeded. I do not consider the greatest importance of this Conference lies in the agreements that you have seen signed this morning. I attach the greatest importance to the spirit that lies behind them. I would remind the Conference that we have here carried through our negotiations on a basis of trying to promote mutual trade among ourselves. We have endeavoured inside the British Empire to effect our agreements and arrangements by the lowering of barriers and by the promotion of freer interchange of goods among ourselves. In doing this we have no desire to exclude other nations. We wish rather to see what we have accomplished emulated in a wider sphere. I trust that by the example which we have given here we have demonstrated that peoples of very varied interests, when they come together in a spirit of determination to succeed, can reconcile all differences, overcome all obstacles, by a spirit of mutual goodwill and by a determination to aid each other rather than to try to gain advantage. That, to my mind, is the great thing that has emerged from this Conference, and it is the thing that I feel we shall all recognize in the future as the greatest thing that we have achieved here.

Sir, I second this motion and I express to you, on behalf of myself, my colleagues and the whole delegation, our deep appreciation of your unfailing kindness and courtesy and of the hospitality which you on behalf of the Canadian people have extended to us.

Mr. Coates: Mr. Prime Minister, it is with pleasure that I arise to support the motion that has been moved, that a vote of thanks be extended to you for your work in presiding over this Conference. I should like to emphasize every word that has been said by the Lord President of the Council, Mr. Baldwin, and all the words just fallen from the lips of Mr. Bruce, who has both emphasized the splendid manner in which you have conducted the affairs of the Conference, and the spirit that has dominated all the negotiations that have been carried out. Patience and tolerance were the essential qualifications for the duties and responsibilities that fell on your shoulders. I can say that it is fitting that, as we are the guests of Canada, Canada's Prime Minister should preside, and it gives me pleasure to say how well you have carried out those duties, and to observe the results that have followed the Conference over which you have presided.

Sir, the Conference called for patience and tolerance on your part, and it called for patience and tolerance on the part of every member of each delegation. Mr. Bruce has rightly said that the object was not to obtain an advantage as between one Dominion of the Commonwealth and another; but the broad principle has been followed that we go forward as representatives from the British Empire, conveying to our people the thought and determination that, not only have we managed to come to arrangements that we believe will be to the great advantage of our Dominions, but that the foundations are laid that will lead—if our people will follow—to the ultimate restoration of their welfare. These things could not have been accomplished except for the spirit of determination and confidence in ourselves that we could show to all our people the way of hope for the future. I feel, Mr. Prime Minister, that our people will follow the example that has been set. If they do so, it will prove to the advantage of the Commonwealth of British Nations and to the advantage of all the nations that are not within that Commonwealth. We have tried to be broadminded and to see the effects of all our activities. That has been kept closely in mind, and I have confidence, Sir, that this Conference will be the turning point of what to-day appears to be a somewhat sad and troubled world.

I thank you for giving me the opportunity to support the words so well said by the mover and seconder of the resolution.

Mr. Havenga: You, sir, have merited our thanks for the manner in which you have presided over our deliberations. Yours was certainly no enviable task. We have assembled here from the ends of the earth with as many points of view and peculiar interests as there are states represented. You have patiently guided the Conference to its conclusion, and I think I may say that no greater demands were made on the patience of Job. We have to thank you and through you the Canadian people for the warmth of your welcome. But not even that welcome could make us anticipate the generous nature of the hospitality which Canada has showered upon us. We have felt during our sojourn in this strange land that we were friends among friends.

You, Mr. Chairman, have placed us in a strange dilemma. You have convened the Conference in a building above the portals of which there is inscribed the warning that where there is no vision the people perish. I do not know whether the results of this Conference manifest vision on our part or whether they augur well for the people. For ourselves it would be futile to pretend that we return rejoicing, bringing in the sheaves. Consequently there is no bitterness in any disappointments we may have suffered. We have concluded some trade agreements with other members of the Commonwealth and we are satisfied that we have come to equitable arrangements, respecting as regards others that self-determination which we ourselves have always claimed as our right. We are convinced that only by proper coordination of healthy self-interest with a due realization of our common interests can an ideal economic organization become practicable in a league of nations such as our Commonwealth.

The fruits of this Conference should not be measured merely by money considerations. We have gained much from personal contact and from the spoken word. We have gained a clearer understanding of each other's hopes and aspirations. Telegrams and dispatches are lifeless things, but we gain much in sympathy interpreted in the light of human association.

If I may be permitted to say just a word as to your country, upon which nature seems to have lavished her gifts in the wildest profusion, it is inhabited by a people whose circumstances are very much like our own, old in traditions of culture yet lusty with youthful manhood. When I consider its immense resources and the character of its people I am confident that any setbacks it

may face are merely the growing pains of a young giant, and the experience that we have gained here and the memories that we shall carry back with us will be treasured and will be of inestimable benefit.

Mr. Sean T. O'Kelly: Mr. Chairman, on behalf of the Irish Free State delegation I wish to join in the tributes that have been paid to you, as Chairman of this Conference. With all that has been said by the proposer and seconder of the motion and by other speakers as to your personal charm, your great efficiency and your remarkable cordiality, I wish to say that we of the Irish Delegation are in hearty accord. You have discharged a very delicate and difficult task to the complete satisfaction of all of us, and we are most sincerely grateful.

At this closing meeting of the Conference, I deem it also my duty to thank profoundly the Canadian Government and people for the warm-hearted generosity and kindness which have characterized all their relations with us during this Conference at Ottawa. Nothing can ever make us forget our debt to Canada, and whatever changes the future may bring for us, one very certain result of the Conference as far as the Delegation of the Irish Free State is concerned is a determination to do everything in our power to create closer bonds of friendship between the Irish and Canadian people.

I should like also to use this opportunity to express our gratitude and admiration for the efficiency and consideration of the Canadian Secretariat, under the guidance of Dr. Skelton and his two colleagues, Mr. Read and Colonel Coghill. Their patience, tact and zeal have been an example to us all, and their splendid handling of an exceedingly difficult undertaking has proved to us that the Canadian Civil Service is not surpassed by any other Civil Service in the world. A special word of gratitude and appreciation is also due from us to Mr. Lemaire, General McNaughton and their Hospitality Committee. Their efforts to make us feel completely at home in Canada have been an unqualified success.

Our parting prayer will be that God may prosper this Capital City and the Canadian Nation.

Mr. Alderdice: Mr. Chairman, I am very pleased to have this opportunity of expressing my hearty concurrence in the motion so eloquently put by Mr. Baldwin, that you should be accorded a vote of thanks for the tactful and efficient manner in which you have conducted the proceedings of this Conference. I never had the slightest doubt of the ultimate success of this Conference, because I felt that the men who were sitting around this and many other boards, and who had all sorts of training and experience in their own particular Dominion, were bound to bring this Conference to a successful conclusion. The mere signing of these agreements, Mr. Chairman, is by no means the end of this Conference; it is no more than the beginning, and I hope that in due season we shall be having another Conference and it will bring the British Commonwealth of Nations still closer together.

There is one word that I should like to put on record. The point I particularly desire to mention is the constructive side of the work of this Conference. Each member of the Empire is able, whether by its geographical position or by the special experience or aptitude of its people, to produce certain products with peculiar advantage of price or of quality, and if the results of this Conference give a wider and more steady market to each of these products we shall have done a very great deal to strengthen the economic structure of each member of the Commonwealth and to stabilize economic conditions in the whole world.

Now, Mr. Chairman, I want to say just one more word on behalf of the delegation from Newfoundland, as to the courtesy that has been extended to us at all times from your Civil Service. No matter what details we wished, no matter what documents we might want, they were at our disposition within a very few minutes. So far as hospitality is concerned, I think your Hospitality Committee could not have been run better or with more efficiency or more skill than they have demonstrated during our visit. As for the people of Canada, particularly those of Ottawa, their private hospitality I for one shall never be able to forget. And I do wish you, Mr. Chairman, a very successful term of office and if you feel that you would like another—well, I would say the same.

Sir Atul Chatterjee: Mr. Chairman, it is a great pleasure, as well as an honour, to be associated with the motion which was so happily put by the Lord President of the Council. To you Mr. Prime Minister, we of the Indian Delegation owe most sincere acknowledgments for the uniform courtesy and consideration that you have shown to us always, both inside and outside the Con-

ference. It would perhaps be presumptuous on my part to congratulate you on the manner in which you have carried the Conference over such difficult obstacles. It is a remarkable achievement.

The members of the Indian Delegation deem it to be a great privilege to have had some small share in the deliberations and conclusions of this historic assembly over which you have presided with such distinguished success.

There can be little doubt that the future historians of the economic evolution of this century will find it necessary to open a new chapter with Ottawa. To us, coming as we do from a country with many new aspirations, it has been a very great benefit to listen to the observations and views of the statesmen who have been gathered here from many distant parts of the Empire, and we hope that the lessons we have learned here will be of very great value to us in whatever work we may be engaged in on return to our Native Country.

I should also like to take this opportunity of renewing the expression of our very warm feelings of gratitude to you and to the Government and people of Canada for the magnificent hospitality which you have extended to us in your country. There is nothing either in the way of business or of social amenities or of personal contact which we could have asked for or wanted that was not already anticipated, and we shall carry away the best memories of our time in Ottawa. We have had opportunities in the capital of associating with citizens of all ranks and professions, and you have provided, with infinite trouble and forethought, occasions for us to see something both of the great natural attractions of your country and of the remarkable achievements in social and industrial progress which have been attained by you. It is the hope of the members of the Indian Delegation—I speak on their behalf—that it may be possible in the not distant future for the Indian Government and the Indian people to extend to you and to the other representatives of your Government an invitation to visit our country on some worthy occasion; and if this hope is realized we can assure you Mr. Chairman, that, although we may not be able to provide you with as luxurious a sojourn in our country as we have had in yours, still our welcome will be no less spontaneous and warmhearted than yours.

Mr. Moffat: Mr. Chairman, I am pleased to be able, on behalf of Southern Rhodesia, to speak a few words to the motion proposed by Mr. Baldwin. Mr. Coates referred to the fact that it is proper that you, Sir, as Prime Minister of this Dominion, should have occupied the position of chairman of the Conference. It seems to me especially appropriate that you, the one who first suggested the holding of this Conference, should have been in the chair. Two years ago when you suggested this policy which has been consummated here it seemed an impossibility. Since then our outlook has changed considerably and what was then impossible is to-day an accomplished fact. Sir, your hope, your faith and, I think we may say, your vision have been justified. What will be the ultimate effect of this policy it is of course not possible to-day to foresee, but there can be no doubt that we have laid the foundation of a policy which will have far reaching results. It is bound to establish fresh ties between the different parts of the Empire; it is bound to bring them all closer together, building up a stronger Empire, a stronger combination of nations.

It would be impossible for me to add to what Mr. Baldwin has said. He has expressed my own feelings and the feelings of my fellow delegates far better than I could ever do. I can only say that we shall never forget the many great kindnesses which we have received from you, Mr. Prime Minister, from your ministers, from the people of Ottawa and from the people of Canada. We have had a wonderful month here which will be a memory with us. We carry away the very happiest memories of this visit, and I can only tender to you our sincerest good wishes for the Dominion whose destinies you have been called upon to guide.

Mr. Baldwin: I move formally that the thanks and appreciation of this Conference be expressed to the Prime Minister of Canada for the services he has rendered as chairman of the Conference at Ottawa.

Motion agreed to.

The Chairman: Gentlemen, I am deeply grateful for the kind terms in which you have moved this resolution and for the enthusiasm with which you have adopted it. There have been moments when I have been impatient, and, perhaps, intolerant. But I feel, in view of the generous expressions you

have used, that you at least have forgiven me for those human failings, realizing that at any rate I had a firm intention of giving effect to all those qualities which you would have your chairman possess, but which he too well knows he does not.

I think I may say to you that it has been a very great pleasure as well as a high honour to have had the opportunity of presiding over this Conference. The souvenir which you have presented me I shall always value. Like most other things connected with this Empire, it will be valued not for its material worth but for what it represents, what it stands for, those ties of sentiment and goodwill which demonstrate the heart of a people. I do not think that I have had that ability to attend to detail which you, Mr. Baldwin, have suggested, for I did not have the slightest notion or intimation, direct or indirect in any way, that this was to be done. It came to me as a very great shock and, shall I say, a most pleasurable surprise. I think, Lord President, that I might correct you in one regard. We did not have the silver salver to present to you when we congratulated you on your birthday: it has been made since. In spirit we then presented it to the Lord President and were able to have it manufactured, in the meantime, out of Canadian silver, with these maple leaves about it.

Listening to the observations you have made, I think I might be permitted to say one thing. I have only one regret, and it is a deep regret to me personally, that one of our Dominions represented at the Conference may have at times experienced slight—very slight—feelings of diffidence. But though the Irish Free State delegation may have experienced such feelings—they were never expressed—they were purely official, for they have established as a result of the Conference the most cordial relations between themselves and, without exception, everyone of the delegations here assembled. I should like to express the hope that these cordial relations so firmly established here may pave the way for the solution of their difficulties.

It was forty-one years ago last January, when I was a very much younger man than I am now, that I participated in an election for my then professor, the Dean of Dalhousie Law School at Halifax. I recall, as vividly as though it were this moment, an extract which I read from a speech of the late Right Hon. Joseph Chamberlain. My mind has never wavered from the view that, in some form of economic unity, would be found the true solution for many of the difficulties of our Empire, and I do regard it as a matter of great satisfaction that I have been privileged, under Providence, to see these agreements executed to-day; for they constitute a definite advance towards closer Empire economic association. Because of this, we may fairly lay claim to an achievement greater than that which any other Conference can claim.

The fundamental difficulty heretofore preventing the consummation of an agreement founded on the principle for which we have stood, has now been removed. We have commonly acknowledged that Empire association can be based advantageously upon the principle of reciprocal preferences, and by our several agreements have evidenced our belief that these preferences ensure the greatest benefits when they are predicated upon a general Empire tariff plan.

The agreement between the United Kingdom and Canada has affirmed in principle the proposals made by the Government of this country upon the opening day of the Conference. On the one hand, Canada maintains existing preferences in the United Kingdom and secures the extension of that principle to our natural products. On the other hand Canada balances these advantages by granting such tariff concessions as will place the United Kingdom manufacturers on a basis of fair competition with domestic industries, having regard, of course, to such factors as the relative costs of production.

The operation of this principle is assured through the employment of the Tariff Board created last year by the Parliament of Canada, the function of which will be to conduct such inquiries as will enable Parliament to adjust tariffs on the basis, so that, compatible with reasonable protection to our industries, the consumer will enjoy the maximum benefits ensuing upon a broader exchange of Empire products.

We have, moreover, decided upon the principle that this agreement must be safeguarded from unfair competition from foreign countries, and the United Kingdom, by the exclusion of such unfair competition, ensures effective operation of this agreement. These provisions offer an assurance against further attack upon our standards of living.

The Canadian Government has therefore succeeded through reciprocal concessions in manifesting the principle that protection as we see it in this country can be used as an instrument of national policy to secure an equaliza-

tion of benefits as between natural and manufactured products. With frank agreement upon these principles, and with the tangible benefits which the terms of the agreement indicate will follow upon them we should now be content. This Government does not pretend that it has secured all the advantages it desired, nor does any delegation. Nor did it at any time venture to hope that at this first Empire Tariff Conference an agreement would be reached so comprehensive in nature as to provide a panacea for all our ills. To do so would have been unreasonable. To do so, moreover, would have implied the acquiescence by the United Kingdom in a proposal which would have been so abnormally out of step with its traditional policy as to threaten the effective operation of the agreement. And no Canadian is prepared to ask for concessions which, similarly situated, he would be unprepared to grant, having regard to the adverse consequences which might follow on them.

The agreements signed to-day proclaim not only a growing spirit of co-operation within the Empire, but as well, the nature and extent of our material resources. We have so marshalled these resources that in many commodities we will hereafter be self-sufficient. We have taken steps to develop, to the common advantage of the Empire countries, other commodities which heretofore were gathered from world sources. We have indeed convinced ourselves that with sound management and just division of responsibilities we are each equipped to advance the interests of one another, and collectively to take a commanding place in the economic world.

We are therefore encouraged to proceed along the course that we have chosen, but this propitious beginning must not blind us to the fact that it is but a beginning—we have only laid the foundation—and that if this scheme of closer Empire association is to endure and bring to each one of us the benefits we hope for, further action must be taken at a not too distant date.

I do not need to say to the Delegates to this Conference, and to their ladies and to their faithful and able advisers, how happy we have been to welcome them here. That I have already done. I could have wished that their many engagements might have left them the opportunity to journey through this great country, to meet our people and to see the vast natural resources which support the determination of Canadians to take their place amongst the great nations of the earth. Perhaps that opportunity may come another time, and if it does, you may be sure, whether I am in an official position or otherwise, that I shall be glad indeed to welcome those whom I have met at this Conference and to offer them any hospitality within my power.

I have said that I do appreciate the honour that you have done to this Dominion in electing me your Chairman. The duties have been light. They have not in the least degree been onerous, for the simple and obvious reason that every member of every delegation has been inspired by a real and determined desire to serve the cause not only of his own country but of all this vast Commonwealth that has for so long been known as the British Empire.

May I close with this thought? At the opening of the Conference I suggested to the delegates that we follow the way pointed out by faith and hope. That we have done. By our combined efforts we have shown that one-quarter of the world's population, of many racial origins, professing many religious faiths, but maintaining common allegiance to one sovereign, and with one citizenship, can so harmonize their views as to agree to promote their common prosperity. In the days to come, millions of men and women, proud of that citizenship, with the aid of what man has achieved in science, will look upon the closing scene of this Conference and hear what has been said, and then as they go about their tasks, they will be inspired with higher courage and with grimmer determination to undertake the discharge of their responsibilities, responsibilities which they owe not only to their own country but to the world at large; and they will appreciate, as they have never done before, the proud boast, like that which the citizen of the old Empire of Rome made, a boast that we too can make, though in no boasting spirit, the proudest that any man can make, the boast of every citizen of every individual Dominion of this Empire—"I am a British Subject."

MESSAGE FROM HIS MAJESTY THE KING

The Chairman: Gentlemen, His Majesty the King Emperor has just despatched to us the message which I hold in my hand:

"I appreciate very much the message which the representatives of the Governments of the British Commonwealth have sent to me on the termination of the Ottawa Conference. The Queen and I thank them all most sincerely for their expression of devotion and good wishes. Your work has been arduous and

intricate, but I rejoice to think that your achievement has justified the high expectations with which the Conference began, and that you have been able not only to conclude important practical agreements for the promotion of trade within the British Empire, but also to adopt principles to help its future development."

"I am confident that the results of your labours, and the spirit of co-operation and mutual helpfulness which has brought about their success, will be of real benefit to my peoples."

"I wish you all Godspeed, and a safe and happy journey homeward."

GEORGE R. I."

The Chairman: Is there any other business for the consideration of this Conference?

Then it becomes my pleasure to declare this Conference closed and to thank you for the opportunity it has afforded us all to know one another. It is my earnest hope and my prayer that you may have a safe journey home.