

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.