

with the general ideas underlying the report, must have acquired their views before they began to read it. It attempted to set out not theories but facts, and in economic affairs, as Mr. Muniz said, it is desirable, as far as may be, to avoid absolutist thinking. I should prefer to be considered a disciple of Locke, Hume, and other empiricists rather than a disciple of Kant and Hagel, but a pragmatic approach to the economic problems of the present day means looking at things as they are, and trying to understand them as they are, without spending too much time in lamenting that they are not different. To attempt to prove that in all the efforts made by Governments at self-help during the recent depression that of State intervention was not only useless but positively harmful, seems to me extraordinarily difficult to reconcile with the facts which we now possess. To me it is very hard to believe that recovery, which began in 1933, had nothing whatever to do with the measures which were taken to stop the decline. In order to prove that, it would be necessary to show not merely that it was a coincidence that all these Government measures took place simultaneously with the progress of recovery. It will be necessary to go much further than that, and to show that recovery began just at the moment when the most energetic steps were being taken to prevent it, but that seems to me a paradox which it is very difficult to uphold.

"But I do not intend to embark on a long discussion on the economic questions which have been so fully treated in the debate. All that I shall try to do is to correct one or two misunderstandings to which the report seems to have given rise.

"In the first place, I should not like it to be supposed that I regard devaluation as something virtuous and desirable in itself. All I have done is to point out that during the recent depression practically no country has been able to avoid it, and that in almost every case recovery has dated from the time at which the value of the currency was readjusted.

"But when one has said that it does not mean that stability in international exchanges is a bad thing. On the contrary, it is one of the conditions for restoring and consolidating general prosperity.

"The first move in that direction was made by the currency agreement between France, Great Britain, and the United States last September. But again, the fact that the world is now aiming at getting back to fixed parities does not prove, by any means, that devaluation was wrong or avoidable in the emergency conditions which the depression created.

"In the second place, there seemed to be some tendency to suppose that economic planning and autarky were the same thing. At the opposite economic pole to Mr. Zaalberg, speakers like Mr. Roman and Mr. O'Leary contended, if I understood them rightly, that complete self-sufficiency was both desirable and feasible. I confess I find it difficult to follow their argument. If Rumania gives up exporting wheat and oil, and if Ireland produces her own coal, iron ore, cotton, wool, petroleum, &c., then perhaps self-sufficiency may be attainable; but I doubt whether it can be achieved without a considerable decline in the national standard of living. Until it is achieved, both countries will need to buy abroad to a greater or lesser extent. I would rather agree with Mr. Kitaoka and Mr. Bahrami in thinking that, even when a country undertakes a programme of industrialization, that is not incompatible with freer trade.

"There can be no doubt that some balance between industry and agriculture is profitable for every country. Up to a point, industrialization enhances the national wealth and makes higher standards of living possible. But it ceases to be profitable when it involves as a permanent feature the uneconomic home production of goods which can better be obtained from some other country by an exchange which is mutually advantageous.

"Conversely, it is perfectly legitimate that over-industrialized countries should seek to revive their agriculture. But this process, too, ceases to be profitable when it reaches the point of involving a substantial sacrifice of the living standards of the industrial population. Though, during the last few years, considerable changes have been made in the ratio of industrial and agricultural production in various countries, the international exchange of goods still remains the root of prosperity.

"But in making a plea for freer trade the report did not contemplate a return to free trade. In fact, more than once it emphasized the impossibility of any such thing. As Mr. Colbjørnsen said, in international trade there can be no 'back to normality. The new elements of planning, regulation, and control must also inevitably enter into the field of international trade expansion.' What, therefore, is now being sought is not a return to the old channels but the digging of new ones. Sir Hormusji P. Mody echoed the same idea. While defending tariffs as necessary to foster home industries in their early stages, he also demanded a 'planned international economy'; an economy, that is to say which would fulfil the fundamental postulate so cogently stated by the British Minister of Labour, an economy in which a balance would be struck and preserved between industry and agriculture, not merely within any single country but also over the world as a whole.

"It is in that direction that we seem to be moving by slow degrees. A new technique is being gradually worked out through the various forms of commercial treaty which are being adopted to intensify and facilitate trade between countries in all parts of the world. But the elaboration of what Mr. Colbjørnsen called a 'fixed economic order'—that is to say, an order in which some measure of planning and control was combined with the degree of liberty necessary to preserve initiative and stimulate enterprise—involves more than commercial policy. For the development of the productive resources of the world and the raising of the standard of living in less developed countries, a resumption of international lending is essential. In the old days, as Mr. Komarnicki pointed out, freedom of trade was combined with and largely conditioned by freedom of flow of capital and labour. While it may be true that the resumption of foreign lending is inconsistent with restrictive commercial and exchange policies, it may be equally true that restrictions on exchange and commerce are unavoidable or countries with weak capital resources, unless they can borrow abroad.

"The question of monetary inequality, to which Mr. Tzvetkovitch alluded, and the question of raw materials, which occurred several times during the debate, must be solved in any successful attempt