

THE PROGRAM FOR THE WORLD ECONOMIC CONFERENCE.

The Experts' Agenda and Other Documents, with an Introduction by James W. Angell, Professor of Economics, Columbia University. By World Peace Foundation, Boston, 1933, pages v, 93. (\$1.00)

The timely interest of this booklet, which is a comprehensive compendium of the work preparatory to the World Economic Conference, hardly requires discussion. The introduction, contributed by Professor Angell, gives, to some extent, a general background of our economic problems and describes the events leading up to the World Conference. When we consider, however, that the world has been moving rapidly toward the extreme policies of isolation and nationalism while all the economic conferences have been preaching moderation and economic comity, it is difficult to agree with Mr. Angell's statement that "The Final Report of this Conference (Economic Conference at Geneva) enunciated conclusions which have since had a substantial influence on practical policy."

The Draft Annotated Agenda of the Monetary and Economic Conference submitted by the Preparatory Commission of Experts admirably states the problems facing the Conference, offers some suggestions for their solution, and in some cases recommends a course of procedure to be followed prior to the general restoration of the gold standard, etc.

Although it may be, as Mr. Angell said, "... extraordinary that the Preparatory Commission . . . was able to reach clear agreement on fundamental principles," the fact that, since the document was submitted to the various governments, they have made no efforts to follow the recommendations contained therein, but have in fact acted in the opposite direction, leads us to regard the document as an interesting statement of principles of academic interest, but of little practical value. Might it be that the people of the world prefer the goal of a planned domestic economy and, to as great an extent as possible, economic self-sufficiency to international economic co-operation requiring the partial sacrifice of national autonomy? Be that as it may, it is obvious that in the present political conjuncture the Economic Conference lacks the sincerity without which such momentous problems cannot be successfully tackled.

The National Industrial Recovery Act in the United States has opened up economic opportunities of increased co-operation within our own country with a view to keeping a balanced condition between production and consumption. One of the major criticisms of my pamphlet, "Rationalization of Business through Self-Government, Co-ordination and Active Regulation by Trade Associations, and the Creation of a Public Welfare and Improvement Industry," published in May, 1931, which now finds itself to such a large extent incorporated in the Industrial Recovery Act, has been that international co-operation as well as domestic co-operation along the lines suggested must be secured before such plans could be carried out. Although aware of the advantages of economic co-operation, it is my contention that our own house must be put in order before we can look towards international agreements. Other nations could then use our patterns as models for emulation. By putting our own house in order I mean primarily re-employment and elimination of price disparities. Those two things will stimulate confidence and make possible the gradual up-building of a new economic order based on the blending of principles of commonwealth and individualism into what I called, in my earlier writings, co-operative and co-ordinated individualism.

There is no other way of solving the international currency situation except by the plain method of anchoring the currencies to something definite, and for the time being no definite anchorage can be had except gold and free conversion. But this cannot be attained by merely passing resolutions, but by bringing into

being a number of rehabilitative economic measures which put people back to work at fair remunerations for all classes of workers.

Neither can we legislate measures to lift the price level. This applies to the intention to reduce the gold coverage by 25 per cent. The reason 40 per cent coverage has worked is because it has been supported by confidence, and unless such measures are being evolved as will stimulate confidence the reduction in coverage will not be effective. There will be no actual conversion of currency. Bimetallism or semi-bimetallism, the devaluation of the gold standard and similar things do not augur well for any successful solution of the problem.

In my opinion resolutions passed by international economic conferences can become effective only if there is:

1. An international economic committee in permanent session, such as I advocated in an article first appearing in the Herald Tribune in February, 1932, and later in the Kolnische Zeitung, not to pass resolutions, but to deal with international economic problems as they arise and to provide co-operative means of enforcement of its decisions.

2. An international lending agency.

3. A strong international policing power to support the decisions of the League of Nations.

It is doubtful if the nations are now in the mood to forego their national autonomy to the extent necessary to carry out the above prerequisites to a real solution of international economic problems.

The conditions we are facing at present clearly indicate that we cannot expect much in the nature of international co-operation. We have centered our attention on the problem of putting our domestic house in order in the hope that other nations may follow us. Sooner or later, however, international co-operative agreements must be made if we are to avoid extremes of tariff wars and immigration of capital, not because it helps the world's productive facilities, but because of fear and uncertainty. Perhaps later, when our own trade associations, in conjunction with the government, have fulfilled their tasks of rationalizing our economic activities both as to volume and costs, they will have to work out international agreements with international trade associations. Rehabilitation of international economy must start somewhere. We have started on the national plan, which apparently is the only feasible one. Although it would be better if we had a sounder international basis to work on, this unfortunately does not exist. Nationalism in one form or another is still in the ascendancy.

In the United States particularly we are faced with the problem of high distribution and overhead costs, which can only be remedied by continuous operation of our industrial facilities and by a distribution system which will eliminate duplications and wastes. The problem is more economic than financial, and more social than economic. We are facing the fifth winter of depression which may not be as hard as last year, but quite as hard for those who are still out of work. Any means which will increase production, absorbing a large number of unemployed, and providing the wherewithal for the government to use in caring for the remaining unfortunates, may be justified. I believe, however, that such measures as will be taken will not necessarily do away with private incentive, initiative, and rewards, but will preserve the essentials of our present co-operative commonwealth, even though the new economic order may eventually evolve in a much more radical form than it is at present. It is possible that those who are in a position to do so will have to bear even heavier burdens than in the past, but such sacrifices should be viewed not only from the point of individual loss, but what that loss might have otherwise been, and also of the gain to the commonwealth.—By PAUL GOURRICH, Economist, New York.

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