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A Scheme for an Economic Advisory Organisation in India

**Report by Sir Arthur Salter, Director of
the Economic and Financial Section of the
Secretariat of the League of Nations, to the
Government of India ; with three appendices.**

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**A SCHEME FOR AN
ECONOMIC ADVISORY ORGANISATION IN INDIA.**

REPORT BY SIR ARTHUR SALTER.

I.—INTRODUCTORY.

On the 21st November 1930 the Government of India invited the League to arrange for me to pay a short visit to India for a consultation with regard to the creation of a new economic organisation in India. The purpose of the organisation contemplated was defined as the "study of economic questions, including both the continuous interpretation of current developments and the consideration of plans designed to achieve particular purposes". The letter of invitation added that in this connection the Government had given attention to organisations which have recently been established in other countries, and particularly to the work which has been done by the League of Nations; and that it was my experience as Director of the Economic and Financial Section of the League Secretariat which they considered might be of some value to them. (Appendix III.)

It is one of the normal functions of the League organisation to assist a Member State in securing the advice of any persons whose special experience may be required in connection with technical or administrative problems, whether such persons are, as in this instance, drawn from the regular staff, or are experts normally occupied in their own countries but known to the League as having been temporarily associated with its work.

The invitation was therefore at once accepted and I was asked to go to India as an international officer of the League for the consultation desired. It is in this capacity that I have done my work in India and prepared the present report with the assistance of Mr. A. E. Felkin, who is like myself a member of the League Secretariat.

We arrived at Bombay on January 9th, 1931, and proceeded at once to Delhi to arrange a programme of visits and consultations in different parts of India in order to obtain some acquaintance with the special conditions in India which affect the problem in question and to ascertain the opinions of representative persons and institutions.

As I was pledged to sail from Colombo on February 15th, for a consultation with the Chinese Government, this programme was

necessarily limited and compressed. It included, however, visits to Lahore, Cawnpore, Lucknow, Calcutta, Bombay and Madras; and I have thus been able to consult representatives of the Governments, Legislatures and Administrations, of Chambers of Commerce, of Universities and other institutions, and many representative persons from the different spheres of national life likely to be affected, in the three Presidencies, the United Provinces and the Punjab, as well as in Delhi. I have also been able to consult representatives of the Governments of Bihar and Orissa and of Burma, who were good enough to visit me in Delhi for the purpose. (Appendix II.)

I wish to express my sincere appreciation to all those who helped to make these consultations useful and effective. The arrangements made in each Province enabled me to see as large a number of representative people as circumstances and the available time permitted; and, throughout, those who were good enough to give me their advice did so with a candour which immensely added to its value. Nevertheless I am deeply conscious that, in the short period of five weeks, a substantial part of which was spent in travelling, I could not hope to become fully acquainted with the special conditions of the country which bear upon this problem and the varying points of view of the different classes and institutions affected. I should have wished to visit other Provinces and also to have seen many persons in those I did visit who were absent or for other reasons unavailable during the few days spent in each place. In these circumstances I make the suggestions which follow in this Report with considerable diffidence, the more so as I have had no previous knowledge of India. In any case, it is obvious that any proposals upon so complicated a problem, made after so brief an inquiry, and in a period of constitutional transition, can only be tentative and provisional. This is an observation which applies to the whole of the Report; and I would ask that it should be understood as qualifying every proposal which I make.

II.—ECONOMIC ADVISORY ORGANISATIONS RECENTLY ESTABLISHED IN OTHER COUNTRIES.

The period since the war has witnessed the development of what may prove to be an important adjunct to the machine of Government throughout a large part of the world in the form of Advisory Economic Councils and Committees. These vary considerably in functions and in form; but they present certain common characteristics and seem to respond to a widely felt need in the post-war world. The State's action in connection with the national economic life has almost everywhere become more extensive and more complex. Whether in the increased range of state control, or the construction of new and more complicated tariffs,

or the institution of systems of prohibition or licence or state encouragement for some form of monopolies, the Government has almost everywhere accepted more onerous and intricate duties. In many cases it has been felt that for such work the parliamentary machine alone does not ensure sufficient contact between official policy and unofficial opinion; and is moreover both overworked and unspecialised. This indeed is a consideration that applies also to the responsibility of Governments and legislatures in other spheres than that of economic policy; and the greater association of experts throughout almost the whole range of governmental activity is a notable phenomenon of the history of the present period. But the development is perhaps proceeding faster in relation to economic than to other problems. We thus find some new system, under which representative persons with experience of the main economic activities of the country are brought into association with the Government, in operation at least in France, Germany, Italy, Poland, Belgium, Czechoslovakia, Spain and Great Britain; while similar proposals are under consideration in Greece, and special enquiries, serving in part the same purpose, have been conducted in the United States of America and Australia. A list of these institutions, and a description of some of them* and of the League Economic Organisation and methods, are given in Appendix I. It will suffice at this point to call attention only to some of the more salient features of the different systems.

These new institutions embody, in very varying proportions, two different principles; that of securing *expert* advice, and that of securing *representative* advice.

In Great Britain, for example, the former of these principles is the dominant one. Proposals had often been made for the establishment of something like an Economic General Staff designed to develop an authoritative professional doctrine, which would tend within limits to develop a policy varying less than hitherto from Government to Government; a body external to the Government in composition though associated with it and with an independent right to publish advice. The actual Economic Advisory Council established is however different in important respects. The Prime Minister and several other Ministers are *ex-officio* members. It meets in private and so far has, with rare exceptions, issued no public reports, recommendations or statements; it is small in numbers, though it includes all the main categories of expert qualification and experience; it is not "representative" in the sense that the members are expected to express the opinions of any organisations with which they are connected. It is in fact designed to secure expert opinion for the private advice of the Government.

In Germany, on the other hand, the "representative" principle is dominant. The Reichswirtschaftsrat consists of no less than 326

* NOTE.—For list see Table of Contents, pages (i) and (ii).

persons, most of whom are appointed by organisations which represent the different branches of national activity. The object is at once to secure a collective expression of the opinions and wishes of these different national organisations, and, as a counterpart to this, to secure a better understanding by them of such policy as the Government finally adopts. It should be noted, however, that the resulting institution has proved so cumbrous that it has not met in plenary meeting for some years, and that the practical work is carried on by a small central committee. The whole institution is indeed on a provisional basis and is to be reconsidered.

In France, the representative principle is also perhaps the main basis; but the actual work has been predominantly so far in the nature rather of enquiries into facts than the formulation of policy, though specific recommendations are in fact sometimes made.

The other European institutions tend to have somewhat the same character as the French or to be something between that and the German system.

No other general comment on the composition of these institutions is necessary at this point except to remark that the organisation in Italy is so much part of the special "corporative" system in that country that it perhaps offers no very valuable analogy for any scheme proposed elsewhere.

Apart from these continuing organisations, some reference must be made to the elaborate special enquiries that have been made in a number of countries. In Great Britain there has been the "Balfour" enquiry resulting in the publication of a series of volumes, and an even more extensive "Lammers" enquiry in Germany, each covering the general condition of the main economic activities of the country.

These two enquiries can be usefully compared and contrasted with those instituted in the United States of America, particularly in 1921 and 1928. The striking contrast consists in the fact that the American system has given full opportunity not only for collation of evidence but also for individual analysis of it by representative Americans; whereas the chief value of the "Balfour" and "Lammers" enquiries consists in their collation of material, effective analysis being largely impeded by the desire to secure unanimity at every step.

It is to be noted that the Economic Councils do not seem so far to have entered the sphere of highly contentious economic policy. The great bulk of the work done in France for example has been in regard to such subjects as housing policy or a fact finding investigation into the national "plant and equipment" (outillage). It is true that in Poland some positive recommendations are made with regard to the Government's commercial policy,

as to sugar and coal. In general, however, it may be said that on matters of tariff and commercial policy the contact of Governments with outside opinion and organisations has almost always hitherto been either through Parliament or by direct communication with the various trade organisations. In this sphere the most interesting initiative is perhaps that of the late Prime Minister of Australia, Mr. Bruce, who invited five eminent Australian economists to study the facts of the Australian tariff. These five were able to agree unanimously in an analysis of the actual results and advice upon certain guiding principles.

One general comment is necessary upon the institutions mentioned above. While the number of countries in which they have been established suggests strongly that, in their general conception, they correspond to a real need of the modern world, they have in no case been functioning long enough to enable any certain conclusions to be drawn from actual experience as to best type of organisation or methods of working.

Some countries, notably Germany, the United States of America, France, Hungary, Austria, Poland and Belgium have also another kind of institution (known in Germany as a "Konjunktur" Institute), whose function it is to subject statistical and other data of economic development to scientific, critical, and so far as possible consecutive, analysis.

It will be convenient to attempt a classification of the main purposes which are served by these varying forms of Economic Advisory Councils and Konjunktur institutions. The purposes vary largely, however, from country to country, and, with them, the form of organisation. No system effectively serves them all.

(a) The existence of a Council composed of those with experience in every main sphere of the country's economic activity, established under legislative authority, and, under varying forms, in effective contact with the Government, often helps to secure greater co-ordination and unity of national policy. This is a real need because whatever the administrative organisation of a particular Government, most specific economic problems tend to cut across departmental frontiers.

This particular purpose of departmental co-ordination is perhaps more effectively assisted by such a small expert advisory body as has been established in Great Britain, of which the Ministers concerned are members, than by the larger "representative" continental councils; and when the latter system is preferred, supplementary measures to secure co-ordination may therefore be more necessary.

Apart from departmental co-ordination in this restricted sense, Economic Councils of all kinds, having an existence independent

of changing Governments, and changing little or not at all as different parties succeed each other in the national legislature, tend to encourage greater continuity in national policy. This purpose, unlike that of securing departmental co-ordination, is perhaps better served by those institutions which, like those of Germany and France and most of the continental examples, are on a "representative" basis and draw for their membership upon the permanent economic organisations of the country.

(b) The new institutions may in several ways lead to an improvement of the Statistical and Commercial Intelligence machinery which is available for the purpose of following the development of events and thought, both at home and abroad, and which thus affords a basis of statistical and other facts for the examination of current practical problems. In some cases the "Konjunktur" Institutes directly serve this purpose, adding a new instrument to the normal official machinery. In others, the inclusion of economists in the permanent Secretariat of the Advisory Council gives new facilities for the economic analysis of statistical facts in relation to a specific problem. In others again, a special investigation may create at least a temporary new mechanism for the acquisition and classification of facts. In yet others it may be anticipated that the influence of a Council, which finds in the course of its investigations that the basis of statistical facts is defective, may be exerted to secure the required improvements in the official machinery.

(c) A third, and usually more prominent, purpose which is served, is that of securing the investigation of special economic problems, of current importance, by the best qualified *experts* including both economists and persons with business and other practical experience. This purpose is well illustrated by the British Economic Advisory Council. This Council considers what current questions need specialised and consecutive examination, for which the aid of persons not in the regular official service is needed. It then normally appoints for each a small sub-committee, composed of persons—some of them members of the Council itself, others invited from outside for the particular task—with the required special qualifications and experience. These sub-committees, of which there may be a dozen at a given moment, are normally dissolved when their recommendations have been dealt with by the Council.

(d) A fourth purpose, not wholly to be separated from the preceding one, but somewhat different, is to provide a regular *representative* machinery through which different sections of the public, and the interests concerned, may express their collective opinions in such a way that they are among the elements from which Governmental policy is formed.

(e) The same machinery as that which serves the foregoing purpose also ensures that public opinion, and particularly the interests directly concerned, understand the factors which underlie the practical problems of economic policy and the reasons which have determined the course of action actually decided upon by the Government. This "educative" purpose of securing a basis of better knowledge and understanding for both the support and the criticism of Government policy by public opinion is an important feature of the Continental systems. It has no part in the British organisation whose reports are almost always secret.

(f) Lastly, the same mechanism often leads to a useful interchange of information and experience between persons of different qualifications and from different localities, and enables them in the pursuit of their normal avocations to benefit from what they may so learn.

Underlying these special purposes, a more general and fundamental conception is perhaps to be discerned in some Continental instances, *viz.*, that of an institution which, subject to certain limits and safeguards, may discharge some of the functions of an "economic parliament", in particular that of discussing the main outline of economic policy which the national interests seem to require. The sovereignty of the constitutional authorities of the country is indeed amply protected. The new institution is based on legislative enactment and, in case of abuse, could be terminated or amended by the Legislature; moreover it is in all cases advisory only, and action upon its recommendations depends upon a Government responsible to Parliament or upon the Parliament itself. If therefore the Legislature in practice delegates some of its work, it does not in any way abdicate its ultimate authority. Within these limits, however, a representative body mainly elected by the private institutions of a country which between them represent its organised economic life may well have a profound effect upon the way in which national economic policy is developed and maintained. Such a body is in its discussions less likely to be affected by political or party considerations which are in varying degrees irrelevant to the merits of the issues in question. As it acquires authority, prestige and public confidence, it may encourage continuity in national economic policy, exempting it largely from the fluctuations which so often accompany the succession of one Government to another and the precarious predominance of one party or another in the Legislature.

III.—SPECIAL CONDITIONS AND NEEDS OF INDIA.

This brief and summary description of the purposes and characteristics of organisations in other countries is perhaps the most convenient approach to an enquiry as to what is most suitable for

India. But the special conditions and needs of this vast sub-continent are such that no system established elsewhere can be transplanted ready made; and it is time to consider the bearing of these, as they have been explained to me in the course of my consultations, upon the problem.

In the most general terms, India's economic position at this period of her history may perhaps be thus described. She is at once one of the greatest of agricultural countries and also, by international recognition as expressed through the League of Nations, one of the eight principal industrial countries of the world. But her industries, while already important enough to secure her this position, are at present small in comparison with her agriculture, and small also in relation to the future extension which they are no doubt destined to achieve. The development which India contemplates may be presumed to be in the direction in which Canada has already made such progress, that of an improvement in the technique of economical agricultural production combined with the simultaneous enlargement of industrial and commercial activity. In this development it may be anticipated that, as in other countries, and probably more than in most, the active assistance and guidance of Government and the official machinery will be utilised. No opinion can be expressed, or implied, in this Report on the general merits of a policy of State assistance. This at least, however, is certain, that when such a policy is pursued, the balance between the loss and profit involved is much more favourable when the objects and methods of the assistance are wisely chosen. The association of Government tends to remove, or render less effective, the automatic criterion of business success and failure which in other cases distinguishes relentlessly the economic from the uneconomic course of action. In these circumstances two desiderata are obviously of vital importance. The first is that the Government should have for its guidance the benefit of the best expert opinion both as to the direction in which assistance should be given and as to its form and method. The second is that those interests which may be adversely affected by any proposal may have as effective a means of expressing their views as are possessed by those whom the proposal may directly benefit. It is for example, as we shall see later, of absolutely vital importance that a due balance shall be preserved in any organisation between those who represent the interests of Agriculture on the one hand and Industries on the other. In spite of her industrial achievements and ambitions India is predominantly an agricultural country. The great bulk of her population depend for their living directly upon the produce of the soil, and would be adversely affected by any policy which was injurious and unjust to agricultural interests.

Apart from the technical methods of assistance adopted, it will of course make a great difference to the progress of India's economic development, whether the best choice is made of those economic activities which are to receive special encouragement. As a League technical committee pointed out some time ago to a European Government which it was advising, the fostering by the State of those industries which have least affinity with the natural resources, opportunities and traditions of the country, necessarily involves serious loss to other industries which could with less expense have been converted into real producers of national wealth, as well as to non-industrial interests. A careful plan, therefore, based upon India's resources and opportunities, which would forecast India's natural development of industries in an order of priority, and in doing so indicate the directions in which such benefits as State encouragement can give would be most lasting and the losses it involves least serious, would obviously be of the greatest value. And in this development India will doubtless desire to be assured of an appropriate contact with both foreign institutions and foreign experts, not only in order to derive benefit from their information and experience, but also in order to co-ordinate her policy with that of other countries. Herself one of the greatest economic units, India will wish to take an appropriate place in both the Councils and the economic organisation of the world; to frame her policies with due regard to external effects and external reactions and to exercise a corresponding influence upon the policy of other nations whose action affects her fortunes.

The next consideration that needs to be taken into account is the area of India and its main framework of Government. In its size, its population, its division into Provinces and special areas and between British India and the States, India is a continent rather than a country. At the same time it has an economic unity, the destruction of which would involve both great loss and serious friction. It would be regrettable if the basis on which statistical information is collected locally should vary so greatly as to make any accurate and comparable compilation of general statistics impossible; and it would be disastrous if differences in social legislation, or the incidence of taxation, or in policy as regards assistance to special industries, were so great as to result in the transfer of industries from Province to Province or between the States and the Provinces for reasons which have no relation to natural economic advantages; if, in a word, India should suffer, in perhaps an aggravated form, from the same economic evils as post-war Central Europe.

Several tentative conclusions are at once suggested by these considerations. No effective economic advisory organisation can consist solely of a central committee. The distances are too great

to expect those whose experience is most needed to come often enough and for long enough to any centre to make their work effective. It should therefore consist of a Central, and rarely meeting Committee, linked with Provincial Committees, which should meet more frequently, as they well can do, since most of those concerned live in the capitals of their respective Provinces or within a reasonable distance.

Another obvious comment is that the need for co-ordination of policy in India is greater than in countries with a centralised Government, and the difficulties of securing it are also greater. Instead of co-ordination between different departments of a single administration, India needs co-ordination (a) between the departments of the Central Government, (b) between those of each Provincial Government, (c) between the Centre and the Provinces, (d) between the Provinces themselves and (e) between British India and the States. It is a quintuple not a single problem.

We next need to consider the actual machinery and methods, by which Government at present secures the advice and assistance of unofficial experience. The system is certainly elaborate and, for the purposes for which it is best adapted, comprehensive. In the first place, amongst standing official or semi-official bodies, there are such institutions as the Tariff Board, the Indian Cotton Committee and the Imperial Council of Agricultural Research. In the second place, local Chambers of Commerce are consulted on proposed legislative matters. In the case of "central" measures the Central Government consults the Provincial Governments, who in turn ask the opinions of the local Chambers; in the case of Provincial measures, the Provincial Government consults the local Chambers direct; and in both cases other institutions, as well as representative individual persons, are also asked to express an opinion. In the third place, I find that in some instances Advisory Boards are appointed to each of the Departments of a Provincial Government, sometimes more than one to a single Department. In addition, the Legislatures themselves, unlike most national Parliaments, at present contain persons directly nominated as representing special economic interests and institutions. Lastly, it is customary to appoint Royal Commissions, and Committees whose methods of work are often almost as thorough and elaborate, to make reports upon problems of considerable public importance.

This system must be considered in connection with one factor which was emphasised by a large proportion of the persons I have seen, *viz.*, the comparative scarcity of leisure of persons with first-rate ability and experience in India, and the consequent difficulty of securing the assistance of such persons for Government work, especially having regard to the vast area of India and the complexity of her problems.

In these circumstances it may be argued, and was argued by some whom I saw, that the existing machinery and traditional practice of consultation of unofficial persons and institutions by Government is sufficient, or more than sufficient; that to create a new organisation would be to add another wheel to a coach which already has too many; that it would only involve more delay, more work and embarrassment for officials, more exhaustion of the patience and dissipation of the time of those whose advice is sought. A different conclusion may however be drawn, *viz.*, that there is a real need of a more simple and flexible system; one which would be less wasteful of the time of those concerned; more rapid in action, more encouraging to unofficial initiative in suggestion and more effective in exercising an immediate and real influence on those who have executive powers; and that such a system, if it can be devised, might well to a great extent replace existing machinery and methods.

For a widespread feeling appears to prevail that the existing system, if taken alone and as a whole, has many defects. It is felt in many respects to be cumbrous, slow, expensive, and above all ill-adapted for securing that unofficial advice is, wherever it is reasonable, translated into practical action and for giving those consulted a reasonable assurance that their time will not have been wasted. The consultation of successive local Chambers of Commerce through the Provincial Governments, for example, if well adapted for preventing an ill-advised measure from being enacted without the objections to it being adequately expressed, is not equally adapted for encouraging positive proposals and initiative. The Royal Commissions are formal and slow; and a comparison of actual results with their voluminous reports and recommendations is often disillusioning. The appointment of separate Advisory Boards for the different Departments of a Provincial Government is open to even more serious criticism. In some cases these Boards comprise between them most of the more prominent of the busy men of practical experience in a Province; and often they remain unused, or little used, for long periods. It is difficult to resist the conclusion that it would be a great advantage (to anticipate a proposal I shall make later) if most of these half moribund departmental advisory boards were abolished and replaced by a single permanent economic body in each Province, meeting regularly, and appointing temporary *ad hoc* committees for specific tasks, which would end as soon as the task was finished. In my experience nothing is so fatal to a satisfactory association of the voluntary adviser with the governmental machine as to appoint numerous permanent committees which are not in practice so used that members feel their time to have been usefully spent.

I am not suggesting that any new organisation will dispense with the necessity of occasionally appointing Commissions for

special problems requiring long, elaborate and formal investigation; or of sometimes consulting Chambers of Commerce individually on proposed legislative measures. But experience in Great Britain and on the Continent suggests that there are many questions for which investigation by small specialised sub-committees, appointed by a standing Economic Advisory Committee, working informally and publishing their results quickly and compendiously would be much more appropriate.

Lastly, among the special conditions of India is the present character of the available Statistical Information and Commercial Intelligence, which must, to a large extent, be the basis on which any examination of particular economic problems or proposals is conducted. This is not a subject on which I should feel justified, either by the duration and character of my present enquiry, or by my personal qualifications, in pronouncing any judgment or making any specific suggestions; the more as it has occupied the attention, and provoked the advice, of the Royal Commission on Indian Currency and Finance (1926), the Royal Commission on Agriculture (1928), the Indian Industrial Commission (1916-18) and the Indian Economic Enquiry Committee (1925). I can only record the general tenor of the opinions expressed during my consultations. Business men, officials and economic students described the practical inconvenience which they experience in their respective spheres of work as a result of the inadequacy, or inaccuracy, of the information at present available. It was stated in particular that the "internal trade" statistics, suppressed on the recommendation of Lord Inchcape's Commission are very much needed; that indices of wholesale and retail prices, and of wage levels, are at present almost entirely lacking except in a few areas; that the information published is often in too crude a form, unanalysed and unaccompanied by explanation; that the classification adopted, *c q*, for imports statistics, is not sufficiently specific and detailed; that it is often very much out of date; that the methods of sale and distribution often make it difficult to secure published information without long delay; that in all these respects India compares unfavourably with many other countries; and that great as are the difficulties in view of the special conditions of India (as described, for example, in the dissenting note attached to the Indian Economic Enquiry Committee) considerable improvement could be effected without disproportionate expense.

As I have said, I can attempt no judgment on these criticisms. But I thought it well to refer to them in view of the importance of statistical information for the objective examination of economic problems, particularly as they, or some of them, are supported by the authoritative Commissions mentioned above. I would only add that the criticisms I have heard bore upon the general policy with regard to the provision of statistics, and upon the inadequacy

of the financial provision allowed; no suggestion was made that those entrusted with the administration of the existing statistical organisations were not discharging their task efficiently within the limits imposed by their instructions and their resources.

IV.—CERTAIN PRELIMINARY QUESTIONS OF PRINCIPLE.

Before suggesting the framework of a new organisation it will be well to discuss certain preliminary questions upon the answer to which any proposals must depend.

The first is obviously whether any new organisation is needed; and if so, what are the principal purposes it should serve, and what should be its main underlying conception.

I have already stated the argument of those who consider that the existing system is sufficient, and the reasons which influence those who take a contrary view. I need only here record that, among those who were good enough to give me their advice, the great majority consider that a new organisation is required. There was indeed great difference of opinion as to whether it would be wise to create a new system before the new constitution is in operation. But that is a separate question which I shall discuss a little later. With full allowance for the few who were directly opposed, and the greater number who, while on the whole favourable to the proposal, were sceptical as to its being of any great practical value, it remains true that the great majority of those who appeared to have most carefully considered the problem expressed a strong and definite conviction that a more effective system of securing a place for unofficial opinion among the elements from which Government policy is evolved should be devised.

As to the main purposes and the fundamental conception, which should determine any scheme, the special conditions of India, as described to me, suggested strongly that what is required is the association not only of *expert* opinion but of *representative* opinion—opinion which is representative of every main sphere of the organised economic life of the country. India obviously has before her a period in which both political and economic problems will be of great difficulty and complexity, and in which she will therefore need to call upon all her potential resources in wisdom and experience. At a time when economic questions are urgent, Ministers and Legislatures are bound to be preoccupied to an exceptional degree with political problems and considerations. In these circumstances it is an advantage that much of the practical experience of the country in economic questions is already embodied in a form which enables it to find collective expression, in such institutions as Chambers of Commerce. With

very varying degrees of completeness there are also in other spheres of economic activity and expert knowledge, central institutions which might enable collective opinions to be expressed or representative persons to be nominated.

There would clearly be great advantage—even apart from the special problem we are now considering if the development of such central institutions could be extended. In Banking, for example, which already has its Institute of Bankers, I note suggestions in the Reports of the Banking Enquiry Committees for a national association of Indigenous Bankers. The Universities already have an Inter-University Board which was invited to nominate members for the Imperial Council of Agricultural Research. Labour has its national organisations, which have been used, *e.g.*, for the nomination of Delegates to the Labour Conferences at Geneva. At the same time the evolution of such national organisation is obviously very far from complete or satisfactory. Anything that could help forward this evolution would, as appears from the advice of those who have specially studied problems arising from different spheres of national activity, be a real help to the economic and social development of the country. And with such an evolution the organisation of economic experience through representative institutions could be used to afford an adjunct to Government of the first importance in the formation of official policy. It is therefore a fundamental principle of the scheme outlined in Section V below that such institutions should, when they satisfy the two vital conditions there explained, of being genuinely representative and economic in character, be used as the basis of any new economic system. And it is suggested that both in the system of nominations and in every other practicable way, the development of such institutions should be encouraged. The relative scarcity of leisured men of first rate experience in business and other economic activities increases the need of utilising those who are available for the solution of national problems whether by unofficial or governmental action. And the abnormal complexity of the political problems which will confront the country make it the more desirable that its resources in government and administration should be supplemented for economic problems by the association of those, who, through collective institutions, represent its organised economic life.

This conception suggests the answer to a further question, which I discussed fully with those I consulted, namely, whether any new Committee or Committees appointed should be *predominantly* governmental and official in their composition and organisation, or predominantly unofficial.

On the first conception, Members of the Executive Council (under the present constitution) would be members of any Central Committee, and one of them would be Chairman; and,

similarly Ministers would be Members of each Provincial Committee, one of them being also in each case its Chairman. On the second conception, Members of the Executive Council and Ministers would not be members and the Chairman both of the Central and Provincial Committees would be unofficial persons of high public standing and reputation.

For the first of these conceptions it was argued that the fundamental necessity in any machinery for associating unofficial persons with governmental policy is that they should be assured that their influence will be effective; and for this purpose they must be brought into direct contact with those who have the power to initiate action. Moreover, prestige is essential for a new body, and this would be increased by the presence of Members of the Government with executive authority. In addition their membership would facilitate a *co-ordination* of governmental policy and action which is specially important in India. It is clear for example that in the British system the Chairmanship of the Prime Minister, combined with the presence of other principal Ministers as Members, both adds to the prestige of the Council and also facilitates departmental co-ordination.

The arguments urged on the other side are also, however, very strong.

In the first place, Ministers, and especially those who were Chairmen, would be in a dual and embarrassing position. As Ministers, they would be responsible for governmental policy; as members, they, and especially the Chairman as the interpreter of its wishes, would be involved in the policy advocated by the Committee. This dual capacity would force them to take up a definite position prematurely, and often negatively. If, for example, a committee desired action which would involve expense, the Finance Member or Minister would feel that he must either immediately oppose the proposal or find himself committed in his capacity as Member of the Government. In such a case he might feel himself obliged to oppose, whereas, if the committee had freely expressed its collective opinion, and that opinion had been subsequently and separately considered by the Government, a compliance with its wishes might have been possible. The embarrassment of this dual position is avoided in the British Council by the fact that it is a private expert (not representative) body, deliberating, advising and reporting confidentially, a body therefore which fails to serve the purposes, so important in India, of securing the advice of representative unofficial opinion and making understood to the public and the interests concerned the reasons underlying policy.

Secondly, it was urged that the real unofficial opinion of the Committees would in practice be damped down and discouraged

if Members of the Government occupied a predominant position on them. The members of the Committees themselves, the institutions they represented, and the public generally, would feel that the system was designed rather to placate outside opinion than to make it really tell as an element in policy. For the latter purpose it would be essential that the unofficial opinion should be allowed to form itself freely without veto by the government, and express itself frankly. It would remain for Government to decide its course of action afterwards; but it should at least be incumbent upon it to consider seriously the real, and unsuppressed, opinion of the unofficial committees and when it decides not to adopt their recommendations to state before the public the reasons which have led to that conclusion.

In the third place it was urged that the presence of Ministers as members would not make any decisive difference to the problem of co-ordinating Governmental policy. It is impossible to know, until the new constitution is framed, what will be the exact character and difficulty of this problem of co-ordination. If, however, as seems likely, there is provincial autonomy in spheres in which uniformity or adjustment of policy and action is necessary, no advisory economic organisation, whether Ministers are members or not, can by itself be sufficient. Such an organisation will in either case help co-ordination, but can in neither case secure it; a mechanism of direct and purely Ministerial and official consultation and negotiation will, in any case, be necessary.

In these conditions the balance of opinion seems to be strongly in favour of making the new committee *predominantly* unofficial in character; and if the general conception of the new system as one designed principally to give effective expression to *representative* unofficial opinion is accepted—that is if on this point the Continental rather than the British model is regarded as more suitable for India—such a consideration would seem to be decisive on this point.

This does not however mean that the new committee should not have real links within themselves to the machine of Government. These could well be of three kinds.

In the first place, Members of the Government might well attend the Committees, both Central and Provincial, and have the right not only of listening, but of presenting such statements or explanations as they might consider desirable; and indeed it would be well that they should habitually so attend. But not being members, and not having the right or obligation of voting, they would not be forced into the position of prematurely committing the Government. This is the system adopted in Germany, where the Ministers sit on raised benches at the end of the room.

In the second place, it was agreed on all sides that the principal officials of the appropriate Departments should attend the committees, and the general opinion was that they should be members. The exact capacity in which they should attend, however, was felt to be a question of some difficulty. An official is a servant of the Government; but he is also, in view of his official experience, a possessor of a type of expert knowledge which is as important as any other for the solution of economic problems, especially by measures which involve official action. If officials were not members an important element in the composition of the committee would be lacking; and the gap would hardly be filled by their attendance merely as witnesses, a method which would almost seem to imply that the mechanism and practical working of any proposals is a secondary consideration rather than an integral factor in the problem. On the other hand, if officials were to attend as members of the official *bloc* do in the Legislative Assembly and Councils, representing the Government and speaking only under instructions, the whole character of such Councils as are here contemplated would be vitiated and the position of these members would be incongruous in an *advisory* organisation. The only satisfactory solution would seem to be that officials should be appointed as members, and as such should be expected to express their personal opinions as experts in their special type of experience, the corollary being, of course, that they should not be understood as committing the Government. I realise that this may be thought to place them in a difficult position. But it is not easy to see a satisfactory alternative, and there are several analogies to show that the position is not an impossible one. It can never be expected of course that an official, with the loyalty which he owes to his Minister, can speak with the full freedom he would enjoy as a private person. But a British Civil Servant, for example, who is appointed a member of a Royal Commission, would probably feel free to express a somewhat more individual judgment in the Commission than he would in his conduct of correspondence on the same matters in his Department. Certain officials are *ex-officio* experts in the French Conseil National Economique; and the method I am recommending has been tried with great success at Geneva. There may be some special difficulties in view of the traditions of official work in India; and these may result in the silence of such members on certain questions of major policy; but there must be a wide field in which such a difficulty would not be insuperable and it should prove of diminishing importance as the tradition develops and the method becomes familiar.

In the third place, the Secretaries of the permanent offices of the Committees should, I think, be drawn from the Government Service, or, if originally drawn from outside, should be incorporated in it. This is our invariable practice at Geneva, where

a Secretary is always allotted to unofficial committees from the permanent Secretariat of the League. He is the servant of the Committee as regards all the work which falls within its sphere; but it is also his duty to ensure that all requisite contact is established with every organ of the League which is affected by the recommendations made, or the action of which is required to give them effect.

In addition to these three definite and formal links, the Chairman of each Committee, while an unofficial person of standing should also help to make an effective liaison with the Government. For he should in all cases be a person whose influence should be derived not only from his personal standing and his position in the Committee, but also from his relations with the Government. Much indeed of the success of the committees, especially in the early stages of the organisation, will depend upon the qualities of the Chairmen. At Geneva it is the normal practice for the Chairman of a Conference for technical work to be appointed by the Council of the League and not elected by the Conference, and it is usual for him to be appointed some time before the meeting of the Conference so that the preparations for it may be made not only by the Secretariat but by the person who will have to guide its discussions. In any case, whatever be the ultimate method of appointment adopted, it is essential that the Chairmen should be acceptable to both the Committee and Government, and it might be well for at least the first Chairman of each Committee to be appointed by Government long enough before the first meeting for him to collaborate in the preparations for it.

The next fundamental, and preliminary, question that arises is as to the time at which any new organisation should be established. Should it be established at once or wait for the new constitution,—to be set up, if they so decide, by the new authorities? Here also divergent opinions were expressed by representatives of both European and Indian Chambers of Commerce and by individuals with varying attitudes to constitutional developments in the near future.

On the one hand it was urged that such a new system should be especially valuable for the urgent problems of a period of acute economic depression; that its mechanism would, in any case, take some time to put into working order, and that it would be an advantage to those who would hold office under the new constitution, whoever they might be, to find a mechanism ready at hand and equipped for immediate work. Moreover it would be quite easy to provide safeguards which would secure that the freedom of the future authorities should not be prejudiced through the creation of the system by their predecessors. The form of organisation, for example, could easily, and indeed must obviously, be

provisional and adaptable to the new political constitution. The tenure of the first appointments could be short. And the Committees could begin with research and scientific investigations rather than discussion only of controversial questions—a beginning desirable in any case while the traditions were forming.

It was urged on the other side that proper consideration could hardly be given to the project when the country is preoccupied by the constitutional question and in the atmosphere of the attendant negotiations; that it would in practice be difficult to avoid prejudicing the future position in several respects, for, even if the tenure of the appointments were short, personal claims would be created, and few economic questions were free at the moment from some entanglement with political controversy. Above all, it was urged that large sections of Indian opinion would in fact view the creation of a new system by the present Government with some suspicion, and would be prejudiced against it whatever its intrinsic merits or the safeguards it might contain.

This is a question on which I feel it may be improper for me to express an opinion. I would, however, tentatively suggest:—

- (a) that the improvement of the statistical and commercial intelligence system is outside the issues stated above and might be undertaken at once as far as practicable. This will in any case help the future organisation and it will not prejudice it;
- (b) that no attempt to establish the proposed new organisation should be made in the circumstances of the moment at which I write and for so long as they remain substantially as at present;
- (c) that the proposal—as a proposal for a future organisation—might be made available for public consideration as early as may be opportune;
- (d) that if the plan, as proposed or as modified, seems generally desired, it should be left to be put into operation by those who hold office under the new constitution, unless the course of the preceding negotiations is such as to make it practicable to assure that its earlier creation would be in accordance with the general desire of the leaders of Indian opinion and of those likely to direct policy in future.

I make even such tentative suggestions on such a point with great diffidence; but I do feel that even considerable delay is preferable to incurring a serious risk that a new organisation, which may play an important and valuable part in India's economic development, should be gravely prejudiced from the start by the conditions under which it is launched.

V.—SCHEME FOR A NEW ECONOMIC ADVISORY ORGANISATION.

The main lines of a scheme for a new organisation already emerge from the factors in the situation already described. We may now usefully proceed to fill in the outline, though many details must necessarily be left somewhat vague and doubtful.

I suggest the constitution of (a) a Central Economic Advisory Council and (b) an Economic Advisory Council in each Province ("Bombay Economic Advisory Council, etc."). Some of the Indian States might of course choose to create similar Councils, but this would be in existing circumstances a concomitant rather than an integral part of the original scheme; how far the situation will in this respect be changed by the new Constitution, time alone can show.

(a) CENTRAL COUNCIL.

Membership.

The members should consist of persons representing the following types of economic experience, interest or research :—

(a)

Agriculture
Banking and Finance (from each main category of banks)
Commerce
Consumers
Co-operative organisation
Economists
Industry
Labour Organisation
Members of the Legislature
Officials
Railways and Communications

(b)

Representatives of the Provincial Councils and
Representatives of the Indian States.

(c)

Representatives (one each) from such national bodies as :—

The Indian Cotton Committee
The Tariff Board
The Imperial Council of Agricultural Research
The Jute Committee } when created.
The Reserve Bank }

Method of nomination and status of members, etc.

The method of nomination must clearly be a complex one, in view of the cross classification of membership indicated above. It is necessary to secure a suitable balance as to locality (each Province and the States) and also as to qualification (e.g., experience of Industry, Agriculture, etc.); and to combine nomination by representative institutions with adequate security both as to the quality and the balance of expert qualifications. This is a problem with which we are familiar at Geneva, where, in the constitution of such a body as the Economic Consultative Committee, it is necessary to secure a due balance both of nationalities and of types of specialised experience; selection on national grounds might for example result in a committee over-weighted with industrialists, and ill-equipped with economists or labour representatives; while, conversely, a selection on personal qualifications alone might leave some nations and some large areas of the world unrepresented. At Geneva the solution is found in a method by which while inviting nominations the Council of the League retains the right of actual appointment and takes all the factors into account in making its final selection.

In the same way a Council composed as suggested above might easily be unbalanced, unless the Central Government retains certain powers of supervision over the appointments. The Provinces, for example, might send representatives all of one or two types of experience.

The next consideration to be taken into account is the desirability of making the membership as far as possible *representative* of national economic institutions, and of encouraging the formation of such institutions. For the reasons given above, the encouragement of such institutions should, I suggest, be a definite purpose, which might be deliberately served by the method of nomination adopted.

In order to serve the purposes contemplated in this scheme—as well as the others for which they are formed—it is obviously essential that those national associations or federations should fulfil certain conditions. In the first place, they must be really representative of their respective spheres of activity in the national life; and secondly they must be guided in their policy, and in the choice of any persons they may be asked to nominate, by genuinely economic considerations and by regard for the economic interests they represent.

The extent to which the Council can be composed on the “representative” principle must of course depend upon the extent to which, at any given time, national institutions fulfilling these

conditions may exist. They do not at present cover the whole range of the economic activity and experience of the country; and no suitable institution appears now to exist to serve as the nominating authority for persons with some of the qualifications mentioned above. There must therefore in some cases—it may be hoped a diminishing number—be direct selection by the Government.

Even when suitable nominating authorities exist, however, it will be necessary for the general constituting authority, the Government, to take certain precautions to assure that the *balance* between the different qualifications and types of special experience is obtained.

To some extent this can be met by a full and careful explanation of the general scheme to the nominating authorities and by unofficial contact with them. For example, the Chairman of the Central Council might well keep in touch with those of the Provincial Councils in such a way as to secure that the representatives of the latter are reasonably spread as regards different types of experience; organisations representing Chambers of Commerce again would be in a better position to choose their members if they knew what persons are being chosen by other institutions or methods. But while the difficulty may be reduced to a minimum by such methods, it can hardly be removed altogether. It will probably be necessary, in addition, for the Government to ask some at least of nominating authorities to name rather more persons than will be ultimately appointed to the Council, each of them to be chosen as both fit to represent the nominating authority and also well qualified by personal experience, the final selection being then made by the Government with regard to the general balance in the Council. It is evident that if this method were pushed too far, if for example each nominating authority were asked to name a large panel from which the Government only selected a small proportion, the "representative" principle would be largely destroyed. If, however, only a few extra names are asked beyond those ultimately needed, this extra number being no more than is required for the purpose here described and being always kept to the minimum, this result should not follow. And it is difficult to see how, at least for some time to come, a due balance can be secured without some use of this method. In time, as the different nominating authorities become familiar with the working of the Council, and each other's practice in choosing representatives, the delegation of the right of appointment may be carried further and the residuary selection by the Government be reduced or in some cases abandoned. But this can only come in time.

No risks must indeed be taken of the balance being seriously disturbed as between different classes of interest. This is much

more important in the case of a "representative" than an "expert" body, as the policy which is evolved by such a body will naturally come to some extent by a process of compromise between partly conflicting interests.

This duty of preserving a due balance is especially difficult as regards those spheres of the national activity which are comparatively unorganised and inarticulate. We have always found this difficulty at Geneva in the case of Agriculture; and in a Council for India the position of Agriculture is obviously of vital importance. As proposed below, there should be a representative of the Imperial Council of Agricultural Research. But this will obviously not in itself be enough. As unofficial organisations effectively representing different classes of agricultural interests emerge they could be used as nominating authorities and their development might be encouraged both by the invitation to nominate and by other means. In the meantime it would rest with the Government to select on such advice as it may deem best to take. It is obviously essential that the numbers and quality of those who represent Agriculture on the Council should be such as to secure an expression of its point of view and interests which is adequate and bears a due relation to the position of Agriculture in the general life of the country. This does not of course mean a numerical representation corresponding exactly with the numbers of those engaged respectively in Agriculture and other occupations. But it does mean that the representation must be such, alike in size, ability and influence, to assure that Agricultural interests will take their proper place among the elements from which policy is evolved. So serious indeed might the results otherwise be, both in injustice and in the deflection of India's economic policy from its natural course, that it would perhaps be better that no Council should be established.

A similar problem presents itself as regards the interests of consumers. It is largely at their expense that many economic policies are proposed, and they are usually unorganised and inarticulate. To some extent of course the need is met by the fact that one set of producers is a consumer of the products of other industries—railways for example needing to buy rails, and the agriculturist farm machines, etc.—But this only covers a part of the problem. The individual consumer needs to be safeguarded against an unwarranted increase in the cost of living. This need is the greater in the case of an institution whose membership does not, like that of a legislature, draw its authority from a popular electorate. In European countries, and in such a body as the Economic Consultative Committee at Geneva, the Co-operative Organisations—which are to so large an extent in Europe (in striking contrast with India) concerned in retail business—serve to represent the consumers' interests. In France members

appointed by municipalities are also expected to discharge this function. In Great Britain, the Consumers' Council, though not organically connected with the Economic Advisory Council, is a factor in the formation of policy. In India, in existing circumstances, direct selection of suitable persons by Government would presumably be necessary.

(b) *Representatives of the Provincial Council.*—Perhaps one representative from each Council would suffice, but it should be competent to the Council to change its representative at any time as convenience required.

Representatives of Indian States.—The method of appointment must obviously depend ultimately upon the position of the States under the new constitution. In circumstances like the present some of the larger States might be asked to appoint representatives and some others might be appointed after consultation with the Chamber of Princes.

(c) *National Institutions.*—National institutions such as the Indian Cotton Committee, Tariff Board, Imperial Council of Agricultural Research, the future Jute Committee and Reserve Bank might appoint one member each directly, subject to some unofficial communication with them in order to avoid undue overlapping of functions. For example it would be undesirable that the person appointed by the Indian Cotton Committee should represent exactly the same type of experience in Cotton as an Industrialist selected from among the nominations of Chambers of Commerce.

It is perhaps inappropriate in a Report written in the present circumstances to go beyond the above general outline and principles as to membership, and to recommend in detail, for each class of qualification, the numbers, the nominating authority and precise mode of appointment. The extent to which such bodies as the Institute of Bankers, for example, may cover the field of Banking or Finance, or may do so in conjunction with such a new association of Indigenous Bankers as is advocated by some of the Banking Enquiry Committees, may be different at the time of putting the scheme into operation from what it is at the present moment. It will perhaps suffice to add at this point that the Inter-University Board has been used for appointments to the Imperial Council of Agricultural Research and its Advisory Board; that the problem of securing Labour representation is the same as that which is presented by the need of selecting Delegates for the International Labour Conference in Geneva and will presumably be solved in the same way; and that the total membership of the Central Council, as composed on the above principles, would be likely to amount to about 50.

Tenure of Appointment.

In order to secure some continuity in the work and traditions of the Council it would be well that in most cases the appointments should be for not less than three years, and five years might be preferable. This should not apply, however, to the representatives of the Provincial Councils and the States.

This recommendation is only made on the assumption that the appointments will be made after the new constitution is in operation. If any were made before, it would be well, for the reasons indicated above, to limit them to two years.

Time and place of meeting and method of working.

In view of the size (about 50 persons) of the Central Council, the travelling required and the restricted leisure of most of the members, the Council would doubtless meet not more than twice, and more probably only once, a year. The appropriate place for the headquarters of the organisation would appear to be Delhi; but it might be found convenient that the Council should itself sometimes meet in one or other of the great industrial or commercial centres of the country.

The best normal method of work would, I suggest, be very largely through small, specialised *ad hoc* committees. This method is found in operation both in the British and the Continental system; and it is employed on a very considerable scale by the Economic Committee at Geneva. The British Council, for example, though it meets in full session once a month works largely in this way. It supplements its general discussion of main questions of principle by drawing up a programme on special subjects for separate study and investigation, each subject being entrusted to a small sub-committee consisting partly of Members of the Council and partly of specialists selected *ad hoc* from outside. Such Committees usually work informally and report quickly and compendiously (not recording minutes of evidences, etc.); and the method is rapid, effective and convenient. This specialised sub-committee method might prove appropriate for the greater part of the work of the Indian Council, and might replace much of the more elaborate work hitherto done by the more formal Commissions or Committees. There will of course be cases in which different methods will be needed, as they are in Great Britain and on the Continent,—either more elaborate enquiries, like the French investigation into national industrial equipment and housing, etc., or at the other extreme, limited investigations by a single expert. But the small specialised sub-committee will probably prove to be main instrument of work for the Council.

Such committees would of course meet where and when might be most convenient to their members; they would be served by the Council Secretariat; and they would be dissolved as soon as their work was done. They would report to the Council; but, in view of the long intervals between the Council's meetings, it might normally be arranged that their Reports should be circulated individually to Members of the Council and, subject to the consent of the Chairman and a small Supervisory Committee (see below), be published without waiting till the next meeting of the Council as a whole.

With this method of working the Central Council might well, especially during its earlier years, devote its discussions to two main tasks. The first is that of drawing up a programme for the examination of specific problems, laying down the main lines of study and investigation, appointing the sub-committees and the investigators, etc. The second, which should start modestly and develop gradually with later years, is that of reviewing the progress of the past year and recommending policy in general outline for the ensuing year. This second discussion would be greatly facilitated if the Secretariat, under the control of the Chairman of the Supervisory Committee proposed below, prepared beforehand a short general review of the chief developments and measures of the past year, with a summary of Indian economic conditions at the moment. The publication of such a review, as endorsed or amended by the Council, should be of real public interest. These recommendations are based upon the experience of the Economic Consultative Committee at Geneva, which considers the events of the past year, makes suggestions for the future and publishes a short review of world economic conditions. The latter is in future years to be replaced by a fuller World Economic Survey, but that Survey, like the earlier review, will aim at presenting the main facts of the economic situation of the period in question in a form intelligible to the general public. Such a publication, much shorter and simpler than any existing publication (though usefully supplemented by an annotated list of more detailed studies and reports) would, I suggest, be of real value in India, particularly if it can be translated into several of the principal Indian languages.

It would be necessary for the Chairman, with the aid of the Secretariat, to follow the working of the sub-committees, etc., throughout the year. In this task he might be aided by a small Supervisory Committee, elected by the Council, who would meet several times in the year, under the presidency of the Chairman of the Council, to receive reports of progress. It would be useful to include among the tasks of such a Supervisory Committee that of drawing up an Agenda for the forthcoming meeting of the Council based upon requests from the Government for the consideration of defined proposals, upon similar suggestions from Members and upon the reports of the specialised committees.

The Chairman.

In any such system the Chairman must play a part of very great importance, not only in guiding the discussions of the Council itself but in following the progress of all the programme of work which it may lay down. As already suggested, much depends upon his personal qualities and position, and, indeed the first selection may permanently affect the whole future of the new organisation. It might be well that the appointment should be a paid wholetime one; and it would be well to assure also the appointment as Vice-Chairman of someone qualified to act as Chairman and able to devote a considerable part of his time to the work of the Council.

The Secretariat.

The Secretariat of such a Council, responsible for a large programme of work, and itself meeting at long intervals, is also of great importance. The Secretary should devote his whole time to the work of the Council, and should have a small but highly competent staff, including persons with the qualification of an economist, with knowledge of statistics and statistical method, and with administrative experience of a high order. It might be convenient to associate the Central Statistical Organisation of the country very closely with the Secretariat of the Council, whether or not (as might be convenient) that Organisation has its headquarters, or at least an office, at Delhi. The essential qualification of the Secretary himself is that he should have the personal qualities and experience which fit him for the difficult administrative task of adequately preparing for meetings of the Council, handling the intricate system of specialised committees working under its directions, securing the necessary liaison with the official machinery of the Central Government and also maintaining effective contact and co-ordination with the Provincial Councils. The Secretary, and the officers under him, should as I have already suggested, be an integral part of the Government Service, and not appointed as a separate staff by the Council; and their relations with the Departments should be such as to enable them to draw upon the statistical and other information there available. The Secretary must also have the tact necessary to secure satisfactory personal relations with the officers of the Departments, who are bound sometimes to feel that their official functions are encroached upon by the Council and still more by the Secretariat when engaged on preparing for its meetings or securing effect to its instructions.

Subjects for investigation.—It is important that, especially in its earlier years, the Council should devote its principal attention to subjects on which objective, and largely scientific, investigation is both practicable and valuable. If it embarks upon problems which are at present inextricably entangled with acute political controversy, it will establish traditions and a method of discussion

which will seriously diminish its usefulness as an adjunct to the normal machinery of legislation and government. On the other hand it would be regrettable if it devoted itself unduly to such purely scientific investigations as have little obvious relation, or only a remote relation, to problems of practical action. Between these two extremes, however, there is a wide field of enquiry, some of it needing purely scientific research by economists, some of it a combination of the economist's qualities with the experience of practical business organisations; but all required as a basis for the adequate consideration of practical problems. The general ambit of enquiries initiated by the Central, as distinct from Provincial Councils, would cover both problems of general all-India interests (in which the probable executive action required for their solution would fall wholly, or in part, upon the Central Government) and also those in which, though they fall within the competence of the Provincial Governments, co-ordination of policy between the Provinces is very desirable.

In the course of my tour in India a considerable number of problems have been put forward as needing examination. Among these I may mention, purely as examples of the kind of subject for which the advisory organisation here outlined would seem to be appropriate, and without any desire to forecast an actual programme, such questions as the following:—the establishment of a land mortgage bank system; the desirability of creating a tobacco monopoly; the extension of hydro-electric power; a general control scheme for jute; marketing problems in many aspects (distributive organisation for several classes of commodities, grading systems, the extension of warehouses, both in connection with marketing and as a basis of the issue of warehouse certificates as part of the credit system of the country); and the condition of certain industries, *e.g.*, the match industry. Finally two possible instances of problems requiring investigation of a more extended, and somewhat different investigation, may be mentioned; the first that of drawing up in main outline a general plan of India's economic and industrial development in the next few decades, as some guide to the direction of State policy; and the second that of foreseeing the measures required to prevent or mitigate some of the disastrous social consequences (in housing and health conditions, *etc.*), that have often resulted from rapid industrialisation and which may, without deliberate preventive measures, assume a particularly serious form in view of existing Eastern conditions as to standards of living, *etc.* Each of these last two examples also illustrates the necessity of associating with the specialised committees appointed by the Council specialists drawn from outside the membership of the Council itself (*e.g.*, experts in town planning, housing, health and education). Some of the above subjects might perhaps be initiated by a Provincial Council, or several Provincial Councils in combination specially

interested in them, rather than by the Central Council. In many cases it is obvious that careful co-ordination (see below) between the work of the various Councils will be necessary.

If this is the type of work which would be most useful, and if it is true, as it probably is, that, especially in the early years, the centre of gravity should be on the side of research rather than of debating highly controversial subjects, the question remains how this should be assured. It would be too restrictive to confine the work to specific subjects referred by the Government; it might prove difficult for the Government to exercise usefully a power of veto on enquiries desired by the Council even if this were provided in the constitution; the composition of the Council here proposed does not provide the automatic safeguard found in the British Council in the position of its Cabinet members. On the whole, the only really effective safeguard is in the wisdom of the members of the Council themselves and in the method of nomination and selection adopted. But, if more is needed, it might be arranged (a) that there shall be a certain priority for specific requests for enquiry by the Government, and (b) that it should require a two-thirds majority of the Council to initiate an enquiry, this latter being a method adopted in the German Council. It would seem very undesirable to deprive the Council of all initiative in planning its work. One of the chief defects of the present system of consultation is that it is *negative*; Chambers of Commerce, etc., are asked for advice when a proposal is under consideration but there is no regular machinery, associated with the Government, through which organised unofficial institutions normally make positive recommendations on their own initiative.

It will be remarked that, as regards many of the subjects suggested, much work of enquiry has already been done of which the results are available in the reports of Commissions, or in official reports, etc. This is true, and it is assumed that any new enquiry would start with the results available. But it is also true that many recommendations, *e.g.*, of Commissions, are left high and dry, without practical effect, until they become more or less out of date. In other cases, they stop short of the point at which they are appropriate for translation into immediate action in view of the conditions of the moment and of different localities. Indeed one of the most useful results of a new system would be to garner the fruit of previous enquiries, which has hitherto been either unripe for action or allowed to rot through neglect. It is also clear that many of the subjects suggested may overlap between Centre and Province, or between Province and Province. An arduous, skilled, exacting and indispensable task will therefore rest upon the Secretariat of the Central and Provincial Councils to co-ordinate the work of their respective Councils and Committees by constant interchange of correspondence.

(b) PROVINCIAL COUNCILS.

The Provincial Councils can be more briefly described because, although they are of equal, or, if taken together, of even greater importance, the considerations involved are largely the same as those discussed in connection with the Central Council and we can therefore proceed chiefly by way of noting the differences between them and the Central Council.

There would presumably be one Council for each Province; it should, I think, be composed generally on the same principles as the Central Council but should be different in the following respects.

While the qualifications of the members should be generally the same—(Agriculture, Banking and Finance, Commerce, Consumers, Co-operative Organisation, Economists, Industry, Labour Organisation, Members of the Legislature, Officials, Railways and Communications),

- (a) in some instances some of these qualifications may not be needed, *e.g.*, there may be no Co-operative organisations in the Province,
- (b) the *balance* would naturally vary with the economic structure of the Province, (jute being, *e.g.*, of special importance to Bengal, cotton to Bombay, etc., and in some cases Agriculture being overwhelmingly more important than Industry),
- (c) there would of course be no representatives of other Provinces, or of the States or of all India Committees. The Provincial Councils would therefore be much smaller, averaging perhaps 20 as compared with 50,
- (d) the Provincial Councils would meet more frequently, in some instances perhaps once a quarter, in others once a month. Nearly all their members would usually be resident in, or reasonably near, the capital of the Province, so that little expense or loss of time in travelling would be involved.

In general it is desirable that, apart from such differences, the Councils should be constituted on the same principles, and work by the same methods, as the Central Council, especially as regards their predominantly unofficial character, the appointment of a Chairman and Secretary, the use of specialised committees and individual investigators. At the same time there might well be considerable elasticity of method, and difference in choice of subject, as between Province and Province. In some cases, doubtless, the Provincial Council will start very modestly and develop its work slowly. In others, its existing traditions, the urgency and variety of its problems and the greater resources of unofficial experience will compel and enable it to develop more rapidly, extend its work

through more numerous committees and itself meet more frequently. The balance as between different classes of work will also doubtless vary considerably. In the Punjab, for example, the Board of Economic Enquiry, whose valuable work of scientific research into local conditions is well-known, will no doubt continue along its present lines. This Board (which as I write is being used as the model for the creation of a similar body in the United Provinces), is the nearest approach, among existing institutions, to the Provincial Council now suggested, and it may be hoped that any new organisation will help it to work as at present. At the same time, it does not in itself serve all the purposes of the present scheme. The Board might well remain as an entity—perhaps as a standing sub-committee of a new and enlarged Council on which its members, or most of them, would have seats. But, for the Council itself, it is suggested that the addition of further members covering a wider range of qualification is desirable; and that without prejudice to the present scientific investigations, problems more immediately related to definite executive action and over a wider field might also be usefully undertaken.

In general, however, it may be remarked about the work of the Provincial Councils that they will doubtless include a larger proportion of individual investigation into the conditions of specific areas along the lines of the Punjab Board than the Central Council. Such work is obviously of value from several points of view, not only for its intrinsic interest to economic students, but sometimes also a practical guide to officials in their daily work, sometimes as the basis for the study of specific problems of practical policy. Moreover, the conduct of such investigation by young economists from the Provincial University, under senior and expert supervision and especially in direct relation to some practical problem of administration, is a valuable training for an administrative life.

The subjects of enquiries chosen by Provincial Councils will doubtless include both those which are exclusively Provincial in character (and require action within the competence of the Provincial Government for their solution), and also those which involve in part all-India factors or Central action, but in which the particular Province is specially interested.

Among such subjects may be suggested, again purely as examples, the following:—

The possibilities of developing subsidiary cottage industries (and also perhaps subsidiary agricultural production) in order to occupy the spare time, and supplement the resources, of the agricultural worker; the extent to which intensification of cultivation is profitable and possible; marketing systems and methods as regards the main produce and imports of the Province, etc.

In some case as suggested above, the Provincial Council might initiate an investigation on a subject which is of special interest to itself, although it ultimately involves, in some aspects, an All-India policy. In others several Provincial Councils might arrange for joint investigation of a subject of common interest to them.

VI.—THE MACHINERY OF GOVERNMENT.

The whole of the organisation proposed above is advisory and predominantly unofficial. It—or any alternative to it—will be wholly ineffective unless the machine of Government is such as to utilise it, and to secure, rapidly and with due co-ordination, practical effect to whatever may be valuable in its recommendations. Several links have been proposed—through the presence of Ministers, the membership of officials, the position of the Secretaries, the liaison work of the Chairman. But this is not enough. Successful results cannot be achieved unless the Governments, both at the Centre and in the Provinces, not only take immediate and serious account of the recommendations, but also have at their disposal an official machinery which will enable them to take the required action quickly. It is a frequent complaint of those who have been invited to give their advice to the Government, whether through Royal Commissions or otherwise, that their advice is not given serious consideration and practical effect because the Ministers or officials concerned are too much engrossed with immediate daily duties to give adequate attention to anything like a new general scheme of policy.

It is also clear that the problem of co-ordinating governmental policy, between the Departments of the Central and the Provincial Governments, and between the Centre and the Provinces, between the Provinces themselves, and with the States, will be a grave and difficult one, which can only be solved by a governmental machinery and procedure. These must be additional to, though they may be helped by, the advisory organisation here proposed. The extent of the problem will, as stated above, obviously depend upon the exact provisions of the new Constitution. It is of course a comparatively simple matter to co-ordinate policy within a single Government by regular meetings of the Ministers of the Departments concerned, though this is often not done. But for India it may be that a Council of Ministers of all the Provincial Governments, parallel to, and perhaps adjusted in time to the meetings of the advisory Central Council here proposed, may be necessary. This is, however, obviously a problem outside my terms of reference, to which I can do no more than refer in passing.

The same is true of the whole question of the reform of the Statistical and Commercial Intelligence Organisation, as part of the official machine of Government.

VII.—COST AND EXPENSE.

I will not attempt a detailed estimate of the cost of the organisation here proposed, partly because it would involve a somewhat minute consideration of the customary practice as to allowances, etc., and assumptions as to frequency of meetings, but mainly because the ultimate cost must depend largely upon the extent to which the system proves valuable and is in practice used, *i.e.*, upon the cost of special pieces of research, of temporary *ad hoc* committees, of temporary investigators, etc. It will be evident that the overhead expenses of the main framework of the organisation, the Central Council and the Provincial Council, with their respective small staffs, will involve little expense in respect of either the Centre where meetings are infrequent or any Province, where members will normally live near the place of meeting. As regards the cost of special enquiries and researches, the extent of the work can be adjusted to its value, its urgency, its cost and the resources available from time to time. In some cases, private benefactions, or subsidies from organisation for special work in which they are interested (such, for example, as have been given by the trade concerned for certain researches carried out under the direction of the Indian Cotton Committee) may be available.

VIII.—RELATION TO INTERNATIONAL ORGANISATIONS.

The organisation here proposed is a national one, based upon Indian institutions, and drawing upon India for experience and sources of information. It is designed to secure as full consideration of India's policy from the point of view of her national interests as other national organisations secure for their respective countries. But India, of course, like every other great exporting and importing country, is an integral part of the world economic system, profoundly affecting world conditions and affected by them. Like other countries, therefore, she will need information, advice and experience from wherever it can best be obtained. Like them she will doubtless desire to temper her action by consideration of its effect upon the interests, and consequently upon the action, of the rest of the world. And she will wish to make her weight felt in the international Councils and Conferences in which reciprocal concessions and restraints in regard to such policies as have injurious external effects are being negotiated. Such negotiations take place to a large extent at Conferences convened by the League of Nations, on which India is represented. It would seem very desirable, therefore, that there should be an appropriate link between the League and the new advisory Councils. This might in part be secured by a representative member, perhaps the Chairman, of the Central Council being appointed a member of the League's Economic Consultative Committee, which meets annually at Geneva.

But it is even more important that steps should be taken to secure that reports from India's representatives, whether on the standing League's Economic Committee (which meets three times a year) or on any Economic Conferences, should be available to the Central Council. At the same time, it would be well that the Secretariat of that Council should establish close contact with the League's Secretariat and make arrangements for the full use of the League's economic publications by the Council and its Committees. With such contacts and sources of information the discussions of the Council would be able to take world conditions into due account and would in turn have their influence not only upon domestic measures of policy but upon the instructions given to India's representatives at international meetings.

IX.—CONCLUSION.

For many reasons this report must be provisional and tentative. My visit has been brief; I had no previous knowledge of India; the present period of constitutional transition is one in which it is specially difficult to frame a scheme adjusted, as any successful scheme must be, to the general machinery of Government. I present this Report, therefore, subject to all the reserves entailed by such considerations. I realise further that this, or any, scheme must depend mainly for its success upon the quality of those who comprise the membership of the Councils, and of its principal officers, upon the spirit in which they devote themselves to the work, and upon the willingness and ability of the Government and its administrations to give due consideration, and due effect, to the recommendations that are made. I have been warned of the difficulty of persuading persons of first rate experience in economic activity and enterprise, who have little leisure, to devote time to advising the Government. If this difficulty were insuperable, it would of course be fatal to any proposal such as is here put forward, or to any other of which the essential purpose is to make the expert advice which only they can give available in the development of Government policy. No great country, however, can hope to solve problems of the complexity which face India in the near future without being able to draw upon such resources of knowledge and experience. It may be hoped therefore that if the machinery of consultation and of Government action is such as to make persons of this kind feel that their time is not wasted and their advice utilised, this difficulty will be surmounted.

If these conditions of success are fulfilled some scheme along the lines here proposed might play a useful part in India's economic development. It would encourage the scientific investigation and objective discussion of economic problems. It would secure the advice of the best practical experience in India in the formation

of policy. It would do this by utilising the unofficial institutions which, within the limits of their development, represent the organised economic life of the country. In giving them a representative and influential voice it would encourage their further development and thus make them more useful for their own primary purposes which are outside the sphere of official action. Such an organisation, while in no way impairing the ultimate activities of Ministers and the Legislators, and while remaining within the limits of a purely advisory body should thus in time make the unofficial institutions of the country a useful adjunct to the machinery of Government. It may be anticipated that as such an organisation grew in prestige and authority its recommendations would have increasing weight with those on whom the final responsibility for action must remain. Serious attention to its advice would be imperative, and, where it was not adopted, at least an adequate public explanation of the reasons for rejecting it would be expected. Moreover, as the members would draw their authority from a different source than the general electorate, and as their tenure of office would not coincide with that of the Legislatures and the Governments, the new system would be favourable to a greater continuity of policy throughout the successive changes of parties and of Ministers; and it would give the country some assurance that this policy, being based not only upon political but also upon economic institutions, had a foundation as broad as that of the activities whose fortunes it affects.

In addition to these primary purposes it should attain subsidiary ends of scarcely less importance. It should help, though it cannot by itself assure, due co-ordination in and between the various political authorities among whom power is divided in India. The interchange of experience, personal contacts, and association in work of investigation and enquiry, should moreover be of some benefit both to members and to temporary investigators in their own careers and occupations. The same organisation would not only make the sections of the public directly affected feel their opinion to be a real element in the forces shaping policy, but would spread a better understanding among them, and among the public generally, of the factors involved in economic problems and of the reasons which have determined policy. Lastly, it should give Indian public opinion as a whole an assurance that economic policy has been considered by a body representative of institutions in India from the point of view of India's interests, and if this policy is, as it should be, tempered and adjusted to world conditions and the policy of other countries, this would only be in the same sense and to the same extent as the policies of those countries are in turn tempered and adjusted by the same considerations.

These advantages may seem doubtful, remote and to some chimerical. They are certainly dependent upon many conditions,

the realisation of which is difficult and uncertain. A similar qualification would perhaps be needed for any proposal that could now be made for a new economic organisation in India. The one put forward here is based upon no single model. Its main principle, that of making the system representative of unofficial institutions, is at the basis of the European Councils; the suggested method of working through specialised sub-committees, has its closest analogy in Great Britain and at Geneva, though not confined to that example; its main framework of Central and Provincial Councils is adapted to the administrative divisions and area of India, which are altogether different from those of any country which has in recent years set up a permanent advisory economic organisation.

After so brief an acquaintance with India and in the particularly difficult conditions of the present period, I must, as I have already said, make any proposal with the greatest diffidence. The proposal I now put forward is the best which in these circumstances I can suggest.

ARTHUR SALTER.

February 16th, 1931.

APPENDICES.

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NOTE.—These descriptive notes are intended to give a general picture of each organisation. They were compiled some months ago. Without access either to the authorities immediately concerned, or to works of reference, it is not possible to check their complete accuracy at the moment of writing particularly in view of the fact that some of the organisations have recently been in process of evolution.

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APPENDIX I. A. (a).

FRANCE.

- I. Terms of Reference.
- II. Composition.
- III. Procedure.
- IV. Work and Reports.

FRANCE.**THE NATIONAL ECONOMIC COUNCIL.****1.—Terms of Reference.**

The National Economic Council was created by Decree on the 16th January 1925. A bill submitted to Parliament in 1927 has not yet been passed. The organisations to be represented on it were defined in a Decree of the 9th April 1925. Its object was defined as follows: To study problems concerning the economic life of the country, to seek solutions and to propose their adoption to the public authorities.

The Government is required to inform the Council of all draft legislation on economic matters after they are laid before Parliament. Any law on economic matters may contain a clause that the Council shall be consulted in the preparation of any administrative regulations required for its application.

2.—Composition.

It is defined in the law as being autonomous in its composition, but as being an advisory body from the administrative point of view. It is attached to the Prime Minister's office, its expenditure being inserted in the budget of the Ministry of Labour.

It consists of 47 members representing the different economic and social elements in the country. In addition there are at present 94 substitute members. Their nominations are confirmed by a Decree of the Prime Minister and they sit both for their individual qualifications and as representatives of groups.

The proportions of groups are as follows:—

I. Population and consumption :

(a) Consumers co-operatives and buyers leagues	3
(b) Association of Mayors and municipalities	2
(c) Consumers of public services	2
(d) Associations of parents and of " mutualite "	2

II. Labour :

A. Intellectual work and teaching	3
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B. Supervising work :

(a) Industry	3
(b) Agriculture	3
(c) Commerce	2
(d) Transport	1
(e) " Co-operation "	1
(f) Public services	1

C. Salaried workers :

(a) Officials	2
(b) Technical workers	2
(c) Workmen	10

D. Artisans, urban and rural	2
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III. Capital :

A. Industrial and Commercial	3
B. Real estate	2
C. Banking, stock exchange, insurance and savings banks	3

These members, who are appointed for two years, are delegates of certain organisations designated by the Government on the proposal of the Minister of Labour after consulting the Ministers concerned. The Prime Minister notifies each organisation how many representatives it is to send, and the Council itself decides in case of dispute, as to whether a given organisation is representative or not. Members have to be of French nationality, more than 25 years old and must possess full civil and political rights. Women are admitted on equal terms with men.

The Prime Minister is President of the Council but its Vice-President and its bureau are elected. The Secretary-General is appointed by the Prime Minister on the recommendation of the Minister of Labour, in agreement with the Bureau of the Council. The Council can appoint experts to be associated in a consultative capacity with the work. There are also *ex-officio* experts appointed (2 each) by the Ministers of Labour, Health, Commerce, Agriculture, Finance, Public Works and Colonies. The President and Secretary of the Committee of National Defence, and the representative of the French Government on the Governing Body of the International Labour Office are also *ex-officio* experts. The Council may appoint representatives of any element in the economic life of the country which is not permanently represented on the Council.

3.—Procedure.

The Council meets four times a year, in ordinary session for ten days, and in extraordinary session if and when summoned by the Prime Minister on the proposal of the Council. It elects a permanent committee of ten members, presided over by the Vice-President of the Council, with the duty of transacting current business between two sessions.

All Ministers, Under-Secretaries of State, High Commissioners, the competent committees of the Chamber and Senate are entitled to send representatives to the meetings of the Council, and its permanent committee, and the Council can ask to be heard by the competent committees of either Chamber and by Ministers and members of the Government and require them to send representatives to their meetings.

It can create the necessary permanent services for obtaining information and for its publications.

The Council is directly consulted by the Prime Minister and by a two-thirds majority. It can request its bureau to place on the agenda any question which in its opinion is of economic interest from the national or international point of view.

Its decisions in the form of reports or recommendations are published in the Official Journal. Recommendations which require a two-thirds majority are submitted to the Prime Minister, who is required to notify within one month the action taken or send a request for further consideration by the Council.

Meetings, both of the Council or the committees, are private, but communiqués are issued to the press on the work of the Council and sometimes of the committees.

There is a verbatim record of the Council and a summary minute of the committees, the distribution of the latter being confined to the members of the Council.

Apart from memoranda from individuals and groups the Council has great freedom in obtaining information. It conducts hearings and can summon any witnesses it likes.

It conducts enquiries on the spot either in France or abroad.

4.—Work and Reports.

So far the Council has chiefly devoted itself to a study of the housing problem. It has also undertaken an important enquiry on the productive equipment (plant) of the country, which has resulted in 35 reports and is now almost concluded. These reports deal with such subjects as: transport power, power transmission, equipment and development of agriculture, equipment of the colonies.

Two years ago it began a further study of the reorganisation of the chief branches of the economic life of the country, analysing in turn the resources, methods, organisation and requirements of agriculture, industry and commerce.

At the request of the Government it has given an opinion on the unemployment problem, the programme for port development, navigable rivers, roads and railways, the agricultural programme, the conventions between the Air Ministry and Navigation companies, and on various other economic problems. It is about to embark upon a study of international economic problems.

APPENDIX I. A. (a).

GERMANY.

- I. Economic Councils (Reichswirtschaftsrat).
- II. Economic Enquiry, 1926.

GERMANY.

I.—ECONOMIC COUNCIL OF GERMANY.

(REICHSWIRTSCHAFTSRAT).

1.—Historical Development.

Ideas concerning socialisation and the establishment of a system of workers councils which were current during the period of the Revolution in 1918 and 1919, left their mark upon the Weimar Constitution.

Under Article 165 of this Constitution an organisation was to be set up including employers and employees on an equal footing, based on works councils and district councils and culminating in the Economic Council of Germany. This plan was never realised; for only the Economic Council, which had been intended as the apex of the whole organisation, was finally established. The subsidiary structure of works councils and district councils was abandoned.

The Economic Council was originally intended to consist of about 100 members. But the Bill submitted to the National Assembly provided for 182 members, and this number was increased to 326 by the Committee itself. The membership of the provisional Economic Council has stood at this high figure ever since its institution in May 1920.

As a body of this size cannot handle technical questions, the plenary meetings have gradually receded into the background; the work is now carried out by the Board of the Economic Council and its committees. In 1921 there were 23 plenary meetings, in 1922 only 16 and in the first half of 1923 only 3; no meetings have taken place since then.

Even so, the membership of the provisional Economic Council was found to be too large. A Bill for the constitution of the Economic Council *in a definitive form*, which was submitted to the provisional Council at the end of 1926, accordingly provided for a reduction of the permanent members to 123. This Bill, which does not differ substantially from the Decree for the establishment of a provisional Economic Council of May, 1920, has not yet become law owing to the strong opposition it has encountered.

In the first place the workers complain that the new Bill changes the numerical representation of employers and employees in favour of the employers' group. This opposition is particularly important because the Bill requires a two-thirds majority in the Reichstag as one involving a change in the constitution (the abandonment of the idea of workers' councils).

2.—Terms of Reference.

Statutory Basis:—The Provisional Economic Council of Germany was established by a Decree, dated May 4th, 1920.

(Reichsgesetzblatt, p. 858).

In conformity with the above-mentioned Decree the Economic Council shall give its opinion upon important bills affecting social or economic policy. It is also entitled to propose such bills: thus the Economic Council, besides acting in an advisory capacity, also has the right itself to initiate legislation (Article 11).

3.—Composition.

The members of the Economic Council represent the economic interests of the country as a whole. They are only bound by their conscience, and not by any specific mandates (Article 5).

The Economic Council consists of 326 members divided into the following groups:—

Group.	Number of Members.	Representing.	
I	68	Agriculture and forestry	The employers constitute Section 1.
II	6	Market gardening and fisheries	
III	68	Industry	The employees constitute Section 2.
IV	44	Commerce, banking and insurance	
V	34	Communications and public undertakings	
VI	36	Trades	
VII	30	Consumers	Section 3.
VIII	16	Officials and members of the liberal professions	
IX	12	Persons appointed by the Reichsrat, having special knowledge of the economic life of the various federal States and provinces	
X	12	Persons appointed by the Government at its discretion	

In groups I to VI employers and employees are equally represented. They constitute the above-mentioned Sections 1 and 2 of the Economic Council. These members are nominated by the representative bodies of the various economic interests* or by the trade organisations of the workers (trade unions).

In groups III and IV, appointments are made on a regional as well as on an occupational basis: thus, for every 24 representatives of industrial employers and employees in the various branches of industry, there are 10 representatives of employers and employees who are essentially delegates from the various industrial *arcas*. The Government and administration are represented in group V as "employers", inasmuch as the post office administration, municipal undertakings and associations of communes each send two members to the Economic Council.

Groups VII to X are constructed on quite a different basis from the groups just mentioned.

* Such as the German Chamber of Agriculture, the Industrial and Commercial Assembly, the Federation of German Industry, the Central Union of Banks and Bankers, etc., etc.

Group VII, *i.e.*, consumers, includes representatives of the following organisations:—

- The German Assembly of Municipalities.
- The Municipal Association of Germany.
- The Central Union of German Consumers' Associations.
- The National Union of German Consumers' Associations.
- The General Union of German Co-operative Societies.
- The Union of German Housewives' Associations.
- The Central Association of Domestic Employees in Germany, etc., etc.

Group VIII includes, in addition to representatives of the officials' organisations, those of various liberal professions, such as journalists, lawyers, doctors, artists, musicians, authors and engineers.

Lastly, groups IX and X each include 12 persons appointed by the *Reichsrat* and the Government at their discretion.

These groups VII to X constitute Section 3 of the Economic Council.

Committees:—The provisional Economic Council is sub-divided into two permanent committees, *i.e.*, the Committee on Economic Policy and the Committee on Social Policy. The former has set up a Sub-committee on Agriculture and Food-supplies and a Committee on Communications.

In addition to the standing committees there are certain other commissions, namely:—

- Committee on Financial Policy.
- Committee on Housing and Settlement.
- Constituent Committee.
- Committee for the economic Promotion of Intellectual Work.
- Special Committee on trade Problems.
- Agenda Committee.
- Committee of Twelve on the Tax on Turnover.
- Foreign Trade Control Committee.

4.—Procedure.

The Council elects its own President, Vice-President, and Secretaries, and a Managing Committee, on which the employers, workers and persons drawn from groups of VII-X are entitled to be represented each as to one-third. Votes, except on procedure questions, are taken by individuals and by groups. A group in a minority is entitled to transmit its opinion to the Government as also a minority within a group of more than one-third, and a minority of individuals of more than one-third.

The Council can decide that one of its committees shall remain in office in the interval between its sessions, each Committee must have at least one representative of groups VII-X inclusive, and the aggregate of members of these groups must not be less than one-third of the members of the committee.

The Council meets in public at the request of twenty members and in private at the request of a two-thirds majority. The Committees meet in private unless a two-thirds majority decides otherwise.

Government representatives can at any time attend the meetings of the Council or its committees, and are entitled to be heard. The Council or its committees may require the presence of Government representatives. The States can also send representatives who are entitled to be heard.

The Economic Council can appoint a permanent committee to deal with any economic or social question. Such a Committee must be heard by the competent Minister before certain important regulations are issued or by the Federal Council, Parliament or the central national authorities including the Prussian War Minister, before certain fundamental regulations are abrogated or changed on account of a state of war or a period of economic crisis. If a majority of two-thirds of any committee disagrees with the Government on a question of a principle, the Government may require the question to be submitted to the full Assembly of the Economic Council. A committee can also, by a majority of two-thirds, submit a question to the Assembly.

No committee may exceed 30 in number. Substitute members are allowed. The workers' representatives in groups I-VI must equal in number the employers' representatives.

The Economic Council and its committees may require the Government or any other authority dependent upon it to exercise the right of enquiry into the economic position and communicate the results of such enquiries in so far as the law permits in order to throw light on economic and social questions.

II.—COMMISSION OF ENQUIRY INTO THE ECONOMIC SITUATION OF GERMANY.

1.—History.

The far-reaching economic upheaval consequent upon the world war, the burdens imposed by the Treaty of Versailles, the inflation period and the changes in the productive capacity of the economic units of Germany owing to shortened working hours and changes in wage rates, induced various bodies to approach the Government in 1925 with a request for the institution of a commission of enquiry into the economic situation of Germany.

The Reichstag on August 12th, 1925 accordingly resolved to request the Government to set up a Committee to examine the basis of the German economic system as a whole and its relations with that of other countries. Moreover, the provisional Economic Council of Germany demanded in a resolution passed on September 22nd of the same year, that the conditions governing production and organisation in the German economic system should be the object of a searching enquiry in order to furnish the requisite data for determining the future commercial policy of the country. A month later, on October 28th, 1925, the Social Policy Association issued an appeal to the Government in which it was stated that the existing differences of opinion between employers and workers regarding working hours could be considerably diminished if certain disputed facts were clearly established by means of an independent Government enquiry.

Although these petitions had different objectives, they were alike in insisting on the need for the fullest information on the outstanding problems of economic policy. The Government took the necessary action, considering that, apart from the original purpose, the material furnished by such an enquiry might serve as preparatory documentation for the World Economic Conference proposed by the League of Nations.

On April 15th, 1926, the Reichstag passed the "Law providing for a Committee to investigate the conditions of production and sale in German industry."

2.—Terms of Reference.

Except on one point the terms of reference of the Commission of Enquiry were not specified more precisely than is indicated in the title of the law. It was therefore left to the Commission to determine the most expedient method for an investigation of "conditions of production and sale in German industry". However, Section 3, provided that: "A Sub-Committee shall be instructed to investigate, in the light of experience gained during the last few years, the effects on output of varying working hours and varying method of remuneration". This provision was in conformity with the proposals put forward by the Social Policy Association.

3.—Composition.

In accordance with Section 2 of the law the Commission consists of the following members:—

- 11 members proposed by the Reichstag,
- 9 members proposed by the Economic Council of Germany.
- 9 members proposed by the Government.
- 6 further members who may be appointed by the Government at the request of the Commission.

As the latter persons have been duly appointed the Commission consists of 35 members, together with their deputies and permanent experts; a secretariat has been formed under the direction of a secretary-general and a number of technical secretaries.

4.—Procedure.

The Commission is entitled to demand oral or written information or opinions concerning economic and social conditions and to undertake investigations on the spot. The members of the Commission are also entitled to receive evidence on oath from persons summoned by it.

The following extracts from the law under which the Commission was appointed illustrate its procedure:—

Section 4.

The Committee shall be entitled to demand of anyone verbal or written information and opinions on economic and social conditions, even in the form of copies and digests, to make inspections and to demand corroborative evidence. The Committee may, in conformity with its rules of procedure, delegate its powers to its Chairman, to sub-committees, to individual members or to authorised agents of the Reich Government.

The Chairman of the Committee and any members who may be authorised by him for the purpose shall be entitled within the scope of the rules of procedure, to take evidence upon oath.

* * * * *

The Chairman of the Committee and the Chairman of sub-committees are authorised to collect all information necessary for the accomplishment of their task from the supreme authorities of the Reich and, through them, from the authorities of the Reich and of the Federal States.

* * * * *

Section 5.

The results of the investigations, and a report by the Committee thereon, shall be submitted by the Committee to the Reich Government and by the latter to the provisional Economic Council of the Reich, to the Reichsrat and to the Reichstag. Should the Committee fail to express a unanimous opinion each member shall be entitled to request that a statement of his opinion, with reasons, be also forwarded. All statements of opinion must be signed by the members who agree with them.

* * * * *

Section 6.

The Chairman shall be appointed by the Reich Government in agreement with the Committee. He shall not be entitled to vote.

The Chairman of the Committee shall appoint the chairmen of sub-committees, with the latter's approval, from among the members of the Committee.

Section 7.

The proceedings of the Committee and sub-committees shall be public unless the Committee or sub-committee decides by a two-thirds majority, or the Chairman of the Committee demands that they shall be private.

Authorised representatives of the Reich Government shall have access to all meetings of the Committee and sub-committees. They shall at all times be given a hearing.

The Federal States shall also be entitled to send authorised representatives to state the views of their Governments on the matter under discussion.

Section 8.

The Minutes of the meetings of the Committee and sub-committees and also reports of interrogation and other documents may be published, unless a definite decision be taken to the contrary.

Reports and other documentary material emanating from public authorities shall not be published without their consent.

Section 9.

The Rules of Procedure and method of work shall be determined by the Committee in agreement with the Reich Government.

On June 7th, 1926, the Commission met for the first time under the Chairmanship of M. Lammers, a member of the Centre Party of the Reichstag and of the Board of the Federation of German Industries.

The immediate task of the Commission was to draw up a programme in order to cope with the vast field of work before it. Thus the Commission of Enquiry had first of all itself to determine which problems were to be investigated, and could only begin the actual enquiry after this had been done. The German enquiry differs from previous research work of the kind because its terms of reference were not established in advance.

The 5 following sub-committees were formed:—

- I. Sub-Committee on general economic organisation. Chairman: Professor Harms.
- II. Sub-Committee on agriculture. Chairman: M. Schiele, former Cabinet Minister, member of the Reichstag.
- III. Sub-Committee on industry, commerce and trades, Chairman: M. Lammers, lawyer member of the Reichstag.
- IV. Sub-Committee on labour output: the effects of working hours and wages on output. Chairman: Professor Heyde, member of the Reichstag.
- V Sub-Committee on monetary, credit and financial problems. Chairman: Dr. Hilferding, former Cabinet Minister, member of the Reichsrat.

Owing to the impossibility of examining *every* aspect of economic life, the Sub-Committees were first of all obliged to formulate the problems falling within their respective spheres of competence and working groups were established for this purpose.

5.—Reports.

The reports of these groups have been published and constitute a formidable body of information, amounting already to some 40 volumes, and dealing, *i.e.*, with the following subjects:—

- The effect of the cession of territories on German economic life.
- The economic life of towns, communes and districts.
- The production and sale of potatoes.
- The agricultural situation in East Prussia.
- Statistical enquiry on agricultural accounting.
- Agricultural settlement after the war.
- The production and sale of vegetables and fruit.
- Changes in the forms of economic organisation.
- Manual labour.
- Retail trade in clothing.
- The electrical industry.
- Potash industry.
- Sale of vegetables and fruit in shops and on barrows.
- The coal industry.
- Output in the building trade.
- Output in the textile industry.
- Hours of work, wages and output in the furnaces.
- The Reichsbund
- Branch organisations in the retail trade in foodstuffs and colonial products.
- Milk and dairy produce.
- Retail trade in foodstuffs, colonial goods and drugs.
- Trade in luxury foodstuffs.
- Raw materials required by the German iron industry.
- Output in the brown coal industry.

APPENDIX I. A. (a).

POLAND.

1. Advisory Committees of the Government Economic Committee.
2. Committee of Enquiry into conditions and costs of production and trade.
3. Institute for Economic Research.

POLAND.

INTRODUCTION.

After the stabilisation of the zloty in 1926, the Polish Government devoted special attention to the economic conditions of the country and tried to get into closer contact with the representatives of the various branches of industry, trade, agriculture and labour. This co-operation was of both a permanent and a temporary character. The permanent form of co-operation found expression in the creation of three *Advisory Committees* to the Economic Committee (which is a purely inter-ministerial body). Temporary co-operation was secured by the creation of a special *Committee of Enquiry into the conditions and costs of production and trade*. An additional form of permanent collaboration is furnished by the *Institute for Economic Research*, which constitutes a link between official Government circles and scientific economic research.

The Government convened in 1926 and 1927 four conferences, attended by some 240 experts in addition to Government delegates. The first conference, which took place on October 30th and 31st, 1926, dealt chiefly with the problem of stabilisation of prices, costs of production, general business conditions and the possibility of establishing permanent collaboration between the Government and the various economic spheres. Two other Conferences, to which Agriculture experts were invited (November 15th and 16th, 1926, and February 27th, 1927) dealt more specially with agriculture. A special Conference on Labour was convened on November 28th, 1926.

As a result of these four conferences, three Advisory Committees were created (1) Advisory Committee on Trade and Industry, (2) on Agriculture and (3) on Labour.

1.—ADVISORY COMMITTEES OF THE GOVERNMENT ECONOMIC COMMITTEE.

Terms of Reference.

There are 3 Committees dealing respectively with the Trade and Industry, Agriculture and Labour aspects of economic policy.

According to the Statutes which are identical for all three Committees, the purpose of each Committee is (1) to give an opinion on proposals submitted to the Government Economic Committee by Ministers and put forward by the Committee: (2) to submit its own proposals regarding legislation of an economic character, and its application.

A Committee is composed of 20 members, economic experts. These members, together with the Chairman and Vice-Chairman, are nominated until revoked by the Government.

Meetings of the Committees are to be held at least twice weekly, except in July and August, or more frequently if necessary. The Committee's decisions are taken by a majority vote but a minority report may be submitted by at least one-third of the members present.

The nature of the relations between the Government and these Advisory Committees may be gathered from the following extract from the preface to a report published by the Government Economic Committee on the work accomplished by the Advisory Committee on Trade and Industry: "The Government has its own line of economic policy, its special State problems which must sometimes displace economic

consideration and has the final right of decision. At the same time, before taking a decision, the Government has at its disposal the enlightenment furnished by national economic circles on the problems investigated."

Composition.

The Chairman of the Advisory Committee on Trade and Industry was M. Andrzej Wierzbicki (Director of the Central Union of Polish industry, mining, commerce and finance). The following are the offices held by some of the members of the Committee: Director of the Central Textile Association; Director of the Association of the clothing industry; President of the Forestry Association; President of the Chamber of Commerce and Industry of Cracow; Director of the General Banking Corporation; Vice-President of the Union of Mines and Iron Works of Upper Silesia; Director of the Polish Union of Chemical Industries, etc., etc.

The first Chairman of the Advisory Committee on Agriculture was M. Juljusz Poniatowski; the Chairman of the Labour Committee was originally M. Zimniecki, *ex-Minister of Labour and Social Welfare, Deputy*. The composition of the last Committee (on Trade and Industry) underwent important changes, some of its members having resigned in April 1927 on account of their opposition to the Government's economic policy.

Procedure.

Any proposal made by the Government is submitted to all the three Committees, which may or may not express their opinion. It appears from the Report on the work of the Labour Committee, that, in practice, the Committees do not confine themselves to expressing their views on subjects directly connected with their special sphere. The records of the meetings are kept by an official of the Government Economic Committee.

Reports

In 1927 and 1928 the Government published reports on the work of the three Advisory Committees in three separate volumes called "Current Problems of Economic Policy".

The Report of the Advisory Committee on Trade and Industry covers the period from November 9th, 1926, to April 15th, 1927. The following are some of the questions dealt with by the Committee, as shown in the Table of Contents of the Report:

(1) general economic organisation (creation of a Committee of Enquiry, a Price Research Institute and the organisation of Chambers of Commerce); (2) agricultural policy; (3) general industrial policy; (4) the coal problem; (5) the sugar problem; (6) the timber problem; (7) foreign trade; (8) financial policy; (9) transport and (10) Government enterprises

Special mention may be made of the Report on Coal, which was also published separately under the title: "The future of Polish coal exports in connection with the termination of the British coal strike" (Natural conditions of production of coal in Poland compared with other countries. The quality of Polish coal compared with English coal and organisation of the coal trade in Poland. Transport conditions and markets. Development of Polish coal export prior to the British coal strike. Exports during the strike and the future of Polish coal exports, etc., etc.).

2.—COMMITTEE OF ENQUIRY INTO THE CONDITIONS AND COST OF PRODUCTION AND TRADE.

I.—Report.

The report was published in 1928 by the Government Economic Committee. It consists of 16 volumes, 8°, or about 2,500 pages.

II.—Terms of Reference

According to the Decrees of December 22nd, 1926, and January 14th, 1927, the Committee's mandate was to investigate conditions and costs of production and trade in the following branches of economic activity:—

- (a) Coal, coke and briquettes;
- (b) Petroleum and its by-products;
- (c) Iron and steel;
- (d) Textile materials;
- (e) Leather and hides;
- (f) Clothing and outfitting;
- (g) Grain;
- (h) Bread;
- (i) Sugar;
- (j) Cereals, meat and dairy products;
- (k) Bricks, cement, lime and other housing materials (including house building);
- (l) Artificial manure;
- (m) Fodder;
- (n) Electric power.

The Committee of Enquiry was to consist of the Chairman, Vice-Chairman and a maximum of 33 members appointed by the President of the Republic. The selection of members was to be made in the following manner:—

- 6 members nominated from among candidates proposed by Chambers of Commerce and central organisations of industry, mining, trade and finance;
- 9 members nominated from among candidates proposed by workers' trade unions;
- 6 members nominated from among candidates proposed by Chambers of Agriculture and Agricultural producers' Associations;
- 2 members nominated from among candidates proposed by central co-operative associations;
- 6 members nominated from experts in economic theory and practice.

The Chairman and Vice-Chairman were to be appointed outside the membership of the Committee of Enquiry itself.

In addition, the Government could nominate a further 4 members proposed by the Committee of Enquiry.

Each Ministry was to have its permanent representative on the Committee of Enquiry and on Sub-Committees who were to participate in the proceedings in a consultative capacity. The Government could nominate special delegates to deal with particular questions.

The Committee of Enquiry and Sub-Committees were entitled to call on the assistance of experts, and were authorised:—

(a) To obtain such evidence as appeared to be of interest to the Committee;

(b) To inspect enterprises personally and examine their files and records.

Except in certain specific cases, no one could refuse to give evidence as a witness or proffer his opinion as an expert.

On the other hand, trade and technical secrets of enterprises inspected had to be considered confidential.

III.—Composition.

The composition of the Committee was established in accordance with the provisions of the above-mentioned Decree. Only one supplementary member was proposed by the Committee of Enquiry.

IV.—Procedure.

The rules of procedure were established by the Committee in accordance with the provisions of the above mentioned Decree.

Minutes or shorthand reports of all meetings and of inspections by the Committee, Sub-Committees and Special Committees were to be made.

The Committee established the following scheme of enquiry:—

I.—SUBJECT OF ENQUIRY.

1. The conditions of supply to enterprises of raw material, machinery, technical equipment, labour and financial resources.

2. Internal organisation of enterprises as regards the rational employment of raw material, equipment, etc., special attention being directed to the problems of waste and efficiency

3. Cost of production and sale.

4. Conditions and costs of marketing.

5. Influence on production and sale of the fiscal system, money market, commercial policy, tariff policy, trade unions, cartels, social legislation, labour market, etc., etc.

6. Examination of suggestions for rationalising and cheapening of production.

II.—METHODS OF ENQUIRY.

These were to be effected by means of questionnaires and by personal inspection.

III —FORM OF THE QUESTIONNAIRE.

1. *General information.*—A. Description of locality (density of population, communications, distance from centres of supply and markets, labour supply, etc.).

B. Description of enterprise (material resources, *e.g.*, land, buildings, technical equipment, power supply, etc., legal status and internal organisation; number of employees, etc.).

C. Details regarding production (nature and extent of production, relative activity, seasonal fluctuations, etc., etc.).

2. *Conditions of production and marketing.*—(a) External factors (supply of raw materials,—foreign as well as national—implements, machinery—foreign and national—supply of labour; training and qualifications of labourers; labour disputes; efficiency; hygiene; finance—credits, amortisation, taxation, etc.; transport and tariff problems, trade unions and cartels, marketing and commercial problems—national and foreign markets; dumping and general commercial policy).

(b) Internal organisation:—

(i) Administration (recruiting of employees, office organisation, etc., etc.).

(ii) Technical organisation (stocks, interruptions due to bad arrangement of machinery, irregular supply of raw materials, etc., etc.).

(iii) Commercial organisation.

3. *Cost of production and marketing*

4. *Observations of the proprietor with reference to possible improvements.*

In February, 1927, the Committee of Enquiry was split up into six Sub-Committees:—

- (1) Power;
- (2) Metallurgy;
- (3) Building;
- (4) Clothing;
- (5) Agricultural consumption;
- (6) Economic and financial.

The majority of the questionnaires were sent out in July, 1927. The following table shows the industries and the number of enterprises consulted:—

Industry.	Number of undertaking.
Metallurgy	11
Coal	38
Petroleum	60
Textiles	97
Tanning	111
Sugar	33
Milling	30
Hosiery	21
Footwear	30
Clothing	27
Underwear	23
Bakery	53
Dairy	33
Super phosphates	13
Building	436
Cement	14
Pottery	219
Lime	32
Timber and wood	183
Plumbing	27
Carpentering	32
Electric	60
Coke	12
Trade in cereals	96
Trade in small cattle	90
Trade in other cattle and livestock	90
Trade in coal	14
Trade in artificial fertilisers	25

Questionnaires were sent to 1904 enterprises, and the number of enquiry cards sent out amounted to 1½ million. The enquiry was conducted with the help of about 40 additional experts selected from among professors or teachers in universities, professional schools, engineers and accountants.

The Committee finished its enquiry in February 1928.

The Committee refrained from giving much publicity to its activity in the course of the enquiry.

V.—Contents of Reports.

VOLUME I—BUILDING (151 Pages):

1. Construction and housing problems (pre-war building capital; the reasons for the post-war collapse; pre-war housing legislation, etc., etc.).
2. Extent of the housing crisis in Poland (overcrowding, number of homeless families, supply of capital, insufficiency of private savings; necessity of supplying capital by taxation etc.).
3. Post-war house construction in Poland (legislation; supply of capital; co-operative building societies, etc.).
4. Building enterprises (number and distribution of enterprises, organisation; accounting; efficiency; wages, etc.).
5. Building material (cost; quality; sales organisation, etc.).
6. Schemes for improvement (standardisation; mass production; financial and credit policy; co-ordination; etc., etc.).

VOLUME II—POTTERY (54 pages):

Historical development; post-war features (output, power, number and distribution of enterprises); organisation of the industry from the point of view of rationalisation; self-costs, etc.

VOLUME III—CEMENT (62 Pages):

Historical development; present situation; self-cost and selling price, etc.

VOLUME IV—TIMBER AND WOOD (109 pages):

Analysis of conditions and of cost of production; organisation of process of manufacture; problem of waste; production and sales; labour, etc.

VOLUME V—COAL (438 pages, 188 statistical tables, 15 diagrams):

World coal production and Poland's share (production, post-war crises, consumption, foreign markets, etc., etc.).

Nature of mining enterprises and kind of capital invested.

Output capacity of mines.

Labour conditions (number of labourers, unemployment, wages, etc.).

Cost of production (self-cost, selling prices, comparison with foreign countries).

Railway tariffs.

Financial situation (capital investment, nature of credit, yield, etc. etc.).

VOLUME VI—BAKERY (64 pages):

General situation; cost of production; problem of rationalisation, etc., etc.

VOLUME VII—MILLING (37 pages):**VOLUME VIII—MEAT INDUSTRY AND TRADE (100 pages):****VOLUME IX—SUGAR INDUSTRY (169 pages):**

Sugar and its relation to Polish national economy (nature of output, importance of sugar in the foreign trade, capital invested, consumption, export, etc.).

Analysis of output conditions and costs.

Analysis of sales conditions and costs.

Government policy in respect of sugar industry, etc., etc.

VOLUME X—ARTIFICIAL FERTILISERS (90 pages):**VOLUME XI—DAIRY INDUSTRY (91 pages):**

Output and supply; development of the dairy industry in the various provinces; problems of consumption and rationalisation, etc., etc.

VOLUME XII—PETROLEUM (240 pages):

Output,

Consumption,

Exports,

Equipment and its rationalisation,

Economic productiveness.

VOLUME XIII—METALLURGY (279 pages):

Factors influencing the development of metallurgy (fuel, ores, coal, labour supply, etc.).

Present position of Metallurgy.

Its structure.

Financial basis.

Supply of raw materials.

Customs policy.

Power.

Labour.

Credit and currency problems.

Management.

Self-costs in relation to possible rationalisation and cheapening of production costs.

Marketing in relation to the possibility of rationalisation and cheapening of prices.

General Customs and trade policy, etc., etc.

VOLUME XIV—TEXTILE INDUSTRY (144 pages):

Pre-war and post-war situation.
 Import of raw materials.
 Export of tissues and yarn, etc.
 Transport.
 Labour.
 Credit, etc.

VOLUME XV—TANNING INDUSTRY (340 pages):

Output, consumption, import, export, labour, etc.

VOLUME XVI—POWER.**3.—INSTITUTE FOR ECONOMIC RESEARCH.**

The following is a summary of the law creating the above Institute (Law of February 15th, 1928):

An Institute of Economic Research is created in connection with the Ministry of Trade and Industry with the object of investigating fluctuations of business conditions, price movements, self-costs in trade and industry. The Director of the Institute is subordinate to the Minister of Trade and Industry. The Institute has a permanent Council consisting of 19 members composed as follows:

- (1) 10 economic experts belonging to industry, trade, agriculture and banking, together with representatives of science appointed by the Minister of Trade and Industry;
- (2) 8 representatives of the various ministries;
- (3) The Director of the Institute.

The purpose of the Council shall be:

- (1) To take the initiative in matters concerning the Institute's activities;
- (2) To draw up and consider surveys made of the conditions and development of various branches of economic activity.

The Director of the Institute has the right to summon proprietors of industrial and trading enterprises or members of their staffs to appear personally before him and give evidence regarding prices and self-costs in industry and trade. No one may refuse to give evidence on the pretext of trade or manufacturing secrecy.

The Institute, the President of which is Professor Edward LIPINSKI, publishes a monthly review entitled "KONJUNKTURA GOSPODARCZA" and a quarterly edition in English called "POLISH BUSINESS CONDITIONS". The subjects dealt with are, as a rule, the following: the money and investment markets, prices and wages, the labour market, mining and manufacture, agriculture.

Each issue contains in addition a general survey and various statistical tables and diagrams.

APPENDIX I. A. (a).

UNITED STATES OF AMERICA.

I. Preparatory Note.

II. The President's Conference on Unemployment, 1921.

III. Committee on Recent Economic Changes, 1928-29.

UNITED STATES OF AMERICA

I.—PREFATORY NOTE.

1.—No permanent body.

There is no permanent Government Economic Committee in America, nor does there exist any official group to form a link between the Government (or, in particular, the Department of Commerce) and private interests.

2.—Place of permanent body taken by Conference called when need arises.

It has, however, been the policy and custom of the Government, particularly in the last decade to go directly to the business interests of the country, whenever it considered such action useful. The role which the Government plays in such cases is simply that of a go-between, a means whereby the various business interests, employed as well as employers, consumers as well as producers, can meet and find out how to help themselves. The Government contributes the initiative, and lends it weight and authority to the proceedings. The rest is in the hands of the people; even the expenses are covered by private subscription.

The method adopted is that of the conference and the Committee. Its frequent use in the last ten years may perhaps be chiefly ascribed to the influence of Mr. Hoover who is its ardent exponent and whose official life has covered the full decade, first as Secretary of Commerce and then as President.

3.—List of principal Conferences.

The most important Conferences on the national economy and business which have been called within the past ten years are these:

The President's Unemployment Conference, 1921, out of which grew:

The Committee on Business Cycles and Unemployment, 1922-23,

The Committee on Seasonal Operation in the Construction Industries, 1923-24, and

The Committee on Recent Economic Changes, 1928-29.

The President's Conference with leaders of Industry, Labour and Agriculture, November 1929, out of which grew:

The Barnes Committee, 1929.

4.—Historical.

The calling of these Conferences and Committees correspond with the changing economic history of the country during the decade in question.

In 1921 the country was going through hard times which followed on the post-war "boom" of the two preceding years. The conference of 1921 was called to take stock of the factors which produce these hard times and to recommend measures likely to lead to better.

The immediate outcome of the Conference was the Committee on Business Cycles and Unemployment of 1922-23. Its efforts were directed to finding that equilibrium between the factors and consumption which would bring "boom" years and years of hard times closer to the mean.

The Committee which followed, that on Seasonal Operation in the Construction Industries, also had as its purpose the consideration of cyclical fluctuations, but instead of being general, its investigations were confined to a particular cycle in a particular set of trades that had in all of the post-war years up to that time shown extraordinary fluctuations. Construction is not only one of the most vital elements in modern American Industrial life, affecting as it does practically every industry in the country, but it is also one of the most sensitive indices of both basic economic conditions and public confidence.

The last of these Committees which grew out of the Unemployment Conference, 1921, was that on Recent Economic Changes which met from January 1928 to February 1929.

5. —Concluding remarks.

Although no principle as such has been formulated with regard to conferences and committees called by Government in aid of business, yet a very distinct method can be seen in the more or less parallel treatment which the several cases have received. Each of the three Committees has been in fact quite individual and complete in itself. A Committee is created for a certain purpose. When that purpose is accomplished the committee ends. There is nothing of permanence but the custom, and it is still in its infancy.

The following pages contain some information on the Unemployment Conference in 1921 and the Committee on Recent Economic Changes.

The points to be noticed in general regarding all these conferences and committees are these:

- (a) They are always initiated by the President and are usually called through the Secretary of Commerce.
- (b) They are usually headed by some Government official (in most cases the Secretary of Commerce) but their membership is made up entirely of private individuals.
- (c) Labour and agricultural interests find their place in these conferences as well as the leaders of the industry.
- (d) The collection of facts is not done by the Government but privately.
- (e) The "Court-room" method of investigation used so commonly in the United States (N.B. in particular the Tariff Hearings) is also employed here.
- (f) All expenses are privately covered.

- (g) The Government's part, after a conference or committee has started, is confined to making statements and issuing appeals. A notable exception to this, however, occurred when, during the Conference of November 1929, the Government reduced the income-tax rates by 1 per cent., but this action, to which great publicity was given, was probably done more for the influence which it would have on the public mind than for any effect it might have on fundamental business conditions.

II.—THE PRESIDENT'S CONFERENCE ON UNEMPLOYMENT, 1921.

1.—Reports.

The Conference issued two reports (see below under "Procedure"). The first is entitled "Emergency Measures recommended for Relief of Unemployment" and is made up of 12 paragraphs which outline various possibilities for the immediate relief of unemployment and suggest various measures whereby these possibilities may be realised. The second is entitled "Measures recommended for Permanent Recovery of Employment", and is arranged on the same pattern as the "Emergency Measures" Report.

2.—Terms of Reference.

The President's letter of invitation to the Conference states that:

"The Conference is called:

- (1) to enquire into the volume and distribution of unemployment;
- (2) to advise upon emergency measures that can properly be taken by employers, local authorities, and civic bodies;
- (3) to consider such measures as would tend to give impulse to the recovery of business and commerce to normal."

3.—Composition.

In the make up of the Conference it was the desire of the President "to secure geographic representation and at the same time have regard to the different elements of the community who are interested and can be helpful in the problem, without any attempt at proportional numbers or particular groups". A larger representation was accorded to those who were experienced in industries having the greatest amount of unemployment than to trades where the unemployment problem was less difficult. Secretary of Commerce Hoover was appointed chairman by the President and Secretary of Labour Davis was appointed a member. In addition to the two Government Secretaries the Conference had 98 members. The list includes prominent

employers men and women labour leaders, and industrial and economic experts. Some of these were invited a few days in advance to form an Economic Advisory Committee to draw up plan for the Conference and prepare its agenda.

4.—Procedure.

The Conference held its first meeting on September 26th, 1921. The following committees were immediately formed:

- (1) *Committee on Unemployment Statistics*, Henry M. Robinson, Chairman.
- (2) *Committee on Unemployment Agencies and Registration*, Julius H. Barnes, Chairman.
- (3) *Committee on Transportation*, Edgar C. Clark, Chairman.
- (4) *Committee on Public Works*, Major Andrew J. Peters, Chairman.
- (5) *Committee on Civic Emergency Measures*, Col. Arthur Woods, Chairman.
- (6) *Committee on Construction*, General R. C. Marshall, Jr., Chairman.
- (7) *Committee on Manufacturers*, W. H. Stackhouse, Chairman.
- (8) *Committee on Shipping*, Thomas V. O'Connor, Chairman.
- (9) *Committee on Public Hearings*, Samuel McCure Lindsay, Chairman.

The Plenary Conference met only in September 26th, and then immediately broke up into the above Committees. Public hearings wherein representatives of various interests were given an opportunity to express their views, were held before Committees 1, 2, 4 and 5.

On September 30th the full conference met and adopted the emergency programme (see above under "Reports").

After the adoption of this programme the Conference again went into Committee, this time for the consideration of permanent measures dealing with unemployment. Three additional Committees were formed:

- (10) *Committee on Agriculture*, Raymond A. Pearson, Chairman.
- (11) *Committee on Foreign Trade*, Joseph H. Defrees, Chairman.
- (12) *Committee on Publications*, Mary Van Kleeck, Chairman.

While the Conference was in committee, President Harding issued an official appeal calling on the Governors and Mayors of the Nation to carry out the emergency programme which had been recommended. Before the Plenary Conference met again the Mayors and the Emergency Committees in over 30 cities had set to work on these lines and approximately 20 cities reported that an organization for meeting the situation was under way.

On October 11th the full Conference came together and issued its permanent programme (see above under 'Reports'). Each of the committees also issued a report.

The Conference closed on October 13th appointing a Standing Committee of 17 members to continue its work.

5.—Additional points to be noticed.

- (1) Care to avoid contentious questions.

Secretary Hoover, in a statement made on August 29th, 1921, said: "In order that the work of the Conference may not be impeded by such conditions as contributed to the failure of the National Industrial Conferences in 1919, such contentious questions as the closed shop, wages or conditions of labour are to be strictly barred."

- (2) Concrete action taken by Conference.

The Conference did not confine itself to formulating recommendations. It also established an agency at Washington "through which appropriate co-ordination could be promoted, and through which reports on progress and suggestions might be given general circulation and co-operation." (Words quoted from the President's announcement.). Col. Arthur Woods was put in charge of this agency.

III.—COMMITTEE ON RECENT ECONOMIC CHANGES.

1.—Explanatory Note.

The Report on Recent Economic Changes was written by a Committee headed by Mr. Hoover. The Survey of Recent Economic Changes was prepared by the National Bureau of Economic Research, Inc., with the assistance of an unprecedented number of governmental and private agencies. It is upon this Survey that the deliberations of the Committee and its Report are based. While the National Bureau is solely responsible for the basic Survey, the Committee is solely responsible for the interpretation of the facts set out in the report. The National Bureau of Economic Research, Inc., is a private institution (the best of many of its kind) with competent directors, skilled routine labour, mechanical equipment, and all other qualifications necessary for making a statistical analysis on a large scale. The Bureau's headquarters are in New York City.

2 (a).—The Committee's Report.

The Committee's report is a short document (only 16 pages) divided into three sections. A general idea of the nature of the report may be got from its table of contents:

Section I—

Characteristics of the Years 1922-1929.

The speed which Power has added to Production.

The spread in the Source and Use of Credit.

Section II—

Price Relationships, Wages, and the Cost of Living.

Relative Price Stability.

Production Increase and the Expansion of Human Wants.

Optional Consumption.

Consumption and Leisure.

"Mass Services".

Our Natural Advantages.

Remote Saturation Points.

*Section III—***Economic Balance.****2 (b).—The National Bureau's Survey.**

The Survey prepared by the National Bureau of Economic Research, Inc., for the Committee on Recent Economic Changes is an elaborate work consisting of twelve Chapters and a final Review, and filling two Volumes. Each Chapter is a study complete in itself. The titles of the various chapters, in other words the main subjects surveyed, without any sub-divisions or elaboration, are as follows:

INTRODUCTION.

Chap. I. Changes in Consumption and the Standard of Living.

Chap. II. Industry:

Part 1.—New and Old Industries

Part 2.—Technical Changes in Manufacturing Industries.

Part 3.—The Changing Structure of Industry.

Chap. III.—Construction.

Chap. IV. Transportation:

Part 1.—Railroads.

Part 2.—Shipping.

Chap. V. Marketing.

Chap. VI. Labour.

Chap. VII. Management.

Chap. VIII. Agriculture

Chap. IX. Price Movements and Related Industrial Changes.

Chap. X. Money and Credit and their Effect on Business

Chap. XI. Foreign Markets and Foreign Credits.

Chap. XII. The National Income and its Distribution

A Review.

The Report and Survey are printed together in two volumes by McGraw Hill, New York and London, 1929; British price—37/6: Title—"Recent Economic Changes in the United States. Report of the Committee on Recent Economic Changes of the President's Conference on Unemployment. Including the Reports of a Special Staff of the National Bureau of Economic Research, Inc."

The Report is printed alone as a Government document by the Department of Commerce in the "Elimination of Waste Series".

3 (a).—The Committee's Terms of Reference.

The terms of reference given to the Committee require it "to make a critical appraisal of the factors of stability and instability; in other words, to observe and to describe the American economy as a whole, suggesting rather than developing recommendations".

The statement made by Mr. Hoover (then Secretary of Commerce) announcing the creation of the Committee speaks of its work as follows:—"It is proposed to determine facts with regard to such questions as the shifts in employment, changes of methods of production in industry and agriculture, and in distribution, shifts in relative price levels and profits, movements in the business cycle, shifts in standards of living, foreign trade and foreign credits, and other allied subjects which bear upon an understanding of the general business situation of the country."

3 (b).—The National Bureau's Terms of Reference.

The National Bureau of Economic Research, Inc., took over the Committee's terms of reference.

Mr. Wesley C. Mitchell, Director of the Bureau, said, in a statement made on the same day as Mr. Hoover's announcement of the Committee, that the purpose of the present survey differed radically from that which President Harding had in calling the Committee on Business Cycles and Unemployment. "The purpose of Mr. Harding's Committee", he said, "was to learn why things had gone wrong in business following the war. Our task will be to find out why the nation has done so well economically since 1923".

4 (a).—Composition of the Committee.

The Committee had 17 members:

- (1) *Herbert Hoover*, Chairman.
- (2) *Walter F. Brown*, Postmaster-General.
- (3) *Renick W. Dunlap*, Assistant Secretary of Agriculture.
- (4) *William Green*, President of the American Federation of Labour.
- (5) *Julius Klein*, Assistant Secretary of Commerce.
- (6) *John Lawrence*, Chairman of the Board of the New England Council.
- (7) *Max Mason*, Director of the Division of Natural Sciences at the Rockefeller Foundation.
- (8) *George McFadden*, Senior Manager: George H. McFadden & Brothers, Philadelphia.
- (9) *Adolph C. Miller*, Of the Federal Reserve Board.
- (10) *Lewis E. Pierson*, Chairman, Irving Trust Co.
- (11) *John J. Raskob*, formerly Vice-President, General Motors.
- (12) *A. W. Shaw*, President of McGraw, Shaw and Co.
- (13) *Louis J. Taber*, Master, National Grange.
- (14) *Daniel Willard*, President, Baltimore and Ohio RR.
- (15) *Clarence M. Woodley*, Chairman, American Radiator Company.
- (16) *Owen D. Young*, Chairman, General Electric Company.
- (17) *Edward Eyre Hunt*, Secretary.

4 (b).—Authors of the National Bureau's Survey.

Introduction by *Edwin F. Gay*, Professor of Economic History at Harvard University.

Chapter I. by *Leo Wolman*, Professor of Economics.

Chap. II, Part 1. by *Dexter S. Kimball*, Dean of the College of Engineering at Cornell University.

Chapter II, Part 2. by *L. P. Alford*, Engineer, Editor of Engineering papers.

Chap. II, Part 3. by *Willard L. Thorpe*.

Chap. III. by *John M. Gries*, Economist.

Chap. IV, Part 1. by *William J. Cunningham*, Professor of Transportation at Harvard University.

Chap. IV, Part 2. by *E. S. Gregg*.

Chap. V. by *Melvin S. Copeland*, Professor of Marketing and Director of the Bureau of Business Research at Harvard University.

Chap. VI. by Same as Chapter I.

Chap. VII. by *Henry S. Dennison*, President of the Dennison Mfg. Co.

Chap. VIII. by *Edwin G. Nourse*, Chief of the Agricultural Division of the Institute of Economics, Washington, D.C.

Chap. IX. by *Frederick C. Mills*.

Chap. X. by *O. M. W. Sprague* Member of the Gold Delegation of the Financial Committee.

by *W. Randolph Burgess*, Statistician, Assistant Federal Reserve Agent, New York.

Chap. XI. by *James Harvey Rogers*.

Chap. XII. by *Morris A. Copeland*.

Review by *Wesley C. Mitchell*, Director of the National Bureau of Economic Research, Inc.

5 (a).—Procedure of the Committee.

The Committee met first on February 21st, 1928, and from then on until February 1929, on an average of twice a month. Each meeting occupied usually two days. At each meeting experts who were working on one of the phases of the basic survey were present, and the results of the work accomplished were discussed and further lines of study laid down. The Committee's discussions were completely free and the agenda of the day was regarded as simply a formal starting point. Witnesses were not as a rule called before the Committee as these were interviewed by the field staff of the National Bureau. The meetings were more in the nature of discussions by experts of the material which they had in hand.

5 (b).—Procedure of the National Bureau.

The National Bureau of Economic Research, Inc., has a competent staff of its own whose business it is to collect and co-ordinate information on economic subjects. Experience in the making of this type of survey was not lacking for the Bureau had made a survey along the same lines in 1923 for the Committee on Business Cycles and Unemployment. The work of the Bureau was under the direction of Mr. Wesley C. Mitchell. There appears to be no explicit statement of the relationship which existed between the economists and the technicians who wrote the articles which make up the survey and the organisation of the Bureau which collected the facts, but it may safely be surmised that they varied according to the individual case. In any case it is evident that each writer brought to his paper his own point of view and experience, but the dangers of this system of individual treatment were reduced by the fact that the various surveys were discussed and to some extent guided by the Committee in their bi-monthly meetings. Several minds must of necessity make differing appraisals of similar facts, and a survey made by a dozen or more men could never furnish a basis for such accurate comparison as could one which is the product of a single mind. A need for speed, however, made necessary the system adopted and with a single fact-finding body on one end and a small committee of unchanging membership on the other the work of the economists in the centre was given considerable homogeneity.

Both the Committee and the National Bureau were assisted by a large number of governmental and private agencies, organisations, groups and individuals "to a degree never before equalled in an undertaking of this sort." The lists of acknowledgments appended to the Report contains the names of 27 organisations and more than 130 individuals and firms who gave their assistance in addition to the faculties of several universities and the personnel of various Government Departments.

6.—Expenses.

The expenses of the entire work, which amounted to approximately \$150,000 were borne by the Carnegie Corporation of New York and the Laura Spelman Rockefeller Foundation together with gifts from private individuals.

APPENDIX J. A. (a).

LEAGUE OF NATIONS.

- I. The Financial Committee.
- II The Economic Committee.
- III. The World Economic Conference.
- IV. The Economic Consultative Committee

PREFATORY NOTE.

During the past ten years various permanent advisory bodies in the field of economics and finance have been created, and two large conferences of experts have been held. The following is a brief account of their constitution and functions.

1. **The Financial Committee** is the technical advisory body which has, *inter alia* prepared the plans for financial reconstruction in Austria, Hungary, Greece, Bulgaria, etc., carried out under the auspices of the League of Nations. Some of its members are drawn from the world of private banking and business, but its members are in no sense representative of given interests, and the motive of their appointment has mainly been that of making available to the Council the best expert advice suitable for the kind of problems with which the League had to deal. One necessary element in such advice was clearly experience of private banking, since the League's reconstruction plans involved the issue of loans on the public markets.

The following extract from a pamphlet recently published by the Secretariat of the League with the official approval of the Committee, gives some account of the constitution and methods of work of this Committee.

"The Financial Committee consists of ten or twelve persons appointed for their technical capacity by the Council for an indefinite term of years from various countries in the world, so that the character of the Committee is international. Most of these persons are well-known bankers, including two or three high officials of central banks. They also include two or three high Treasury officials. Its members are not nominated by Governments, although in practice the Government of a country from which a new member of the Financial Committee is drawn is privately consulted. This distinction may seem to be a fine one; but in practice it has great importance. For it means that, on the one hand, each person so appointed is likely to be generally in touch with the main trend of policy in his country and to have the confidence of its public authorities; on the other hand, he is not a Government representative, he is not tied by instructions, but free, an international official to give his unfettered advice to the international authority which is his superior, *i.e.*, the Council. He represents nothing neither a Government, nor a bank, nor any other special interest. He is there to give disinterested advice. But, being in touch with his Government or the financial circles from which he comes, he will, when recommending this or that course in fact take into account their policies, as being among the factors which ultimately come into play. Not being a Government representative, he is not bound to press a national policy *vis-a-vis* either his colleagues or any Government with which the Committee is dealing. But he will rightly take such policies into account so far as they are relevant factors in the problem; otherwise, his work would be stultified when it comes before the Council.

In such a position, he is sometimes able to give his advice with greater freedom than if he were binding the Government of the country from which he comes, or the directors of a

bank. On the other hand, he will be prudent in not recommending a course which he knows is too far in advance of existing policies and practice.

A group of such persons in such a position, who have formed among themselves a tradition of harmonious and constructive work, who become conscious of a collective responsibility and of a kind of collective personality with an international reputation, is well equipped to discover solutions where some compromise is necessary. They will tend more and more to work dispassionately and objectively, and to direct their efforts solely to attaining the most equitable and efficient solution of any given problems.

The value of the permanent contact established in such bodies as the Financial Committee between national experts has been well established by a writer on international affairs. "They must," he says, "learn to know each other intimately, to feel out each other's minds, to gather from these continuous relations the ability to apply a sense of international need to the work of their own States. That involves, as Sir Arthur Salter has rightly insisted, the growth between officials of a confidence great enough to enable them to discuss policy frankly in its earlier stages, and before it has been formed and formulated in their respective countries. For, thereby, we avoid the danger of implicating in discussion the prestige of an administration; we prevent it from having to give way in the public view. We get the basis of a common decision reached before Governments have committed themselves to one view or another. No officials, of course, can, or should, commit their respective countries; but, when the margins of agreement are known, it becomes a far easier matter to settle the powers to be conferred upon officials who make the solutions in terms of principles of which the limits are fairly well defined. Meetings of Governments then become official occasions sanctioning plans of which the outlines are already organised. And the plans so made may become instinct with a spirit of internationalism simply by the way in which officials, through their personal contacts, have learned to realise and weigh other points of view." (1)

Formally, the Committee has no power of executive decision. It can only express its opinion to the Council, to the Governments and institutions with which it confers under the Council's authorisation, and to the League officials who have been appointed to carry out its financial plans and with whom it thus comes in contact. But the reputation of its members and their technical capacity has given weight to the recommendations of the Committee. They have always been unanimous, and in practice they have been adopted by the Council.

The Committee has met normally four times a year, usually at Geneva and for about a week, its sessions being so timed as to fall just before each ordinary meeting of the Council.

(1) "A Grammar of Politics": by Prof. H. J. Laski, New Haven, Yale University Press, London, George Allen and Unwin Ltd. (pp. 618-19).

But for special and pressing work it has on occasion held emergency meetings sometimes outside Geneva. It enjoys a considerable degree of autonomy, is master of its own procedure and chooses its own president by annual rotation among its members. Its meetings have always been private, the records of any given meeting being only communicated to those present, and the secrecy of its transactions has been well preserved. Its reports on the other hand, are normally published when they go to the Council; but on very rare occasions it has submitted secret reports, communicated, of course, to the Government concerned, which is entitled to receive them as a full Member of the Council. The Committee rarely votes: usually agreement is reached among the members by a process of discussion. If agreement is not reached, it is the usual practice of the Committee that the minority should give way, so that the Committee may present a united front, though this is only tradition. At the Council it is represented by its President, whose duty it is to present the collective view of the Committee if any member of the Council asks for explanations of the Committee's report. Several members of the Committee, of course, belong to countries permanently or temporarily represented on the Council; and the collective reports of the Committee are supplemented in the course of private conversations between individual members and those representatives.

The Committee exercises a considerable discretion in conducting its work in collaboration with individual Governments or with the Council's officers. Once it has obtained general authority from the Council to handle a given question, it will, on its own initiative, conduct correspondence on points of detail with the Government or officials concerned."

II. The Economic Committee also consists of individuals appointed by the Council after private consultation with Governments, and meeting in the capacity of independent experts but the status of the **persons appointed** is somewhat different, for the persons chosen are almost all important government officials who have in fact negotiated commercial treaties as heads of departments in the various Foreign Offices and Ministries of Commerce. Their opinion, and the draft conventions which they prepare, carry in a preliminary way a serious indication of the policy which their Governments are likely to adopt on the subject in hand. Thus the general complexion of the Committee and of its work is therefore more "governmental" than is the case with the Financial Committee. Even so, however, it has recently been urged in various quarters that the Committee is not governmental enough, that the technical conventions which it prepares, when they are finally submitted to Governments, are not sufficiently widely adopted and ratified; and that a change is needed which will bring political influence more powerfully and more directly to bear upon technical work if it is to result in concrete action by Governments.

The methods of work of the Committee itself are similar to those of the Financial Committee, with one important exception. The scope and character of its work has made it necessary to appoint a series of special committees of experts, *e.g.*, on customs nomenclature, unification of legislation relating to bills of exchange

In two recent cases, *viz.*, the position of the coal and sugar industries, an interesting departure in method has been made. A delegation of five or six members of the Economic Committee has conducted an enquiry in a form which somewhat resembles the procedure of a Royal Commission in England, in the sense that it has heard evidence. Thus, in the coal enquiry, this delegation summoned first some ten or twelve representative men drawn from the circles of employers and producers. These persons were not heard individually but in a body. Their evidence, which often took the form of discussion between the different experts in the presence of the delegation, was heard in private and recorded. A brief communiqué was issued to the press, but it was understood that neither in such communications, nor in the report of the delegation, would the names of individual persons be mentioned. This "consultation", as it was called, was followed by a further meeting between the delegations and representatives of labour in the particular industry under review. Finally a meeting was held between the delegation and both groups of representatives sitting jointly. The final report of the delegation and of the Economic Committee quoted in a general way the opinions expressed, and based some of its conclusions upon them.

Making allowance for the fact that the procedure was unfamiliar to most of the members of the delegation, and also to the representatives heard by them, who came from other than Anglo-Saxon countries, the method on the whole was appropriate in two ways. On the one hand it enabled the Committee to obtain advice and information from those who, as supervisors or workers were responsible for the conduct of a private industry. On the other hand, the views expressed by the delegation after these hearings, and the fact of having brought together the representatives of a private industry from different countries, and, in particular, the fact of holding a meeting between representatives of employers and representatives of labour, exercised an undoubted influence in furthering the reorganisation of the national industries in some cases and agreement between the different national industries between themselves.

III. The World Economic Conference.—Apart from the work of these standing committees of the League and of the diplomatic conferences of government plenipotentiaries which adopt and sign international conventions, there have been two large conferences of experts, *i.e.*, the Financial Conference at Brussels in 1920 and the World Economic Conference in 1927, the constitution and methods of which present some interest.

In each case some 250 persons from about 50 countries came together in order to make an expert diagnosis of the economic and financial situation of the world, and to make recommendations and suggest remedies. These persons were chosen not by the Council of the League of Nations but by the Governments of their respective countries. They did not, however, come to the Conference as spokesmen of official policy. The representatives thus "thrown up" were in the aggregate representatives of all the aspects of the financial and economic life of the world, if not of each individual country. In the Economic Conference there were present persons in fact acquainted with the problems of industry, commerce, agriculture, banking, labour, consumers' co-operatives, etc. The meetings, both plenary and in commission, were public and the report and recommendations of both Conferences were adopted unanimously. These recommendations had, of course, no binding force whatever, but carried the weight of the united

opinion of a large group of international experts. They were forwarded to Governments, and the principles suggested formed guiding lines of policy, both for individual Governments and for further work in the international field. The translation of these principles into actual practice is proving exceedingly difficult, as both within each country and in the international field the conclusions reached on expert grounds come up against political difficulties and the pressure of vested interests in each country, or national interests in the international field.

IV. The Economic Consultative Committee.—Out of the World Economic Conference there grew a more permanent body called the Economic Consultative Committee, consisting of about 60 members, and so composed that it is a kind of small model of the Conference itself, *i.e.*, its members are acquainted with all the various branches of economic life. It meets normally once a year, publicly in plenary session, privately in its commissions. Its task is to review the general economic situation of the world year by year, and to see how far the recommendations of the World Economic Conference are being applied. Its function, as its title indicates, is purely advisory, and its recommendations do not carry any implications whatever of the agreement either of Governments or of the private or semi-private organisations to which the individual members may happen to belong. The institution of this Committee does however attempt, apart from the experiment on coal and sugar described above, to bring to bear upon the official work of the League the information and advice of the business world. It is too early to say how far this attempt is likely to prove successful.

APPENDIX I. A. (b).

**TREASURY MINUTE AS A COMMAND PAPER NO 3478-V.
DATED THE 27TH JANUARY 1930, SETTING UP AN ECO-
NOMIC COUNCIL FOR GREAT BRITAIN.**

The First Lord calls the attention of the Board to the decision of His Majesty's Government on the 18th January, 1930, to establish an Economic Advisory Council. This will be a standing body reporting to the Cabinet, and its purpose, position in relation to Departments, organisation, and functions will be as follows:—

Purpose.

To advise His Majesty's Government in economic matters.

To make continuous study of developments in trade and industry and in the use of national and imperial resources, of the effect of legislation and fiscal policy at home and abroad, and of all aspects of national, imperial and international economy with a bearing on the prosperity of the country.

Position in relation to Departments.

The Council will be subject to the general directions of the Prime Minister, and its expenses will be borne on the Treasury Vote.

It will take over and expand the functions of the existing Committee of Civil Research.

It will keep in close touch with Departments affected by its work with a view to the concerted study of economic problems of national interest, but it will interfere in no way with the functions or responsibilities of Ministers or of the Departments over which they preside, and it will have no administrative or executive powers.

Organisation.

1. The Chairman of the Council will be the Prime Minister, and the other members will be as follows:—

- (a) The Chancellor of the Exchequer, the Lord Privy Seal (while the present duties are attached to that office), the President of the Board of Trade and the Minister of Agriculture and Fisheries.
- (b) Such other Ministers as the Prime Minister may from time to time summon.
- (c) Such other persons chosen by the Prime Minister in virtue of their special knowledge and experience in industry and economics.

The Council will meet when summoned by the Chairman, and as regularly as is found possible.

2. The Chairman may appoint standing committees and also such committees for special purposes as may be required.

3. The Council will have a Secretary, and Assistant Secretaries, at least two of whom will be economists, together with such staff as may be found necessary

Functions.

Providing that it acts after receiving the approval of the Prime Minister, the Council may intimate inquiries into, and advise upon, any subject falling within its scope, including proposals for legislation. The Council shall consult Departments and outside authorities in regard to any work in hand or projected and shall collate such statistical or other information as may be required for the performance of its work. The Council shall also cause to be prepared a list of persons with industrial, commercial, financial and working-class experience, and persons who have made a special study of social, economic and other scientific problems who might assist the Council by serving on Committees or as advisers in matters of which they have expert knowledge, or in other ways.

Its reports and work will be confidential unless the Council advises the Prime Minister otherwise. Any action arising out of them will be taken on the sole responsibility of His Majesty's Government.

MY LORDS APPROVE

NOTES:—1. Mr. T. Jones, C. H. Deputy Secretary of the Cabinet, has been appointed Secretary to the Council.

2. It is estimated that the additional charge will amount to not more than £6,500 per annum (including clerical and typing assistance), for which provision will be made in the Treasury Vote for the ensuing financial year. The expenditure incurred during the present financial year, which will be quite small, will be met out of savings.

3. The offices of the Council will be situated at 2, Whitehall Gardens, S. W. 1

APPENDIX I-B.

LIST OF CERTAIN NATIONAL ECONOMIC ADVISORY ORGANISATIONS AND ECONOMIC RESEARCH INSTITUTIONS.

I —National Advisory bodies.

(a) Permanent.

CZECHOSLOVAKIA :

Poradní odbor pro hospodářské otázky (Beirat
für wirtschaftliche Fragen),
C/o Ministère du Commerce,
Prague II.

FRANCE :

Conseil National économique de la France,
M. Cahen-Salvador (Secrétaire-général),
Palais-Royal,
Paris.

GERMANY

Reichswirtschaftsrat,
15, Bellevuestrasse,
Berlin.

GREECE :

Supreme Economic Council
(Not yet constituted).

ITALY

Consiglio Nazionale delle Corporazioni.

POLAND :

Economic Committee (inter-ministerial Committee)
with its three advisory committees.

SPAIN :

Consejo de la Economía nacional.

UNITED KINGDOM :

The Economic Council,
2, Whitehall Gardens,
London, S. W. 1.

*(b) Temporary and ad hoc.***AUSTRALIA :**

Bruce Committee, 1927,
 C. H. Wicknes, Esquire,
 Commonwealth Statistician and Member
 of the Bruce Committee.

GERMANY :

Reichswirtschaftsrat,
 Offices : Bellevuestrasse 15.

POLAND :

Committee of Enquiry into conditions of
 Production and Trade, 1926-27.

UNITED STATES OF AMERICA :

The President's Committee on Recent Economic
 Changes, 1928-29.
 Mr. Arch W. Shaw, member,
 C/o National Bureau of Economic Research,
 51, Madison Avenue, N. Y. C.

II.—Economic Research Institutions*.**AUSTRIA :**

Oesterreichisches Institut für Konjunkturforschung,
 Dr. Friedrich A. Hayek,
 Stubenring, 8/10, Wien I.

BELGIUM :

Institut des sciences Economiques,
 l'Université catholique de Louvain,
 Prof. M. F. Bauhuin, Secrétaire-General,
 Place du Peuple, Louvain.

CANADA :

Economic Institute of MacMaster University,
 Prof. H. Mitchell,
 MacMaster University,
 Toronto.

* Not including Economic intelligence services of Central Banks. Such services exist in a number of countries not mentioned above, such as the Argentine, Estonia, Finland and Yugoslavia.

Certain of the institutions shown in Part II are of a semi-official character, e.g., the Polish Institute was established by Decree and the Directors of the German and Italian institutes are at the same time heads of the national statistical offices; others are purely private. The common characteristic which distinguishes all the institutions mentioned under Part II from those mentioned under I (a) or (b) is that they are engaged in permanent research.

DENMARK :

Economic Research Institute,
 Dr. Peter Munch,
 Minister for Foreign Affairs, President.

FRANCE :

Institut de Statistique de l'Universite de Paris,
 173, Boul. S. Germain, Paris (6e),
 M. Lucien March.

GERMANY :

Institut fur Konjunkturforschung,
 Dr. E. F. Wagemann, President,
 Kurfurstendamm, 193/194,
 Berlin, W. 15.

HUNGARY :

Institut fur Wirtschaftsforschung,
 Dr. Stefan Vargor, Direktor,
 Budapest, Alkotmany—Utea S.

ITALY :

Instituto di Statistica della R. Universite di Roma,
 Prof. Comado Gini, Director,
 Via delle Terme di Diocleziano, 10, Rome.

JAPAN :

Jiji-shimpo Economic Service,
 Director : Mr. Shoda.

POLAND :

Institute for Economic Research,
 Prof. Edward Lipinski, Dyrektor,
 Instytut Badania Konjunktur Gospodarzowych i cen,
 Ul. Elektoralna, 2, Warsaw.

ROUMANIA :

Institutul Economic Romanesc,
 Bucarest.

UNITED KINGDOM :

London and Cambridge Economic Service,
 Prof. A. L. Bowley,
 London School of Economics,
 Houghton Street, W. 2.

UNITED STATES OF AMERICA :

National Bureau of Economic Research, Inc.,

Prof. Wesley C. Mitchell (Director),

51, Madison Avenue, N. Y. C.

Prof. Edwin F. Gay (Director),

Harvard University.

Mr. A. W. Shaw, Vice-President,

51, Madison Ave., N. Y. C.

Harvard Economic Society Inc.,

Mr. W. L. Crum, Director of the Economic
Service,

Harvard Economic Society Inc.,

Cambridge, Mass.

APPENDIX II.

MEETINGS AND INTERVIEWS DURING SIR ARTHUR SALTER'S
VISIT TO INDIA FROM JANUARY 9TH TO FEBRUARY 12TH
(INCLUSIVE).*(Persons seen on more than one occasion are not mentioned more than once.)*

Bombay.

(January 9th ; January 28th to 30th inclusive.)

His Excellency the Governor of Bombay.

Dr. D. B. Meek, O.B.E., M.A., D.Sc., Director General of Commercial Intelligence and Statistics, Calcutta.

G. Wiles, Esquire, M.A., C.S.I., C.I.E., I.C.S., J.P., Secretary to the Government of Bombay, Finance Department.

J. F. Gennings, Esquire, Bar.-at-Law, J.P., Director of Information and Labour Intelligence, etc., Bombay.

Prof. C. N. Vakil, M.A., M.Sc., Professor of Economics, University of Bombay.

Meeting with the representatives of the Chamber of Commerce :—

J. R. Abercrombie, Esquire, M.C., M.L.C. (President).

Sir Leslie Hudson, Kt., M.L.C.

J. C. K. Peterson, Esquire, C.I.E.

A. G. Gray, Esquire.

G. L. Winterbotham, Esquire.

R. J. F. Sullivan, Esquire (Secretary).

The Hon'ble Mr. G. B. Pradhan, B.A., LL.B., J.P., Finance Member, Government of Bombay.

The Hon'ble Sir Rustam Jahangir Vakil, Kt. (Minister for Local Self-Government), Government of Bombay.

R. D. Bell, Esquire, C.I.E., M.A., B.Sc., I.C.S., J.P., Chief Secretary to Government, Revenue Department, Bombay.

The Hon'ble Rao Bahadur S. T. Kambli, B.A., LL.B. (Minister for Agriculture).

The Hon'ble Moulvi Rafiuddin Ahmad, Bar.-at-Law, J.P. (Minister for Industries and Education).

E. J. Bunbury, Esquire.

Sir M. Vishveshvarayya, K.C.I.E., D.Sc., M.I.C.F., Chairman, Indian Economic Enquiry Committee, 1925.

The Hon'ble Sir John Ernest Buttery Hotson, K.C.S.I., O.B.E., M.A., I.C.S., J.P., Home Member, Government of Bombay.

The Hon'ble Mr. Walter Frank Hudson, C.I.E., B.A. (Oxon.), I.C.S., J.P., Revenue Member, Government of Bombay.

Sir Ness N Wadia, K.B.E., C.I.E., M.I.M.E., J.P., Partner, Nowrojee Wadia and Sons, Bombay.

Representatives of the University of Bombay :—

Professor P. A. Wadia, M.A.

Principal M. L. Tannan, M.Com., Bar.-at-Law, I.E.S., J.P.

Professor C. N. Vakil, M.A., M.Sc.

Representatives of the Indian Merchants' Chamber :—

Sir Chunilal V. Mehta, K.C.S.I. (President).
 B. N. Karanjia, Esquire (Vice-President).
 Husseinbhoy A. Lalji, Esquire, M.L.C.
 Lalji Naranji, Esquire.
 N. M. Muzumdar, Esquire.
 S. N. Pochkhanawala, Esquire, J.P.
 D. D. Shroff, Esquire.
 J. K. Mehta, Esquire, M.A. (Secretary).

Representatives of the Millowners' Association :—

H. H. Lakin, Esquire (Dy. Chairman of the Association).
 The Hon'ble Sir Dinshaw Edulji Wacha, Kt.
 S. D. Saklatvala, Esquire.
 T. Maloney, Esquire (Secretary).
 G. Findlay Shirras, Esquire, M.A., Hony. F.S.S., F.E.S., Principal,
 Gujrat College, Ahmedabad.

Representatives of the Indian Institute of Bankers :—

J. G. Ridland, Esquire.
 A. R. Ingram, Esquire.
 S. N. Pochkhanawala, Esquire, J.P.
 M. L. Tannan, Esquire.

Delhi.

(January 11th to 14th inclusive ; January 17th and 18th ; February 1st to February 8th inclusive.)

His Excellency the Viceroy.

The Hon'ble Sir George Raïny, K.C.S.I., K.C.I.E., I.C.S., Member of the Viceroy's Executive Council in charge of Railways and Commerce.

The Hon'ble Sir George Ernest Schuster, K.C.M.G., C.B.E., M.C., Member of the Viceroy's Executive Council in charge of Finance.

The Hon'ble Sir Ibrahim Rahimtulla, K.C.S.I., C.I.E., President, Legislative Assembly.

K. C. Roy, Esquire, C.I.E., Member, Legislative Assembly.

M. S. A. Hydari, Esquire, I.C.S., Secretary, Imperial Council of Agricultural Research Department, Government of India.

The Hon'ble Sir Joseph Bhore, K.C.I.E., C.B.E., I.C.S., Member of the Viceroy's Executive Council in charge of Industries and Labour.

The Hon'ble Khan Bahadur Mian Sir Fazl-i-Husain, K.C.I.E., Kt., Member of the Viceroy's Executive Council in charge of Education, Health and Lands.

H. Denning, Esquire, C.I.E., I.C.S., Additional Secretary to the Government of India, Finance Department.

The Hon'ble Sir Frank Noyce, Kt., C.S.I., C.B.E., I.C.S., Secretary to the Government of India, Department of Education, Health and Lands.

J. A. Hubback, Esquire, M.A., J.P., I.C.S., Representative, Bihar and Orissa Government.

T. Lister, Esquire, B.A., I.C.S., Representative, Government of Burma.

Rt. Hon'ble J. H. Whitley, Chairman, Royal Commission on Labour.

J. C. B. Drake, Esquire, C.I.E., C.B.E., I.C.S., Joint Secretary to the Government of India, Department of Commerce.

Sir Purshotaindass Thakurdass, Kt., C.I.E., M.B.E., Vice-Chairman, Indian Central Banking Enquiry Committee.

R. P. Masani, Esquire, M.A., Joint Secretary, Indian Central Banking Enquiry Committee.

Mr. A. P. MacDougall, C.B.E., Member, Indian Central Banking Enquiry Committee.

R. K. Shanmukham Chetty, Esquire, Member, Legislative Assembly.

B. Dass, Esquire, Member, Legislative Assembly.

Sir Victor Sassoon, Member, Royal Commission on Labour.

Meeting with the European Group of the Legislative Assembly :—

Sir Hugh Cocke, Kt., M.L.A.

Arthur Moore, Esquire, M.B.E., M.L.A.

Lahore.

(January 15th and 16th.)

His Excellency the Governor, Punjab.

The Hon'ble Khan Bahadur Captain Sardar Sikandar Hayat Khan, M.B.E., Revenue Member, Government, Punjab.

Members of the Board of Economic Inquiry, Punjab :—

H. Calvert, Esquire, C.I.E., I.C.S., Financial Commissioner, Development, Punjab (Chairman).

D. P. Johnston, Esquire, A.R.C. Sc.I., N.D.A., I.A.S., Prof. of Agriculture at Lyallpur.

A. N. Bah, Esquire, M.A., Prof. of Economics at D. A. V. College, Lahore.

W. H. Abol, Esquire, A.M.I., Mech. E., Chief Inspector of Factories, Punjab.

H. R. Stewart, Esquire, F.R.C. Sc.I., D.I.C., N.D.A., I.A.S., Assistant Director of Agriculture, Punjab.

J. W. Thomas, Esquire, B.Com. B.Sc. (Secretary), Principal, Hailey College of Commerce, Lahore.

Representatives of the Lahore Chamber of Commerce :—

D. G. W. Teasdale, Esquire.

P. H. Guest, Esquire.

R. T. H. Mackenzie, Esquire.

H. J. Martin, Esquire.

The Hon'ble Rai Bahadur L. Ram Saran Dass, C.I.E., Member, Council of State.

Owen Roberts, Esquire.

The Hon'ble Sir Jogendra Singh, Kt., Minister of Agriculture, Punjab.
Macpherson, Esquire.

Cawnpore.

(January 19th.)

J. C. Donaldson, Esquire, B.A., M.C., J.C.S., Director of Industries, U. P.
Cawnpore.

J. G. Ryan, Esquire, M.B.E., Secretary, Upper India Chamber of
Commerce.

A. L. Carnegie, Esquire, President of the Chamber of Commerce.

Representatives of the Upper India Chamber of Commerce :—

A. L. Carnegie, Esquire (President).

J. M. Lownie, Esquire.

Sir Thomas Smith, Kt., V. D. (The Muir Mills Company, Ltd.).

K. J. D. Price, Esquire (The Muir Mills Company, Ltd.).

S. H. Taylor (Messrs. Begg Sutherland and Company, Ltd.).

Babu Ram Narain Sahib.

Captain S.R. Pocock, M.C. (Messrs. J.N. Cocolas and Company,
Ltd.).

A. Grezo, Esquire (Messrs. Patel Cotton Company, Ltd.).

R. Williamson, Esquire } The New Victoria Mills Company,
S. S. Gill, Esquire. } Ltd.

W. Taft, A. C. A., Esquire (Messrs. Price, Waterhouse, Peat
and Company).

Prof. Kalka Prasad Bhatnagar, M.A., LL.B. (D. A. V. College).

Prof. Tara Chandra (Christ Church College).

E. A. Nuttall, Esquire (Agent, The Imperial Bank of India).

B. P. Srivastava, Esquire (The Cawnpore Dyeing and Cloth
Printing Company, Ltd.).

A. Barr Pollock, Esquire (The Chartered Bank of India,
Australia and China, Cawnpore).

K. G. Nicoll, Esquire (The National Bank of India, Ltd.).

C. Maya Dass, Esquire, M.A. B.Sc. (Edin.) (Principal,
Agricultural College).

H. G. H. Everitt, Esquire (Messrs. W. H. Brady and Company,
Ltd.).

Rai Bahadur Babu Vikramajit Singh, B.A.,
LL.B., M.L.C.

A. N. Chopra, Esquire.

K. L. Gupta, Esquire.

} The U. P.
} Chamber of
} Commerce.

Dr. H. D. H. Drane, M.Sc., Ph.D., A.M.I.E.E., A.M.I.Chem.
E. (Principal, Harcourt Butler Technological Institute).

Captain T. Auchinleck.

Jagdish Prasad, Esquire, M.A. (The Indian Turpentine and
Resin Company, Ltd.).

Lucknow.

(January 20th.)

His Excellency the Governor, U. P.**Meeting with Members of the Governments and others called by His Excellency the Governor, U. P. :—****The Hon'ble Mr. J. C. Smith, C.I.E., I.C.S. (Finance Member).****The Hon'ble Nawab Sir Muzammil-Ullah Khan, Khan Bahadur, K.C.I.E., O.B.E. (Home Member).****The Hon'ble Nawab Muhammad Yusuf, Bar.-at-Law (Minister for Local Self-Government).****Dr. Radha Kamal Mukerji (Lucknow University).****Dr. D. L. Duboy, M.A. (Moorut College).****Gurmukh Singh, Esquire (Benares Hindu University).****S. K. Rudra, Esquire, M.A. (Cantab.) (Allahabad University).****Raja Jagannath Bakhsh Singh, M.L.C.****E. A. H. Blunt, Esquire, C.I.E., O.B.E., I.C.S. (Finance Secretary).****V. N. Mehta, Esquire, I.C.S. (Industries and Education Secretary).****P. M. Kharegat, Esquire, I.C.S., Registrar, Co-operative Societies.****N. C. Mehta, Esquire, I.C.S., Director of Land Records.****G. Clarke, Esquire, F.I.C., F.C.S., C.I.E., Director of Agriculture.****K. N. Knox, Esquire, C.I.E., I.C.S., Settlement Commissioner, U. P.****Nawabzada Liaquat Ali Khan, Bar.-at-Law, M.L.C.***Calcutta.*

(January 22nd to 26th inclusive.)

His Excellency the Governor, Bengal.**R. N. Gilchrist, Esquire, I.E.S., Deputy Secretary to the Government of Bengal in the Commerce and Marine Departments.****The Labour Intelligence Officer.****The Registrar of Trade Union.****E. N. Blandy, Esquire, I.C.S., Secretary, Finance, Commerce and Marine Departments.****Meeting with the following :—****The Hon'ble Mr. A. Marr, C.I.E., I.C.S.****The Hon'ble Alhadj Sir Abdelkerim Ghuznavi, Kt.****The Hon'ble Mr. W. D. R. Prentice, C.I.E., I.C.S.****The Hon'ble Mr. B. B. Ghosh.****The Hon'ble Khan Bahadur Maulvi K. G. M. Farouqi.****The Hon'ble Mr. Khawaja Nazim-ud-Din, C.I.E.****The Hon'ble Mr. Bijoy Prasad Singh Roy.**

Meeting with the representatives of the Indian Chamber of Commerce:—

D. P. Khaitan, Esquire, President.
 A. L. Ojha, Esquire.
 R. L. Nopany, Esquire.
 Kassim Mahomed, Esquire.
 H. P. Bagaria, Esquire.
 J. R. K. Modi, Esquire.
 Mohanlal Lallubhai, Esquire.
 M. P. Gandhi, Esquire, M.A., F. R. Ecoms., F.S.S., Secretary.

Meeting with the representatives of the Bengal National Chamber of Commerce :—

Raja Reshoo Case Law, C.I.E., President.
 Nalini Ranjan Sarkar, Esquire, Vice-President.
 Sir Hari Sankar Paul, Kt.
 Dr. Narendra Nath Law, M.A., B.L., P.R.S., Ph.D.
 J. C. Banerjee, Esquire.
 Dr. Satya Charan Law, M.A., Ph.D., Hony. Treasurer.
 J. C. Hui, Esquire.
 R. K. Mitter, Esquire.
 Rai A. C. Banerjee Bahadur.
 S. C. Ghosh, Esquire.
 Captain N. M. Roy Chowdhury.

Meeting with the representatives of the Bengal Chamber of Commerce :—

R. B. Laird, Esquire, M.L.C., President.
 J. A. Tassie, Esquire, Vice-President.
 The Hon'ble Mr. P. H. Brown, C.B.E.
 G. Cook, Esquire.
 T. E. Cunningham, Esquire.
 C. deM. Kellock, Esquire.
 N. Pearce, Esquire.
 R. A. Towler, Esquire.

Sir Jahangir Coyajee, Principal of the Presidency College, Calcutta.

Dr. Jogesh Chandra Sinha, M.A., Ph.D., Reader in Economics in the University of Dacca.

Dr. Pramathanath Banerjee, M.A., D.Sc., Bar.-at-Law, M.L.C., Minto Professor of Economics in the University of Calcutta.

Members of the Bengal Economic Society.

J. B. Taylor, Esquire, I.C.S., Controller of Currency, India.

Sir Osborne Smith, Managing Governor of the Imperial Bank of India.

M. P. Gandhi, Esquire, M.A., F.R.E.S. F.S.S., Secretary, Indian Chamber of Commerce.

Meeting with the Government members held on the 23rd January 1931 at 2-30 P.M., in Hon'ble Member's (Agriculture and Industries) room
—Present :—

The Hon'ble Khan Bahadur Maulvi K. G. M. Farouki.
L. R. Fawcus, Esquire, I.C.S., Secretary, A. and I. Department.
R. S. Finlow, Esquire, C.I.E., B.Sc., F.I.C., Director of Agriculture.
A. T. Weston, Esquire, Director of Industries, Bengal.
Rai S. K. Ganguli Bahadur, Registrar of Co-operative Societies, Bengal,

Madras.

(February 11th and 12th.)

His Excellency the Governor, Madras.

H. M. Hood, Esquire, I.C.S.

Madras Chamber of Commerce—Present :—

F. Birley, Esquire, M.L.C., Chairman.
H. F. P. Hearson, M.L.C., Vice-Chairman.
K. Kay, Esquire.
J. W. Macfarlane, Esquire.
H. F. Carter, Esquire.
W. A. Cruden, Esquire.
K. M. Fraser, Esquire.
A. A. Hayles, Esquire.
A. J. Leech, Esquire.
C. D. Priestly, Esquire.
C. R. Watkins, Esquire, C.I.E.
H. Waddington, Esquire, Secretary.
J. M. Smith, Esquire, Chairman (Madras Trades Association).
Sir Alexander McDougall (Madras Trades Association).
F. G. Luker, Esquire (Madras Trades Association).
H. M. Hood, Esquire, I.C.S.

Meeting at the Secretariat—Present :—

The Hon'ble Khan Bahadur Sir Muhammad Usman Sahib Bahadur, Kt. (Home Member).
The Hon'ble Diwan Bahadur Sir M. Krishnan Nayar, Kt. (Law Member).
The Hon'ble Mr. A. Y. G. Campbell, C.S.I., C.I.E., C.B.E., V.D., I.C.S. (Revenue Member).
The Hon'ble Mr. H. G., Stokes, C.S.I., C.I.E., I.C.S. (Finance Member).
The Hon'ble Diwan Bahadur B. Muniswami Nayudu (Chief Minister, Local Self-Government).
The Hon'ble Mr. P. T. Rajan (Minister for Public Works).

The Hon'ble Diwan Bahadur S. Kumaraswami Reddiyar
(Minister for Education).

H. A. B. Vernon, Esquire, C.S.I., C.I.E., I.C.S. (Commissioner,
Land Revenue).

H. R. Pate, Esquire, I.C.S. (Secretary, Revenue Department).

H. M. Hood, Esquire, I.C.S. (Secretary, Economic Enquiry
Committee).

H. A. Watson, Esquire, I.C.S. (Secretary, Finance Department).

S. V. Ramamurti Esquire, I.C.S. (Secretary, Development
Department).

Diwan Bahadur A. Appadurai Pillai (Director of Industries).

D. N. Strathie, Esquire, I.C.S. (Registrar of Co-operative
Societies).

G. R. Hilson, Esquire (Director of Agriculture).

Southern India Chamber of Commerce, Madras—Present :—

C. Gopal Menon, Esquire.

**V. C. Rangaswami, Esquire, of Madras Central Urban Bank,
Ltd.**

Yusuff Sait, Esquire, of Joonus Sait and Sons.

Rao Bahadur K. Govindachariar of Burma-Shell.

G. Narasimham, Esquire.

T. Thiruvengkatachariar, Esquire.

Adam Haji Mahomed Sait, Esquire.

**Laldoss Govindoss, Esquire, of Chathoorbhoojadoss Kushaldoss
and Sons.**

**Rao Sahib T. S. Kachapikesa Mudaliar of South Indian Export
Company.**

T. V. Santhanam, Esquire, of Chakravarthi Company.

M. Kolanthaivelu Mudaliar, Esquire.

V. K. Chetty, Esquire, of Indian National Insurance Company.

M. A. Muthiah Chettiar, Esquire, The Kumar Raja of Chettinat

P. N. Srinivasan, Esquire.

Prof. T. K. Duraiswami Ayar of Annamalai University, Annamalainagar.

Prof. P. J. Thomas, Professor of Economics, University of Madras.

APPENDIX III.

CORRESPONDENCE COVERING THE INVITATION TO SIR ARTHUR SALTER AND ITS ACCEPTANCE.

Letter from the Secretary of State for India to the Secretary General of the League of Nations.

Whitehall, S. W.-1.

21st November, 1930.

SIR,

The Government of India have for some time been studying plans for the creation of some organisation for the study of economic questions, including both the continuous interpretation of current developments and the consideration of plans designed to achieve particular purposes. In this connection they have given attention to organisations which have recently been established in other countries and particularly to the work which has been done by the League of Nations. The Government of India are of opinion that the special experience acquired by Sir Arthur Salter as Director of the Economic and Finance Sections of the League might be most valuable to them and are anxious to have an opportunity for consulting him. I am therefore to enquire whether it would be possible for the League to assist them in this matter by arranging for Sir Arthur Salter to pay a short visit to India this winter.

(Sd.) WEDGWOOD BENN.

Letter from the Secretary General of the League of Nations to the Secretary of State for India.

Geneva,

November 27th, 1930.

SIR,

I have the honour to acknowledge the receipt of your letter of November 21st, in which you ask me whether it would be possible for the Director of the Economic and Financial Section to pay a short visit to India this winter, in order to advise the Government of India in regard particularly to the work which has been done by the League of Nations in organising the study of economic questions.

In reply, I am glad to be able to inform you that it will be possible to arrange for Sir Arthur Salter to pay the visit suggested, leaving for India towards the end of December. I am asking him to take this opportunity of discussing the development of India's collaboration in the work of the technical organisations of the League.

I am communicating your letter and the present reply to the Council of the League of Nations for its information.

(Sd.) ERIC DRUMMOND,
Secretary General.

