

30th March 1936

THE
LEGISLATIVE ASSEMBLY DEBATES

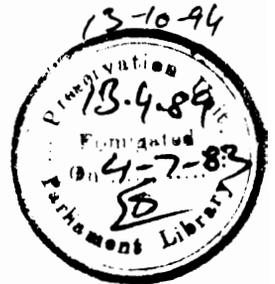
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THIRD SESSION

OF THE

FIFTH LEGISLATIVE ASSEMBLY,
1936



NEW DELHI
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Legislative Assembly.

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THE HONOURABLE SIR ABDUR RAHIM, K.C.S.I., KT.

Deputy President :

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SIR LESLIE HUDSON, KT., M.L.A.

SIR MUHAMMAD YAMIN KHAN, KT., C.I.E., M.L.A.

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Assistant of the Secretary :

RAI BAHADUR D. DUTT.



Marshal :

CAPTAIN HAJI SARDAR NUR AHMAD KHAN, M.C., I.O.M., I.A.

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MR. B. DAS, M.L.A.

DR. ZIAUDDIN AHMAD, C.I.E. M.L.A

MR. M. S. ANEY, M.L.A.

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LEGISLATIVE ASSEMBLY.

Monday, 30th March, 1936.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

MEMBER SWORN.

Srijot Kuladhar Chaliha, M.L.A. (Assam Valley: Non-Muhammadan).

STATEMENTS LAID ON THE TABLE.

Information promised in reply to part (h) of starred question No. 240 asked by Seth Haji Abdoola Haroon on the 11th February, 1936.

EXPULSION OF INDIANS FROM IRAQ.

(h) There is no Treaty between His Majesty's Government and the Government of Iraq which could be held to cover the point referred to in the question but in guarantees given by Iraq to the League of Nations on her admission as a Member, Iraq undertook to respect all acquired rights.

Information promised in reply to starred questions Nos. 868 and 869 asked by Mr. Basanta Kumar Das on the 27th February, 1936.

CONFIRMATION OF THE TRAFFIC PROBATIONERS RECRUITED BY THE CALCUTTA PORT TRUST.

868. (a), (b) and (c). Of the seven probationers recruited in the Traffic Department of the Calcutta Port Commissioners in 1929, two are still unconfirmed. The Traffic Manager reported in May, 1934, that these two probationers had not shown much promise and that it was unlikely that they would qualify to take up supervising posts. The probationers have, however, since shown signs of improvement and are both officiating as Inspectors in the scale of Rs. 300—600.

RACIAL DISCRIMINATION IN THE CALCUTTA PORT TRUST.

869. (a) Government have no reason to believe that the position is as stated.

(b) No.

(c) The Commissioners are opposed to the system of departmental examinations on a *wide* principle because they do not consider that ability to secure high marks in examinations provides a correct indication of the capabilities of their employees in many Departments.

(d) (i) No.

(ii) Does not arise.

(e) Yes.

(f) So far as State-managed Railways are concerned, no departmental examinations are prescribed for officers holding charge of Districts.

As regards Company-managed Railways, Government have no information.

(g) Does not arise.

(h) Government are aware that the principle has been widely, but by no means universally adopted.

(i) No. The Government of India do not propose to interfere with the discretion vested in the Port Commissioners.

Information promised in reply to part (f) of starred question No. 895 asked by Mr. K. L. Gauba on the 27th February, 1936.

TRAFFIC PROBATIONERS RECRUITED BY THE CALCUTTA PORT TRUST.

(f) The posts were not advertised in view of the fact that qualifications of a technical nature were not required and because the Commissioners were in possession of as many as 88 applications from candidates who were apparently suitable for employment.

The considerations which led to the selection of the persons appointed were age, education, physical fitness, character, personality and general intelligence shown at a series of interviews.

Information promised in reply to starred question No. 1029 asked by Pandit Nilakantha Das on the 9th March, 1936.

FEE FOR THE SUPPLY OF TENDER SPECIFICATIONS.

(a) Yes, generally.

(b) Fees are charged on a graduated scale according to the value of contract.

(c) Not ordinarily. In exceptional cases (e.g., when a demand is withdrawn) the fees are returned.

(d) The fees are levied in order to discourage indiscriminate tendering and to cover as far as possible the expenditure incurred in advertising and in the preparation of tender forms.

MOTION RE APPOINTMENT OF A COMMITTEE TO EXAMINE THE WORKING OF THE OTTAWA TRADE AGREEMENT—concl'd.

Mr. President (The Honourable Sir Abdur Rahim): The Chair desires to remind the House, before the discussion on the Ottawa Trade Agreement is resumed, that the debate will be continued on the same lines as on other days. To carry out the arrangement arrived at a meeting of the Leaders of Parties, it was understood that Sir Muhammad Zafrullah Khan will take about an hour to wind up the debate, which will otherwise be closed at about 4 o'clock.

Mr. T. A. Stewart (Commerce Secretary): Sir, I propose to confine my remarks to a few matters of detail which have arisen in the course of the debate and which may more conveniently be considered now than later in the course of the general summing up of the debate. I would take this early opportunity of referring to the suggestion of Dr. DeSouza that

our High Commissioner in London and the Trade Commissioner had been less solicitous of the interests they represent than similar officials representing other Colonies and Dominions. I should like to take this opportunity of saying that Sir Bhupendra Nath Mitra and his Assistants, Sir Harry Lindsay and Dr. Meek, have been unfailing in their endeavours to advance the interests of India. I think Dr. DeSouza will recognise that counsel cannot act without a brief, and, if the coffee industry will brief these officers of ours, he may be sure that they will do the best they can for it.

Strong exception was taken from the opposite benches to the statement of my Honourable friend, Mr. James, that the Federation of Indian Chambers had not co-operated with the Government of India before Ottawa. Now, the term "non-co-operation" may have in the past few years assumed some technical significance, and I do not propose to use that term. But I should like to tell the House what actually happened. On the 6th April, 1932, the Government of India issued a letter to all recognised Chambers and commercial associations referring them to Sir George Rainy's announcement in this House of the decision of the Government of India to participate in the Ottawa Conference. This letter set out very fully the reasons which had actuated the Government of India in taking this step, and it invited from all parties concerned their views and suggestions as to what might be done to guide and brief the Indian delegation. The reply of the Federation to this letter was a long one, but it contained not one concrete suggestion which was of the slightest use as a guide to the Indian delegation. Let me quote one sentence from that long letter which I think very fairly represents the whole trend of the letter. This extract runs as follows:

"The Committee, therefore, request, that it is desirable in the interests both of Great Britain and of the Empire that the Government of India or their delegation to the Conference should not commit themselves to any policy, particularly to the application of the principle of Imperial Preference and reciprocity at this juncture, and that it should be left to the future popular Government of the country that would be constituted by the new Government of India Act to shape their policy regarding inter-imperial relations, including the application of reciprocal preferential tariff agreement in a manner as would best serve the interests of this country".

I leave it to the unprejudiced observer to decide whether this reply was really helpful to Government and whether it was dictated by political or by economic considerations. I think I may also say that, in these circumstances, it is hardly fair for Mr. Satyamurti to say that the Government of India had prepared a list of commodities on which preferences were desirable over the head of Indian public opinion.

Amongst other reasons for denouncing the Ottawa Trade Agreement, Mr. Joshi put forward a somewhat strange suggestion. His suggestion was that it was a sinister move on the part of His Majesty's Government. (*Cries of "Hear, hear."*)

Mr. N. M. Joshi (Nominated Non-Official): When did I say that?

Mr. T. A. Stewart: If Mr. Joshi will refer to the record of his speech, he will find that that was what he substantially meant to convey to this House. In support of his view, he quoted, without context, a statement made by Sir Samuel Hoare 3½ years after the event. Mr. Joshi has apparently a sharp nose for smelling the rat of Imperial domination—perhaps red herring would be a better term in the present instance. His

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thesis is that the Ottawa Agreement is a conspiracy to keep Empire raw materials within the Empire for political purposes. It must be admitted that those who oppose this Agreement give us a very wide choice. On the one hand, Mr. Joshi tries to get us to believe that we are being forced to sell our raw material to the United Kingdom; on the other hand, we are told that the United Kingdom is reluctant to buy from us.

May I turn for a moment to the case of tea? The tea preference is one which has been very largely discounted in this House, but I do not propose now to attempt another evaluation of what might be a loss to India by way of unemployment or a reduction of profits or actual loss on the working of the tea gardens. But I do put forward a very positive advantage which has accrued to the Indian tea industry from the conclusion of the Ottawa Trade Agreement. I think there are few in this House who will deny that the Indian Tea Control Scheme has been of great benefit to the Indian tea industry. In fact, it has been said, or suggested, that, in comparison with the Control Scheme, the Ottawa preference is of negligible importance. But, Sir, the tea control scheme would not have been possible but for the prior conclusion of the Ottawa Agreement. In 1931, by reason of uncontrolled production and marketing, tea prices in the world had fallen to absurd levels. They offered no fair return to any producer. The result was that competition in the tea market, which had formerly been not only a price competition, but a quality competition, lost all character of quality competition and was reduced to sheer cut throat competition. Java tea costing 2d. per pound less than the ordinary Indian qualities had an enormous advantage in such circumstances. That advantage was marked by very serious inroads on the United Kingdom market which had always been regarded as a very valuable preserve of the Indian producer. The result was that, in 1931, the Dutch producers were not inclined to come to terms. It was not until the Ottawa Agreement had been concluded, it was not until the tea preference had been arranged, that the Dutch producers were prepared to talk business and come to terms. The mention of tea brings to my mind a question which I might invite Mr. Das to answer. The Federation of Indian Chambers, in season and out of season, impress on the Government of India the vital necessity of consulting all commercial interests concerned. May I ask Mr. Das whether, in this particular instance, when the Federation composed its note on the Ottawa Agreement, did it practise what it has preached so often? Did the Federation consult the Indian Tea Association as to whether they thought that the preference was valuable or whether it was not? The Indian Tea Association had some reason to be consulted: they represent half the preference that was granted by the United Kingdom to India.

Mr. B. Das (Orissa Division: Non-Muhammadan): The Indian Tea Association is not a member of the Federation: they consulted the Jalpaiguri Tea Association.

Mr. T. A. Stewart: I take it then that there was no such consultation.

Mr. B. Das: Because it is affiliated to the Associated Chamber of Commerce.

Mr. T. A. Stewart: I would now, if I may, turn to an ingenious, and I might also say, ingenuous, argument by Seth Govind Das in which he attempted to show that the Ottawa Scheme of preferences had invited retaliation. I will ask the House to bear with me while I read an extract of what he said. I would be sorry to do any injustice to his argument. This is what he said:

"It is pointed out that the fall in our exports to other countries was not due to Ottawa preferences, but due to certain independent and inevitable causes and that India should on the contrary thank England for filling up this deficiency."

He goes on to attack this proposition: he says:

"But if that were so, why was it that our exports to other countries declined only in the case of preference articles and not in the case of non-preference goods? There was in fact an increase of about 950 lakhs in India's exports to other countries, so far as non-preference goods were concerned. Thus, our exports to other countries from the United Kingdom fell by 20 crores with reference to preferred articles and rose by 9.5 crores in non-preferred goods. This may be taken to be conclusive evidence of the fact that the increase in our exports to the United Kingdom amounting to about three crores has been instrumental in diminishing our export trade to other countries by about 20 crores."

That is his argument. I think it may be stated in a somewhat briefer form, namely, that, if a foreign country wishes to discriminate or to retaliate against India, it carefully chooses preferential articles leaving the non-preferential articles alone. A more reasonable view is surely that, if a foreign country wishes to retaliate against India, it will not discriminate between the preferential and non-preferential goods. The very fact that there has been a substantial increase in non-preferential exports to foreign countries is strong proof that there has, in fact, been no such thing as retaliation.

I would now refer to the proposal that India, with or without scrapping the Ottawa Agreement should enter into a series of negotiations with a view to the conclusion of trade agreements with many foreign countries. I do not propose to go over the ground that was so ably covered by my friend, Sir Girja Shankar Bajpai. I should merely like to mention a few practical difficulties which are likely to confront the Indian negotiator. First and foremost, there stands India's policy of industrial expansion,—the policy of discriminating protection which was adopted in this Assembly in 1923. I offer no criticism of that policy; it still is the accepted policy of the Government of India. But I would illustrate how difficult it is to reconcile that policy with a policy of foreign trade expansion based on the negotiation of trade agreements with other countries. It will be conceded that it is axiomatic that, if one country wishes to conclude a trade agreement with another, it must go to the other party prepared to give something away; but that is not enough; the something must be something that the other country is prepared to accept. What has India to give away? Let us examine a few cases.

Let us take France. Whatever the negotiator may be prepared to offer to France, I can assure him that there is only one thing—well, if not only one thing, then the one thing above all that France wants from us. In the period just after the War, France sent to India gold and silver thread valued at as much as 65 lakhs: it was the second most important item in her export trade to India, the other item being wines and spirits. What is the extent of France's exports of that commodity to India now? 3½ lakhs. The restoration of trade in gold thread with India is a matter

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which France has placed in the forefront of her trade relations with India. Is India prepared to repeal the protective duty that is now imposed on gold thread?

Let us come to Holland. In the pre-protection days, Holland sent to India cotton piece-goods worth a crore in value. These have shrunk to 1½ lakhs. That is an item of trade which Holland would like to recover. Are you prepared to make her any concession?

Now, let us turn to another country, the Netherlands East Indies. Before the War, they sent us nine crores worth of sugar, and took a very considerable amount of rice in return. Are we in a position to do a deal so long as the policy of discriminating protection is in existence? Are we able to do a deal in rice for sugar? I think we are not. Turn to Sweden. In 1923-24, she sent us 68 lakhs worth of matches. Last year's imports were valued at Rs. 20,000. What I have said of those commodities and those countries apply with equal force to other commodities and other countries,—steel from Belgium, silk, artificial silk and cotton piecegoods from Italy, steel and cotton piece-goods from Germany and the United States. It is obvious, Sir, that if there is to be any programme, any consistent programme, of expansion of our foreign trade by the negotiation of treaties with foreign countries, it behoves us to consider and weigh what are the relative advantages of the two theories. In any case, I consider that the figures which I have quoted are enough to demonstrate that it is not merely a matter of a facile formula. There are also other difficulties in our way. There may be no basis of exchange. Let me illustrate that point from the South American Latin Republics. These Republics, such as Brazil and the Argentine, have been very valuable customers of ours in respect of our jute manufactures. It is true that trade depression and their own exchange and financial embarrassments have contracted our trade to some extent, but what is the deal that we can do with them? You may ask them to take more of our jute manufactures, what can you take from them? Linseed, wheat or beef from the Argentine or coffee from Brazil? I think there is "nothing doing".

One final example, Sir, Spain. We are interested in the exports to Spain of raw cotton, raw jute and raw hides. In return the most important commodity we take is saffron, which amounts to something like 40 per cent. of Spain's export trade to India. Saffron, as you know, is a dyeing substance largely used for the dyeing of the clothes worn by the ascetics in India. Our delegation will go to Spain, they will say to Spain, buy more jute, buy more cotton. Spain will say in return—What are you prepared to do for our saffron? The answer can only be that, in the next few years, it is hoped that a higher proportion of the population of India will forsake the world and adopt a religious life! ("Hear, hear" from Opposition Benches.)

Sir H. P. Mody (Bombay Millowners' Association: Indian Commerce): Mr. President, it was a favourite saying of Napoleon that Providence was on the side of big battalions. I trust, Sir, that on this occasion Providence will not be on the side of big battalions.

An Honourable Member: Hoping against hope.

Sir H. P. Mody: Sir, we have had a debate during the last two days on which the House can legitimately congratulate itself. There has been an appreciation of the importance of the issues which are before the House, and the tone and temper of the discussions have left nothing to be desired so far. But, Sir, with all the expenditure of missionary zeal on both sides, I doubt whether there has been a single convert. It is true that some people have talked of open minds, but they remind me of a rather irreverent saying which I will resist the temptation of quoting, because it might be misunderstood. . . .

An Honourable Member: Oh, no, we don't mind!

Sir H. P. Mody: Then, I would say that, when some people talk of open minds, they mistake a vacancy for an opening. ("Hear, hear" from Opposition Benches.) And, there is another saying also in this connection, "some open minds ought to be closed down for repairs". ("Hear, hear" from Opposition Benches.)

Sir, now there are only two issues before the House. The first is, has the Agreement been beneficial or otherwise, and the second is, would any injury result to this country if it were denounced? Before I proceed to tackle these issues, I would like to say a few words about the background of Ottawa. What is Ottawa? Ottawa, in my opinion, was a measure of self-defence in a time of abnormality, and justified on that single account if not on any other. I would like the House to just consider what restrictions were already in force before Ottawa came in. Quotas, prohibitions and State monopolies had been introduced by Czechoslovakia, France, Italy, the Netherlands, Turkey, Denmark, Poland, Japan, Sweden, and some smaller countries. Increased duties had come into force in Great Britain, Austria, Australia, Argentine, Belgium, Denmark, France, India, Italy, Poland, South Africa, and customs sur-taxes had been imposed by Canada and France. Sir, it was in the midst of a world which had been ringed in, that Ottawa came in as a measure of self-defence.

An Honourable Member from Opposition Benches: Nonsense.

Sir H. P. Mody: If that is my friend's only contribution to the debate, he can congratulate himself on it. Sir, the world trade at the time that Ottawa came in was already reduced to 74 per cent., taking 1929 as 100. Now, what do the figures show? I am not going to concern myself with details like coffee, cocoanut, linseed or groundnut. I am going to deal with the larger issues and with the larger figures. But I may say in passing, with great respect to my friend, Dr. DeSouza, that his standpoint on this issue does not seem to me to be at all correct. Assuming for a moment that the commodity in which he is most interested, coffee, has not benefited to the extent to which it might have,—I certainly refuse to believe that in any event it could have actually suffered,—I say assuming that the full benefit did not accrue to that commodity, he is here as a Member of the Legislature, and not as one who is interested in a particular commodity, and it is the Agreement as a whole, which has got to be considered.

An Honourable Member: What about the Merchants' Chamber?

Sir H. P. Mody: Now, Sir. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member had better not attend to these running comments.

Sir H. P. Mody: Very well, Sir. If they don't spare me these running comments, they will get the worst of it.

Sir, let me take a few of the larger figures. I take as my basic year 1932-33 for the purposes of comparison.

An Honourable Member: Why not 1921?

Sir H. P. Mody: Certainly not, because that would be a most fallacious comparison.

Now, the exports for 1932-33 were 136 crores. They went up to 150 crores in the next year and to 154 crores the year after, and, on the 11 months' figure which I have obtained, the total for 1935-36 promises to be 162 crores. I ask my friends whether they are going to challenge these figures. We have heard a great deal about the injury which has been inflicted on the export trade of India, but here are definite figures. I will now take the preferred articles. In Great Britain, we have gained an advantage of something like Rs. 7 crores. It was said that that advantage was more than offset by what we lost to other countries. My submission is that, on the seven months figures which we have got, that conclusion is not borne out; I arrive at a figure of Rs. 64 crores, which is very little less than what we had in 1932-33. Now, I would like to say one thing. I take 1932-33 so far as exports are concerned, in spite of the fact that that is a year which goes against my case. For a part of the year, even before Ottawa, certain preferences were in force, and therefore, the exports had already begun to look up. Still, I say, even on the basis of those figures, our export trade in preferred articles shows a positive gain in the United Kingdom market and a slight rise in the other markets. What is the position with regard to non-preferred articles? The fact is that from Rs. 7 crores—I am giving you round figures—the latest figures, on the basis of seven months, promise to show a total of nearly 11 crores. In foreign countries—and that is a point which has been repeatedly brought out, and quite rightly, based as it was upon the figures available to the public—in foreign countries, I say, our exports in 1932-33 were Rs. 31 crores, which went up to Rs. 46 crores in 1934-35. On that, I admit, a very legitimate argument was built up. It was said, "What is the use of this preference if in non-preferred articles our trade has gone up enormously?" Let me again, take the latest figures, and they show a rather different tale. 1935-36, if I take the estimate of seven months, will show an export to foreign countries of only Rs. 41 crores. My Honourable friend, Dr. Matthai, the other day, very clearly explained why it was that exports had gone up in non-preferred articles to foreign countries. He said that our position there was less vulnerable than in preferred articles. But there is another factor, and that is that whereas Japan took in 1933-34 Rs. 11 crores worth of cotton, in the following year her takings were Rs. 21 crores. In other words, practically the whole of this large increase, which had taken place in non-preferred articles to foreign countries, was due to the increased takings by Japan of Indian cotton.

As regards imports, the figures have remained stationary in the neighbourhood of Rs. 132 crores; so, I am not going to deal with them. I

deal now with what is of more importance, and that is, the balance of trade. What was the balance of trade in 1932-33? Rs. 4 crores. That illustrates the point which I want to drive in, and that is, that we had, by the time Ottawa was being negotiated, arrived at a stage when the effects of world depression had been felt and India had suffered in consequence. On account of quota restrictions, exchange difficulties, currency manipulation and the like, world trade had undergone a sharp decline, and India shared in that decline, with the result that in 1932-33 the balance of trade was only Rs. 4 crores. But, in 1933-34, it went up to 35 crores; in 1934-35, 22 crores; in 1935-36 (10 months' figures), 25·8 crores. It may be that the balance of trade that we have even today is not sufficient for our home charges and commitments. That may be, but to use this as an argument for condemning Ottawa does not seem to me to be logical at all.

Then, there is just one more figure, and that is, how India stands in relation to world trade. In 1932, the index figure of world trade was 74, it went up in 1934 to 77·5. Indian figures—1932, 75, and 1934-35, 86. So even from the point of view of our relation to world trade, we have not only not lost ground, but have actually gained. I say, therefore, the figures do not justify the conclusions which have been reached by the critics of Ottawa.

Now, Sir, we have heard a great deal about retaliation by foreign countries. This, in spite of the fact that it has over and over again been pointed out in the course of these two days' debate that the restrictions which have been imposed in various countries have been imposed, not because of India's action in allying herself with Great Britain at Ottawa, but in defence of exchanges, or for protection of agriculture and industry, or for redressing of the balance of trade. Another factor also has been pointed out very clearly, and that is, these restrictions have been made equally applicable to all. And a third important factor is that foreign countries could have no reason for complaint, because, even today, in spite of Ottawa, as much as Rs. 95 crores market, out of a total of Rs. 130 crores, is open to them, and in which they can compete on equal terms with any country, even the United Kingdom.

Sir, I have tried to show that neither the export trade nor the balance of trade has suffered and that foreign countries have no excuse for retaliation. What have we secured on the positive side? We have, first of all, secured a preferred market with India's most important customer. I draw my Honourable friends' attention to this particular point. The export trade from India to Great Britain, taken as percentages, was pre-War, 23—1930-31, 23—1931-32, 27—1932-33, 28—latest figures, 31. Whether you take the last few years of depression or the pre-War years, Great Britain has undoubtedly been our best and most stable customer, a customer who is increasingly taking more and more from this country. From that point of view, I am right in contending that we have, if we have done nothing else, secured at least this, that the largest proportion of our trade has been secured against the economic disturbances which are so prevalent throughout the world. Look at what is happening today with regard to the franc, look at what happened with regard to the Dutch currency. Even today many countries are faced with an economic crisis, and no one knows what the outcome may be. The world is still far from being right, and, if, at a time like this when we do not know what action may be adopted in foreign countries against us, not by way

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of retaliation, but simply in self-defence, the fact that we obtained security for the largest portion of our trade cannot possibly be ignored. Do not forget that Great Britain is not only our best and most stable customer, but that it has the least import restrictions. There are very few licenses, certificates of origin, or the like. It is a market to which goods can be sent without any of those harassing restrictions which are clogging international trade today. Finally, the advantage of having relations with a country whose currency stands out today as the most solid thing in a world of shifting sands cannot be exaggerated. From all these points of view, I say, it is irrelevant to argue that the Dominions have got a better bargain than India. Assuming for a moment that is so, what does it mean? That is only an argument for revising the Agreement. If you think that some other country has got a better advantage than you have, then you have a good case for going up to Great Britain and saying: "We want equal advantages". You are only concerned with this—whether Ottawa has hurt you or otherwise. That is your only concern. If, on the figures I have produced before you, the conclusion is irresistible that you have benefited, though not to the full extent of your expectations, I say, there is no point in the argument that other people may have benefited more.

Now, Sir, the next relevant consideration is, what would happen if these preferences were lost. Here is an important point to which I invite the attention of my Honourable friends. Supposing all these preferences were done away with as a result of our denunciation, what would happen would be that we would be at a disadvantage in the market of our best customer without any corresponding advantage in foreign countries. That is an important consideration. You would be at a disadvantage in the U. K. in competition with foreign markets. Here, Sir, I am quoting the testimony of one who was invited as an expert in 1932 and who had condemned at that time the Ottawa Agreement. I refer to Mr. Ghosh's latest booklet on the subject, page 88. He says:

"During these three years our position in non-British markets has deteriorated partly in consequence of British tariff and Imperial Preference and partly as a result of other factors making for bilateralism in international trade. Most of these impediments to the free flow of international trade, even some of those which were provoked into existence by the Ottawa Agreements, will continue to influence its course long after we have left the British preferential fraternity, so that though we might improve our position in neutral markets somewhat, the improvement will not be large enough to offset our probable loss in United Kingdom."

Now, it may be argued that we, as exporters of commodities that the world needs, have a position of advantage. I am not denying that, nor suggesting for a moment that, if we gave away these preferences, there would be retaliatory action on the part of Great Britain. My only point is this—that if you throw away this Agreement, then you would be at a disadvantage in the U. K. market, and many commodities would suffer a very considerable handicap. In this connection, I would like to refer to the argument of the Federation of Indian Chambers of Commerce on page 70 of their Memorandum. There they talk of the devaluation which has taken place in foreign countries *vis-à-vis* India, and they say that while India's currency has devaluated only to the extent of 40, Australia is 53, New Zealand 52, Argentine 64, and Brazil 69. If it is true that today

you are not able to compete against these countries, how are you going to do so when you give up the preferences which you enjoy in the U. K. market? I do not see the argument at all.

Here, I will say a word or two about bilateral agreements. My Honourable friend, Mr. Stewart, dealt with the question a few minutes ago, and, the other day, my Honourable friend, Sir Girja Shankar Bajpai, in a very able speech, discussed the question fully. I would only say this, that when you think in terms of bilateral agreements, please do not forget that they are only possible in respect of a very few selected articles. And if you have bilateral agreements, the most favoured nation treatment which has been accorded to us by so many countries would have to go. Suppose you went to Germany and said "You buy our cotton and we will give your machinery special treatment in our market". That would mean that if you went to France or to Italy with some other proposal, they would say "You must take our machinery also on the same terms". I repeat that bilateral agreements on a large scale or in respect of a large number of commodities are entirely out of the question.

Another consideration is that the balance of trade in favour of India, taking all the foreign countries together, is between 15 and 20 crores of rupees. Again, I refer to the Federation's case, as given on page 15. It shows that the balance of trade in relation to the Netherlands, Belgium, France, Italy, Japan, the United States of America, and the British Empire, excluding U. K. is in favour of India. How can you then go to foreign countries? They will say "What have you to offer?" Sir, it should be known to those, who are in touch with events, that quite recently the Government of India have been trying to negotiate some sort of a settlement with several countries where import restrictions have vitally affected the trade of India. Take Turkey, for instance. India exports to Turkey 36 lakhs of rupees worth of stuff, and India takes only about a lakh. What is the basis of negotiation?

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): None.

Sir H. P. Mody: Therefore, it is that we have not been able to negotiate any settlement with Turkey, and, for similar reasons, with Iran, Germany and Italy. Why is it that we have not been able to negotiate bilateral agreements with all these countries?

Mr. S. Satyamurti (Madras City: Non-Muhammadan Urban): Because of Ottawa.

Sir H. P. Mody: No, because of the consideration which I have pointed out.

Now, what would termination mean? Termination would mean that you would advertise to Great Britain and the world that you do not want an economic arrangement with the U. K.

Mr. S. Satyamurti: No. That is a misrepresentation.

Sir H. P. Mody: If that were not so, then there is no reason or logic in terminating the Agreement. I say "Negotiate and revise". I will illustrate my point to my friend, Mr. Satyamurti, in this way. Supposing that he and I had an agreement between ourselves, I to supply him

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with those beautiful *dhoties*, very cheap, for which Bombay is famous, and he to supply me with the coffee and curry powder which seem to constitute the chief claim of Madras to distinction. Well, Sir, supposing I went up to my friend there and said "I am going to tear up this Agreement; it is not much use to me; you are not taking enough of my *dhoties*, whereas I am being saturated with your curry powder". Mr. Satyamurti would say: "My dear fellow, don't be so unreasonable. I promise to revise the agreement. I will take more of your *dhoties*. Let us sit down and thrash it out".

An Honourable Member: Exactly.

Sir H. P. Mody: But you are not thrashing it out.

An Honourable Member: First terminate.

Sir H. P. Mody: I will take another simile. You say to your wife "Well, we are not getting on too well; you are having the last word on every subject and getting the better of the bargain; I am going to have a divorce, but don't be afraid, I am going to marry you again". (Laughter.) Sir, is there any logic about it?

Mr. S. Satyamurti: "We are going to give notice of divorce, not divorce".

Sir H. P. Mody: Why then threaten the poor girl with a notice of divorce".

Mr. M. A. Jinnah: She might come to her senses. (Laughter.)

Sir H. P. Mody: Now, Sir, I was going to say that termination, apart from its psychological effect on the minds of responsible people in the United Kingdom, would also create a very considerable amount of uncertainty and dislocation of trade. I prophesy we would lose, for a certainty, the free market we have for jute manufactures and carpets, for one thing; because, no longer will you be able to get that advantage again, since quite a number of protests have been raised by manufacturers of those articles in the U. K.

Mr. S. Satyamurti: Britain dare not.

Sir H. P. Mody: There would also be a considerable set-back in the takings of our cotton on the part of Lancashire. Sir, as a result partly of Ottawa and largely of the Indo-Lancashire Agreement, Lancashire has implemented her undertaking and she is now taking 400,000 bales of cotton; and, very soon, the time is coming, which I foresaw, when she will take half a million bales, and a very important customer she will be then.

Sir, a great point has been made of the fact that the various Chambers of Commerce have condemned this Agreement outright with one voice. Here. I would like my friends to know, incidentally, that I have been President of the oldest and the most important Merchants' Chamber,

and I am still on its Committee. So I am not going to speak with disrespect about the views of the Indian commercial community as voiced by the Federation. But, Sir, my attitude on occasions towards the views of the Indian commercial community is of the same philosophical character as that of the patient who was asked by his doctor to take great care of the water, and who boiled it, and filtered it and sterilized it, and then drank beer. (Laughter.)

Sir, it is a very important issue which is before the House, and I would ask my friends—how many major issues, within their knowledge, have they disposed of without reference to a Committee, straightaway by the vote of the House? The only argument that has been put forward in that connection is—“we know all that there is to know about it, already”, but, surely, when you have a tremendous mass of figures to deal with, they have got to be sifted and their value tested; and that can only come by examination at the conference table. After all, you are only suffering a delay of four or five months. The Government are bound to come to us in the Simla Session with a revised Agreement, which you can accept or reject. If they are not ready by that time, the House has the opportunity of denouncing the Agreement.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has spoken for thirty minutes.

Sir H. P. Mody: May I have only two minutes more? I will not tax your indulgence.

To recapitulate, I say it is somewhat premature to form any opinion on Ottawa, as the results have been vitiated by abnormal circumstances. Still, as I have shown, India's export trade has improved; it certainly has not suffered. The next point is that, in a distracted world trying all sorts of desperate expedients, India has retained, to say the very least, her position in the world markets. The third argument is—is it wise to give up that position and suffer a disadvantage in the largest and most stable market of all? Lastly, no corresponding gain is possible in other countries, with the balance of trade so largely in favour of India.

Sir, the whole world is filled with the noise of the tocsins which are calling the people to arms, and Great Britain is the only sure guarantee of peace and stability. (“Hear, hear” and *Voices of* “Oh, oh!”) It is unthinkable that, in these circumstances, India should throw away an economic alliance whose value has been demonstrated from so many points of view. (Loud and Prolonged Applause.)

Dr. G. V. Deshmukh (Bombay City: Non-Muhammadan Urban): Mr. President, I think there is common ground for all the parties on all sides of the House to meet, and I take it that that common ground is the welfare of India. Then, Sir, if differences of opinion are found here, why is it, and what is the explanation? The explanation is merely this that we on this side are considered to be so spiteful that we will even cut our nose to spite our face, and then, what we think,—and I may well tell you what we think of the people who think like this of ourselves; we think that these are the persons who refuse to guide their footsteps in future by the light of experience. It is well to go into what has been the experience of India with regard to this Ottawa Pact.

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Well, Sir, since the time at my disposal is very short, I may, to begin with, say with regard to this Ottawa Pact that the plot of this Pact was so cleverly laid that it will be worth while to go into its history at the beginning. Now, I may say that it was not an Ottawa Pact, but you may call it an "Ottawa plot". Sir, what happened? When the delegates were to meet at Ottawa, the Dominion representatives and the British representatives knew full well as to what they were going to discuss, and copies of all the papers and statistics were supplied to these delegates six months before. If anybody doubts that statement, very well I would ask him to read Mr. Baldwin's speech made in connection with this. Sir, that was not enough. When our delegates went to Ottawa, as we have heard in this House, the atmosphere was one of equality of political status, equality of economic status; all these questions were in the air, and, therefore, to a certain extent our delegates were influenced by some such consideration as this: "if we give some concessions, it is likely we may be able to get some kind of a better status" and all that was being talked about. Sir, what was the other thing which we claimed? We have heard much about the Rs. 20 crores of trade in tea which was included in Ottawa, whereas steel and textiles, which had already got a preference beforehand, were excluded. Now, it is well-known that, by this preference on steels and cottons, the great principle that was talked of at the time of this Ottawa Conference, that it will not interfere with the protection of industries, had been given the go-bye. Well, Sir, the tale is not complete. On the top of that, we find that, even after the Ottawa Pact, Great Britain has entered into reciprocal trade relations with no less than fourteen or sixteen nations. Well, Sir, that was at the beginning of this Ottawa Pact. Now, an attempt is being made for us to swallow this Ottawa Pact by all kinds of plausible excuses.

Let me take the most important of it that was just mentioned, and that was cotton. Now, as the House knows, there is no preference on cotton; yet, what is the position? We are told that the promise that Lancashire had made has been implemented and she, instead of two lakhs of bales, is already taking four lakhs of bales. Now, is this argument one which should appeal to this House? In the case of cotton, after all, even before the Ottawa Pact, Lancashire or England was taking three lakhs of bales. Now, although we have been told that Lancashire is taking nearly 200,000 bales more, in return for what is that? I would draw the attention of the House to that, Sir,—in return for six million yards of textiles. Now, the other day, we were threatened that if we did not, the Indo-Japanese Pact will soon be coming into its place. Therefore, I want to compare the position of India as compared with Lancashire and Japan. Sir, if the Japanese do get their textiles into this country, at any rate they are buying 15 lakhs of bales, and, for these 15 lakhs of bales, how much of their textiles is being imported into this country? 400 million yards. Look at the contrast for the goodwill of taking two lakhs of bales more by Lancashire, we allow 600 million yards, whereas Japan takes 15 lakhs of bales and she is allowed only 400 million yards. Therefore, all this threat about Anglo-Japanese Agreement does not frighten us, because looking at it from the agriculturist point of view—now I am very glad that the previous speaker said that the question in this House should not be thought of in an isolated

fashion, as my Honourable friend, Dr. DeSouza, was told that the question should be thought out in a comprehensive fashion from a national point of view—therefore, looking at it even from the agriculturist point of view, there is nothing to be frightened at this cotton question. For the textiles that Japan sends here, we are sending our raw cotton. Now, supposing that we do away with this Ottawa Pact, what is it we are going to be threatened with as far as cotton is concerned. I suppose 30 lakhs of bales are utilized by our own country, Japan takes 15 lakhs of bales, China takes five lakhs, then hardly two or three lakhs of bales are left over unconsumed, and perhaps the best proof, that I can give this House as to how the Ottawa Agreement has affected this cotton and textile business, is the way in which the Bombay textile mills are closed at the present moment. Before this Ottawa Agreement came, there were many Bombay mills which were working in full swing. After this Ottawa Agreement and the agreement with Lancashire, as my Honourable friend, Sir Homi Mody, will corroborate me, many mills in Bombay were closed down. This is what happened to the textile industry after the Ottawa Pact. I say even apart from the textile industry, look at it from the agricultural point of view. What is there to be frightened with so far as Japan is concerned. Even from the revenue point of view, I suppose that we will always be having these higher duties on Japan, and, therefore, even if Lancashire cloth does not come in, I say more revenue will go into the Government coffers. This is so far as cotton is concerned.

Let us take tea. We have been told that our export trade in tea amounts to 20 crores. I submit, over this tea, again, there was a trick played on the Indian industry. As my Honourable friend, Mr. Joshi, pointed out, it may be an Indian industry, but it is really an industry with almost entirely English capital. However, I do not want to take that line of view. I say what was the good of having this preference to tea when already quotas were established and whatever preference you would have had would have made no difference to your tea. There is one thing more I want to point out with relation to this tea. We had this preference of 2*d.* per pound, as the Honourable the Commerce Member said the other day, but what is the result of this Ottawa Agreement? Actually more than ten millions pounds of tea have been sold by China in the English market from the time when this Ottawa Agreement came into working.

Now, Sir, so far as the other products and commodities are concerned, for instance wheat, what was the good of saying we give you preference on wheat when at the time it was thought that it will not make much difference to the wheat industry and to the rice industry. These two industries are in the same position as they were before the Ottawa Pact came into existence. It is true that Great Britain might have purchased 50 lakhs worth of rice, but we have lost more than four crores so far as rice export is concerned. Therefore, whichever way we look at it, we find that, after the Ottawa Pact came in, we have been losing particularly on these commodities to which preference was given, except coirs and rugs, as has been mentioned in this House. What is the conclusion that we come to? The conclusion is only this that whatever preference was given to us, those preferences were either inadequate or useless or they were circumvented in one way or the other. Take coffee and groundnuts. We were given preference and we were supposed to have a rise in the

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export of these products. It might as well be that we were given no preference at all. After all, if you must give preference, you must give adequate preference. If an examinee wants 100 marks to get through an examination, then if the examiner only gives him ten marks or even 20 marks, that is not going to make the examinee pass the examination. If he must get anything at all, he must get pass marks. Therefore, you will find that so far as this preference is concerned, it is so adjusted that either the preference is absolutely inadequate or it makes no difference to the export of such commodities. I have already said about wheat and others. The second way in which these preferences were circumvented were by means of indirect ways and the indirect ways can perhaps be better exemplified in the case of linseed than anything else. It is true that in the case of linseed, England is our best customer. But we have been beaten down so far as linseed is concerned by Argentine and other non-Empire countries. Here again it may be worth while to draw the attention of the House to the way in which it was managed. I suppose the House or the other side has already heard of the drawbacks. On one ton of linseed, the import duty was £3-10-0 and the drawback allowed was £3. Now, during the time when this linseed was imported into England, actually so far as linseed oil and other vegetable oils are concerned, we have been practically wiped out of the British market to the extent of 2½ million lbs. though Sir Joseph Bhole thought at the time that it would come to this country. Therefore, looking at it from all these points of view, you come to the conclusion that either the preference has been no good or that it has been inadequate or that we have been tricked out of the advantages which we might have got. Now, I want to put a practical question. Supposing we enter into a commercial agreement with any other party, do you think we will keep our contracts with a party that has entered into a contract with us on such—I may honestly say—dishonest terms. Would we not say, “well, this is a party that has no commercial honesty, and, therefore, let us terminate this contract”. Sir, before this Agreement, we had built up a trade, and the position so far as India is concerned, was quite different to the position that we had before. We had established international markets from China to Peru, we had established markets in every country, and we are told that during all this period of crisis, all those markets would have disappeared, and, therefore, that it was better to make certain of a certain market that Britain gave. It seems to me that is very much against practical common sense of even an ordinary housewife, who does not like to put all the eggs into one basket. What is more, all the baskets are being utilised at the present time to catch only one egg, that is the British market. This is the most unfortunate part of it. The position, therefore, is that it is absolutely even against common sense.

Now, Sir, a good deal was said about exchange. I take it that trade means prices, and prices mean currency and currency means exchange and however much you may hide it from the House or the public, the crux of the whole question is exchange. If the international trade means anything, it means control of the exchange, control of the exchange means control of currency—What is the good of saying we will go into committees of all kinds so long as we cannot control our currency or exchange. So long as we have no power to alter the currency or exchange, it is futile to go into committees. All that you would be doing by going into

committees is that you will be applying a little ointment to your bruised souls. So long as you cannot control currency and exchange, it is futile to go into committees. Did not England control her currency all of a sudden and devalue the price of the pound to something which was not before generally in the interest of her export trade? I want to put a straight question to the Honourable the Commerce Member. Is he in a position to say that currency can be controlled by us? He can as well consult his Honourable colleague, the Finance Member. I know what the Honourable the Finance Member will say. He will say, "No, so far as currency and exchange is concerned, it cannot be interfered with". I will request the Honourable the Commerce Member to ask the Honourable the Finance Member another question: "Not only will he change, but can he change"? We all know that the Honourable the Finance Member cannot do it. Therefore, so long as we cannot control our own currency or exchange, which means our export trade, it is idle to talk of increasing our export trade and increasing the prices by merely appointing committees and saying, we will consider. What are we going to consider? When the committee sits, what other evidence is going to come forward before the committee? Are there going to be any new figures? Have we not seen the working of the Ottawa Pact for the last three years? And then, in the next two or three months, as long as the committee sits the members of the committee may make their hair grey and those whose hair is already grey may make themselves bald; but there are no new facts. There is nothing to talk about and nothing to control. We cannot modify anything, and then we come into the House and say, let us go into a committee. I agree entirely with the Honourable the Commerce Member that the question is very complex and that it will mean that the interplay of opinion would make a very considerable difference; but situated as we are, we know as practical men, and I am sure all must agree that as practical men we have absolutely no control over the state of our own affairs. We cannot devalue our currency; we cannot influence the prices; we cannot do anything so far as the indirect ways of doing away with the advantages or preference in the British market is concerned. And then what is the good of going into this committee? Instead of this Pact which was a sort of trickery and which was nourished on self-interest, it is better that it should be repudiated. I say, let this be repudiated, and do not let us go into any of these farces of committees.

Mr. M. S. Aney (Berar Representative): Sir, the debate over this question has been going on for the last three days and almost all the important points from which the problem can be looked at have been thrashed out. Nobody can at least so far as I am concerned, I myself at any rate, cannot hope to contribute any new idea or any new thought to the debate. Yet, my excuse for intervening in the debate is that there are one or two points with which in the interests of my constituency I am intimately concerned, and I think I should have my say before recording my vote on this important question.

When the debate was opened, the Honourable the Commerce Member very earnestly called upon the Members of this House to approach this question purely from the economic point of view. He wanted us to rid our minds of all our political inclinations and ideas and look at it purely as an economic proposition and nothing else. It is a suggestion which was no doubt of great importance, but I believe some of his friends who

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were sitting behind him did not quite approach the question from the same dispassionate and economic standpoint from which he wanted us to approach it. For example, I will like to refer to the special plea which my Honourable friend, Dr. Matthai, put forth in supporting the motion of his chief. He asked us to look at this Ottawa Pact from the particular purpose and scope of the Agreement and form our opinion on that basis; and in explaining the purpose and scope of that Agreement he said that the idea was to create an economic bloc,—one Empire economic bloc. And from that point of view he wanted us to look at the figures and say whether this Agreement has justified itself or not. I want to understand what is the meaning of the idea of creating one Empire economic bloc. Is it not in furtherance of the idea of Imperialism? Has it got any other meaning? If it is for that purpose, how can we help looking at this question from the point of view that the whole policy underlying the Ottawa Pact is intended to foster the idea of Imperialism and in furtherance of the objective of Imperialism? That being the very basis on which this whole Agreement stands, it is very natural that the judgment of those who are opposed to this idea of Imperialism are likely to be influenced by this feeling. As a matter of fact, I do not consider it as in any way criminal to take a political view of a thing like that, although I am prepared to examine it from the economic point of view. I think it is perfectly justifiable for us to say that we are opposed to Imperialism. It contributes, in fact, one of the great arguments and reasons for us to make a very careful and searching study and examination of the whole thing and find out whether, apart from supporting the political policy of Imperialism, it does any tangible good to this country at all. The only standard from which I should like this House to examine this Pact and its effect on the country is the interest of India and India alone and nothing else. Whether it creates an Empire bloc is not the thing I wish the House to consider. Is it in the best interests of India as a nation? Apart from its connection as a unit of the British Empire, has this benefited us as a nation?

With these preliminary remarks, I will try to fix your attention on one or two important figures only. I am one of those who are reluctant to deal with figures. In fact, I was going to begin my speech with a remark that it would be better if you, as the President of this House, had the power to prevent Members of this House from making unnecessary and extravagant use of figures in their speeches. I have heard that, in certain municipalities, they have got the right of making rules to prevent the use of barbed wire for the purpose of fencing their compounds within the limits of the municipal towns. The use of these figures is something like the use of the barbed wire. In my opinion it makes it difficult for a man to enter into the speech delivered by any member on account of the many statistical figures coming in way or obstructing and even cutting him as soon as he makes an attempt to go and look into it. And when these figures are given out one after the other in rapid succession we hear them talking in millions and billions we do not understand what it is exactly that is being said. The sound only remains or lingers in the ears and the sense escapes. And I believe, Sir, you have got the power to prevent sounds without any sense from being made in this House. However, apart from this, my point is this, that in considering this question I will try, as far as possible, to fix the attention of this

House on one or two important figures. I will proceed with the fact that India is an agricultural country; I will also proceed with the fact, which is not denied by anybody, that it is a debtor country. In a country like that the most important fact with regard to its trade that has to be borne in mind is whether any particular arrangement that we are going to make with regard to its trade is to result in returning a favourable balance of trade or not. All trade agreements and transactions have to be judged from this point of view. If they are not going to give us a favourable balance of trade it becomes a matter for serious consideration for us to look at the whole arrangement and doubt its soundness also. I believe it has been brought to the notice of the House by several speakers that leaving aside the previous years, even taking one year previous to the one in which there was the trade agreement, we find that the trade balance in our favour has not been what it was in the year 1931-32. In the year 1934-35 for which we have got the latest figures here, the figure indicating the balance of trade has gone down considerably. The fact is admitted that from 35 crores we have come down to 22 crores—that is our balance of trade at present. Now, my Honourable friend, Sir H. P. Mody, has very ingeniously tried to avoid taking the figures for the year 1931-32: he is enamoured of the year 1932-33 simply for the reason that that was the year in which he found that the balance of trade which had precipitately fallen to four crores from 35 crores at which it stood in the year 1931-32. He hopes to end the year 1935-36 with a balance of 25 crores. I am not going either to question or to accept the figures which he has quoted for the eleven months of the current year. We know how in revised estimates these bogus estimates of figures for remaining months very often are unset and some other figures are given later on when actual accounts are made. It is no use going on imaginary figures. The best course for us is to proceed on a data which is unquestionable and which is unchallengeable, and going by that data we have no hesitation in saying that the balance of trade has come down to 22 crores, and looking at the figures that have been supplied for the seven months of the year 1934-35, the balance of trade threatens to remain stationary somewhere at that figure. There is no reason for us to make a bolder speculation: that is all that I can say.

I also wish this House to remember that the Ottawa Agreement is an Empire Agreement. Sir, if you examine the figures of exports only, you will find that in 1934-35 the exports from India to the Empire countries, including the United Kingdom, were only worth 72 crores. It means that so far as the export trade of India to the Empire countries, including the United Kingdom, is concerned, this is no expansion at all; as the figure of our exports was precisely the same in 1931-32. If there is any expansion, it is only on the import side, and there we find virtually a regular increase of something like eight crores so far as the whole of the Empire trade is concerned.

Dr. P. N. Banerjea (Calcutta Suburbs: Non-Muhammadan Urban): That is detrimental to our industry.

Mr. M. S. Aney: What is the meaning of that? If any Empire Trade Agreement to which we have been called upon to be a party is not going to help us in the expansion of our export trade within the Empire, but on the other hand, our country is going to be a market for all sorts of imports within the Empire, are we going to gain or to lose? Anybody

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will be able to answer that question. In this connection I must bring to your notice a very important passage from the Report which Dr. Matthai has published. He wants to proceed by a particular test in judging of this Agreement—I believe he is the author of it. He says:

“It must, however, be clearly understood that the effects of preference in such a case can be judged truly only from the position of India in the United Kingdom market. If India has improved her relative position in the United Kingdom as disclosed by her percentage share in the total imports, other things being equal, the preference must *prima facie* be deemed to be valuable.”

I am glad to find here that Dr. Matthai wants to rely on percentages, while the other day in his speech here he said that percentages were a dangerous thing and from his own experience—he added that he had considerable experience in dealing with statistics for a number of years—they were deceptive. And he wants us to apply a deceptive test for the sake of judging the success or failure of the Ottawa Agreement. I would like him either to revise the opinion he has expressed in the House or revise the opinion which he has expressed in this book. Probably this was written by him as an expert, and what was said by him in his speech was as a supporter. Further on he says in the book:

“Whether India's other customers have taken relatively more from us than the United Kingdom is not quite relevant to this issue.”

Why not? If, by making an arrangement with somebody with a view to getting at least what I have been getting up to this time, you give me something more, but I am losing more elsewhere, then I must say that I have been carrying on this arrangement to my disadvantage. The very fact that I have been called upon to be a partner to this Agreement means that either I shall be able at least to make up in those countries who are parties to the Agreement, by getting a preference, all that I shall have to lose elsewhere in the foreign market. If that is not the result, the Pact has to be declared a failure. It is naturally a wrong test, and Dr. Matthai wants every sensible Member of the House to judge the result of the Agreement by it. Everyone may not know so much of mathematics as Dr. Matthai knows, but every one of us knows ordinary calculations, and if we are losing more in our trade with a foreign country and are not recouped to that extent by the expansion of trade in the United Kingdom and other Empire countries, the result of the Agreement must be declared to be a miserable failure. There is no justification for its propounders to stand behind it and support it, when there is a positive shrinkage of seven crores in the exports to foreign countries from 1931-32 to 1934-35.

Leaving aside that point, I must also remind the House of the hopes that were held out in this House by those who propounded the Agreement. I am not going to examine the various articles in the case of a number of which we expected to have a big market—they have been enumerated more than once and by more than one speaker, on the floor of this House and I do not want to repeat them. The agriculturists were looking up to the Agreement with the expectation of making at least a fraction of those fabulous crores, but they have been looking up only to find that none of these crores is coming to their pockets at all.

I would like to draw the attention of the House to another fact, namely, that the Agreement has to be judged by the totality of its effect upon the totality of our trade. So far as the figures of articles of preference

are concerned, they have been discussed by so many Members that I do not want to repeat them. It has been shown that the preferences have not worked to the advantage of India. My Honourable friend, Mr. Satyamurti, has in a note, which he prepared at the very beginning and which was circulated among the Members, pointedly drawn attention to the fact that in an agricultural and debtor country like India, if the balance of trade is not sufficiently in its favour it is difficult for that country to meet its foreign commitments. That is a very serious problem, and, if we are losing ground there, we are losing ground on the very foundations on which alone a satisfactory and strong device of economics can stand.

Sir Girja Shankar Bajpai and others asked this House not to look at the question purely as a casual matter. Let us look at it very seriously. Their reply to the argument of diversion of trade—which has been no doubt emphasised very properly from this part of the House—has been that whatever you call diversion is a thing which has already begun and cannot be attributed to be due to this Agreement. I only want to bring to the notice of my Honourable friend, Sir Girja Shankar Bajpai, a passage from the "League of Nations—World Economic Survey, 1932-33". He quoted the League of Nations for two other purposes in the course of his speech, but I want to bring to his notice a passage which shows that the authors of the Survey at any rate look upon the Ottawa Agreement and other agreements of that nature as likely to provoke retaliatory measures from other countries. Not only that, but they are clearly of the opinion that the measures that have been taken must be retaliatory although, on account of the shortness of time, it may not be possible to show clearly its effect upon the totality of trade in the whole world. The passage I wish to read is this:

"These concessions"—referring to Ottawa concessions—"were accompanied in practically every case by some raising of the barriers against foreign goods, and it is not possible yet to judge from the statistics of a limited period, during which the crisis has been aggravated, as to the net effect on world trade as a whole. In so far as the aggravation of the crisis was partly due to the closing of British markets against foreign goods"—he is here referring to the Ottawa Agreement *specifically in this sentence*—"and to the retaliations thereby provoked it is probable that the net effect to date has been restrictive."

About diversion our friends here say that this is not retaliation; yes, foreign countries have not taken measures by declaring that they are retaliatory; but we must remember that the language of objects and reasons of such measures is of the diplomats, who are more diplomatic than the Honourable Members who sit on the Treasury Benches; they are past masters in the use of language like that. As I say, the authors of this report have certainly no doubt that the net effect has been restrictive; so, a thing of this nature is bound to provoke and has provoked retaliation.

Now, the question is this: is it wise for us to enter into agreements of this nature? That is the first point. I do not say that no agreement is necessary, that is not my point: but, situated as we are, is it wise for us to enter upon such Agreements? The reason is this. What is meant by Empire Agreements of this nature? Against whom do we want protection? I have already stated that we are an agricultural country. Some of the important exports which we sent to the United Kingdom are the very commodities grown in Canada, Australia, New Zealand and other places. They are our worst competitors. This arrangement gives

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preference for all. So far as the United Kingdom is concerned, against the competition which Canada, Australia and New Zealand carry on with regard to many of the commodities that we grow as agriculturists here, we receive absolutely no protection; and actually the inclination of England is to look up to those markets for those things instead of our markets. That is the reason why I say that some of the commodities which have been mentioned in the Agreement as being likely to lead to considerable expansion of export trade in future have shown absolutely no expansion at all: their needs and requirements are probably supplied from other parts of the empire where they can have it cheaper than they can get it in the Indian market. That is the reason why not a grain of wheat has been exported from Karachi, and about that the whole story is told here. Apart from that, there is another thing also. They will make an agreement with us: they are a creditor country: they have got debtor countries also in America and other places; with them they make other agreements, and in those agreements they stipulate to receive considerable quantities of those very articles about which they are going to give us a preference in their markets. That is the reason why they have made agreements with Argentine; and by that agreement they create a situation in which any preference given by them to commodities exported by the Indian people becomes useless and nullified. They have got the freedom to enter into bilateral agreements with any country they choose to their own advantage. They have not bound themselves to go in for any particular quota with us. This Agreement is very peculiar. Certain preferences are given, but they can purchase in the cheapest market: they have got nothing to bind them; and, in those circumstances, I am quite sure that India will always be at a great disadvantage.

I shall quote in this connection only two opinions—one from an authority who, I am sure, will not be accused of having any political bias, one who is a wellknown authority on industrial and economic questions in India, I mean Sir M. Visvesvarayya. On page 159 of his book on Planned Economy for India, a book to which reference was made by the Honourable the Finance Member in the course of one of his budget speeches he says:

“As this book was passing through the press, the official report on the results of the year 1933-34 has been published and it is found that in respect of several important commodities included in the Ottawa scheme of preference the anticipated results to India have not materialized.”

That is opinion No. 1:

“The share of the British Empire in India's foreign trade has steadily declined in recent years. Taking imports and exports together, India's trade with Empire countries fell from 57.1 per cent. during the war to 45.3 per cent. in 1932-33 and with the United Kingdom from 41.2 per cent. to 32.2 per cent. It is evident that the bulk of India's foreign trade is with non-Empire countries (*that is an important point to note*) and India cannot, therefore, be too careful that in accepting comparatively minor advantages from Empire countries she does not antagonize non-Empire countries and jeopardise the prospect of further expansion of her valuable trade with them.”

This is the opinion of one who has given the whole of his life to the study of economic questions and industrial problems of India, and ought to carry more weight than the opinion of my Honourable friend, Sir

Homi Mody. There is another opinion which I would like to quote—that of Mr. Ghosh to whom reference was made by my Honourable friend, Sir H. P. Mody: Mr. Ghosh is a disciple of Dr. Banerjea, and we have heard the opinion of Dr. Banerjea in this House. There is, therefore, not much reason for us to be anxious to know his opinion; but as reference has been made to that opinion I wish to bring to the notice of the Honourable Member concerned the following passage:

“Thus the Agreement has succeeded only in parts. In other parts it secured illusory benefits to our exports in exchange for real burden on our imports.”

That is the opinion he has expressed in this book

Sir H. P. Mody: It has succeeded in parts: that is all that we claim.

Mr. M. S. Aney: To sum up, I have shown that the Agreement has not showed results which are beneficial to the true interests of India. Situated as we are, it is no good to have such an Agreement like that unless we really get freedom to negotiate as we like. How to get out of this rut? I believe the motion tabled by my Honourable friend, Mr. Jinnah, suggests a solution. Wedded as we are—to borrow the metaphor which my Honourable friend, Sir H. P. Mody, used, on the floor of the House—against our will, we find it a very miserable friendship. It is a very unhappy affair here. What is the way out? I want my Honourable friend, Mr. M. A. Jinnah, to speak in the name of the House and declare in the name of Indian Trade and Commerce, in the presence of our President as Qazi, “*Talak, Talak, Talak*”. (Loud and Prolonged Cheers.)

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I intervene in this debate with considerable diffidence. We have been discussing the Ottawa Agreement, as the last speaker reminded us, for some two and a half days and there is little that any speaker, either on this side of the House or the other, can usefully add to what has already been said. As my Honourable friend, Mr. Satyamurti, has very truly remarked, we have heard great argument about it and about; but I have no doubt whatever that this afternoon we shall leave this House for the lobbies by the same door through which we usually pass—eyes to the right and noses to the left. And I know full well that though I spoke with the tongue of men or of angels though I had at my command all the subtle dialectics of the Leader of the Opposition or of the Independent Party, all the exuberant rhetoric of my Honourable friend, Mr. Satyamurti, I am not going to convince my Honourable friends opposite that there is a very good case for sending the Ottawa Agreement to a Committee of this House. But that, Sir, is no reason why we, on this side, should allow their arguments to go by default. We have endeavoured to present to the House the facts on which alone a true judgment can be formed, and I cannot but believe that our presentation of them should carry conviction to the minds of those whose eyes are not obscured by the mists of political prejudice. My Honourable friends opposite have stoutly maintained that they view the Ottawa Agreement as a business proposition and that they have examined it in no other light. I would not for a moment seek to minimise the sincerity with which they hold that conviction, but I must frankly say that I should have more confidence

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in the foundations of their belief that they have approached the Agreement in an entirely dispassionate frame of mind if I saw any evidence that they had devoted a tithe or even a hundredth part of the energy with which they have, in their view, torn the Ottawa Agreement to shreds to an examination of the working of another agreement of almost equally grave import to India.—the shadow of the revision of which is looming in the near distance. I refer to the Indo-Japanese Agreement of which I shall have more to say presently. Dr. Matthai has reminded us of what he, not unjustly, described as the avalanche of emotional literature on the Ottawa Agreement which has snowed us all under. I have yet to see the first snowflake of pamphlets on the subject of the Indo-Japanese Agreement.

As I have already indicated, Sir, I can do little more in the brief time at my disposal than to cross the t's and dot the i's of those who have spoken from these Benches and of some of those who have spoken from other Benches and to make some attempt to focus the arguments they have adduced. Though this has been done by previous speakers, I should like, at the outset, to carry the House back for a few moments to the atmosphere of 1932, for it has a very important bearing on a point raised by my Honourable friend, the Leader of the Opposition. We were not, in 1932, living in normal times. We are not living in such times now, and Heaven knows whether any of us in this House today will ever again live in them. But we have got a little more used to abnormality than we were in 1932. An economic cataclysm had then befallen us. The disastrous shrinkage in the world's trade which resulted from it led to intensified competition for such trade as there was, and all countries felt compelled to take defensive action. A certain measure of restriction in international trade thus became inevitable. The Ottawa Agreement was an attempt to place some limit on the growing contraction in the range of that trade. Empire countries whilst defending themselves against the competition of other countries attempted to organize inter-imperial trade not on a free trade basis—that the fiscal history and traditions of many of them made out of the question—but on a freer trade basis than had previously existed. Instead of completely surrendering the principle of international trade, they attempted in the Ottawa Agreement to preserve that principle amongst the countries included in the British Commonwealth of Nations, as a first step towards a similar arrangement for the World Commonwealth. It is important to remember that, at the same time, in regard to those commodities which the constituent countries of the Empire could supply for their own requirements, the principle that the home market should, as far as possible, be preserved for home industry was recognised. The Ottawa Agreement definitely recognises the right of India to protect her own industries against competition from other countries under the policy of discriminating protection.

Such, Sir, was the Ottawa atmosphere as I understand and remember it. The Leader of the Opposition has told us that it was the obvious duty of the Government to wait and see how the Import Duties Act of 1931 worked before they entered into an agreement. They should have waited until duties had been imposed, until the harm was done, for we have to remember, Sir, that it was the United Kingdom that proposed to impose new duties, not India. I can well imagine, Sir, the storm of criticism that would have broken over our heads if we had done so. We

should have been told that we had been given a chance of negotiating with the United Kingdom and other parts of the Empire on equal terms, that we had deliberately turned our backs on it, and that we had in short displayed the usual callous indifference to the best interests of India that we invariably display. In this matter, the views of the Leader of the Opposition and Professor Banerjee display a striking difference. The Leader of the Opposition realises that the threat of Import Duties against Indian products, in 1932, was a real one. Professor Banerjee holds that the United Kingdom could never be so "perverse and foolish" as to impose duties on raw materials. We, on this side, do not share his easy optimism. We did not share it in 1932 when we sent a delegation to Ottawa, nor do we share it now when the question of denouncing the Agreement then and there arrived at is under consideration. India is not the only source on which the United Kingdom can draw its materials. Ceylon can supply her tea, Kenya her coffee, and West Africa her groundnuts. And, coming as he does from Bengal, let me remind him of the preference of 20 per cent. on the Rs. 1½ crores worth of jute manufactures that India sends to the United Kingdom. Is that preference worth nothing to his province and would not its abolition be a source of some satisfaction to Dundee?

There are, Sir, two subjects about which we have heard a very great deal in the course of this debate—diversion of trade and bilateral agreements. As regards diversion of trade, the position as I see it, is that, since 1932, as the result of the Ottawa Agreement and the stabilisation of our exchange with the United Kingdom, we have been able to preserve and, in many cases, to increase our export trade with the United Kingdom, but that, as regards foreign countries, the uncertain conditions of international trade in respect both of tariffs and of exchange have led to a continued decline in that trade. What I would suggest to the House is that, if we had not been able to make an Agreement with the United Kingdom, we should have been faced with a decline in our export trade to the United Kingdom also. And what I would also suggest to the House is that to make the diversion of trade argument of real validity, it would be necessary to establish that the decline in our export trade to foreign countries was of general application and covered *all* commodities on which a preference has been given. Dr. Matthai has shown that this is not the case. May I supplement his argument with a few figures? Take that commodity which has figured so largely in these discussions—linseed. In 1931-32, we exported to the United Kingdom 14,100 tons of linseed. This increased in 1934-35 to 103,800 tons. During the same period, our exports to other countries increased from 106,000 tons to 134,600 tons. There is no diversion there. Take woollen carpets and rugs. In 1931-32, our exports to the United Kingdom were 3.5 million pounds. In 1934-35, they were 8.2 million pounds. During that period, exports to other countries increased from 1.3 million pounds in 1931-32 to 1.9 million pounds in 1934-35. Clearly, Sir, there is no diversion there. Tanned skins are an important item in our export trade amounting as they do in value to over Rs. 3 crores. Exports to the United Kingdom in 1931-32 were 4,900 tons and in 1934-35, 5,700 tons. Exports to other countries increased from 700 tons in 1931-32 to 800 tons in 1934-35. Again, Sir, there can be no question of diversion. Yet another item of some importance in this connection is oilseed cakes, the total value of the trade in which is nearly Rs. 2 crores. In 1931-32, the exports to foreign

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countries amounted to 1,87,200 tons. In 1934-35, they had fallen to 1,37,100 tons. But let those who maintain that this is a clear case of diversion hear the figures for the United Kingdom. In 1931-32, the exports to the United Kingdom were 1,03,600 tons. In 1934-35, they were 2,10,900 tons, a gain of over 100,000 tons, almost exactly double the fall in the exports to foreign countries. It is, I venture to think, clear that no argument in regard to diversion applies here also.

Now, Sir, it is high time that, as Member in charge of that badly misnamed portfolio, Industries and Labour, I turned my attention to a point which has been specifically put to me by my Honourable friend, Mr. Satyamurti, the effect of the Ottawa preferences on Indian industry. There are two aspects of this question, the effect of the Indian preferences on British exports to India, and the effect of the British preferences on Indian exports to the United Kingdom. It is in the first of these that Mr. Satyamurti is specially interested. In words with which I found myself in complete agreement—in fact, I said very much the same thing in this House a few days ago—he stressed the importance of small industries in the economic structure of this country. He wanted to know what effect the preferences have had on them. His question well illustrates the advantages of the Committee we have proposed which could examine this question in detail. We have plenty of information that we can place before it. Before the Indo-Japanese negotiations commenced, we made an exhaustive enquiry into the range of competition between Indian and foreign manufactures—large as well as small scale industries. Since the Ottawa Agreement came into existence, we have had occasion, in the case of a considerable number of minor industries, to examine the preferences given, and, except in the one case of aluminium, there has never been a suggestion that British competition has affected an industry. On the contrary, in at least two instances, the cotton hosiery industry and the brewing industry, it has been definitely stated that the industry has no objection to the grant of preference to the United Kingdom. I would here adapt an argument used by the Leader of the Opposition. He said that the silence of the United Kingdom in regard to the termination of the Agreement meant that it was completely satisfied with it. I wonder whether, after hearing what my Honourable friend, Mr. James, has said on this point and that the Associated Chambers of Commerce in the United Kingdom want an early opportunity for consultation with India on this question in order, as they put it, to prevent a situation developing in which it may be necessary to give notice of termination of the Agreement, he is quite so sure about either the silence or the satisfaction. But if silence is to be regarded as such striking evidence of satisfaction as the Leader of the Opposition appears to think, then Indian industry with one small exception is completely satisfied with the Ottawa Agreement. For, with the exception of the aluminium industry to which I have referred, no industry has complained that Ottawa has either increased the cost of its raw material or in any way adversely affected it. I need not enlarge on the case of aluminium which was fully examined in the 1933-34 Report on the working of the Agreement, in which the conclusion was reached that an ample supply of raw material was available to the industry and that its price had fallen steadily since the termination of the Agreement. Nor does time permit me to deal with the belated representation the industry has just sent in. I might, perhaps, here make a point which seems to me of some importance. It is that a preference by itself cannot

affect any shelter enjoyed by an Indian industry under the tariff. What really matters is the level at which the basic and preferential duties are fixed. That was a consideration which was kept prominently in mind when the duties under the Ottawa Agreement were fixed.

I would give two instances. In the interests of the indigenous film industry, raw films were made dutiable at 15 per cent. for British films and 25 per cent. for foreign films in order to enable the indigenous industry to get its raw material as cheaply as possible. On the other hand, in the interests of the Indian oil extractor, coconut oil was made dutiable at 35 per cent. foreign and 25 per cent. preferential in order to ensure the maximum benefit to the Indian producer. Mr. Satyamurti specially mentioned soap. I trust he has been convinced by his visit to the Exhibition to which I referred the other day and at which I had the pleasure of meeting him yesterday that there is none of the smaller Indian industries that has made more progress than the manufacture of soap. That in itself shows that the Ottawa preference of ten per cent. on toilet soap—not on household and laundry soap—does not prejudicially affect the Indian industry. There is further evidence. I have not got with me separate figures for imports of United Kingdom soap, but the imports of soap for all countries in 1934-35 were only 207 tons against 303 tons the previous year. May I add that one of the activities of the great enterprise with which my Honourable friend, Sir Hormasji Mody, is connected, is the manufacture of soap of excellent quality? I am glad to present him with this free advertisement and I hope my Honourable friend uses it himself as I do. He does not suffer in silence (Laughter), and if there were any case in regard to the effect of the Ottawa Agreement on soap, I am sure we should have heard of it before now. In any case, both in regard to soap and to another commodity mentioned by Mr. Satyamurti, woollen goods, the Ottawa Agreement did not lower the existing duties. It is true that in the case of the third class of articles to which he referred, toys, the existing duty was lowered from 50 per cent. for British manufactures, but does he sincerely believe that toys of British manufacture would be in effective competition with Indian toys even if the colossal duty of 40 per cent. *ad valorem* were not imposed on them? The small industries of India may not be well organised, but they are vocal, and I maintain, Sir, that their silence on the question of the Ottawa preferences is significant.

Now, I turn to the other side of the picture, the effect of British preferences on Indian industry. As the House has been reminded in the course of the discussion, there are a number of Indian industries which receive preferences on their exports to the United Kingdom. I have already mentioned manufactured jute and woollen carpets and rugs. Of the others, pig iron, finished leather, unfinished leather, coir manufactures, granite setts, magnesium chloride and sports goods, there are some which deserve more than a passing reference. Before I make that reference, I would remind the House that the total value of our export of these goods to the United Kingdom in 1934-35 was approximately Rs. 9 crores, and that the preference on them ranges from ten per cent. to 30 per cent. They have free entry which would be lost if the Ottawa Agreement were denounced.

Of the articles now under discussion, it is not, I think, incorrect to describe cotton manufactures,—a small trade it is true, but one which, I am sure, will grow with better arrangements for the marketing of the better hand-made goods which are being turned out—unfinished leather and coir manufactures, as in the main the products of cottage industries. There

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are two other industries closely allied to agriculture of which that is also true, vegetable oils, the value of the exports of which, to the United Kingdom in 1934-35, amounted to Rs. 10 lakhs, and oilseed cake, the value of the exports of which to the United Kingdom in that year was Rs. 116 lakhs. India's vegetable oils are admitted free, which means that they get a preference of ten per cent. except for linseed oil on which the specific duty on foreign oil is £3-10-0 per ton. Oilseed cake—an important item as the value of exports to the United Kingdom is Rs. 116 lakhs—is also admitted free against a duty of ten per cent. on foreign imports.

There are two interesting items in the list I have quoted, magnesium chloride and chrome leather, for which representations have
 1 P. M. come in favour of the continuance of the Ottawa Agreement, extracts from which are well worth quoting. Here are some from the magnesium chloride representation:

"It may be of interest to note, that during the past few years of its existence, our industry has made great strides and besides meeting the bulk of the demand of the Indian textile trade to the tune of nearly 80-85 per cent. of the total trade requirements of this country, we have succeeded in building up a fairly important export trade in this article in the various world centres in spite of the keenest competition and handicaps in the way of a new and young industry like ours in the different foreign markets."

"Now, to come to the main point, it will be noticed that Great Britain is one of the largest consumers of Magnesium Chloride and Magnesium Sulphate in Europe; not only for textiles but also for the flooring trade and for other important industrial uses. In the absence of any local indigenous production worth mentioning, she is obliged to import practically the whole of her requirements from abroad and mainly from Germany, and it is only recently that we have begun after great effort and sacrifice to fill in a part of this demand". "Our exports in the United Kingdom during the last seven years show a steady increase."

I need only give the figures for the last four years:

1932—1,170 tons;

1933—704 tons (This fall may be said to be due to heavy imports from Germany just before the imposition of the tariff duties on non-Empire products in 1932);

1934—1,193 tons;

1935 (up to the end of December.)—1,678 tons:

"We must not omit" (*the representation says*) 'to mention here the debt of obligation owed by us to the Ottawa Pact, as without its assistance we might have found it very difficult to push our Magnesium Chloride sales in the United Kingdom market."

Now, Sir, the magnesium chloride industry may be a small one and may not, owing to the nature of its products, ever grow to large dimensions but I have said sufficient to show that it is one which deserves encouragement and that the Ottawa preference is giving it that encouragement. The chrome leather industry is on a larger scale and has greater possibilities. Its representation which reached me the day before yesterday is probably in the hands of the Members of this House. Here are some extracts from it:

"For many decades past, the exporting of raw hides and skins from India has been in the hands of Germans and Americans who have thus been able to feed the tanning industries in their own countries and the better to help these industries they have suggested that good leather cannot be produced in India. That this was not true has long been known to Indian tanners but unfortunately the opportunity to disprove the allegation was denied them until the coming of the Ottawa Agreement. Should the Ottawa Pact be abandoned, all our efforts will be brought to nought and India's loss will be Germany and America's gain."

"It is estimated that approximately twenty million square feet of finished upper leather, manufactured from India's raw hides and having a value of Rs. 90 lakhs, is now being exported annually to the United Kingdom whereas prior to the Ottawa Agreement Indian produced chrome leather was unable to find a market there. It is apparent,"—says the representation,—"that India would be the loser to the tune of Rs. 26 lakhs annully on this small but growing industry but for the Ottawa Agreement."

Sir, Rs. 26 lakhs is no small sum and even if it stood alone, which it most emphatically does not, it would be sufficient to disprove Mr. Mathuradas Vissanji's contention that the Ottawa Agreement has meant nothing but gain to the United Kingdom and loss to India.

One more point in regard to industries before I pass on to other considerations. Mr. Joshi said that if denunciation resulted in our losing existing preferences we should still have a useful lever in the differential duties on cotton piecegoods and steel. Let me remind him that differential duties were not devised in the interests of the United Kingdom but in those of the Indian consumer. They are intended to prevent an unnecessary increase in the burden of protection. Their removal would merely mean spiting the United Kingdom by making the Indian consumer pay. Several Members have suggested that he is paying already as the result of the Ottawa preferences. I would commend to their special attention Table VII on page 5 of the last Report on the working of the Agreement. That table shows that of the 345 United Kingdom products examined, 263 or 76 per cent. have registered a fall since Ottawa. Of the 356 non-United Kingdom products examined, 222 or 63 per cent. have showed a fall. It is clear, therefore, that, to put the case at its mildest, the Agreement has not involved any additional burden on the consumer.

My Honourable friends, Sir Girja Shankar Bajpai, Mr. Stewart and Sir H. P. Mody, have dealt very fully with the question of bilateral agreements and I have little to add to what they have said on that subject. But I must confess to some surprise that the fact that India can now enter into such agreements and has already done so has been so insufficiently realised by my Honourable friends opposite. As one who played a small part in arriving at one such agreement, I can only say that I am appalled by the suggestion in Mr. Jinnah's amendment that we should scrap our existing treaties with our important customers and investigate the possibility of entering into bilateral trade treaties with them. The Indo-Japanese Agreement took eight months, of most intensive work, to negotiate. A successful issue often hung on a very slender thread. I would ask the House seriously to consider the intolerable position that would arise if we were to endeavour to negotiate half a dozen such treaties at once. What Mr. Jinnah is asking us to do—if I understand his proposal aright—is to hold a World Economic Conference in India.

A few more words, and I have done. If I have followed this discussion aright, there are two schools of thought amongst Honourable Members who are dissatisfied with the Ottawa Agreement. The more extreme is all for out and out denunciation. Away with the Agreement! We will have none of it! Our business men have examined it and found it empty of profit and we want no further examination! I would respectfully suggest to them that they are surrendering that claim that the right of final judgment rests with this House on which they have laid so much stress since they entered it. The responsibility for the rejection of the Agreement will rest, not with any men, business or other, outside this House, but with the House itself and it seems worth-while emphasising the

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powerful advocacy of the motion before the House from two of the hardest headed business men in it, my Honourable friends, Mr. Abdoola Haroon and Sir Hormasji Mody. If the Ottawa Agreement is to be treated as a business proposition and nothing else, as the Opposition claim that they are treating it, all I can say is that there are no two people in India in whose advice on a business proposition I would place more reliance than that of the two gentlemen I have mentioned.

Mr. S. Satyamurti: They have made up their minds already!

The Honourable Sir Frank Noyce: But even among the out and out denouncers I notice some qualms. Mr. Satyamurti, if I remember what he said correctly, talked of the hard headed business men of the two countries getting together and hammering out an agreement. On what basis they were to proceed except on that of the ruins of the existing Agreement he did not explain. I have had some experience of hard headed business men getting together in a matter of this kind. The hard headed business men of India and Japan got together in 1933. They got together and they got no further but were eventually compelled to hand the problem back to their respective Governments who were more successful in solving it than they had been.

The other school of thought is that of Mr. Jinnah which suggests denunciation first and examination afterwards, not of the Ottawa Agreement alone but of all our trade treaties. I cannot deal with this suggestion at any length as I have not yet had the advantage of hearing what Mr. Jinnah has to say about it. I would merely point out that, apart from other considerations, no Government in the world could accomplish the task he would set the Government of India within the time he has allowed for it. If one treaty took eight months, how long would half a dozen negotiated simultaneously take? But I would put the matter on a higher plane than that. Why enter on your negotiations with the United Kingdom in an atmosphere of suspicion and distrust, as you must inevitably do if you denounce the Agreement? What will you gain by that? We, on this side, have made our position perfectly clear. We think that there is a strong case for the continuance of the Ottawa Agreement and it is in that belief and in the hope that we shall induce the House to accept it that we have brought here the battery of experts of whose presence the Leader of the Opposition has complained. But we realize that the Ottawa Agreement has not, in all respects, realised the hopes of those who entered into it on India's behalf and that it is susceptible of improvement. It is in that belief that we have asked the House to have it examined by a Committee of the House to which we on our part would render all the assistance in our power. I would remind the House that the United Kingdom, as the oldest industrial country in the world, is becoming increasingly a producer of specialised classes of goods. Newer industrial countries, such as India, are in the main concerned with the production of less skilled goods of somewhat lower quality. In the welter of industrial competition, it is the almost universal experience of industries in India that there is less competition from the United Kingdom than from other countries. The experience of the Indian Tariff Board over a wide range of industries,—steel, cotton, sugar, matches, paper, silk and wool—has been that the principal sources of competition have been countries other

than the United Kingdom. There is less reason to fear adverse competition to our industries from a trade agreement with the United Kingdom than with any other country. Surely, in these circumstances, Sir, it is worthwhile to promote goodwill with the United Kingdom in business matters. The possibilities arising out of such goodwill have been amply illustrated by the work of the Lancashire Cotton Committee on which my Honourable friend, Sir Bryce Burt, has dwelt. If a policy of goodwill in trade matters with the United Kingdom is worth-while, a renewal of the Ottawa Agreement in such improved form, as this House may ultimately decide, is the most helpful step that could be taken to give effect to it.

I have endeavoured, Sir, to deal with the business before the House from the strictly business point of view. As an Englishman who has striven for over 33 years to serve the best interests of India as he has seen them—I admit that his sight is far from infallible—I could have said much from another point of view. But I will do no more than commend the motion moved by my Honourable friend, the Commerce Member, most earnestly to the consideration of the House, which is about to take perhaps the most fateful decision in its history. (Loud and Prolonged Cheers.)

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

Pandit Govind Ballabh Pant (Rohilkund and Kumaon Divisions: Non-Muhammadian Rural): Sir, I am really sorry that my Honourable friend, Sir Homi Mody, is not here. He made a fine contribution to the debate this morning, and, while he was speaking, I was reminded of the speech which he delivered when the Ottawa Agreement was discussed on the floor of the House three years back. Sir Homi Mody then said—I may correct myself, he was Mr. Mody then—and so Mr. Mody of 1932-33, who is Sir Homi Mody of 1936, made certain observations which befitted Mr. Mody on that occasion as much as his remarks today befit Sir Homi Mody. But there was more of sense and wisdom in what he then said under your leadership, if I may say so

Sir H. P. Mody: Due perhaps to dotage.

Pandit Govind Ballabh Pant: All changes are not due to dotage. Lucky caterpillars are metamorphosed into butterflies as they grow old. That is not a question of dotage or disadvantage either. The change may be due to cause, latent or patent, but there it is and even he dare not deny it. But I was not surprised. Sir Homi Mody burnt his boats on the day he entered into the Mody-Lees Pact and my regret is that, while burning his boats, he hurled into the sea the pale skeleton of the inherent right to freedom of trade of India, and, after what he had then done, there was no home for or from him, and he was irretrievably lost. Sir, he has since allied himself irrevocably with a particular school of commercial opinion in this country. I am reminded, if I am not mistaken, that, last time,

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when he contested a place in the Merchants Chamber of Commerce, perhaps in Bombay or some other commercial organisation (Interruption)—my Honourable friend says that it is not so, and I will, therefore, not pursue this further. However, Sir, I conclude that even Sir Homi Mody feels that the Agreement, as it is, is not satisfactory. He agrees with that view. On the floor of the House, we have been again and again told by our friends Opposite and by the sponsors and the supporters of this Agreement that we must deal with it in a spirit of reason, free from bias and free from passion. They do not want us to import any political prejudice or any emotion into it. Is it due to their guilty consciences that they should be repeating the same admonition over and over again? I recognise their difficulty. I am prepared to concede that it is not open to Honourable Members on that side to take an unfettered view of this question and to give their votes freely as they choose. I do not insinuate that they do not agree with the Government motion, but even if they did not, they could not but submit to the decision of the Government. I am prepared to ask them to consider the question on its merits free from emotion and free from passion. What is the position? Nobody in this House, I think, wants to swallow the Agreement as it is. There are some who want to throw it out, but, as the amendment of the Leader of the Independent Party clearly prescribes, even they want to give instructions to the Government to proceed further with bilateral agreements with as many countries as may be possible; then, on the one hand, none wants to block the door, and, similarly on the other, none is prepared to accept the Agreement *in toto*. After all, there is really not much difference in substance between the two courses, namely, revision and termination with freedom to revive. I say, if you look at the question in a dispassionate manner, then for those who do not want the Agreement in the present form and those who want have it except in a revised form, there is only one course open and that is to vote for the amendment of the Leader of the Independent Party. You will, thereby, be eliminating the present Agreement, and its elimination becomes necessary the moment you want any change in it. So, if Honourable Members are prepared to look at the question unfettered by any prejudice, political, racial or otherwise, then their course is facile and easy enough. For all those who want any change, there is only one course and they must support the amendment. So far as the amendment of Mr. Gauba goes, even his mind seems to be working in the direction of terminating the Agreement as he considers it necessary to empower the Committee to make recommendations to that effect.

This morning we heard about marriage and married alliance. Well, Sir, we on the one side want to divorce the shrew before entering into negotiations for a fresh marriage with a beautiful damsel; my Honourable friend, Mr. Gauba, on the other hand, wants to negotiate for a new marriage with the shrew on the one side and a coffin on the other. That does not seem to me to be a reasonable way of handling the situation. Either drop the idea of a fresh marriage or have a divorce. But you cannot have both things together.

Then, I find the best argument in support of our amendment from Dr. Matthai and Sir Girja Shankar Baipai. Well, Sir, Dr. Matthai stressed again and again one significant point, and it was this: that the Agreement should be considered in the light of the circumstances as they existed in

1932. And he laid great emphasis on the point that, if you want to judge this Agreement on its merits fairly and judiciously, then you must take back your mind to 1932 and then pronounce your judgment upon it. Well, what is the natural inference? The inference is this that, if he had entered into a new agreement today in the light of the circumstances as they now exist today, he would have considered it improper and perhaps criminal to enter into this pact. If that be his argument, then the natural conclusion is that, in the altered state of circumstances as it exists today, this Agreement is a misfit, and the only thing you can do is to place it on the cremation pyre and set fire to it. My Honourable friend, Sir Girja Shankar Bajpai, read out some scholarly extracts from the League of Nations literature. I have some little acquaintance with these things. I have no quarrel with his quotation to the effect that bilateral agreements tend to restrain trade. Well, there is nothing novel about it. That is one of the features of the Ottawa Agreement. And, then, he proceeded to say that such agreements are pernicious in principle, perilous in effect and dangerous in consequences, where such an agreement is entered into between a creditor and a debtor country, specially so far as the debtor country is concerned. So India being a debtor country, a bilateral agreement between India and England,—and about England's history in the matter of trade I will have to say a few words later on,—when India is a debtor country and England is a creditor country, stands self-condemned in accordance with the principles enunciated by the League of Nations, supported by the Banking Committee and endorsed by Sir Girja Shankar.

Sir, we have been asked to deal with this matter in such a manner, as not to provoke retaliation, but to promote goodwill. I do not exactly know what is meant thereby. Our friends want to deal with it without introducing any emotion, without any appeal to the heart, as hard-headed business men. On the other hand, they want us to lay store by goodwill and to work in such a manner as to earn a concession from a stronger party for a weaker one. That attitude does not seem to me to be consistent; but I want to remind Honourable Members of one fact, and I think that is a conclusive answer to it. Who has set this ball rolling? Is there anything novel in it? And what did the United Kingdom do in 1932? When it passed the Import Duties Act, it held out a threat to India that "if, within six months, you do not accept a scheme of preference according to our wishes, the duties against your goods will be raised to a prohibitive degree". Was that not a threat? Was the goodwill of India to be stimulated and evoked in that manner? Did England in any way apprehend that this method of approach would stand in the way of a rational treatment of the subject by us? Did they fear that India would get angry and not look at this Agreement, because they had held out such a threat? But we, on our part, are not holding out any threat. We only say that this Agreement we do not consider to be in the best interests of our country, and if the interests of our country are also the interests of the United Kingdom, we expect the United Kingdom to accept that view. But, if the interests of the United Kingdom are divergent and conflicting against those of this country, then, of course, the whole scene changes. So I say that those who refer to goodwill must bear in mind that we are making a start much more softly than the United Kingdom did; and that that act of the United Kingdom, by which the Import Duties Act was placed on the Statute-book, was of a much more effective and conclusive character than our giving notice of the fact that we wish to terminate it after six months. And, after all, the best method of

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appreciation or admiration is imitation and we are simply following in the heels and footsteps of the United Kingdom, only much more tenderly and cautiously than the United Kingdom did.

Now, Sir, there is another question, and I want to face facts as they are. Why was this Agreement entered into? It was from the very beginning, according to me, an immoral arrangement. I say that on the basis of the statements that have been made on the floor of this House by the sponsors of this Agreement. They say: "We were in a helpless position. The United Kingdom had passed a law which was likely to threaten our exports to the United Kingdom very seriously. So, when the United Kingdom stood before us with a pistol in hand, we had no choice to make; it was a Hobson's choice, and we accepted it." In those circumstances, this Agreement was entered into, under coercion, under threat, without a free will, without possessing that element of free volition which is the essential part of every genuine agreement between any two parties. An agreement which has been obtained by such a threat is, I think, *ab initio* and initially invalid. So I have no compunction in throwing out this Agreement. Then, Sir, who wanted this Agreement, and why was it at all evolved? I am sure that the United Kingdom has never been too much worried by the trade requirements of India, and that was not the motive behind it. That was not, at least, the guiding factor with which the start was made. We also know that the United Kingdom had before that abandoned the gold standard. We also know that the United Kingdom, even at that time, had preferences in steel and iron and cotton textiles imported into this country. Yet they held out that threat to us. And what was the reason? The reason was this that, between 1929-30 and 1931-32, the exports of the United Kingdom had gone down by 65 per cent., while her imports had gone down by 56 per cent. The United Kingdom wanted to promote her export trade. Besides that, the balance of trade which, in the United Kingdom, taking all visible and invisible items into account, had always been of a favourable and profitable character, had been reduced to an unfavourable balance of more than £100 millions. I will not refer to other factors. The United Kingdom found that her very foundations were slipping away from under her feet, and the only way to shelter her existence by means of props was to fall upon those who could not resist her wishes. That, Sir, was the genesis of this Agreement. Was it, after all, in the interests of India that the Agreement was entered into? I will tell you that the position of India would have been much better today, without this Agreement, than with it, and I will convince Sir H. P. Mody if he has an open mind. We have been asked again and again to go back to the environments and circumstances as they existed at the time this Agreement was made. I say that, if you want to form a correct judgment of this Agreement, you have not only to go back to the year when the Agreement was entered into, but you have also to go back a little further behind. And, if you do that, what do you notice? After all, these matters of international trade are not to be decided on calculating whether you have been able to sell 10½ ounces more of linseed than in the previous year, or whether you have been able to buy 5½ chattaks of cocaine less in one year than in the other. There are greater, and, I think, better tests to deal with these matters. What were the tendencies of trade before this Agreement was entered into, so far as India *vis-a-vis* the United Kingdom was concerned, and what has been the advantage

since? I will let Sir H. P. Mody have the answer. From the year 1929-30, when the slump set in, there followed a striking reversal in the order of trade between India and the United Kingdom. India's share in the export market of the United Kingdom was increasing continuously, year by year the increase was about ten per cent., from 1929-30 onwards; while the share of the United Kingdom in the import market of India was going down continuously, with the result that the trade was getting more and more unfavourable to England and more and more favourable to India. The balance of trade which is always unfavourable and negative, between India and the United Kingdom, about which I will have to say a few words later, was getting better in the interests of India and worse for the United Kingdom. I think there was an unfavourable balance of Indo-British trade to the extent of 31 crores of rupees against India in 1929-30, which had been converted into an even balance in 1931-32. So India, obviously, did not require any agreement. Left to herself without any fetters, India would have further improved her position in the United Kingdom market and also in her own. In the circumstances, so far as India is concerned, there was no need for an agreement of this type. Well, what happened after the Import Duties Act? If you look at the figures of 1932-33, you will find, as has been admitted by all, that it was the worst period, and it has to be borne in mind that, in 1932-33, India had the benefit of preferences in the United Kingdom market as in 1933-34. If, in 1932-33, Indian imports to the United Kingdom went down in spite of those preferences—and they went down by a considerable amount,—then the natural inference is that these lower import duties did not render any assistance to India.

Coming to 1933-34, I admit that there was a slight improvement in trade. I am not going to deal with matters of detail or with some increase of quantum or value here or some decrease there, but taking the salient facts, you will find as the "Review of World Trade, 1934", testifies, that "exports of the main non-industrial countries profited during the latter part of 1933 and the early part of 1934 from a rise in the demand for raw materials on the part of industrial countries". So it was a common world phenomenon. Besides, you have also to bear in mind that there has been a certain degree of expansion in trade all the world over. It rose by about four per cent in 1933-34 and five per cent in 1934-35, so that, if there had been a little increase, that was natural and inevitable, but I again contend that it was not because of these preferences.

Now, Sir, the preferential articles can be divided into three groups: firstly, those in which India had a 70 to 90 per cent. market in England even before the preferences were given; secondly, those in respect of which India has to compete inside the Empire with other countries; and, thirdly, those which are needed for industries in England—most of these are meant for industries. As Honourable Members are aware, the rebate on linseed has, since the Ottawa arrangement, been raised from 50 to 60 per cent. As they are also aware, the import duty on tanning materials has been removed during the interval. So that, so far as India is concerned, except in the matter, I concede, of carpets and rugs, there is not a single commodity which really benefited by means of these preferences. Tea became the subject of an international combine: the linseed crop failed in Argentine, in 1933-34, and, as Honourable Members are aware, the produce of Argentine in the matter of linseed is about five times that of India. Sir, much has been said about raw cotton. All that dramatic display is raw indeed. The increase in raw cotton was not much more

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than what it was in 1929-30—not more than ten per cent. of our raw cotton ever goes to the United Kingdom. The real truth is that there were, even in pre-Ottawa days, abrupt fluctuations in the cotton trade between India and the United Kingdom in the past. As to the increase in 1933-34, as the "Review of World Trade" mentions, the cotton market in the United States was tight and uneasy, and raw cotton was not available in 1933-34 from the United States of America in such quantities as were needed. Besides, the parity was in favour of India, the London price of Broach being about 70 to 80 per cent. of that of New York. In these circumstances, from a little increase in cotton,—it cannot be inferred that the trade of India has benefited. But there is a large question which faces us, and it is this. What do we mean by trade and what for do we trade with a country? Is it to earn profit or is it to incur loss? After all, what is the state of trade between India and the United Kingdom? I may tell you that, during the ten years between 1921 and 1930, we had an aggregate unfavourable balance of 450 crores of rupees in consequence of the trade between India and the United Kingdom. And how mercilessly did and does England suck—I won't finish the sentence. One Secretary of State said that India had been bled white—just remember Rs. 450 crores taken away from a poor country during ten years—in trade alone—a country from which the United Kingdom has been receiving various other advantages in fulfilment of other political and economic obligations. Besides, the United Kingdom receives other benefits of an incidental character because of her trade with India, such as shipping, freights, which amount to an appreciable extent, and, if that trade were diverted to other countries, the United Kingdom shipping would suffer.

What I want to impress is this, that the trade between India and the United Kingdom had this invariable characteristic that imports from India to the United Kingdom were always outstripped by exports from the United Kingdom to India, with the result that India had to tap other markets all over the world in order to bridge this gap between the United Kingdom and India. I repeat Dr. Matthai's question: "what is the scope and purpose of this Ottawa Agreement?" The purpose and scope of the Agreement evidently is to make this artificial agglomeration known as the Empire more and more economically self-contained. That will spell disaster to India. Dr. Matthai remarked that the two stand on an even basis under the Agreement, that the advantages to India and the United Kingdom have been almost balanced, with the result that, as trade increases between India and the United Kingdom—if the statement of the Honourable Doctor is correct,—the gulf will go on yawning and the deficit and the adverse balance of trade will rise in proportion. In these circumstances, is it worthwhile concentrating on trade inside the Empire and giving up those with whom our trade has always yielded a profit to us? It is an irony of fate that while the United Kingdom has had an unfavourable balance of trade with reference to every other country in the world except India, for three rupees worth of goods sold by the United Kingdom to every country outside India she took four rupees worth of goods from those countries, it was reserved for India alone that her exports should be outstripped by imports from the United Kingdom.

We were asked "what is the loss, what will you suffer?" I ask Sir H. P. Mody whether there can be two answers to the question. As you increase your trade with the United Kingdom, your loss increases day by day and year by year, because the unfavourable balance gets worse. When you trade with other countries, your favourable balance gets better. And we are asked "has there been any retaliation?" I say, there has been. Who does not know that France, in August, 1933, imposed duties on linseed, ground-nut and everything else—on all articles that could be taken there—except when imported into France direct from her own colonies. It was because of the retaliatory spirit engendered by this Combine inside the British Empire. Then, these duties were raised further by France in May, 1934. Those who have read the reports of the Indian Trade Commissioner at Hamburg must be knowing that the state of our trade with France and Germany is realiv disquieting and worsening from day to day, and unless some remedy is devised without delay, it will not be possible to repair it later.

Sir, I have to make only a few more observations. The question is such that one would like to speak on it for a considerable time; there are various aspects of the matter which come to my mind, but I feel that I must be fair to the House. I will only say this, that if the United Kingdom wants to improve her trade with India, she will have to disabuse her mind, she will have to give up her old prejudices and she will have to adopt an attitude of genuine friendship towards India.

Sir, I would be unhappy if I felt that my attitude towards any country in the world is petty or vindictive; and I would
 3 P.M. consider myself foolish if I were going to cut my own country in order to spite Britain. But I would not be carried away by false appeals from interested quarters. Mr. James spoke the other day with great fervour. Does he not know what Sir Gavin Jones has said about this Agreement? He accepted that this Agreement has not been equally advantageous to this country. Let us compare the relative positions. The recovery in England during the last two years has been of a more or less phenomenal character. The production index has gone up much higher than what it was in England in 1929-30. The index of prices also has gone up considerably: their balance of trade has been turned from an unfavourable to a favourable one to this remarkable extent that, after meeting the excess of imports to the tune of about 200 millions, England was able to have a concrete net balance of 37 millions this year. And, in our own country, what do we find? The railways have become a liability. The goods traffic has suffered, and, as the Honourable the Commerce Member admitted in his speech, an appreciable part of the loss was due to the stoppage of the trade of India with France in the matter of groundnuts, subsequent to the Ottawa Agreement. Our prices are still the lowest in the world. The prices of primary products are much lower than those of manufactured articles. There are wails of deficit from every Provincial Government. In these circumstances, can any doubt be left that our condition is really pitiable and this Agreement has stood in the way of our attaining even that amount of recovery which the poorest of countries have attained on account of a change in the general economic level.

Sir, I wish to tell Honourable Members opposite that every article that England sends to this country is sheltered under protection for England.

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If you include textiles and steel and iron—and I see no reason why they should not be—none of the articles on which preference has been given by the United Kingdom is likely to affect the development of any industry within the United Kingdom itself; while, in our case, we can build up all these industries here. This is said to be an age of national self-sufficiency. Countries are fighting for raw products and for the possession of territories which yield raw products. The future lies with those countries which own raw products. That is the lesson of the struggle between Italy and Abyssinia. All portents point that way: but there is yet time for the United Kingdom to extend the hand of fellowship and friendship, honestly and sincerely. If it is done in the interests of this country, it will be grasped. If not, nations are by themselves made, not only politically, but also economically.] (Loud and Prolonged Cheers.)

Mr. M. A. Jinnah: Mr. President, before I deal with my amendment, I would like to make one or two observations with regard to the newly acquired responsibility of this Legislature. Not very long ago,—I think a few days ago or a week ago,—the position taken up by the Finance Member was: “We and we alone are responsible for defence, law and order, and finance. We cannot share that responsibility with you.” I was aware of that, but I thought after all that this Legislature had some kind of voice in the matter and so we pleaded before the Finance Member. His answer was: “Under section so and so of the Government of India Act, His Excellency the Governor General has recommended the Bill for you to consent to it: otherwise it will be certified.” Then, I thought he was not a Finance Member who was speaking to the Legislature, but it was a rent collector. So I pleaded and I said: “I am sorry: somehow the salt cut was made which I am willing you should have—eight crores: at least meet me with regard to the postcard which means only 50 lakhs: it will make a great difference to my voting if he would give me the answer.” He ignored it. On the 26th of this month, in the morning, another Member speaking on behalf of the Government said: “This Assembly, in accordance with the obligation undertaken by the Government, is now transformed into a completely responsible Legislature, and whatever decision the Assembly gives, the Government will accept it.” Sir, this Legislature is going to continue its responsibility, which commenced on the 26th instant until the 30th instant at 5 o’clock, or, to be more accurate, until the division is taken.” After that, where will this responsible Legislature find the Government which is responsible to it—It will be again the Government which has got its body in Delhi or Simla, the Government which has got its soul or heart in a well-known street called Downing Street in the vicinity of Whitehall, and a Government which has got its head in Westminster? (Laughter.) We are in a very difficult position. What are we told? What is the position now? I can assure Honourable Members on the Treasury Benches—and I rather regret specially that it came from Sir Frank Noyce—he said he knows that we have made up our minds, he is not going to make any impression on us, but his only duty, the simple duty of a simple man, was to state his case: for whose benefit? May I know, for whose benefit did the Honourable Member state his case? Not to persuade us not to convince us: then, what purpose or object did you have in mind?

Mr. R. M. MacDougall (Burma: Nominated Official): Address the Chair.

Mr. M. A. Jinnah: I am addressing the Chair.

Mr. R. M. MacDougall: On a point of order, Sir: the Honourable Member was not addressing the Chair.

Honourable Members: Order, order.

Mr. President (The Honourable Sir Abdur Rahim): Honourable Members must leave it to the Chair to deal with the point of order.

Mr. M. A. Jinnah: I am addressing the Chair: the Honourable Member, who interrupted me, has no experience of parliamentary debate. I am addressing the Chair, and I referred to Sir Frank Noyce's speech.

The Honourable Sir Frank Noyce: I can answer the Honourable Member

Mr. M. A. Jinnah: I do not want an answer now: I do not want to give way at present till

The Honourable Sir Frank Noyce: My Honourable friend was addressing me: he was putting a question to me: if that is so, I maintain that I am entitled to answer him.

Mr. M. A. Jinnah: I will give way to my Honourable friend after I have finished with the interruption. I was addressing the Chair. I was addressing the Chair. I said that the Honourable Sir Frank Noyce made a speech, and I regretted the expression he used in it. I said, for what object did you use that expression? Well, I am perfectly prepared now to give way

Mr. President (The Honourable Sir Abdur Rahim): He need not give way if he does not want to.

Mr. M. A. Jinnah: No, Sir, I will, because I do consider it is a courtesy that this side should extend to Government Members when they want to answer a question, we should always give way. I am prepared now to give way.

The Honourable Sir Frank Noyce: I said, Sir, that I was not going to convince my Honourable friends opposite. By my Honourable friends opposite, I was referring to the Opposition. It may be that there are some other Members who are still open to conviction, and I was not without hope that what I said might have some effect on some of them.

Mr. M. A. Jinnah: I accept the modification that there are some people who are still open to conviction, not within the definition of my Honourable friend, Sir Homv Mody. (Laughter.) I can assure the House that if I was convinced at this moment, I will withdraw my amendment without hesitation. I do not care who agrees with me and who does not agree with me. If I am convinced in my mind even at this

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moment that I am doing something harmful to the country, I shall withdraw my amendment at once, and I do not care who goes with me into the lobby and who does not; I shall have no other consideration. I have taken a certain view. Some of us have taken a certain view, and the Government have taken a certain view. Surely the very object of this debate is either we should convince the Government or the Government should convince us. And what is the object of the division then? However, Sir, I shall not waste any more time on that.

Let us get back straightaway now to my amendment. Sir, it was said that some Honourable Members did not understand my amendment. It was also said several times that I did not get up earlier in the debate and explain what I really wanted by my amendment. I don't think that Honourable Members can really complain that the amendment is not clear. The amendment is very clear. It simply means this—give notice to terminate immediately; start negotiations with the United Kingdom and with such other countries wherever and whenever possible with the main point in view,—and I want to emphasise this,—the expansion of the export trade of India. (“Hear, hear” from Opposition Benches.) That is the main point. The answer to that is a rival proposal, and that proposal is to go into Committee. Therefore, the only question before this House is, should we go into committee or should we not.

Now, let us examine, as the Honourable the Mover said, the position. The question is, which is the suitable way of dealing with this issue in a suitable manner. In order to consider the question whether we should go into committee or not, we have also got to consider where we stand, and what is the past history of this Ottawa Agreement. My Honourable friend, Dr. Matthai, whose speech I admired, and I think he might be congratulated on having made a clever speech as an expert, but an expert who was briefed by my opponent,—if he had been on my side, and if he had been my expert, he would have made a more brilliant speech than he has done—(“Hear, hear” from Opposition Benches)—Dr. Matthai very rightly says, let us get into the psychology, the background of the moment when this Agreement was entered into. Now, let me also get into the psychology and the background of the moment when this Agreement was entered into. Great Britain decided in 1930, I believe, I am not quite sure, but a year before the Ottawa Agreement,—I think it was in 1931, to go off the gold standard. Did Great Britain consult any one of us here? No. Great Britain went off the gold standard and linked the Rupee to the Sterling. Were we consulted about it? No. In March, 1932, British Import Duties Act was passed. Were we consulted? No. What were the Empire countries told? They were told that if by November, or, within, roughly, six months “you do not come to any terms with us, we shall have to decide and impose duties on your goods”. Well, Sir, the Government of India at that time, as usual, had to carry out the orders. So they said: “Very well, we will send you the Indian delegation”. They picked up the delegation. Sir, Most of the names that are there certainly do not occupy any position of importance in the commercial, the industrial or the agricultural world of India. It is admitted, it has not been disputed, although some little effort was made this morning by the Honourable Mr. Stewart, it is admitted over and over again that the Government of India did not really have, nor the delegation did have, on their side when they went to London and Ottawa

any responsible representatives, commercial, industrial or agricultural, to advise them. ("Hear, hear" from Opposition Benches.) And, now, let us further go into the psychology a little bit. What happens there? An amazing thing. Our delegation, it appears from their Report which I have got in front of me, were beaten into this mentality, and this is what they say at page 9:

"The issue so long debated whether there should be a general scheme of trade preference within the Empire was not settled, and the question which those responsible for India's fiscal interests had to face was whether India was justified in maintaining her former attitude of aloofness, whether in fact she should afford to stand out of an Agreement which seemed likely to include most, if not all, Empire countries other than herself."

This is the important part:

"It was no longer a question of what India stood to gain, but of what she stood to lose."

Our delegation was in this position. So, I use the expression of the Honourable the Mover—the Honourable Member said, negative advantage, insurance value. It was a negative advantage, an insurance value when this Agreement was made, and it is the same argument today. That is No. 1 to show the psychology. Then, what happened? Another most amazing statement was made by our delegation; a most damaging, a most fundamental admission, was made by our delegation which is not true. The Prime Minister in his speech says this at page 52:

"I am informed that in respect of certain classes of goods you have lower duties on British than on foreign products, but that this differentiation was, as a matter of historical fact, made solely in the interests of India, and without any desire to confer a favour on this country or from any belief in the policy of Imperial Preference. I suppose, therefore, that I should be wrong in expressing gratitude for the differentiation, but I cannot refrain from expressing my satisfaction that it has been found to be in the interest of India to do what is undoubtedly in the interest of this country and I am confident that in other directions also it will be found that Indian industries are complementary rather than competitive with British."

Reference here to certain classes of goods was made by the Prime Minister because of a statement made by our delegation. Our delegation made this statement.

"Theoretically, it might seem that preference in the case of protective duties would be excluded altogether, but practically the result has been different. One of the most interesting things about the Indian system of protection is that it has led directly to what has been in effect, if not in intention, a preference for Empire goods. In two very important cases, iron and steel and cotton piece-goods, it has been found that the imposition of a lower rate of duty on goods made in the United Kingdom is entirely consistent with Indian interests."

And that statement was repeated by the Honourable Sir Frank Noyce in his speech. He said that, so far as steel was concerned and the textiles were concerned, the differential duties were adopted solely in the interests of India. I challenge that statement. (*Opposition cries of "Hear, hear."*) I know more about it. I know the whole history of this case, and I have got the report before me. In 1930, when the Textile Protection Act was passed, it was Imperial Preference, not only Imperial Preference, but it was forced upon us with a pistol in their hand, and the Honourable Member in charge of that Department on behalf of the

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Government of India made the statement on the floor of this House: "If you change it, we will withdraw the Bill." I am making a present of this to Sir Frank Noyce for him to read it. When I was in this Legislature, I felt that even the small protection which was afforded to the textile industry—if the Bill was withdrawn, the situation was so emergent, so dangerous that I stated on the floor of this House: "I do not agree with you, but since you have decided to withdraw this Bill, if I do not support you, I have no choice but to save the Bill." Do you say to me that this statement of our delegation is correct? I know something about the Steel Bill. I had a great deal to do with it, and it is correct to this extent that differential treatment was offered. And that Bill was only for three years. We felt that during that short period the particular kind of steel that Great Britain imported here we could not make, and it would take some time before we could make such an article, and we thought, therefore, that at the moment it was not desirable to put an extra burden on the consumer at the same time, though we were aware and felt that indirectly we were prejudicing our industry, because it was a check to the growth of that particular kind of article being manufactured. Still, believe me, I was a party to it. I realised that, I understood that, still, I said, let us make a gesture of goodwill. And we provided that if at any time it was brought to our notice that the British steel which got this differential treatment was seriously competing with our steel, we reserved to ourselves the right to raise the duties and it was so provided in the Statute. Never mind, I am not now carried away by that, I am only replying to the psychology behind. I would not have bothered about it or taken the trouble of studying that part. I will tell my Honourable friend, Dr. Matthai, never mind that psychology. Dr. Matthai's case is that the terrible cataclysm, the complete dislocation of international trade generally was so grave, so dangerous that India could not stand aloof, but had to fall in. Very well. Then, I asked him the question, will you tell me what is your opinion after three years? And that is the question which we have to consider today. I am not going to discuss in detail, linseed this, or coffee that. And that is where I differ and feel that the debate is off the track. The question before the House is this. Here, again, I may quote the words of my Honourable friend, Sir Frank Noyce, and I am extremely obliged to him, because I think he put it very frankly. I would like the Honourable Member to listen to what I am going to say. If I understood him rightly, the Honourable Sir Frank Noyce stated the case very frankly, and that is the crux which this House has got to consider. What did he say? He says: "This Agreement must be continued, but, in matters of some details, if you are not satisfied—correct me please if I am wrong, I am only giving the gist of your words,—if you are not satisfied in matters of details, then examine them by a Committee." I would say "Yes" to that proposition at once if I could agree with him that it was a question of some details, some modifications in a few or two or three or five articles—I would say, yes, even though personally I would not recommend a Committee of this House, as it would be perfectly useless. I would then suggest something different—I would say, after all, the framework, the structure of this Agreement we do not want to change, it is only with regard to some matters of detail, and the Government also now realise that those terms

do require further consideration before urging upon His Majesty's Government on behalf of the United Kingdom to revise them. But, Sir, I would have suggested the appointment of a Committee of people who do understand their business. Have the Government even today got any idea after three years as to in what direction it requires revision even in details. What have they been doing for the last three years?

Mr. N. M. Joshi: Propaganda.

Mr. M. A. Jinnah: No. Government have nothing to say. They throw these papers at us. I am much obliged to Dr. Matthai. It has given me lot of trouble to read all these things. They throw these statistics at us and say: "Here it is, get into a Committee". Supposing we do get into a Committee, what shall we do? My friend, Mr. James, says: "We want to sit with Mr. Jinnah and discuss and examine". This is not a matter for examination. This is not a matter for our Legislature to decide upon. Supposing the Committee is appointed—I am talking of details now—then, what happens? But, before that, let me point out that clause 14 of the Agreement itself provides that, if one party or the other is dissatisfied in respect of any of the articles mentioned, it will be open to it to approach the other party and say what they want: "If an adjustment is arrived at within six months, well and good. Otherwise it is open to the other party to give effect to what they think proper". But I am still doubtful whether you can ask U. K. to change its tariff with regard to the preferred list of exports by sitting on this Committee and prepare a draft agreement *ex-parte*. After all, you have got to negotiate with His Majesty's Government representing U. K. before any agreement can be reached. Will U. K. be on this Committee? Supposing, for instance, this Committee, or only Mr. James lays down that the preference on linseed should be raised to 20 per cent., we cannot decide it here for U. K. We have no power to give effect to it, and, supposing, Sir, I definitely in my Committee say this and the Committee report comes here and I endorse that, then, what is the value of it? It means an ultimatum that for linseed, this Parliament, this responsible Legislature of India, has decided that linseed should be raised to 20 per cent. The Honourable Member in charge of the Government and the Government will be merely a post office carrying the ultimatum of this House. That is not negotiating an agreement. Is this the object for which you want to appoint a Committee? I say, Sir, that there was a clear duty and obligation on the part of the Government of India to have examined by now whether this Agreement requires any revision in details or not if that is the case. They ought to have been ready to put before this House their views that these are the articles where we must press for something more, and then the House might have said: "Very well, we agree with you". You appoint some committee of experts, that will go into it thoroughly, of men who know their business, who are specially skilled in this particular line like my friend, Dr. Matthai, and some commercial representatives, industrial representatives and agricultural representatives. I know there are some in India. Then, let them put their heads together, go to London and negotiate as my Government, as my executive, and then come back to me and say to me: "Well, we have done our best. This is what we have got, and what we have got is good, and now we want this Legislature to accept it". Well, Sir, if I then don't accept it, provided, of course, it is good for India, there must be

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something wrong with me. This motion tries to shunt us off to this futile Committee. It is in my opinion absolutely a dilatory motion; I do not admit the propriety of it. My main point is that, if a committee is to be appointed, it can only be on the basis that the basic principles of this Agreement continue. The main structure and the fundamental principles of this Agreement should continue, and revision should take place with regard to matters of detail. I cannot subscribe to the view that it is a question of details, and I tell you why. This is a question not of repair. It is a question of rebuilding. Whether I am right or wrong, it is for this House to decide. Why do I say it is a case for rebuilding? I tell my friend, Mr. James, that on the day this Ottawa Agreement was signed, the ship was sunk, and I am here to see what I can do with the wreckage. I am doing salvage work. After this Ottawa Agreement a Committee was appointed to consider whether the Agreement should be ratified by this House or not. We got two reports, dated 28th November, 1932, the minority report, and the majority report. At that time, the minority did not consist of Congressmen. The Congress Party was not here. This is what they say. I shall put it in a very few sentences. The majority report, to which my friend, Sir Hormasji Mody, was a party, said that the only test that they could apply to say whether it was good or bad was time and experience. Try it, they said and then we shall see. I ask Sir Hormasji Mody and I ask any business man this question: You enter into an agreement and you don't know whether it is good for you or bad for you.

Sir H. P. Mody: Read the whole thing.

Mr. M. A. Jinnah: I have not got the time, but this was their main point. I have got no particular grudge against Sir Hormasji Mody. I am only talking of the Committee as a whole. But what did the minority consisting of three eminent men say? The Agreement was not in the interest of India and should not be ratified. Then, another Committee was appointed after fifteen months, whose report dated 30th August, 1934, never was placed before this House; and, again, "minority" and "majority" reports. I am trying to correctly represent the facts; again that Committee sat and concluded, the majority, that fifteen months were not enough to really judge the *pros* and the *cons* of the question. Here is a business man who has been carrying on this business for fifteen months, and he says—"well, you cannot say yet, wait and see." (Laughter.) Then, we again have the various arguments about "cataclysms", and so on. But the minority practically say the same thing what I am saying now, that you should put an end to this Agreement and start negotiations to enter into an agreement with such countries as you can, having regard to the trend of the trade and with the object of an expansion of trade

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has spoken for 25 minutes.

Mr. M. A. Jinnah: I do not want to speak any more, Sir, if you will stop me.

Mr. President (The Honourable Sir Abdur Rahim): The Chair does not want to stop the Honourable Member. The Chair is simply reminding the Honourable Member of the time-limit that was arranged.

Honourable Members: Go on, go on.

Mr. M. A. Jinnah: I do not want to take up the time of the House, but, you must remember, Sir, that I have no desire really to go on with this matter any more, but, on the other hand, there has been a great deal of criticism from various parts of the House that they would like to hear me, and, if they really want to hear my views, I am willing to give them my views, and, if I am to speak, I may not be able to adhere to the time-limit. I was going to say this. In the Minority Report dated the 28th November, 1932, at the time when the Agreement was ratified, the whole case was examined, and at that time the Minority Report made out its case against the Agreement referring to the whole matter item by item. Of course I do not wish to say on the floor of this House that, when you get preference, there is no benefit. That will be absurd. No one says that when you get preference, you will not probably increase your export trade with Great Britain. I do not dispute that, but I am not concerned only with Great Britain. Great Britain only takes some part, a very big part no doubt, I admit that, I think it is 31 per cent. of the total export trade.

An Honourable Member: As a single party.

Mr. M. A. Jinnah: Certainly, it takes a considerable part, it is as much as 31 per cent. You cannot increase that; so, whether it is one single party or whether there are three other parties, Great Britain takes 31 per cent. Sir, I have got to think of that. Because of this preference, *ipso facto* it must obviously mean some advantage, some benefit, I do not dispute it, and I agree that the export trade with the United Kingdom must increase, necessarily, unless there are some other causes, but I have got to take my balance sheet: and if I have got other customers to the extent of 69 per cent, I find that, by entering into this coterie, this Empire unit, as against the rest of the world, call it retaliation, call it anything you like, I do not gain; it is obvious that other countries were thinking along with Great Britain long before the Ottawa Agreement was signed. This Ottawa Agreement was not sprung on this globe suddenly on the 20th of August, 1932. Years before, the discussions were going on, talks were going on, in newspapers, various public bodies and the commercial world of European countries, and naturally, when Great Britain was thinking of forming this unit, this coterie, the other nations also were thinking. They did not lag behind like we do. We are living in darkness, they are wide-awake. they are like live-wire; the moment the question was mooted, long before the Ottawa Agreement, the other nations began to think. They were also speculating—"supposing England does this, what shall we do?". They were also preparing for what was coming long before the Ottawa Agreement was signed on the 20th of August, 1932. Then, you call it "retaliation", call it anything you like,—and I can prove to my friend, Sir Girja Shankar Bajpai, that the whole of his theory is wrong. He has taken only one part and is saying that such and such prohibitions for action on the part of Germany have reduced our exports,

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and that such and such exports are prohibited absolutely. Beside ban on imports generally and reduction of foreign currency for payment of imports to five per cent., my Honourable friend has perhaps forgotten to note that they have had a system of compensation trade whereby they allow 100 per cent. to trade along those lines and treaties, with how many countries, Germany has entered into on that basis? Say, more than one dozen. My Honourable friend, Sir Frank Noyce, said here that if you are going to enter into those agreements with various nations, you may as well call an economic conference of the world. But Great Britain has entered into 19 agreements with 19 countries. Did they call an economic conference of the world in order to enter into those agreements? Why do you say to me, then, when I say to my Government this, that you must enter into an agreement with such countries as possible? I say "wherever possible and whenever possible". It is for you to consider, it is for you to decide. Now, can I enter any agreement with any other country? I say, no, you have nothing to give as long as we are tied down by the Ottawa Agreement. All the imports of the competitive markets of this country are included in that long list of 163 articles! What have I got left in my hand that I will give or offer to anybody? Sir, nobody would look at me. I say to Germany—"take my exports". They say,—“that is all right, what have you got to give me?” I say—"I have given all that away to England". ("Hear, hear" and Laughter.) You see you have fettered me; nobody would look at me, because I have got nothing to give, and this applies to all other countries! Well, Sir, therefore, my submission is this, that this Agreement, taking the cumulative effect, and examining the range of the entire list of exports and imports, is bad, and I have come to this clear conclusion, and it is certainly not for the benefit to India; that I think is almost admitted, but I go further and say that it is detrimental to India; and so long as I do not get free from this Agreement, I shall never get a better agreement with the United Kingdom or anybody else. (Hear, hear.) Why threaten us?" Sir, I was really surprised at Dr. Matthai, who, if he had confined himself really to what he represents, it would perhaps have impressed us, but what did he say? Sir, everybody threatens us. He threatened saying: "Remember, you have got to think of the goodwill". Now, what has Dr. Matthai got to do with that goodwill? Now, I do not see why I am to forfeit the goodwill of Great Britain. Why? I say to Great Britain: "Believe me, I want arrangements with you, but it must be such as you and we shall benefit mutually, I am willing, again let us make an attempt." And I will tell you why I want to give notice, —not in order to show bad will or lack of goodwill, but the reason why I want to give notice now is this: As a business-man, I have come to the conclusion that, if I cannot get better terms, substantially, mind you, not just "details", substantially, from England, then I do not want to go on with this bad business, this losing business, and I do not want to lose one month more of suffering loss, and I, therefore, give six months' notice. If we can come to some arrangement, there will be no dislocation. There will be no chaos and there will be no lack of goodwill. But I am told, "you are making a mistake". The commercial people and bodies in the United Kingdom are dying to get hold of some excuse, and the moment you say this, they want to scrap it. So, do not do it. Well, Sir, what answer can I give to that? If that is the feeling in England,

then Great Britain is making a very great sacrifice in not disturbing this Agreement. Standing on the floor of this House, I want to show my goodwill to Great Britain, and I say: "You are really seriously suffering. I do not want this unjust Agreement, I want to come to a just agreement." (Applause.)

Well, Sir, I have finished, and I have only one word to say. It has been said that in this Committee motion, there is only one meaning and no other meaning, that is to examine. But we have had two Committees already, with the result I have mentioned already. I say, therefore, this Committee motion is a dilatory motion, and it is intended to evade the issue. A Committee either of this House or preferably any other Committee of experts can only be justified at all if it was a question of modification in details which I say it is not. Therefore, let us be true to ourselves, there is no use of humbugging each other. We are convinced that it is not a question of details, but basic principles. I, therefore, suggest that you should terminate and enter into a fresh agreement. What is the position in England? I will read to this House a message sent to India, as late as February 12, from London:

"The House of Commons by 208 votes to 135 approved of an increase in the duty on linseed oil from 70 shillings to 100 shillings per ton. Dr. L. Burgin, Parliamentary Secretary to the Board of Trade, explained that it was designed to assist the crushing industry and recalled that the duty on foreign linseed and linseed oil was imposed in consequence of the Ottawa Agreement with India. Major Hills quoted figures showing a decline in Indian exports of linseed to Britain in 1935 and an increase in exports from Argentine and said that it seemed that preference was not valued by India. He suggested therefore that Argentine seed should be allowed to enter duty free."

The House understands that the urge that was made upon His Majesty's Government is to allow Argentine linseed to enter Great Britain free of duty, that is to say take away the 10 per cent. preference. What is the answer?

The message continues:

"Mr. Herbert Williams contending that the duty on foreign linseed was causing difficulties in Britain urged that a modification of it should be sought from the Government of India."

That is to say, Great Britain must write to the Government of India and say that we cannot give you any further preference on linseed as the duty on linseed was causing difficulties to Britain.

The message goes on:

"Dr. Burgin replying said that the British Government could not alter the Ottawa Agreement unilaterally. It was not for him but for the Government of India to say whether the duty justified Indian expectations. The suggestion for an arrangement with the Government of India would be borne in mind, but he was unable to hold out the hope that they would negotiate a partial alteration when the time was so near when the whole of the Ottawa Agreement would doubtless be reviewed."

In the context, one or two suggestions are made to deal with linseed, that is to say, the preference on Indian linseed should be repealed. What does that mean? It means that if His Majesty's Government make any proposals with regard to linseed to that effect probably we will make half a dozen proposals with regard to the merits of the duty on other articles of imports and exports, and so on. Therefore, this Agreement is one

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whole, it is inter-dependent. If you take away one link from that, on one side, the whole thing breaks, whereas, if you take away one or two links from the other side, the whole link breaks. To use the words of Dr. Matthai, the whole thing is so balanced, that he cannot say more than this that it is even. He will, however, contest the proposition that it is far more beneficial to Great Britain, "far more", these are safe words; but slightly or to some degree he would not say—to what degree he can't say after three years.

I, therefore, hope that the House will not be really led away by the usual cry, by the usual catch phrase, why not go into Committee, why not examine it. After all, you are the masters, you are the judges. I submit, the whole question is this, the whole issue between the Government and ourselves is this. If you go into Committee, take it from me, you will be kept roaming about for two years, and the object of the Government is not to allow you to open negotiations until the Dominion Agreements expire at the end of 1937. (Hear, hear.) Do you want to fall into this trap and give facilities to the Government to ensnare you and support the dilatory motion for committee? Then do it and suffer the loss for two years. (Loud and Prolonged Cheers.)

The Honourable Sir Muhammad Zafrullah Khan (Member for Commerce and Railways): Sir, it is difficult at the end of a three days debate to attempt to meet all, or even a large number of, the points that have been sought to be made during the course of the debate. I shall, however, in winding up the debate, take up some of the more important points which have been brought forward in the course of the debate, and try to meet them, not merely with the object of meeting them, but to use them as illustrations to show that the very course of the debate has been the best argument that could be put forward in support of the motion for the consideration and discussion of this matter in committee. Nothing could have illustrated better than this debate has done that it is extremely necessary and is eminently desirable that before any final decision can be come to on this matter, whether that decision be the termination of the Agreement, or reconstruction of the Agreement or repair in details, the matter has got to be looked at more closely and in a manner which would permit of a much freer interchange of views between the different sections than is at all possible in a debate in the whole House, however prolonged that debate may be. Let me, as I have said, mainly for the purpose of illustration first deal with some of the points raised from various quarters of the House in regard to this matter. The very first point sought to be made by the Honourable the Leader of the Opposition in this connection was that the United Kingdom had not declared its intention of denouncing this Agreement under the provisions of Article XIV of the Agreement, and that, therefore, this was the best possible argument in support of the view that this Agreement is detrimental to the interests of India and that, as the United Kingdom is not seeking to denounce it, therefore India should denounce it. Well, Sir, with very great respect for the Honourable the Leader of the Opposition, I do not see at all that even assuming that his premise was correct, the conclusion necessarily follows. He views only one aspect of the question; he seems to imagine that assuming that the Agreement is working to the satisfaction of one side, it must necessarily be doing injury to the other.

Mr. Bhulabhai J. Desai (Bombay Northern Division: Non-Muhamadan Rural): Sir, may I rise on a point of personal explanation, if he desires it? I think it is entirely misrepresenting my argument unconsciously. What I was trying to point out is this,—and I shall put it in two sentences. My first point was that Great Britain has undoubtedly gained, and, therefore, from that direction we have no hope of wanting or expecting any termination. Therefore, we must examine it from our point of view, and, inasmuch as it has hurt us, we must take the initiative of terminating it. That is the argument.

The Honourable Sir Muhammad Zafrullah Khan: Sir, I accept the explanation on this part of the argument put forward by the Honourable the Leader of the Opposition. I regret that I should have misunderstood him, but I do assure him that that certainly is the impression that I received when I heard him. However, it is not my object to show that I understood him better than he himself understood himself, and, therefore, I accept his explanation. With this brief preliminary remark that it is possible for an agreement between two parties to work to the satisfaction of both or to the dissatisfaction of both or to the satisfaction of one and the dissatisfaction of the other, or *vice versa* I shall proceed to examine the question whether any desire has or has not been expressed or indicated on the other side for revision of this Agreement. I understand that the argument is that, as there has been no indication on the other side in support of denunciation, we might safely assume that, so far as the other side is concerned, at any rate, there is no grievance. Again, I challenge the validity of that contention. Before, however, I go on to do that, may I remind the House that when Mr. James was meeting the contention that the European Chambers of Commerce in this country had expressed no views about this matter, and he informed the House that the Chambers through their Presidents and by other means had expressed the view that they were in favour of the continuation of the Ottawa Agreement subject to modifications in certain directions, it was vehemently contended on the other side, more particularly by Dr. Banerjee, that that meant that there was a desire even on the part of the European Chambers to terminate the Agreement; because, he said, a desire for revision means a desire to terminate. If I may make use of that argument, I will put my case in this way. If I can show that there has been expressed in the United Kingdom a desire for revision of the Ottawa Trade Agreement, then, I shall have met the case that there has been no indication of any such desire on the other side, and, therefore, in default of the indication of any such desire, we may assume that the Agreement has worked to the entire satisfaction of the other side.

Now, Sir, Mr. James made reference to a report of a Committee of the Association of British Chambers of Commerce in the United Kingdom which had been set up to examine these Ottawa preferences. In the course of that report, the word "Dominion" has been throughout used as referring to the other parties to the Ottawa Agreements; and I might make it clear that, in the first paragraph, where the appointment of the Committee is referred to, it is made perfectly clear that the expression "Dominion" is being used throughout as including India. Now, what are the conclusions arrived at by that Committee?

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Akhil Chandra Datta).]

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This Committee was appointed in order to obtain information from constituent Chambers as to the value and effects of the Ottawa series of Agreements, the results derived therefrom and views as to the amendments and revisions desirable in the interests of intra-imperial trade. The report of the Committee states that a considerable amount of interest has been shown in the proposal that a revision of the Agreement should be undertaken, and it recommends that negotiations should be opened at the earliest opportunity and stresses the point that, in any revision of the Agreements, His Majesty's Government in the United Kingdom should reserve to themselves the right to impose duties or quotas on the products of a dominion if at any time it is found necessary to do so for the safeguarding of United Kingdom industries.

That, Sir, is one indication, and here is another. The Federation of British Industries, an equally important commercial association in the United Kingdom, has expressed its views in somewhat similar terms. It says this:

"The Federation also desires to raise the question of the treatment accorded to manufactured goods from the overseas Empire which are imported into the United Kingdom market. These manufactured goods are at present admitted free of duty into this country with the exception of certain products which come under the McKenna or other budgetary duties. The Federation recognises the motives which at the time prompted the grant of unconditional free entry but urges that reconsideration of the treatment accorded by Great Britain to Empire manufactured goods is now due."

That is the point that I sought to make in my opening speech, that the right of free entry into the United Kingdom, particularly of manufactured and semi-manufactured goods, is a concession which British commerce and British industries are beginning to look very critically at. Again, in Parliament, in the debates of 11th February, 1936, under the Import Duties Act of 1932, references will be found to the volume of opinion in the United Kingdom against the linseed preference to which we attach considerable importance. It is also significant that the attention of the House of Commons has on three occasions been drawn to India's growing share of the carpet market in the United Kingdom, particularly by the Member for Kidderminster, an important centre of the United Kingdom carpet industry. Again, Mr. Howard, M.P., in the House of Commons, on Tuesday, the 24th April, 1934, asked the President of the Board of Trade what further steps he proposed to take to safeguard the British iron industry against undue competition from within the Empire, having regard to the fact that the imports of pig-iron from India had increased from 15,372 tons for the three months, January to March, 1933, to 23,213 tons for the same period in 1934.

Now, Sir, with the merits or demerits of this criticism of the working of the Ottawa Trade Agreement in the United Kingdom, I am not concerned. But I do wish to impress upon the House that it is not correct to contend that there has been no desire for a revision expressed on the United Kingdom side, and that, therefore, we may here assume that the Agreement has worked to the entire satisfaction of the other party to the Agreement.

The next point that was sought to be made by the Honourable the Leader of the Opposition was that the whole procedure adopted for entering into the Ottawa Trade Agreement was entirely wrong, that India had rushed into the Agreement and had not counted the cost, that what

should have been done was that we should have waited till the six months' period provided for by section 4 of the British Import Duties Act had expired, that we should then have begun to watch the effect of the Import Duties Act upon our exports to the United Kingdom, and that, if we found that serious harm was being done to the interests of India, it would then have been time enough to start negotiations with the United Kingdom for entering into a trade agreement. Again, Sir, with great respect, I challenge the wisdom of that suggestion. What is being suggested is this, that India should not have taken advantage of the intervening period between April, 1932, and the 15th November, 1932, which was being afforded, to enter into an agreement, that she should have allowed the Dominions to enter into agreements with the United Kingdom, that she should have placed herself or allowed herself to be placed at a disadvantage, not only with regard to the United Kingdom, but also with regard to the Dominions, that she should have permitted herself to be placed in the same category as foreign countries against which preferences were being accorded to the Dominions, and that, later on, when she was convinced, by watching the course of trade between the United Kingdom and India that India had become a loser, she should have gone and begged the United Kingdom to enter into a trade agreement with her. The Honourable Member went on to observe, that, by accepting an invitation to Ottawa, India went to a Conference where she was the weakest of the units taking part in that Conference. May I observe that, if India had allowed herself to be placed in the position which the Honourable the Leader of the Opposition now suggests she should have placed herself in, she would not only have been the weakest unit in any Conference, but that she would have placed herself in a hopeless position and would certainly not have got any agreement which could be called a reciprocal agreement between the United Kingdom and India. The obvious reply from the United Kingdom at that stage would have been: "You were given an opportunity of entering into an agreement at a time when neither side was quite sure as to what detailed results would follow from this Agreement, you were not willing to make an effort that something should be arranged which might help to foster mutual trade between the two countries. If you had found that the Import Duties Act did not operate in any manner which placed you at any disadvantage, you would not have made any effort to come to an agreement. You were acting selfishly in your own interests alone, you did not desire the mutual benefit of the two countries. Now that you find that the Import Duties Act is operating to your disadvantage, you come and seek an agreement; there is nothing doing." I submit, Sir, that it would have been criminal neglect of the vital interests of India to have declined the invitation to Ottawa and to have let slip the opportunity of coming to an agreement with the United Kingdom. But, then, this is exactly the kind of thing that could far better be examined and sifted in committee than is possible during the course of a debate in the whole House.

Sir, a point was raised by the Honourable the Leader of the Opposition—it has been raised by other Members also—that Government should themselves have examined the working of the Ottawa Trade Agreement between the two countries and should have come forward with specific proposals to this House. Sir, Government have

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throughout been watching and examining the working of the Ottawa Trade Agreement. But I do submit with great respect that they would not have been carrying out the undertaking which they had given to the House if they had, after this examination, come forward with a cut-and-dried scheme before the House and said: "Now, you must agree to this scheme as a basis for the revision of the Ottawa Trade Agreement." The House was at one time anxious that they should be given an opportunity of examining the working of this Trade Agreement so that they could advise Government with regard to future modifications before Government made up their own minds, and that part of the material upon which Government should decide as to what should be done should be the views expressed in this House or in committee. Surely, Sir, it is now reversing the process to blame Government that they have not been fair to the House, because they have not come forward with a cut-and-dried scheme; and it is no compliment to the House to suggest that the House should not have been invited to set up a committee, and, later on, to examine the question in full Session, but that the House should have been invited merely to say "yes" or "no" to a scheme put forward by Government on the basis of their own examination of the preferences. This suggestion is not fair to the House, and its acceptance would have unduly restricted the right of the House with regard to this matter which arose out of an undertaking given by Government. The undertaking was that Government would place these figures before the House, and that it would be the view of the House that would rule the question, and not the view of Government. Then, it was said: "You placed the figures of the working of the Agreement for the first year before a Committee of this House for examination by that Committee, that Committee examined the question, a minority of the Committee made a recommendation that Government should make attempts to get into bilateral trade agreements with other countries. Why did Government make no effort to put into practice that recommendation of a minority of that Committee?"

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

Sir, I might meet that argument merely by saying that it might be extremely embarrassing if Government were committed to putting into practice the recommendations of a minority as well as of a majority of a Committee set up by the House. But, apart altogether from that consideration, Government have examined this question, and, though Government have not been able to conclude agreements with other countries which might be described as strictly bilateral agreements in the sense in which the expression has come to be understood in recent years, the House is well aware that the Agreement with Japan—the convention and trade protocol—was concluded after the Ottawa Trade Agreement, and that is an outstanding example of the efforts made by Government to explore all avenues for the expansion of trade with other countries. Government have also examined the question of bilateral trade agreements with other countries, more particularly the European countries which have adopted certain schemes of restriction with regard to their trade, and Government have, from time to time, during question hour, and, in the course of this debate, given reasons why it has not

been possible to enter into bilateral trade agreements with those countries. Government's case on this aspect of the question has been put forward in an extremely able speech made by Sir Girja Shankar Bajpai in the course of the debate.

Another point taken was—and I believe it was raised by Seth Govind Das—that increases in our exports to the United Kingdom cannot be due to the Ottawa Agreement, as the increase in exports of non-preference articles has been far greater than the increase in the export of preference articles,—again an instance where an argument plausible on the surface has been put forward, but which would not bear detailed examination. It is quite plausible to say: "You say that the Ottawa Agreement has helped certain articles and that it was designed to help the export trade between India and the United Kingdom with regard to those articles. You have a list of those articles in Schedules A, B and C, we know which articles are preference articles. Let us look at the figures. We find that though there has been some increase in the export trade of India to the United Kingdom with regard to those articles, there has been a much larger increase with regard to articles to which these preferences did not extend and, therefore, the conclusion is that the Trade Agreement has not done anything for us. Certain other factors have been in operation which are responsible for the increase both with regard to preference articles and also with regard to non-preference articles." I submit that this is an extremely good illustration of the kind of argument that has been sought to be put forward in the whole House—which could certainly not be pressed in committee, because the answer would have been ready. And the answer briefly is this: that the argument is not based on correct premises. First, let me make one observation, that it does not necessarily follow, as a general argument, that the Ottawa Agreement would have been found to be of value to India only in case the increase in the export of preference articles had been greater than the increase in the export of non-preference articles. It is quite possible—I am not referring to this particular Agreement, I am taking the general argument—that, in arriving at an agreement, the representatives of one side may not lay so much emphasis upon commodities with regard to which they feel that their country is in a secure position, and they might wish to safeguard commodities with regard to which they might be afraid that the conditions that have necessitated an agreement might operate prejudicially in the absence of certain adjustments. In such a case, the question would be, have the articles, for which preferences have been obtained and which might otherwise have suffered, shown any increase or maintained their position, in either of which cases it would be perfectly legitimate to argue that the Agreement has served its purpose, and it would not be a valid argument to point to other articles which the Agreement does not cover in order to show that, as there has been an increase in their case, the Agreement has not been of any value. But that is a general argument: I shall go on to deal with the specific argument that has been advanced in this connection. (Interruption.) Is it a fact that there has been an increase in the export of articles to which the terms of the Ottawa Trade Agreement do not apply in any manner? I am purposely putting it in this wide form. I took pains to explain in my opening speech that the Agreement has several aspects: not merely one aspect that it secures preference for certain articles. I explained the right of free

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entry: I adverted to the preferences and also referred to the Schedule D articles, and I will explain again what the schedule D articles . . .

Seth Govind Das (Central Provinces Hindi Divisions: Non-Muhammadan): May I ask one question?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member does not give way.

The Honourable Sir Muhammad Zafrullah Khan: These questions—are they not the best argument in support of the proposition that the matter should be examined in committee? I start my argument: an Honourable Member desires to put a question: if we had been sitting in committee, questions could be put freely and answers given; but Honourable Members will recognise that that cannot be done in the whole House. One line of argument might give rise to several questions, and it would be manifestly impossible to resolve all of them satisfactorily in the whole House. That is the reason, I submit, why this matter had better be examined in committee where questions could be put and answers given in a much more satisfactory way. The mere desire to ask questions is itself an indication that Honourable Members know and feel that it would be far better to examine this matter in committee. To resume: with regard to schedule D, the position is this: certain articles which are mentioned in the Schedule and which had not been entered in Schedule I to the Import Duties Act, that is to say, which had not a right of free entry to the United Kingdom from all countries—were, at the request of the Indian delegation, placed in the Schedule, that is to say, the right of free entry from all countries was extended to them, because India, finding that she was the principal supplier of these articles to the U. K., wanted to continue to export them free to the U. K., without the restriction of certificates of origin to prove that they were articles of Empire origin. Now, the value of this right of free entry with regard to these particular articles is this: that though India is the chief supplier of the United Kingdom with regard to these articles, there is a certain amount of danger that those articles might be ousted from the market by synthetic substitutes. In this connection, the question would be,—what is the cost of these articles, and what would be the cost of suitable substitutes? So long as the cost of a suitable substitute continues to be higher than the cost of the article itself,—the danger would not be serious.

The moment it becomes possible to manufacture substitutes and put them on the market on a commercial basis, the right of free entry would become extremely valuable; or, to put it in another way, if there were no right of free entry, these articles would be at a great disadvantage.

Take, for instance, the case of jute manufactures. One of the main features of post-war industrial research has been the search for efficient substitutes for jute as the raw material of merchandise containers. Every increase in the price of jute stimulates that research, and I would assure Honourable Members that the danger to jute manufactures is by no means fanciful or imaginary. To a very great extent, cement, which was formerly packed in gunny bags, is now marketed in paper bags. The exploration for substitutes is on the increase: therefore, this right of free entry with

regard to these Schedule D articles is of great value. Here you have an instance of articles which are not preferred articles, but the export of which is certainly being maintained, and even stimulated by their finding a place in this Schedule D, and thus securing the right of free entry.

Take, again, raw cotton: it enjoys no preference, as I have explained, in the U. K. But it is an article the export of which to the U. K. and the greater consumption of which in the U. K. mills is being encouraged by the Ottawa Agreement for the reason that it is in pursuance of article 8 of the Agreement that the Indian Lancashire Cotton Committee has been set up and is making efforts in the direction of research and better marketing and so on, to secure larger consumption of Indian cotton in the United Kingdom mills. As a result of these efforts, the consumption of Indian Cotton in the United Kingdom has almost doubled during the last three years.

I come now to the question whether the increase in the export of non-preferred articles from India to the United Kingdom is in respect of those articles which are not affected by the Agreement at all, in which case there might be some validity in the argument, that we are examining, or whether it is in respect of those articles the export of which is stimulated by the Trade Agreement though they are not preferred articles. Let us examine the figures from that point of view. The figures are these: between 1931-32 and 1934-35, the exports of preferred items to the United Kingdom had increased from 33.3 to 36.7 crores, *i.e.*, just over ten per cent. The exports of non-preferred articles had increased from 9.6 to 11.4 crores, *i.e.*, 18.5 per cent. That was the point sought to be made, and, as I say, on the surface there is some plausibility in this argument; but, now, let us examine it more closely. The Agreement covers articles other than those to which preference has been given: I have said, these are articles in Schedule D and also raw cotton. The articles in Schedule D are shellac, jute, myrabolams, broken rice, mica, raw hemp. These enjoy no preference, but have been secured free entry into the United Kingdom at the instance of the Indian delegation. The other non-preferred article is raw cotton. Take the figures relating to non-preferred articles and divide them into two groups—figures relating to non-preferred articles which nevertheless are covered by the Ottawa Agreement as I have explained, and the figures relating to non-preferred articles which are not covered by the Agreement at all. What is the result? It is this: the exports of non-preferred commodities covered by the Agreement, that is, Schedule D articles and raw cotton, have increased from 5.8 crores in 1931-32 to 7.95 crores in 1934-35, or by 37 per cent. On the other hand, exports from India to the United Kingdom of articles entirely outside the Agreement have, in the same period, *decreased* from 3.78 to 3.41 crores or by 9.8 per cent. What becomes then of the argument that the export of articles that are not affected by the Ottawa Agreement at all has been stimulated and has increased? There has been no increase whatever: on the other hand, there has been an appreciable decrease. As I have said, that is an extremely good illustration of the fact that, if only *prima facie* arguments are going to be put from one side or the other, the matter cannot be satisfactorily examined by means of formal speeches during the course of which free exchanges of views, explanations and criticisms are not possible. In committee, it would be possible to say: "Yes, your figures are correct, but here is another factor

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on the other side for which you have made no allowance." I do not take up the position at all that there can be no other view of this matter except the one that I have adopted: we could examine it thoroughly in committee and the matter could be argued from all points of view. I do not take up the position that nothing can be said or pointed out on the other side which would not require further examination. Sir, before I go on to the next point, may I make one further observation? Throughout the debate, Honourable Members, who have criticised the working of the Ottawa Trade Agreement, have assumed that the entire increase in the volume of United Kingdom exports to India is due to the Agreement, and that no part of the increase in the Indian exports to the United Kingdom can be ascribed to the Agreement. Sir, I leave it to the House to judge how far such an attitude can be described as fair.

Then, a point was sought to be made by, I think, Mr. Satyamurti, who said:

"You made this Agreement in August, 1932, and put it into force in January, 1933. Article 14 provides that, in regard to individual commodities, if occasion arises, some modification might be made, not necessarily through denunciation or reconstruction of the whole Agreement, but by correspondence with regard to that particular commodity. What have you done? You made that argument and then you went to sleep and did nothing at all under that article: if you had shown that you had taken action under this article in respect of a single commodity, that would be some indication that you had done something to protect India's interests and we might have been more disposed to trust you in regard to this matter."

My reply is: it is true that the provision of article 14, to which the Honourable Member has referred, has not been called into play during these three years; but it would not be true to say that the Government of India have not been watching the working of the Agreement from that point of view, and that no modifications have been secured since the Agreement was put into force. Modifications have been secured, and I shall point to two in the course of the next few minutes, but it was not necessary to bring into play the machinery provided under article 14, because modifications could be secured without it. Here are those two instances. The Government of India found that there was a complaint that the rice preference into the United Kingdom was being nullified by the fact that there was a very small duty upon paddy and that, therefore, Spanish producers of paddy found it a profitable means of expanding their exports of paddy to the United Kingdom, and thus evading the preference enjoyed by India in respect of rice, to ship paddy to the United Kingdom which was subject only to a duty of about 1/10th of a penny per lb. and to have it milled in England: so that the exports of paddy from Spain to England had risen from nothing at all to about 60,000 cwt. in a year. That having been brought to the notice of the Government of India, the Government of India at once took steps to put right the position. They pointed out to His Majesty's Government that this state of affairs was likely to nullify the rice preference. His Majesty's Government responded to the suggestion made by the Government of India, and paddy was subjected to a duty of two-thirds of a penny per pound in the United Kingdom which amounts to 75 per cent., *ad valorem*. Since then, the result has been that the exports of paddy to the United Kingdom from Spain have again gone down to vanishing point, and this breach, that was threatened in respect of the rice preference, has been averted.

Another preference, which was at one time in danger of being nullified, was that enjoyed by oilseeds, and more particularly groundnuts. This preference was threatened by the import of soya beans, which was on the United Kingdom free list, mainly from Manchuria. That has also been set right. Since August last this commodity has been subjected to a 10 per cent. *ad valorem* duty.

On the other hand, it might be said: "You were informed by the Committee set up in 1934 that the preference in favour of coffee had not resulted in as great a benefit as you gave us to understand it would result in, and what did you do about it?" Now, with regard to coffee, the position is this. The 1934 Committee, which found that the preference was not working as much in favour of this article as was expected, made the following observations in this connection:

"We were informed by certain other Members", —(*Dr. DeSouza and Mr. James who were particularly interested in coffee production*),—that the full benefit of the preference will not be available until the Indian producers have taken steps to overcome the disadvantages mentioned in the departmental report and undertake intensive marketing propaganda in their more important markets."

The finding of the Committee, therefore, was that they felt that full advantage had not been taken of the coffee preference by Indian producers of coffee. It was, therefore, obviously impossible for the Government of India to press their case with the United Kingdom Government. In consultation, however, with the interests concerned, as Honourable Members are aware, the Government of India brought before the Legislature a Coffee Cess Bill, which has now become the Coffee Cess Act, for the purpose of encouraging research, marketing and propaganda which is expected to yield a twofold result—it might stimulate the export of coffee from India, and, if it succeeds in doing so to a satisfactory degree, it might achieve the desired object; but if it does not succeed in doing so, India will then have a case to go to the United Kingdom Government and to say: "the defect on our side has been removed, nevertheless we are at a disadvantage, and, therefore, we ask you to mend matters."

Another point that was sought to be made was—another illustration to show how if the matter were discussed in committee, a good many misconceptions that exist in certain parts of the House might be cleared up—it was said that India's balance of trade had not improved, and that the main object for which preferences had been obtained had not materialised, and that, therefore, we should scrap the Agreement. Sir, it is too late at this stage to enter into a detailed examination of figures, but I am afraid some figures are necessary to meet the argument. The balance of trade in merchandise, after all it is the only thing that matters with regard to this aspect of the case,—the balance of trade in merchandise in 1932-33, which was the year during which the Ottawa preferences were only partially operative, as they started in January, 1933,—the balance of trade in favour of India in that year was four crores. Since then, it has risen in one year more than in the other two years, but the tendency has been upwards. In 1934-35, the balance of trade was 22 crores, and the figures that have come in up to now with regard to 1935-36 show that the balance at the end of the year will be round about 28 crores. So it cannot be said that the balance of trade in favour of India has not risen. It has risen, it has steadily improved, and the improvement is progressive, and, therefore, it is not a valid criticism to suggest that the Ottawa preferences have not reflected themselves in the balance of trade with regard to merchandise.

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Then, Sir, it was stated on behalf of some Honourable Members that appeals had been made from Government Benches that this matter should be considered from a purely commercial or economic point of view, and that our repeated insistence upon this indicated a guilty conscience. Now, Sir, that is not so. As a matter of fact, when I put forward that consideration before the House to begin with, I said that I was convinced that there was no desire to examine this matter in any section of the House except from a purely commercial or economic point of view, but I regret to have to observe that though the general trend of the debate has been to take up some line of argument with regard to the actual working of the Agreement, I am afraid, there have been indications to show that in certain sections of the House at any rate, certain Honourable Members are being influenced by political considerations in pronouncing their verdict upon the working of the Ottawa Agreement. Let me give two or three instances. Mr. Joshi said: "It is no use looking at this Agreement, it is wrong in its very conception, because it creates a certain kind of economic unit in the world comprising the British Empire, and thus imposes restrictions upon international trade".

To this extent it might be said the argument was based on economic considerations; but then he proceeded to say: "So far as you are concerned, you should not have agreed to it, because you are a subordinate Government, and, being a subordinate Government, any agreement that you enter into is bound to work to the detriment of India". Sir, I call that an entirely political argument and, so far as this matter is concerned, it is an entirely invalid argument.

Then, I believe it was Mr. B. Das who said that when the Indo-Japanese Protocol and Trade Convention was settled and drafted, the Commerce Member of the Government of India was not permitted to sign it on behalf of the Government of India, and Mr. B. Das went on to say: "Sir, that being so, it is no use talking to us of figures or of statistics; that being our position, we cannot possibly countenance the continuance of the Ottawa Trade Agreement". That again, I venture to submit, Sir, is a political argument. On the basis of that argument, I imagine Mr. B. Das would be prepared to denounce the Indo-Japanese Protocol also, because it indicates the inferior political status of India, without looking into the question whether it is working to the benefit of India or not. That argument means, if it means anything at all, that Mr. Das wants to reject the Ottawa Agreement on political grounds without examining it in detail, and that is one of the reasons why he does not want to go into committee over it. He will not examine it in committee, because, according to him, the only relevant consideration is that our Commerce Member was not permitted to sign the Indo-Japanese Protocol on behalf of the Government of India!

Then, my Honourable friend, Mr. Satyamurti, though, as usual, he was much more careful than some other Honourable Members were in this connection,—said: "We are hard put to it to control our emotions in this connection. Don't talk to us of goodwill, that upsets us. Do not irritate us over this matter. It is difficult for us to keep our attention to the purely economic side of the matter. We want to look at it from the purely business point of view, but don't talk to us of goodwill". That gives an indication of the direction in which his own mind was working, and of the direction in which the minds of other Honourable Members

might be working. Some of them may not be so careful to distinguish between the emotional and political aspect and the economic and commercial aspect of the matter as the Honourable Member is.

Now, let me say that these political considerations have nothing to do with this matter. This Agreement, good, bad or indifferent, wisely entered into or unwisely entered into was entered into by a Delegation on behalf of India. If the matter had stopped there, you could have said: "You chose your own Delegation, you gave your own instructions to them, and we are entitled to assume that you were dictated to from Whitehall and you were compelled to accept whatever was offered." That is not so. When the Delegation was appointed, an assurance was given to the House that if this Delegation did arrive at a trade agreement with the United Kingdom or with any of the Dominions, and that agreement involved any changes in the Indian tariff system, such changes would not be carried into effect without the concurrence of the Legislature. In pursuance of that obligation, the whole Agreement, portions which would involve changes in the tariff, as well as portions which would not involve any such changes—the whole of it was placed before the Legislature for its approval. And it was open to the House then either to accept it or to reject it or to suggest modifications with regard to it. There is nothing whatever to show that the consideration of this matter by the House was in any manner affected by political motives. The House was entirely free to consider it from a purely economic and commercial point of view; and if the House did consider it from the economic and commercial point of view, what is there in the argument: "Because you are a subordinate Government, or your Commerce Member was not permitted to sign the Indo-Japanese Trade Protocol, because our emotions are involved in the matter, we do not think that the Agreement was ever likely to work for the benefit of the country"?

Then, Sir, it has been suggested that this Agreement was brought about with a pistol held to our head. An Honourable Member has said: "The United Kingdom passed this Import Duties Act, and enforced it in 1932. Did they consult you about it? No. Then, you were told that, unless you came in, these duties were going to be imposed upon you, that you would be penalised and it was under that threat you came in". Let us examine this a little further and see whether there is any substance in this contention. Was the Import Duties Act directed against India? Was the Import Duties Act enacted with a desire to force India into a trade agreement? Was the crisis of 1931 and the chaos and confusion to which it led, engineered by the British Government for the purpose that they might turn over from a free trade policy to a protectionist policy and then force India to enter into something like the Ottawa Trade Agreement? Could anybody, after knowing what had happened in 1931 and the early part of 1932, fairly and honestly say that there were not good grounds for Great Britain to review her commercial policy, and if she found it necessary to do so in the interests of her own commerce and industries, to reverse her policy and start on a new one? If that was so, that new policy was responsible for the Import Duties Act. The considerations which led to the passing of this Act had nothing whatever to do with forcing India into a trade agreement. Before this Act was passed, with certain exceptions, the United Kingdom was admitting goods of all nations free, whereas United Kingdom goods were subjected to tariffs practically all over the world. I am not arguing in support of or against the policy of the Import Duties Act. Those responsible for the tariff policy of the United Kingdom

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decided that this state of affairs was detrimental to the interests of the United Kingdom and should be put an end to and the Import Duties Act was passed. I maintain that, by passing this Act, the United Kingdom did not fashion a pistol for India and hold it to her temple in order to induce her to enter into this Agreement. It was realised that the Act would apply not only to foreign goods, but also to Dominion and Indian goods, and the United Kingdom said: "We must leave room for adjustments with the Dominions and India. We shall not enforce these duties against the Dominions and India for a sufficiently long period to enable them to decide what they are going to do about it." It was open to them, and it would have been in accord with the policy advocated by some sections of the House during the debate, if the United Kingdom Government had said: "We shall impose these duties on everybody, and leave the Dominions and India to come to an agreement if and when they choose". They did not do that. They left the Dominions and India free for six months to come to a decision of their own. Again, this provision did not apply to Indian exports alone; it applied to all imports into the United Kingdom from the Dominions as well as from India. When referring to the tea preference, one Honourable Member, in the course of this debate, remarked: "Oh, yes. Tea was all right. Great Britain itself was anxious that, as the tea industry in India was controlled largely by British interests, it should not suffer, and something ought to be done to put it right". Let us apply that argument here. Great Britain being anxious that the Dominions being populated largely by their own people, nothing should be done to prejudice them, the question arises—was India treated differently from the Dominions? Admittedly, according to the Honourable Member who sought to make that argument with regard to tea, Great Britain would do nothing to prejudice the Dominions, and if the same measure applies to both the Dominions and India, it cannot be said that it was intended to prejudice India. The natural conclusion, therefore, is that Great Britain did not hold a pistol to our head in the shape of the Import Duties Act. As a matter of fact, section 4 of that Act was designed to secure that there should be no disturbance to the trade of the Dominions and India. It is no use telling us: "You did not go to Ottawa as free agents, you went there under this threat, under this shadow of the Import Duties Act." The two arguments sought to be made in this connection are naturally contradictory. On the one hand, we are asked, why did you not wait and see what happened under the Import Duties Act after the 15th November, 1932, before you made overtures? The reply is given from another section of the Opposition: "We could not wait, we were going to be ruined, and, with this pistol to our head, we had to go."

Then, we are told; "Oh, you are frightened unnecessarily. There will be no disturbance whatever if you give notice of termination, because in the meantime, you will make every effort to come to a fresh agreement, and if you fail, it does not matter. The United Kingdom dare not retaliate, she must get her raw materials. She cannot starve her people of their food and her factories of their raw materials. She cannot afford to apply these duties to India under the Import Duties Act." Well, now, let us examine this a little further. I may say at once that if notice of termination is given, I do not believe that His Majesty's Government would resort to retaliation in the sense of doing something to punish India and her commerce for terminating this Agreement. I have not the slightest

reason to think that His Majesty's Government would do that, but the Trade Agreement having gone the scheme of mutual preferences will disappear. Is it contended that the disappearance of the preferences, automatically following on the termination of the Agreement, could be construed as retaliation by the United Kingdom against India? Surely, the contention is not that you can withdraw the preferences that you give to the United Kingdom, but that the United Kingdom should continue the preferences in favour of India? That being so, if notice of termination of the Agreement is given and no fresh agreement is in the meantime arrived at, there is bound to occur a most serious disturbance of the export trade of India to the United Kingdom.

Mr. M. A. Jinnah: It would apply to both.

The Honourable Sir Muhammad Zafrullah Khan: It would apply to both, but surely that would amount to cutting off one's nose to spite one's face. It would be no consolation to us if our trade is dislocated that the United Kingdom trade is also suffering. That, I am afraid rather reinforces one's suspicion that it is not so much any consideration of the alleged loss that India is suffering or any lack of benefit to India that is operating on the minds of Honourable Members but that it is the consideration that the United Kingdom is benefiting also. As I was saying, there is bound to be disturbance to our trade if notice of termination is given, and it is not even necessary that the period of the notice should have expired. Take Article 8 of the Agreement. I was told by the Honourable the Leader of the Opposition: "The Commerce Member has talked of Article 8 of the Ottawa Agreement. It is not an agreement at all." Article 8 is not by itself an agreement, but it certainly is part of the Ottawa Agreement. You cannot get away from that. The Lancashire Indian Cotton Committee was set up in pursuance of that article and has undertaken certain kinds of activities to which reference has already been made, and the result of those activities has been that, in the two or three years during which period those activities have been in operation, the consumption of Indian cotton in the United Kingdom has been almost doubled. From a little over 200,000 bales, it has risen to 414,000 bales. Therefore, it cannot be said that that article embodied only a pious hope. If notice of termination of this Agreement is given, we cannot expect this arrangement to be continued. It is an arrangement between the trade interests of the two countries undertaken with reference to the Ottawa Agreement, and, once notice of termination of the Agreement is given, the arrangement might fall through. Even if a new agreement is substituted in place of the present one before the notice becomes effective, you may have lost a good deal of the ground that you have gained. If there is a cessation of the activities of this Committee, things are bound to lapse to the conditions, which prevailed before the activities of this Committee began, and you will have to start all over again, and the result will be the loss of the benefit this Committee has secured during the last two years and a half. Then, there are other directions in which a disturbance might take place. I want to make it perfectly clear that I am not using this as a threat. I am not even giving my own considered opinion on this matter, because the matter has merely struck me in passing, and I want to place it before the House for their consideration. I desire only to draw attention to the possible reactions of termination of the Ottawa Trade

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Agreement on the Indo-Burma Trade Agreement. I merely put that forward for consideration.

An Honourable Member: You mean the Indo-Japanese Agreement?

The Honourable Sir Muhammad Zafrullah Khan: No, I am referring to the Indo-Burma Agreement.

Mr. M. A. Jinnah: This is the first time we hear about it.

The Honourable Sir Muhammad Zafrullah Khan: There are several other matters that might be affected.

Mr. M. A. Jinnah: I wish you had told us about it, in which case I would have replied to you.

The Honourable Sir Muhammad Zafrullah Khan: Really, I am rather surprised that this objection should come from Mr. Jinnah.

Mr. M. A. Jinnah: I am fully alive to the importance of that matter. If the Honourable Member had merely hinted at this before, I might have been able to reply to that.

The Honourable Sir Muhammad Zafrullah Khan: I have already told Mr. Jinnah and the House that the matter had struck me for the first time a few minutes ago, as a matter of fact, in the course of the Honourable Member's speech, he having taken care to speak last of all. I should not be charged with not having mentioned the matter before, when I say that the matter struck me for the first time when the Honourable Member himself was speaking.

Mr. M. A. Jinnah: The Honourable Member should not have accused me of having spoken last. He has got the final right of reply.

The Honourable Sir Muhammad Zafrullah Khan: I did not suggest that the Honourable Member did anything unfair in speaking last. I am explaining that I could not have mentioned this matter earlier, because this matter struck me for the first time when the Honourable Member was speaking.

Mr. M. A. Jinnah: I accept that.

The Honourable Sir Muhammad Zafrullah Khan: I am merely putting forward for the consideration of the House that there are directions, undetected perhaps even at this stage, where a disturbance might take place if the matter is not fully and carefully considered in detail. One of the possible directions in which a disturbance might take place is in respect of this Indo-Burma Agreement which has been arrived at for a certain number of years and is terminable thereafter by notice given by either side. Supposing the position arose that we terminated the Ottawa Agreement and failed to arrive at a fresh agreement with the United Kingdom, then Burma would be entitled to say: "Leave us out of this. We shall conclude our own agreement." I would like Honourable Members to appreciate that there might be a disturbance of the trade relations between India and Burma, if the Ottawa Trade Agreement were to be terminated.

Now, may I make one or two references to the amendment proposed by Mr. Jinnah. Two aspects of the amendment have already been dealt with by my Honourable colleague, Sir Frank Noyce. The first is the time factor. Mr. Jinnah wishes to impose upon the Government the obligation of getting into negotiations, not only with the United Kingdom, but also with such other countries with whom it may be possible to enter into negotiations, wherever and whenever it may be possible, and to place before the House in the September Session the draft agreements which Government might be willing to enter into with the Governments of such countries including the United Kingdom. As I have said, my Honourable colleague, Sir Frank Noyce, has pointed out that the time consideration alone would rule out the greater part of the suggestion made in the amendment. He has also pointed out that there is this consideration which you have got to keep in mind,—that Indian industries are subject to a far lesser degree of competition from the United Kingdom than they are from the industries of continental and other countries. That would affect the possibility of entering into suitable trade agreements with other countries to a certain degree. But let us look at the matter from another point of view. We are told: "You have tied yourself up with Ottawa, you have lost your bargaining power, therefore it is not possible for you to enter into trade agreements with other countries." Yet we are told we must enter into a fresh trade agreement with the United Kingdom. Is it possible, and is it suggested, that India might arrive at a trade agreement with the United Kingdom without surrendering any portion of its bargaining power? We cannot make a fresh trade agreement with the United Kingdom without surrendering some of our bargaining power with regard to other countries. It might be suggested that when we revise this trade agreement with the United Kingdom, we should make a smaller surrender of our bargaining power than has been made in the present Agreement and should retain greater freedom to bargain with other countries. In that case, the question would be—what is the margin of bargaining power on the basis of which you propose to enter into trade agreements with other countries? This is a question which must be studied (*Mr. M. A. Jinnah*: "You study it"), and on which some guidance might be expected from the House. The total bargaining power involved in the Ottawa Trade Agreement is about Rs. 4½ crores. If you arrive at no agreement with the United Kingdom, the problem with which you will be presented is this. This 4½ crores you will have to distribute among several countries, for, if you give the whole of it to one country, you will again be tied up, and other countries might discriminate against you. Now, it is here that the importance of two factors comes in. The United Kingdom is your largest single purchaser, she takes in 31 per cent of your exports. The country that comes next takes in 15 per cent, and, with that, you already have an agreement. The others are your customers on a much smaller scale. Now, would you rather have a large number of agreements with small customers, or one agreement with your largest single customer, with the possibility of its being supplemented by smaller agreements with others, and, in this connection, it would be well to remember the consideration put forward by my Honourable friend, Sir Hormasji Mody, that almost every other country with which you might enter into an agreement has imposed all sorts of restrictions on its trade, and it is doubtful whether it would be possible for you to get beyond the stage that the trade of the two countries should be levelled up, whether by barter or by licensing or by quotas, and so on. If that is the only thing that we are likely to get

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by means of bilateral agreements, my submission is that that is a thing which could scarcely be described as being to the benefit of India inasmuch as India has just now favourable balances of trade with most of these countries.

Now, Sir, I must conclude, as, I am afraid, I have detained the House longer than I intended. As I said at the beginning, the character of the debate itself points to the absolute necessity of considering this matter in committee. I am not thinking so much of numbers, I am thinking more of the procedure. Now, throughout this debate, no kind of lead has been given to Government as to what they ought to do except this: "negotiate, have another draft agreement, bring it before us. we shall again debate it in the whole House, if we are convinced that it is likely to be of benefit to the country, we shall accept it, if not, we shall tell you: 'negotiate another agreement', but we will not tell you in what direction you should negotiate." Barring my Honourable friends, Mr. James and Dr. DeSouza, who have made some suggestions, and my Honourable friend, Mr. Jinnah, who has made one suggestion, no suggestion has been made or lead given to the Government as to what they are to do in this matter except that the present Agreement is no good. From this point of view the debate has been singularly unhelpful. Mr. Jinnah has given this lead: "Mere tinkering with this Agreement will not do. You have not merely to repair it in a minor or major degree, you have got to reconstruct the whole of this Agreement". I was hoping that he would go on to indicate the foundations upon which the reconstruction should take place, the plan of the reconstruction, but he offered only a negative suggestion.

Mr. M. A. Jinnah: I think I did. I said: "You will have to examine the whole range on both sides and the preference to U. K. for steel and cotton should not be excluded from your consideration as it was done at Ottawa".

The Honourable Sir Muhammad Zafrullah Khan: Opinions might legitimately differ whether that is a suggestion only for modification in certain directions or whether that is a suggestion for the entire reconstruction of the whole scheme.

Mr. M. A. Jinnah: Of course it is for entire reconstruction.

The Honourable Sir Muhammad Zafrullah Khan: It may be or it may not be. We have not got any further than this. My submission is that a Committee might certainly be expected to give us a better lead. It was suggested that the commercial and industrial interests are likely to give us a better lead than a Committee of this House. There is no bar to a Committee of this House obtaining commercial and industrial opinion by means of witnesses and memoranda. Now, why is it that, for the first time over a matter like this, the House takes up the position: "No, no, this is a matter which we cannot judge." Sir, whenever any question of experts arises, we are told by certain Honourable Members: "Is it the position of Government that there are no financial experts in this House, is it the position of Government that there are no commercial experts in this House, why will not the Government take this House into its confidence so that financial experts and commercial experts in the House should be able to give their opinion?" Sir, why is it that today alone

the House is confessing to a bankruptcy of such expert knowledge? (Laughter.) (Hear, hear.) Why is it afraid, if I may say so, to look at the matter more closely and shoulder the responsibility, after taking such advice, and after consideration of such material as might be available in committee of advising Government as to the direction in which Government should work for modification of the Agreement? Why is the House prepared to abdicate its functions today to outside commercial opinion? On the other hand, it was said: "Well, this is a matter which, though it is a very complicated matter, we have studied very carefully. You can add nothing that can help to change our views. We know all aspects of the question, and nothing more is required to enable us to arrive at a decision on this subject." Those Honourable Members who make that statement may have studied the matter, but they could have done so only individually. Other Honourable Members have not gone into the question and have had no opportunity of forming their judgment. Recently the House had to consider the Hammond Committee's Report. Is there anything in connection with the Hammond Committee's Report which Honourable Members did not know before? On the Report being presented to the House, they did not say: "We know everything about this Report, we can straightaway come to a decision on it. What is the use of appointing a Committee? We have all been engaged for ten years over this matter, we know all about it." This was not the attitude that the House adopted over the Hammond Committee's Report. They wanted to consider the whole question in a committee and quite properly too. I submit that whenever a matter of a complex nature has to be considered, it is always better to examine it in committee and then to consider it in the whole House instead of attempting to pass a verdict on the whole matter off hand without any detailed consideration.

Sir, I say again, at the risk of provoking some observation from Mr. Jinnah, that whether it is a new found responsibility and, therefore, strange to the House or whether it is an old responsibility, the responsibility is that of the House and in this matter Government have undertaken that it is the decision of the House that shall prevail and not the decision of the Government. Therefore, in this matter, the responsibility lies entirely on the House. We have on this side attempted to put forward considerations which should persuade the House that a delay of five months for considering this matter in committee before it could be debated again in the full House in September would be well worth accepting lest any hasty decision might injure the interests which all sections of the House have at heart. After all, the question resolves itself into this: which of the two courses is likely to do more harm to the commercial interests of India, a delay of a few months for the purpose of a careful examination of the whole matter in committee before a final decision is taken by the House, or a decision here and now to give notice of termination which is bound to cause disturbance and dislocation of trade? Lastly, Sir, with all respect to Mr. Jinnah, I do assure the House that his apprehension that this motion is a device calculated to induce the House to consent to something that might keep the matter hanging till the Dominion agreements are terminated, is, so far as Government are concerned, absolutely unfounded. Government have no such intention whatever. I may add, Sir, that in case this motion for reference to a Committee is adopted by the House, Government intend, with the leave of the House, to add to the personnel of the proposed Committee. With that, Sir, I

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leave the decision of the matter in the hands of the House. (Loud and Continued Applause.)

Mr. President (The Honourable Sir Abdur Rahim): There are three motions for terminating the Ottawa Agreement and the fourth one in the name of Mr. Gauba seeks the appointment of a Committee to consider and report upon the Agreement with certain reservations or conditions. According to the usual practice, I shall take up the motion relating to the termination of the Agreement first. Of these three motions, all relating to the termination of the Agreement, Mr. Jinnah's motion seems to be the most comprehensive of all. I shall, therefore, put that motion first to the House. The question is:

"That for the original motion, the following be substituted :

"This Assembly recommends to the Governor General in Council that the Ottawa Agreement, dated the 20th August, 1932, be terminated without delay and a notice of denunciation be given in terms of Article 14 thereof. The Assembly further recommends that the Government of India should immediately examine the trend of trade of India with various other important countries and the United Kingdom and investigate the possibility of entering into such bilateral trade treaties with them, whenever and wherever possible to bring about the expansion of export trade of India in those markets and submit such treaty or treaties for the approval of this Assembly."

The Assembly divided :

AYES—70.

Aaron, Mr. Samuel.
Abdul Matin Chaudhury, Mr.
Aney, Mr. M. S.
Asaf Ali, Mr. M.
Ayyangar, Mr. M. Anantha-
sayanam.

Ba Si, U
Badi-uz-Zaman, Maulvi.
Badrul Hasan, Maulvi.
Banerjee, Dr. P. N.
Bhagavan Das, Dr.
Chaliha Srijut Kuladhar.
Chattopadhyaya, Mr. Amarendra Nath.
Chettiar, Mr. T. S. Avinashilingam.
Chetty, Mr. Sami Vencatachelam.
Chunder, Mr. N. C.
Das, Mr. B.
Das, Mr. Basanta Kumar.
Das, Pandit Nilakantha.
Desai, Mr. Bhulabhai J.
Deshmukh, Dr. G. V.
DeSouza, Dr. F. X.
Essak Sait, Mr. H. A. Sathar H.
Gadgil, Mr. N. V.
Ghulam Bhik Nairang, Syed.
Giri, Mr. V. V.
Govind Das, Seth.
Gupta, Mr. Ghansham Singh.
Hans Raj, Raizada.
Hosmani, Mr. S. K.
Jedhe, Mr. K. M.
Jinnah, Mr. M. A.
Jogendra Singh, Sirdar.
Joshi, Mr. N. M.
Kailash Behari Lal. Babu.
Khan Sahib, Dr.

Khare, Dr. N. B.
Lahiri Chaudhury, Mr. D. K.
Lalchand Navalrai, Mr.
Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Mudaliar, Mr. C. N. Muthuranga.
Muhammad Ahmad Kazmi, Qazi.
Muhammad Ismail Khan, Haji
Chaudhury.
Murtuza Sahib Bahadur, Maulvi
Syed.
Nageswara Rao, Mr. K.
Paliwal, Pandit Sri Krishna Dutta.
Pant, Pandit Govind Ballabh.
Parma Nand, Bhai.
Raghubir Narayan Singh, Choudhri.
Rajan, Dr. T. S. S.
Raju, Mr. P. S. Kumaraswami.
Ranga, Prof. N. G.
Saksena, Mr. Mohan Lal.
Sant Singh, Sardar.
Satyamurti, Mr. S.
Sham Lal, Mr.
Shaukat Ali, Maulana.
Sheodass Daga, Seth.
Siddique Ali Khan, Khan Sahib
Nawab.
Singh, Mr. Ram Narayan.
Sinha, Mr. Anugrah Narayan.
Sinha, Mr. Satya Narayan.
Sinha, Mr. Shri Krishna.
Som, Mr. Surya Kumar.
Sri Prakasa, Mr.
Thein Maung, Dr.
Umar Aly Shah, Mr.
Varma, Mr. B. B.
Vissanji, Mr. Mathuradas.

NOES—65.

Abdoola Haroon, Seth Haji.
 Abdullah, Mr. H. M.
 Acott, Mr. A. S. V.
 Ahmad Nawaz Khan, Major Nawab.
 Allah Bakhsh Khan Tiwana, Khan Bahadur Nawab Malik.
 Aminuddin, Mr. Saiyid.
 Ayyar, Diwan Bahadur R. V. Krishna.
 Ayyar, Rao Bahadur A. A. Venkatarama.
 Azhar Ali, Mr. Muhammad.
 Bajoria, Babu Baijnath.
 Bajpai, Sir Girja Shankar.
 Bhagchand Soni, Rai Bahadur Seth.
 Bhutto, Mr. Nabi Baksh Illahi Baksh.
 Burt, Sir Bryce.
 Buss, Mr. L. C.
 Craik, The Honourable Sir Henry.
 Dalal, Dr. R. D.
 Das-Gupta, Mr. S. K.
 Dash, Mr. A. J.
 Fazl-i-Haq Piracha, Khan Bahadur Shaikh.
 Gajapatiraj, Maharaj Kumar Vijaya Ananda.
 Gauba, Mr. K. L.
 Ghuznavi, Sir Abdul Halim.
 Gidney, Lieut.-Colonel Sir Henry.
 Grigg, The Honourable Sir James.
 Hands, Mr. A. S.
 Hidayatallah, Sir Ghulam Hussain.
 Hossack, Mr. W. B.
 Hudson, Sir Leslie.
 Hutton, Dr. J. H.
 James, Mr. F. E.
 Jawahar Singh, Sardar Bahadur Sardar Sir.
 Jehangir, Sir Cowasji.

Khurshaid Muhammad, Khan Bahadur Shaikh.
 Lal Chand, Captain Rao Bahadur Chaudhri.
 Leach, Mr. F. B.
 Lindsay, Sir Darcy
 Lloyd, Mr. A. H.
 MacDougall, Mr. R. M.
 Matthai, Dr. J.
 Mehr Shah, Nawab Sahibzada Sir Sayad Muhammad.
 Metcalfe, Sir Aubrey.
 Milligan, Mr. J. A.
 Mody, Sir H. P.
 Morgan, Mr. G.
 Muhammad Nauman, Mr.
 Mukherjee Rai Bahadur Sir Satya Charan.
 Noyce, The Honourable Sir Frank.
 Rajah, Raja Sir Vasudeva.
 Rajah, Rao Bahadur M. C.
 Roughton, Mr. N. J.
 Sale, Mr. J. F.
 Sarma, Mr. R. S.
 Scott, Mr. J. Ramsay.
 Sher Muhammad Khan, Captain Sardar.
 Singh, Rai Bahadur Shyam Narayan.
 Sinha, Raja Bahadur Harihar Prasad Narayan.
 Spence, Mr. G. H.
 Stewart, Mr. T. A.
 Tottenham, Mr. G. R. F.
 Witherington, Mr. C. H.
 Yakub, Sir Muhammad.
 Yamin Khan, Sir Muhammad.
 Zafrullah Khan, The Honourable Sir Muhammad.
 Ziauddin Ahmad, Dr.

The motion was adopted.

STATEMENT OF BUSINESS.

The Honourable Sir Frank Noyce (Member for Industries and Labour):
 It has already been arranged, Sir, that the House will not meet again till Monday, the 6th April. On that date, I shall move for leave to introduce a Bill to amend the Indian Mines Act, and, in view of the importance of proceeding rapidly with that measure which is designed to deal with the situation arising out of recent accidents in mines, I shall, if leave to introduce is granted, proceed forthwith to move for reference of the Bill to Select Committee. I may mention that copies of the Bill will have been made available to Honourable Members at least three days in advance. The next item of business will be the remaining stages of the Italian Loans and Credits Bill, and, thereafter, motions will be made to consider and pass three small and, I hope, uncontroversial measures, namely, the Cochin Port Bill, the Factories (Amendment) Bill and the Indian Lac Cess (Amendment) Bill. If further time remains available, it will be devoted to the three remaining Geneva Convention Resolutions standing in my name. On Wednesday, the 8th April, when, owing to His Excellency the Governor General's address, only half the normal time will

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be available for ordinary business, the House will first be asked to consider the amendments made by the Council of State in the Payment of Wages Bill. Thereafter, any items of business outstanding from Monday's list will be taken up, and, if time permits, a motion will be made for reference to Select Committee of the Bill to amend the Indian Railways Act.

The Assembly then adjourned till Eleven of the Clock on Monday, the 6th April, 1936.