

8 WHY BRITISH UNEMPLOYMENT IS WORSE

gold, and not by an improvement in the intrinsic value of sterling.¹ The President of the Board of Trade has asserted in the House of Commons that the effect of the restoration of the Gold Standard upon our export trade has been "all to the good." The Chancellor of the Exchequer has expressed the opinion that the return to the Gold Standard is no more responsible for the condition of affairs in the coal industry than is the Gulf Stream. These statements are of the feather-brained order. It is open to Ministers to argue that the restoration of gold is worth the sacrifice and that the sacrifice is temporary. They can also say, with truth, that the industries, which are feeling the wind most, have private troubles of their own. When a *general* cause operates, those, which are weak for other reasons, are toppled over. But because an epidemic of influenza carries off only those who have weak hearts, it is not permissible to say that the influenza is "all to the good," or that it has no more to do with the mortality than the Gulf Stream has.

The effect has been the more severe because we in Great Britain were not free from trouble a year ago. Whilst, at that date, sterling wages and sterling cost of living were in conformity with values in the United States, they were already too high compared with those in some European countries. It was also probable that certain of our export industries were overstocked both with plant and with labour, and that some transference of capital and of men into home industries was desirable and, in the long run, even inevitable. Thus we already had an awkward problem; and one of the arguments against raising the international value of sterling was the fact that it greatly aggravated, instead of mitigating, an existing disparity between internal and external values, and that, by committing us to a period of deflation, it neces-

(¹) This view was shared by the Treasury Committee on the Currency who reported that the exchange improvement of last autumn and spring could not be maintained if we did not restore the gold standard; in other words, the improvement in the exchange prior to the restoration of gold was due to a speculative anticipation of this event and to a movement of capital, and not to an intrinsic improvement in sterling itself.