

PC 11/17/30/6



5.12.31.

Thanks for your letter of 31st October - it was very interesting to get your comments on the British elections. What an amazing result. A Socialist victory would of course have been incredible disaster, but one can't feel very happy about future prospects when one looks at the Govt unwieldy majority and the absence of nearly all the Labour leaders from Parliament. There is grave danger, one would think, of agitation being driven underground.

In this country we have been having quite an interesting time politically. When England went off gold, our Govt decided to stick to it. That means of course that there is a considerable premium on money sent to England - it rose as high as 30% last week - and a corresponding loss which of course hits the exporters, on money brought here from England. There have been two results - a tendency to send money over by way of speculations in the anticipation that your pound will recover, and a holding up of exports, or at least the retention of the money obtained for such exports in London. We have therefore been having a flight from the S.A. £ which has led to all kinds of banking and exchange difficulties. The Govt has been hard put to it to meet the resultant problems. One of their expedients was the attempt to raise a loan to cover exchange transactions in a country still on gold. The attempt was unsuccessful. It appears that one of the conditions which NY wanted to impose was a British guarantee. There is something quite amusing about the demand a country off the gold standard should guarantee a loan raised by a country still on it - the more so as our Ministers had been preening themselves on the goodness of the SA £ as compared with the bad British £.

Eventually Parl. was called together. The Govt asked for - and of course got - drastic powers with a view to the buttressing up of its policy of remaining on the gold standard, and at the same time legislated for bounty on exports to be paid out of a special primage duty on imports. My own position in the matter has from the party point of view been a somewhat difficult one. At the outset the Govt's decision to remain on gold was pretty generally acclaimed and most of the spokesmen of our party endorsed that policy. Then gradually the difficulties attaching thereto began to assert themselves, and gradually also public opinion began to change. Then Smuts gave an interview in London condemning the gold standard, and the bulk of the party went with him. A few of us took the opposite view. I have held all along - I still hold - that SA must not go off gold until it is absolutely forced to do so, and that the present difficulties in this country are of a temporary character. The upshot was that when Parl met in CT about three weeks ago the party as such took the line pressing for the abandonment of the gold standard, but a minority of us dissented, and abstained from taking part in the debate or voting. Time will have to show whether our judgment was right or not.

So far I had got just a week ago when visitors arrived. Since then

I have been almost continuously on the move, and had no time to continue. The last week has been a busy week for me, a good deal of travelling about, and addressing ten meetings in all. I have just got back this morning from Kroonstad in the Free State. I am really making up arrears of political work caused by the time off that I took for my first Law exam. That indeed came at a most awkward time as I had to come away from the session of Parl in CT to sit the exam up here. Unfortunately there are two more exams to follow, and they are only held once a year, so that I shan't be finished for another two years - and one does not know what may happen politically between now and then. If SA is forced to go off the gold standard after all the Govt will almost certainly resign.

You ask about my subsequent intentions in regard to Law. In Natal there is an undivided profession - elsewhere there are the two branches. When I am qualified I hope to do some practice as an Advocate, but it won't amount to much, as politics will have the first call on my time. Still we have a lengthy recess and it will help to keep me occupied.

I am sorry that this letter will reach you too late for Christmas. My very best wishes for the New Year, in which my mother joins.

I have not yet seen Frank Brabant. Unfortunately there is a very bad drought in Zululand, so that his introduction to SA is not very happy.