

*Resolutions and Statements Regarding Monetary and Financial Questions.*—The Conference agreed that a rise throughout the world in the general levels of wholesale prices was in the highest degree desirable, and that for dealing with the problem in its widest aspects international action was urgently necessary.

The Conference also considered what action should be taken by the nations of the Commonwealth to help toward raising prices. In this connection the Chancellor of the Exchequer made the following statement on behalf of the United Kingdom:—

“His Majesty’s Government desire to see wholesale sterling prices rise. The best condition for this would be a rise in gold prices and the absence of a rise in gold prices inevitably imposes limitations on what can be done for sterling. A rise in prices cannot be effected by monetary action alone, since various other factors which have combined to bring about the present depression must also be modified or removed before a remedy is assured. His Majesty’s Government nevertheless recognize that an ample supply of short-term money at low rates may have a valuable influence, and they are confident that the efforts which have successfully brought about the present favourable monetary conditions can and will, unless unforeseen difficulties arise, be continued.”

The Conference in welcoming this statement recommended that the other countries of the Commonwealth should act in conformity with the line of policy as set out in it.

The Conference, further, recognized the great importance to traders of stability of exchange rates over as wide an area as possible. The complete solution of this problem was, however, dependent on the restoration of conditions for the satisfactory working of an international standard. In the meanwhile, and pending such a solution, the Conference considered the possibility of achieving valuable results in two directions—first by creating an area of stability among countries regulating their currencies in relation to sterling; and secondly, by avoiding wide day-to-day fluctuations between sterling and gold.

As regards the latter, the Conference noted with satisfaction that the United Kingdom had already established machinery aimed at preventing wide fluctuations in the gold value of sterling caused by speculative movements. As to the former, the Conference recognized the value of the countries within the Commonwealth whose currencies were linked to sterling maintaining stability between their exchange rates and looked to a rise in the general level of wholesale prices as the most desirable means for facilitating this result.

The Conference recognized that the ultimate aim of monetary policy should be the restoration of a satisfactory international monetary standard. Such a standard should so function as not merely to maintain stable exchange rates between all countries, but also to ensure the smooth and efficient working of the machinery of international trade and finance.

This postulated international agreement among the great trading nations of the world, and while certain of the States represented held very definite views on the question of the most desirable standard, the Conference refrained from making any recommendations on the subject in view of the fact that the question was shortly to be discussed at an international conference. It was agreed, however, that there were several conditions precedent to the re-establishment of any international monetary standard. The most important among them was a rise in the general level of commodity prices in the various countries to a height more in keeping with the level of costs, including the burden of debt and other fixed and semi-fixed charges;