

(4) *Economic and Financial Policy, and other Means of Financial Co-operation.*—The Conference adopted the recommendation of Commission III to the effect that it would be desirable for the nations who join the Monetary Fund to reach an agreement as soon as possible on ways and means whereby they could best—

- (a) Reduce obstacles to international trade and in other ways promote mutually advantageous international commercial relations;
- (b) Bring about the orderly marketing of staple commodities at prices fair to the producer and consumer alike;
- (c) Deal with problems arising from the change over from war production to civil production;
- (d) Facilitate by co-operative effort the harmonization of national policies of member States designed to promote and maintain high levels of employment and progressively rising standards of living.

In this connection the Australian Delegation introduced a resolution recommending that the Governments invited to accept the Monetary Fund Agreement be also invited to enter, at the same time, into an undertaking to maintain high levels of employment in their respective countries.

A motion for the adoption of the Australian resolution, which was supported by the New Zealand Delegation, was not carried, though there were some expressions of sympathy with its underlying motive. One important factor which operated against the adoption of the Australian resolution was seemingly the viewpoint that the question of employment as a whole should be the subject of consideration under the heading of economic rather than financial matters.

(f) RELATIONSHIP BETWEEN THE PROPOSALS DEALT WITH BY THE CONFERENCE

There is a strong affinity between all the proposals dealt with by the Conference because they were all put forward with the same ideal in view. But, though they are complementary to each other, the Monetary Fund proposal and the Bank proposal are quite distinct from each other. The purpose of the Fund is to facilitate the orderly and prompt carrying-out of current exchange transactions, and, in the main, such transactions may be expected to relate to day-to-day import and export business, and other short-term transactions. Normal use of the Fund to tide over the financial consequences of trade fluctuations is regarded as being of an essentially temporary nature, though longer use is provided for in case of need.

The Bank proposal, on the other hand, arose from the expectation, based on past experience, that, in the absence of such an institution, the normal flow of international investment would not revive quickly enough.

In the absence of a speedy revival of international investment in the post-war years a number of countries whose economies had been over-strained or devastated by the war, would not be able to play an effective part in post-war trade, even with all the assistance they could derive from the Monetary Fund. The result would be depression and widespread unemployment in the stricken countries and also, though possibly in a less degree, in all other countries.

The broad function of the Bank would, therefore, be to give confidence and certainty in those fields of international investment where otherwise fear and uncertainty would predominate. Its operations would thus play an important part in stimulating employment in the territories not only of borrowing countries, but also of lending countries.

The emphasis as regards the Fund is short-term finance in respect of current operations, and the emphasis as regards the Bank is long-term finance for capital development and reconstruction.

The proposals for international financial co-operation dealt with by Commission III are supplementary both to the Fund proposal and the Bank proposal.

The need to re-possess assets looted by the enemy needs no comment. The proposal for the reduction of obstacles to international trade, the orderly marketing of staple commodities, and the harmonization of high employment policies is an initial step which demonstrates the recognition that the financial proposals must be supported by action taken in economic and commercial fields as well.

The plan for the Fund and the plan for the Bank offer a medium for carrying out a comprehensive range of financial transactions; it is for other plans to determine the extent and the avenues of the economic activities which should give rise to such transactions.

The question as to whether financial plans on the lines of those dealt with by the International Monetary and Financial Conference will, in fact, be put into practice is a matter which is exclusively the concern of the respective Governments.

But whether or not they will commend themselves to Governments in their present form, there can be no gainsaying the basic ideals which led to their formulation. Those ideals are the happiness, the prosperity, and the general well-being of all peoples, and peace among the nations of the world.



Chairman of the New Zealand Delegation.