

It must be kept in mind, however, that the success of any such policy will be hampered and might be nullified by the failure to modify or remove important non-monetary obstacles. Of the non-monetary factors which are depressing the level of prices many are of international character and require an international remedy. The nations of the Commonwealth should, nevertheless, take all steps that lie in their power to increase public confidence, especially in the field of business enterprise, and to facilitate trade.

(e) The Conference recognizes the great importance to traders of stability of exchange rates over as wide an area as possible. The complete solution of this problem must await the restoration of conditions for the satisfactory working of an international standard as referred to below. In the meanwhile, and pending such a solution, this Conference has 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 has noted with satisfaction that the United Kingdom has already established machinery aimed at preventing wide fluctuations in the gold value of sterling caused by speculative movements. As to the former, the Conference recognizes the value of the countries within the Commonwealth whose currencies are linked to sterling maintaining stability between their exchange rates and looks to a rise in the general level of wholesale prices as the most desirable means for facilitating this result.

## II

The Conference recognizes 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 postulates international agreement among the great trading nations of the world, and while certain of the States here represented hold very definite views on the question of the most desirable standard the Conference refrains from making any recommendations on the subject in view of the fact that the question is shortly to be discussed at an international conference. There are, however, several conditions precedent to the re-establishment of any international monetary standard. The most important among them are: 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; and an adjustment of the factors political, economic, financial and monetary, which have caused the breakdown of the gold standard in many countries, and which, if not adjusted, would inevitably lead to another breakdown of whatever international standard may be adopted.

It is also in the view of the Conference of the utmost importance to the future working of any international standard that international co-operation should be secured and maintained with a view to avoiding, so far as may be found practicable, wide fluctuations in the purchasing power of the standard of value.

## B—Conference Conclusions

The Conference approved the above Report and adopted the statement contained therein and commended them to the several Governments for their consideration.