It is recognized that wide issues affecting exchange standards in general involve considerations which could not well be explored fully by a body having the limited membership of this Conference. Nevertheless, if the method of a sterling exchange standard, or something approximating to it, is to be adopted generally, even as an interim measure pending further advance, it would seem to be very desirable that the members of the Commonwealth who resort to this method should have the advantage of some enlightenment from the authorities of the United Kingdom as to the policy to be pursued in regard to sterling itself, and especially the expectations entertained as to its future exchange relations with free gold currencies.

STATEMENT BY THE LEADER OF THE DELEGATION FOR NEWFOUNDLAND (THE HON. F. C. ALDERDICE)

At the meeting on Tuesday morning, July 26, it was decided that the different delegations should present an outline of the difficulties they experience in monetary and financial matters arising out of the present situation.

Newfoundland currency and exchange problems are at the present time very closely associated with those of Canada. Newfoundland currency is at present for practical purposes Canadian currency and exchange operations are conducted through Montreal. Nevertheless, the present exchange difficulties affect Newfoundland in special ways.

Newfoundland depends for her prosperity to a very large extent upon export trade. In the twelve months ended June 30, 1932, Newfoundland exports were valued at more than twice the total of government expenditure and more than five times the interest on the external debt. For the preceding financial year the exports were valued at nearly eight times the interest charge on the external debt. The depression of world markets and of prices thus has an especially grave effect on the prosperity of the Dominion.

The exports of Newfoundland are to a large extent paid for on a sterling basis. In the year ended June 30, 1931, over fifty (50) per cent of all Newfoundland exports were paid for on this basis, and the decline in the value of sterling as compared with the Canadian dollar has affected seriously the yield of the export trade in recent months.

On the other hand, the depreciation of the Canadian dollar in terms of the dollar of the United States has thrown a heavy burden upon the Newfoundland government in respect of the interest on the public debt, a large part of which is payable in New York funds at the holder's option.

It may further be noted that Newfoundland trades with a very wide circle of Empire and foreign countries. The widespread nature of the present international depression has thus been of peculiar difficulty.

The difficulties as affecting Newfoundland may be divided under the following heads:—

1. Difficulties arising out of the general international depression, affecting the purchasing power of all Newfoundland's customers.
2. Difficulties arising particularly out of the fall of the sterling exchange rate, about half of the exports being paid for on a sterling basis.
3. Difficulties arising from the decline of the Canadian dollar as compared with the dollar of the United States, involving a relative increase in the interest charge on the public debt.
4. Difficulties arising from the depreciation of other non-Empire currencies, notably that of the Brazilian milreis.

A further point must be emphasized,—that recent exchange fluctuations, particularly those of sterling, have introduced an element of uncertainty which renders the position still more difficult.

The international aspect of the present monetary difficulties is obvious. Newfoundland would welcome the adoption by this Conference of a resolution inviting a wider international co-operation with a view to exchange stability generally and the raising of the present international price level.

Some part of the solution of the problem lies, however, within the Empire itself. In this connection, the Newfoundland delegation draws attention first to the present position of sterling exchange. The Delegation feels that so long as sterling exchange maintains its present low level, permanent improvement is not likely to be effected. They would welcome any suggestions which the United Kingdom Delegation may see fit to bring forward on this matter.