criticize Australia or New Zealand, but to point out that if economic laws are left to work themselves out their movement is so slow that in the course of it the producer may be ground to pieces.

19. I agree with the leader of the South African Delegation that monetary factors may be obliterated by economic factors in the determination of price levels, and it seems to us that if we are to restore stability of price and confidence in the future of the market for the great primary commodities, we must look for some means of regulating supplies in such a way that they shall not be from time to time completely out of relation to the absorbing capacity of their markets.

20. It is an interesting and remarkable phenomenon that the great primary products in which this Conference is interested may be divided into two substantial categories, those in which there is a world market and those for which Great Britain alone provides an outlet. Clearly we have here a state of affairs in which it is the sterling prices that matter in the case of the one set of commodities whilst it is the world or gold prices that are of importance to the producer in the other. In studying this matter we must not deceive ourselves by taking averages over unlike conditions. It is the circumstances attaching to individual commodities to which we must address ourselves because it is the fate of those individual commodities which will affect the fate of those whom we here represent.

21. It is obvious that this Conference cannot deal effectively with the prices of commodities which are governed by a world market. That must be the task of a world conference. But when we come to consider commodities which are sold almost exclusively in the sterling market the United Kingdom Delegation wish to suggest to their fellow delegates the advisability of considering the regulation of supply rather than of importation into Great Britain. To form a stable working scheme it is obviously necessary that all the main sources of supply—home, Empire or foreign—must be brought into the plan. But it is the view of the United Kingdom Delegation that the British Government could make a valuable and indeed indispensable contribution to the actual working of such a scheme by reason of the fact that they would be in a position to control entry to the sole market for the commodities concerned. This is not the time to elaborate further the ideas which I have put forward, but if other Delegations are prepared to give favourable consideration to the priciple concerned the United Kingdom Delegation will be glad to co-operate with them in working out details.

22. I need perhaps hardly emphasize the point that if on this matter and in respect of commodities sold on the sterling market the united efforts of the British Empire succeeded in raising to a suitable level the wholesale prices of the commodities concerned and at the same time substituting an orderly and even adaptation of supply to demand for the present violent fluctuations and alternations of prosperity and ruin, the Empire would thereby have offered to the world that lead which is so frequently called for and which might find effectual backing at any conference called to consider the more difficult and complex problems of world prices.

23. While stressing the importance of the economic factor which seems to me to have been somewhat underestimated, I do not desire it to be thought that the United Kingdom Delegation do not fully appreciate the necessity of favourable monetary conditions if progress towards recovery is to be attained; and whilst the effectiveness of such conditions would be immensely increased if they existed on an international scale we do not undervalue the part which may be played by the United Kingdom in this respect. We may however fairly claim that not only is there now no monetary obstacle to a rise in wholesale prices but that monetary conditions have been established which, failing any serious setback, should play an effective part in promoting recovery. Among these factors are the successive reduction of Bank Rate to a figure equal to the lowest ever recorded and an extraordinary abundance of short-term money. It may reasonably be assumed that banking policy in the United Kingdom will be directed towards providing an adequate supply of credit at moderate rates to meet the requirements of expanding production and industry provided that no unwise speculative movements occur in Great Britain or elsewhere.

24. On the part of the British Government, we have every confidence that the action we took recently in the conversion of the £2,000 million War Loan will play no inconsiderable part in the provision of favourable monetary conditions. What we all desire is to see trade again in an active position and traders taking advantage of the monetary facilities offered to them. In this connection