

nothing is more useful than a substantial reduction in the long-term rate of interest to supplement the fall in short-term money rates. The conversion scheme for the 5 per cent War Loan and the great public enthusiasm with which it has been received have placed British gilt-edged securities on a $3\frac{1}{2}$ per cent basis and it should not be long before the advantages gained by the gilt-edged borrower spread over into other fields of investment. This development is of course of the greatest interest to those Dominions which finance their requirements in London as well as to British traders.

25. I am now in a position to summarize the views I have put before you. In the opinion of the United Kingdom Delegation it is not desirable to embark upon any rash experiments in currency policy for the central position of the United Kingdom in world commerce and finance and the wide-spread use of the sterling bill as a medium of international trade will always require us to proceed with great circumspection. We do not see any prospect of a speedy return to the Gold Standard, nor are we prepared to say at the present time at what parity such a return should be effected if and when it takes place. We are doing and shall continue to do our utmost to prevent wide fluctuations in the value of sterling caused by speculative movements and we believe that we have now established effective machinery for this purpose. While desiring to see the stabilization of exchange within the Empire and anxious to pursue further discussions upon this subject, we have to recognize that there are important features in the situation to-day which render any prospect of the immediate establishment of stability somewhat doubtful. We recognize the profound importance of bringing about as soon as possible a rise both in sterling and in gold prices. We believe that this can only be brought about by a combination of actions applied from the various angles of politics, economics, finance and monetary control. We consider that movement in the right direction has already begun on the political side, and that easier financial conditions will follow on the restoration of political confidence. We have indicated that in our view the economic factor is of vital importance and we have shown how we think it should be dealt with in connection with products sold on the sterling market, thus setting an example which might later be followed in the international sphere. Lastly we have indicated that as we believe we have already provided in London favourable monetary conditions which are an essential precedent to a recovery in prices and in prosperity, and I conclude by expressing our hope that further discussion, whether in committee or sub-committee, will lead to fruitful and practical results.