"(3) While gold should be allowed freely to flow out of and into the countries concerned, central banks should always be prepared to buy gold at a publicly announced fixed price, expressed in their currency, and to sell gold at a publicly announced fixed price, expressed in their currency, the latter at least when exchange-rates reach gold points.

"(4) Central banks should obtain from their market the fullest possible information concerning the demands that might be made upon their reserves.

"(5) Since, as already stated under (1), the proper functioning of the gold standard requires in the first place the adoption by each individual central bank of a policy designed to maintain a fundamental equilibrium in the balance of payments of its country, the discretion of each central bank in regulating the working of the gold standard in its own country should remain unimpaired. Central banks, however, should recognize that in addition to their national task they have also to fulfil a task of international character. Their aim should be to co-ordinate the policy pursued in the various centres in order to contribute towards the satisfactory working of the international gold-standard system.

"Moreover, they should endeavour to adapt their measures of credit regulation, as far as their domestic position permits, to any tendency towards an undue change in the state of general business activity. An expansion of general business activity of a kind which clearly cannot be permanently maintained should lead central banks to introduce a bias towards credit restriction into the credit policy which they think fit to adopt, having regard to internal conditions in their own countries. On the other hand, an undue decline in general business activity in the world at large should lead them to introduce a bias towards relaxation.

"In pursuing such a policy the central banks will have done what is in their power to reduce fluctuations in business activity, and thereby also undue fluctuations in the purchasing-power of gold.

"(6) With a view to arriving at an agreed interpretation of the data revealing the tendency of developments in general business activity, and at an agreed policy, central banks should consult together continuously, each central bank, in case of difference of opinion, acting on its own judgment of the situation. The Bank for International Settlements constitutes an essential agency for central-bank action designed to harmonize conflicting views and for joint consultation. This instrument should continue to be employed, as far as possible, for the realization of the principles set forth in the present note. It should continuously examine the application of the principles of the working of the gold standard, and study such modifications thereof as experience may prove desirable.

"Agreement on the resolution was reached by all Governments represented at the Sub-Committee on Technical Monetary Problems, except that of the United States, which considered discussion of the question at this time premature, it being understood that the Federal reserve banks would be glad to confer at an opportune time with other central banks on questions of this character to the extent that they are compatible with national policies."

Other Matters.—The Sub-Commission further took note of a report from the Sub-Committee on Technical Monetary Problems concerning the remaining subjects on its agenda. The report was as follows:—

"The committee has not been able during the present session to complete its report on the section of the annotated agenda dealing with the gold-exchange standard, with other methods of economizing gold, and with distribution of monetary reserves.

"As regards the gold-exchange standard, the committee recommends that the Bank for International Settlements should as soon as possible proceed to study the question and particularly that it should examine to what extent it will prove possible to avoid certain of the defects which this system has revealed in the past."

The following is extracted from the Sub-Commission's report:—

"The Sub-Committee was asked to clarify the permanent principles of monetary policy that ought to be pursued in future. It is satisfactory to note that it has achieved a measure of success in this task since it has proved possible to reach full agreement on certain important problems. This may be seen from the text of resolutions approved. The same unanimity was evident also in regard to the necessity of central-bank co-operation.

"Finally, it should be stated that the important task which the Bank for International Settlements must discharge in the future was fully recognized."

The report of the Sub-Commission was embodied in the report of the Monetary and Financial Commission which was forwarded to the Bureau of the Conference by the Rapporteur, Mr. Georges Bonnet (France), who stated, *inter alia*, that,—

"The Sub-Commission took note of a recommendation made to it by the Sub-Committee to the effect that the Bank for International Settlements would examine the problem of the gold-exchange standard as soon as possible, and would, in particular, consider how far it might be found possible to avoid some of the drawbacks which this system has revealed in the past. The Conference will certainly wish to endorse the recommendation."

The report was adopted by the Conference at the final session.

The adoption of these resolutions in respect of an ultimate adoption of the gold standard does not necessarily mean that our currency should be fixed at parity with sterling. The New Zealand Government has the right, and these resolutions