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FINANCIAL DIFFICULTIES, PRICE AND CREDIT PROBLEMS

1. **Currency Instability.**

Whereas the instability of exchanges, whether within a country or abroad, is a very serious trade barrier and that where instability exists the difficulties apply not only to imports of foreign goods but also to commercial transactions within the country itself; and fluctuation of internal prices, resulting from unstable currencies, causes additional difficulties; and

Whereas no reference is made in the reports to the temporary stimulus to export trade which a depreciating currency so frequently creates; and without general stabilization international trade cannot flourish on a sound and normal basis

a) Restrictions or control of foreign exchange :

Whereas restrictions or control of foreign exchange provided they go no further than mere measures of supervision, are not a serious trade barrier ;

b) Measures relating to the export of capital

Whereas restrictions placed upon the export of capital, which appear to survive only in countries whose currency is unstable, are not justified by the urgency of national requirements.

The Trade Barriers Committee is of opinion

*That some of the fundamental difficulties in trade and industry still lie in the continued instability of important currencies. This instability affects not only the countries whose currencies are unstable by creating budgetary and commercial difficulties but also in turn creates complementary difficulties for other countries. In fact, despite certain periods of fictitious prosperity observable in some countries, international commerce cannot flourish on a sound and normal basis so long as instability of currency exists.*

The Trade Barriers Committee moreover endorses the Resolution passed by the Committee on International Settlements (1) and

(1) The Committee on International Settlements met in Rome on October 12th and 13th, 1926, under M. Pirelli.

*is concerned with the question of stabilization of currencies both in connection with existing international obligations and with the development of international credits ;*

*Moreover stabilization is an important element and in many countries a pre-requisite condition in establishing the balance of international payments.*

*Instability is both a national and an international problem because it not only hampers and impedes the domestic trade of those countries whose currencies are unstable, but also unsettles the foreign trade of countries whose currencies are stable.*

*Furthermore the increase in exports so frequently noticeable where currencies are fluctuating is merely temporary and masks an actual loss of wealth.*

*Although the determination of the moment and the point at which stabilization shall occur in any country necessarily is an internal question ; the general interest of international trade is involved.*

*Countries with sound currencies have an interest to assist countries with unstable currencies in every effort towards recovery.*

*The Committee believes that means for international cooperation in solving the problem should be devised and that the International Chamber of Commerce should be prepared to promote such cooperation.*

2. **Control of prices.**

Whereas it appears that the system of fixing minimum prices for export which was employed by certain countries during periods of inflation has almost entirely disappeared, and

Whereas National Committees have observed in this connection that certain measures relating to import and export trade, and which exercise an indirect influence on prices, are still employed

The Trade Barriers Committee confirming the resolution on raw materials, is of opinion