

taken place hitherto has failed dismally, and if it continues to make so poor a showing * * * the day will indeed be brought much nearer on which an impatient and exasperated Europe will relegate the gold standard to the relics of a barbarous age."

Undoubtedly acting by reason of European interest, the Financial Committee of the League of Nations recommended last year that a special commission should be constituted to study the purchasing power of gold. This year it was decided the Financial Committee should proceed by having a subcommittee of its own members, supplemented by a number of financial experts, make the studies. The report of the Financial Committee respecting the subject, dated September 20, 1929, read:

Gold Inquiry

"This question of the purchasing power of gold is without any doubt a problem of the greatest importance. The fluctuations in the purchasing power of gold react on the level of prices and thus on the economic well-being of all countries of the world.

"In certain circumstances, they may bring the most serious economic disturbances in their train. It is therefore fortunate that the League of Nations is examining the problem. It is indeed so vast, so complex and so fraught with difficulties that no nation alone could tackle it; only an international enquiry well prepared and methodically carried out, such as the League of Nations is able to arrange, could contribute materially to the solution of the problem.

"During the year under review, the enquiry has been started. In agreement with the Council, the Financial Committee has appointed a delegation from amongst its own members, to which certain other experts of international authority have been added. The delegation is partly composed of persons who are, or recently have been, at the head of Central Banks, persons connected with other branches of finance, and certain economists known all over the world. Its terms of reference are: 'to examine and report upon the causes of fluctuations in the purchasing power of gold and their effect on the economic life of the nations.' The delegation held its first preliminary meeting at Geneva during the last month, and on that occasion drew up a programme of work."

The London Statist's comments at the time of the first meeting of this body will further illustrate the points of view reflected in the quotations made above from its pages, and were: "Recent developments in the sphere of international credit have made it appear increasingly evident that some intelligent approach to a problem of the future value of gold will have to be made soon if the gold standard is not to be discredited as an adequate basis of world credit and world prices. It is, therefore, welcome news to hear that the special delegation set up by the Financial Committee of the League of Nations to look into this vast problem has held its first session. * * * Their conclusions will almost certainly be based upon the contention that, unless there is some intelligent and coordinated effort on the part of the important central banks of the world to economize gold, the general level of world prices is almost bound to fall further during the next few decades. Gold economy has already made good progress insofar as gold is utilized for actual currency purposes. What remains to be done now is to devise some means whereby gold can also be economized in respect to its utilization for the reserve requirements of central banks. * * *

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