

PRESS RELEASE

Not to be released before Friday, 27 September, at 1 P.M.

Mr. Camille Gutt, Managing Director of the International Monetary Fund, has made to-day the following broadcasting on the "Voice of America", retransmitted by the British Broadcasting Corporation and by Radio Alger.

The broadcasting was made on the following wave lengths:

Short waves : from New York, on 19, 16, and 13 meter bands,
from B.B.C., on 25, 31, and 41 meter bands.

Medium waves: retransmitted by the B.B.C., in the 267 meter bands,
retransmitted by Radio Alger, in the 255 meter bands.

This broadcast will be heard in the United Kingdom, Western Europe, Scandinavia, the Balkans, and North Africa.

The speech was delivered in correlation with the opening of the Meeting of the Board of Governors of the International Monetary Fund and the International Bank for Reconstruction and Development.

Here is the text of the speech :

"For almost thirty years, every country has, to a greater or lesser extent, suffered from the economic instability of the world. This evil has become so deeply entrenched that many believe that it cannot be remedied. "There can be no stable currency without a sound economy", is the slogan of some people. Others reply: "There can be no sound economy in a troubled political situation". And when one approaches politicians, many of them assert that "wars are due essentially to economic causes". Thus we have a vicious circle.

Is it possible to break this circle? The governments, assembled in 1944 at Bretton Woods and in 1946 at Savannah, thought so. They felt that international action in the monetary field, which would gradually help to restore freedom of exchange, develop international trade and thus bring about a more favorable standard of living, was worth the undertaking. Surely they did not think that the International Monetary Fund could accomplish this task alone. But they are hoping that the creation of the Fund will be the first step in a series of other actions, and that it will, in the final analysis, serve as an assistance, an incentive and an example.

How will the Fund achieve its objectives? Thirty-nine nations will pay the amount of their quotas, as established at Bretton Woods. This will give the Fund approximately three billions eight hundred millions in gold and dollars and the equivalent of three and a half billion dollars in national currencies.

In practice, the Fund will make use of these resources to lend required currencies to countries against remittance of an equivalent amount of their own currency, if they can prove that they need such foreign exchange to make up a temporary deficit in their balance of current payments. Thus, those countries which, without the assistance of the Fund, might have had to curtail their imports, lower their standards of living, establish controls and possibly devalue their currency, can either wait for the economic situation to improve or, if necessary, make such orderly adjustments as may be indispensable.

In fact the Fund will, therefore, be a lending agency which will give temporary but important assistance to its members since it has, at its disposal means which will allow them to go through difficult periods without being compelled to take measures which might otherwise upset the general economic equilibrium. It will also act as advisor, and as a contact for the representatives of the different governments who will be able to exchange their views and discuss their economic problems. It will thus be possible to avoid competitive devaluations which, at the expense of a temporary and illusory advantage for one country, might cause considerable damage to a number of other countries. If, however, such a need arises, any such devaluation would be made in an orderly way based on a well prepared foundation.

The Fund must be assigned its role in the economic reorganisation of the world. As I stated before, it cannot play this role alone. It will be more or less important, more or less useful, depending upon whether or not the other requirements for a return to the desired equilibrium are met. But at any rate, the effort must be made regardless of the obstacles which may be encountered. Perhaps these obstacles have never been so great, but neither has the will to surmount them ever been so strong.