

Currency Co-Operation

The purpose of the monetary conference which the president has called for July 1 is to take what steps will be determined as necessary to stabilize the currency of the various nations in the postwar period. This is a most important and difficult task. The plan that will be presented for its consideration is very largely of American origin, and has been approved by leading economists as better than that proposed by English experts inasmuch as it eliminates their proposal for a world currency. Instead all currencies are to be valued on a gold basis, thus making it possible in the handling of the fund to agree upon a percentage of parity in the purchase of currencies.

In the conduct of international trade it is necessary that the currency in those countries which engage in the exchange of goods have a fixed value in relation to one another. No one in the United States could or would sell abroad unless he was assured that the currency in which he was paid bore a proper relation to the dollar.

Under the proposed plan the gold holdings of the United States would be drawn upon to the extent of several billions, but the tying of all currencies to gold removes the possibility that once existed that we might be left with a great pile of gold for which there was no use.

Details of the plan are bound to be under fire at the conference; a number of American economists have already leveled their lances at it. In the end it will be necessary to require the balancing of budgets and the removal of trade restrictions, such as prohibitive tariffs. This calls for co-operative action, and it may be necessary for the big four to make this a condition of participation in the benefits of the fund.