

New Monetary Conference

The President's call for an international monetary conference, in July, at a New Hampshire summer resort, signalizes progress in the allied planning for financial and monetary control in the period following the military phase of the war.

The studies hitherto made by the British and American monetary and banking experts at Washington, which revolved around the Keynes and White plans, are now advanced to a new stage on a much broader basis. The united nations will participate in the conference, the results of which must be reported back to the respective governments. So far as this country is concerned, any international currency stabilization plan that may be agreed to must be finally submitted to Congress for approval.

Complete agreement may not come easily or quickly. Economic interests do not coincide in all the nations, or in a few of them. Monetary theories held tenaciously are at variance. Orthodox economists in this country have already attacked the Anglo-American plan for international monetary control which was informally reported last month to Congress by Secretary Morgenthau.

Lord Keynes defended the Anglo-American plan in the House of Lords as recently as Tuesday last. He won approval of a motion to the effect that the monetary talks of the united nations should be continued. But he ran into a potential British opposition to certain phases of the international stabilization project now in the works. A London dispatch reported:

Lord Keynes anticipated criticism by tackling in turn all four questions raised by British opponents of the monetary scheme. These are: Fear of return to gold standard, desire to protect sterling areas, anxiety lest currency outrace trade in race to solution, and reluctance to commit the country to any plan that might impede postwar social reconstruction.

Of these, the gold standard is the paramount obsession to Britain. Lord Keynes, however, said that the present plan was if anything "the exact opposite" of such a standard.

In view of the American stake in gold, which our government holds in its treasury vaults to the amount of over \$20,000,000,000, there must be orthodox American critics of any negotiations eager to appraise the real significance of Lord Keynes's remarks on the future of the gold standard. Yet our gold reserves are in no danger. The report to Congress last month, submitted by Secretary Morgenthau, carried a proposal for an \$8,000,000,000 stabilization fund, raised by all the participating nations, which would be based on gold.

The most devastating observation that the House of Lords debate produced was when Lord Perry saw a family resemblance of the Keynes-White plan to the League of Nations and asked, "I wonder whether when it is accepted the father of the plan will not renounce his offspring in the same way?"