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April 30, 1957

Communist China Discovers the Advantages of the Free Market

Reed J. Irvine

Communist China, which for several years has been pointing with pride to the progressive expansion of state control over production and distribution, has apparently decided that in the field of distribution, at least, the communizing process has gone too far. The 8th National Party Congress, held in September 1956, decided that free markets should be introduced to handle the distribution of many subsidiary agricultural products and consumer goods. Since that time free markets have been making their appearance, and the government propagandists have been busy explaining to the public why this seeming retreat from communism is not only necessary but desirable.

The writers are careful to explain that the free markets now permitted do not herald a return to "old-style" capitalism, but they make it abundantly clear that the Chinese have found monopolization of distribution by the State to be unsatisfactory. The tone of the published explanations indicates that some of the more doctrinaire communists may be uneasy about this decision. At the same time, there is evidence that concern over criticisms about shortages of consumer goods and inefficiencies in their distribution has made this move toward free markets necessary. There has been a growing emphasis on the need to give attention to consumer goods production and to raising standards of living since the 8th National Party Congress.

The explanations of the need for free markets constitute a damaging admission of the weaknesses of the communist system. Price policy has been one of the most serious problems for the Chinese Communist regime and the reintroduction of a free market in secondary agricultural produce and consumer goods reflects that fact. Some examples of the difficulties encountered have recently come to light in several articles that appeared in Chinese journals in November 1956.

Too many orchids

State control of pricing and distribution in China has extended even to the exotic orchid, with embarrassing results. In 1954, the procurement price for orchids in the Province of Honan was reduced 7 per cent, probably with the intent of discouraging production of this very unproletarian flower. However, the Government neglected to allow for technical change, and it happened that a new strain of orchid was introduced which resulted in a 275 per cent increase in the yield. Orchid production became extremely profitable, and far from being reduced, acreage planted to orchids in 1954 rose by 35 per cent over the preceding year. "The result was overproduction of orchids," is the laconic comment of the teller of this tale. He does not indicate how this lovely but highly perishable crop was disposed of.

The same writer notes that an improper relationship between wheat and rapeseed prices has resulted in a shortage of rapeseed and that setting the purchase price of handicraft and native products too low has hampered the

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production of these goods. He states that pricing policy has often played little attention to quality differentials with the inevitable result that quality has deteriorated. In short, "the blind quest for price stability", has resulted in widespread neglect of the forces of demand and supply. This is now discovered to be an error. "...if production is low and falls short of demand, empty demand for price stability will get nowhere....Price stability can be ensured only by appropriate application of the price differentials between purchase and sale and by stimulation of production."^{1/}

The lessons of state control of agricultural marketing

Improper price policies have been a major factor in the difficulties experienced by the Chinese in the state control of marketing. This is clear from all the comments on the return to the free market. However, administrative problems have also been described as serious. Perishable crops were not purchased in time and were left to rot. No provision was made for marketing some products with the result that they simply disappeared from the markets. The overhead costs of the distribution system multiplied, but its efficiency diminished. It is stated that in Peking huge quantities of vegetables were left in hand unsold and over 5 million cabbages of them rotted at a time when people were compelled to queue to buy vegetables. The transfer of small retail trade into the hands of the State has resulted in the growth of complex procedures designed to prevent mistakes and corruption, but "these procedures were devised with no consideration given to whether they would cause inconvenience to the consumers."^{2/}

The free market is now presented as a solution to all of these problems. The high confidence in this innovation is best shown in the following excerpt from an article laying down the official line on the free market.

"What experience can we draw from the ill effects of market control? And what lessons? In the first place, the commodities sold on the market number thousands. Except those principal types of goods which should come under unified purchase and distribution by the state commerce and supply and marketing cooperatives, many of the secondary and odd products cannot be produced and distributed in complete accord with state plan...In the second place, many subsidiary farm products and handicraft

^{1/} Lo Tan, "How to Handle Price Policy Correctly", Li Lun Hsueh Hsi (Theoretical Studies), Nanking, November 16, 1956 (Translated by American Consulate General, Hong Kong, Excerpts from China Mainland Magazines #62)

^{2/} "Must We Stand In A Queue to Buy Things?", Shih Shih Shou Ts'e (Current Events), Peking, Issue #21, November 10, 1956 (Translated by American Consulate General, Hong Kong, Extracts from China Mainland Magazines #62)

products are not only diverse in design and color, but also different in quality and maturity. In the past the state often bought them at uniform prices, irrespective of a difference in quality, and sold them in assortment without seasonal changes in price and variation in price arising from a difference in quality. Thus it dampened the production enthusiasm of the peasants and handicraftsmen. It also prevented an improvement in the quality of these goods. If the peasants and handicraftsmen are allowed to sell their products direct on the market or if the law of market supply and demand is allowed to exercise its influence over the quality and price of various products, and if we make proper adjustment of prices, it will certainly bring into further play the enthusiasm of the producers and enable them to improve the quality of products. In the third place, there were plenty of shortcomings in running the state commercial organizations and supply and marketing cooperatives. For instance, there were too many branch stores, costs were too high, the distribution of sources of goods was unreasonable, and so forth....Introduction of a free market will also overcome these shortcomings rapidly. For in a free market there is competition. If the state sector of commerce and supply and marketing cooperatives refrain from overcoming their shortcomings and bureaucratic style in work, they will meet with difficulties in emulation."

"These experiences and lessons indicate that establishment of a free market under the state leadership is not only feasible, but necessary, today."^{1/}

The author goes on to point out that the advantages of the free market are already visible. First of all, the supply of goods is reported to be greatly improved. Some commodities, such as medicinal herbs, which had completely disappeared from the market during the years of state monopoly have reappeared. Other goods such as fish and marine products which were in short supply because the price offered to suppliers was set too low have begun to reach the market in larger quantities. A sharp increase in the production of poultry and livestock was noted in some areas, leading the writer of the article quoted above to foresee "a fabulous increase in the wealth of the people" if the introduction of the free market enables the state commerce and supply and marketing cooperatives to improve their operation and management, reduce the number of branch stores and costs, and make proper price readjustments."

^{1/} Chi Liang, "What Advantages Are There to Open a State-Led Free Market?" Shih Shih Shou Ts'e (Current Events), Peking, Issue #21, November 10, 1956 (Excerpts from China Mainland Magazines #62)

Competition and communist theory

Reconciliation of the now widely proclaimed virtues of the free market with communist doctrine has not proven to be an easy task. The principal Chinese journal in the field of Marxist-Leninist theory, Hsueh Hsi, has made the attempt, but the author is compelled to admit frankly that in both China and other communist states "a contradiction had occurred between planned economy and the consumption needs of the people."^{1/} "The needs of society and the people," he explains, "are varied and changeable and cannot be completely planned." The essence of his argument is that a free market is a necessary supplement to planning in order to give elasticity. This leads him to the conclusion that without free markets "the superiority of socialism will not be fully revealed in the field of the satisfaction of the daily growing needs of the people." In other words, the only way to make socialism work is to introduce the essential features of the capitalist system of distribution. Of course, capitalism must be portrayed as evil. "It (capitalist commerce) has nothing to commend itself when viewed from broader considerations." Nevertheless, it must be admitted that it has one good feature, i.e., "the great care given to planning details and the good service rendered to customers." Socialist commerce, on the other hand, "has everything to commend itself when viewed from broader considerations." The trouble is that "it easily breeds bureaucratism, it does not pay too much attention to minor details, and it does not provide very good personal service."^{2/}

However, the effects of the free market are not limited to distribution. The authorities are willing to go so far as to accept as desirable the elimination of factories which prove to be unable to hold their own under competitive conditions.

"After the enforcement of selective purchasing and pricing according to quality, it is entirely possible that certain factories, due to their backward equipment, technique and management, will find the markets for their products affected and experience difficulties in securing fluid capital and in attending to production. This must make the industrial departments take steps to rapidly improve the equipment, technique and management of such factories, and the aim of selective purchases will thus be realized. Naturally, there may be individual factories that are so backward and are incapable of being improved, so that they may have to face the fate of elimination. Such is unavoidable."^{3/}

It is recognized that access to the free market will make it possible for merchants, peasants and other private producers to increase their incomes, but although "capitalist commerce is self-seeking and lives on exploitation," competitive commerce in a socialist society is quite a different matter. In

^{1/} Chang Shih-chang, "Answers to Questions on the Free Markets Led by the State" Hsueh Hsi, (Study), Peking, November 2, 1956, (Translated by American Consulate General Hong Kong, Excerpts from China Mainland Magazines #66)

^{2/} Ibid.

^{3/} Ibid.

China the increased activity of producers and merchants for the sake of private profit is viewed as "the best way of uniting their personal interest with the state interest."^{1/}

None of the commentators has yet come forth with a satisfactory answer to the question of why, in view of the great virtues attributed to the free market, it must be limited to 20 or 30 per cent of total goods traded. The one reason given is simply that distribution of basic commodities such as grain and cotton cannot be safely entrusted to the free market for fear that the admittedly more efficient market mechanism might in some unexplained way hamper the smooth flow of industrial production and the supply of major agricultural commodities to the cities. The expansion of the free market is to be limited, but the reader is assured, in a statement carrying more of an air of resignation than conviction, that "the output of some goods can be increased even under state control and output of some commodities cannot be increased even though they are allowed to be sold on a free market."^{2/}

^{1/} Chi Liang, op. cit.

^{2/} Ibid.

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Fetters or Freedom for Asia

Reed J. Irvine

At a time when faith in the principles of the free economy is weak in Asia and when even the Chairman of the International Monetary Fund, Governor Miguel Cuaderno of the Central Bank of the Philippines, publicly proclaims "that until the underdeveloped countries achieve a more desirable pattern of economy, it would be visionary to expect them to depend solely on classical methods of solving their economic difficulties and to lift selective controls and restriction," Maurice Zinkin's latest book, "Development for Free Asia" comes as a refreshing breeze.^{1/} Zinkin, who has had long experience in Asia both as a civil servant in India and as a businessman, displays thorough knowledge of the area of which he writes, and especially of the Indian sub-continent. He is not a theorist whose views might be dismissed as out of touch with the reality of the situation in Asia. Nor is he a pessimist who believes that progress is impossible in Asia and that visions of economic development are chimerical. He is in basic agreement with the belief that Asia must develop, but he persuasively argues that many of the efforts Asian governments are now making to speed that process are self-defeating. He would agree with Governor Cuaderno that something more than classical methods may be needed in Asia, but he emphatically denies that what is required is greater government control of economic activity.

This is not to say that Zinkin recognizes no place for the State in fostering development. Quite the contrary, he agrees that in Asia the burden on the State must be heavier than in the advanced countries because of the shortage of capital and entrepreneurial skill. There is a tremendous amount of work that has to be done in improving the utilities, education, hospitals and sanitation, etc., and it is important that the State do it because no one else can. However, Zinkin feels that the general tendency is for the State to try to do too much.

The State too has limited resources and limited skills available, and these can only be wasted if the government insists on operating international airlines when existing service is already adequate, or nationalizing motor transport which may have been functioning smoothly for years under private management. There are numerous examples of this sort of thing, all seemingly aimed at taking power from the businessman and transferring it to the politicians or the civil servants. Each case has its own justification, which often sounds plausible, but rarely does anyone ask "Could the money, the officials, the technicians, the Parliamentary and Ministerial time which this will cost be better used on some task nobody but the State can perform?"

The tendencies of the governments to try to supervise and control what they themselves do not directly operate is scored by Zinkin as perhaps the greatest brake on their progress toward higher economic levels. Here he is in sharp disagreement with those who view controls as the key to rapid economic development.

"The countries of Asia need exchange control on capital transfers; they may need import controls at times when the terms of trade turn sharply against them, or when they are

^{1/} Zinkin, Maurice, Development for Free Asia. Essential Books, Fair Lawn, N.J., 1956

importing unusually large quantities of capital equipment. There is probably no other control which performs any useful function, and there are many which positively hamper development....Asian intelligentsias are frequently so suspicious of their businessmen that they are prepared to let them operate only if they can feel that through their instrument, the State, they can check and cross-check everything the businessman does. So one gets the innumerable demands for returns and statistics, the perpetual necessity for licences and permissions, the restrictions and the ministerial or bureaucratic suggestions under which business labors in almost all free Asia. It harms business. It also harms the State both because so much of the limited time of the State's best men is taken up in considering particular cases and because so many of the group pressures and conflicts of interest which abound in every society are thus concentrated upon the country's political headquarters. The result is not necessarily corruption, though in some Asian countries it produces corruption on a large scale; but the result is always and necessarily an immense diversion of effort from development into argument and supervision, a diversion which the States of Asia, with their limited number of men with the qualifications for development cannot afford." (p. 61)

The importance of profits

The instinct to control comes not only from the distrust of the businessman cited by Zinkin but from a more general distrust of the workings of a free economy. Profits are looked upon by some Asians as an "obscenity", and there is a general fear that if people are allowed to engage freely in profit seeking or even in spending their money as they please somehow the general welfare will be injured.

These attitudes in turn arise in part from misconceptions about the meaning of economic development and higher standards of living. Economic development is often seen as a certain preconceived pattern of investment. Steel production may be regarded as the most important index of development, regardless of whether or not enlarged production of shirts and shoes would have resulted in a greater satisfaction of the demands of the community. It is forgotten that raising the standard of living means better satisfying the wants of the people. There are many ways in which that can be done--by increasing agricultural as well as industrial production, by increasing exports in order to pay for products that can be imported from abroad more cheaply than they can be produced at home, by expanded investment in the service industries, or by greater opportunities for travel.

Distrust of the profit motive and consumer choice leads the bureaucrat to rule that materials must be devoted to printing uplifting books rather than football pool tickets or to making vitamin pills rather than candy. The public is to be given what is good for them, not what they want, but unfortunately human nature is not so easily remolded. The consequences of such policies are likely to be high prices for limited supplies of candy, high profits for the manufacturers, and surpluses of good books and vitamin pills, to say nothing of dissatisfied consumers.

Zinkin takes pains to hammer home the old verity that "economics is not concerned with the morality or immorality of the profit motive; nor...with whether the satisfactions people are prepared to pay for are more or less valuable than those they are not prepared to pay for." Profit in a free market is a measure of the efficiency of the use of resources in satisfying wants, and it should therefore play a key role in any development plan. Unfortunately this has not been the case in Asia.

"The question the planners ask in Asia is not 'How can the national income....be increased the most at the least cost?' Instead they begin from a whole series of different premises and build upon them. They argue that wealth comes from industrialisation; so they create uneconomic industries and bolster them with protection. They accept that national safety requires a high degree of autarchy; so they build up defence industries and automobile industries which run expensively because their production is too small. They consider that the handicraftsman represents certain social values it is important to preserve; so they keep him in existence by subsidies. They worry about their balance of payments; so they lend money to shipping companies at uneconomically low rates of interest, or talk of synthetic petrol plants." (p. 44)

Far from injuring the general welfare, profit is the best guide that either the private entrepreneur or the State can apply in deciding between investments. Not only does it insure the most efficient use of resources but it accelerates the accumulation of capital, which is one of Asia's gravest problems. Zinkin suggests that the simplest way to finance the successive Indian five year plans would be seek to maximize profits and finance each new plan from the profits of the preceding plan. This cannot be done when the plans include such things as the hydro-electric project which will show no net return on the investment until 1986.

Zinkin's views are refreshing, not because they are new and original, but because the opposite thesis has so thoroughly permeated the thinking of the majority of the Asians and even Americans who have been concerned with speeding the development of the economies of the Far East. Zinkin takes pot shot after pot shot at widely accepted notions and he manages to hit his targets squarely most of the time. In doing so, he has managed to write an extremely readable book which seems more likely to stimulate those who disagree with him to give his contentions some serious thought than to incite them to anger.

The price of development

In addition to outlining the general rules which should guide economic development, he has some useful comments on how voluntary savings may be stimulated in Asia and several very interesting chapters on the sociological problems associated with economic development. He brings the problems of Asia into perspective, showing that a very large part of the problem that the various

countries face lies in convincing their own people that change is desirable. Asians may want greater material wealth, but there still remains serious doubt whether many of them want to pay the price required to get it. The price is a revolution in the values that have persisted for hundreds of years--love of ostentation rather than thrift, love of leisure rather than hard work, respect for the scholar and the saint rather than the man of business, pride in status rather than productive labor. The changes that are required will strike at the roots of the present social organization in most Asian countries, and the villagers, miserable though their condition may appear to the outsider, will not be easily persuaded to accept all the changes that will be necessary. In free Asia, as contrasted with the communist lands where the old values may be ruthlessly swept aside and the opponents of change liquidated, there will necessarily be compromises and delays.

"The needs of development cannot be absolute. There must be occasions when defence or justice will override them with propriety. But for that there is a price. The poor will remain poorer for longer." (p. 251)

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A Critique of "Sterling-Dollar Diplomacy" 1/

Samuel I. Katz

Richard N. Gardner's "Sterling-Dollar Diplomacy" is a scholarly record of Anglo-American efforts between 1941 and 1947 to rebuild a multilateral trade and payments system. The author recreates with vividness and authority the complex processes of international policy-making under war and post-war conditions. In his endeavor to reproduce the cross-currents and opposed points of view found in the negotiations, Gardner has deliberately transcended the boundaries of economics, politics, international law, and history; in this way he has produced "a study in international economic diplomacy" which merits permanent status in the story of our times.

Organization of study

The author's purpose is to record Anglo-American economic collaboration from the first agreed statement of objectives in the Atlantic Charter in 1941 to the establishment of the three pillars upon which the post-war multilateral system was to rest: the Bretton Woods institutions, the International Trade Organization, and the Anglo-American Financial Agreement. At each stage, he analyzes the principal issues of economic policy with high technical skill. He attempts to present a carefully balanced and beautifully written record of the actual course of negotiations, and to make understandable the compromises of policy finally accepted by the negotiators.

The body of the work deals with three principal topics. In the first place, the author traces the development of the Anglo-American compromises on financial and commercial policies amid sharp differences in national thinking. In the financial field, the Bretton Woods institutions developed out of the Keynes and White plans; they became "a compromise that appeared to dispose of the major issues dividing them (the British and American Governments) in the financial policy field." (p. 113) In the field of commercial policy, he shows how Cordell Hull's dream "of drafting a comprehensive code to govern the conduct of world trade" (p. 101) and James Meade's Commercial Union scheme were the bases from which an Anglo-American compromise was reached in the proposals for the Charter of an International Trade Organization.

As his second principal theme, Gardner describes the "fateful series of negotiations" which commenced in 1945 after the sudden end of Lend-Lease and which culminated in the Anglo-American Financial Agreement. The atmosphere of the Financial Agreement negotiations is recreated and the major policy disputes are spelled out with a scholar's care. With skill and in remarkable detail, the author has provided the student a full record of these negotiations. In his research, he supplemented official and published material by drawing on personal interviews with participants; he also had access to unpublished papers of Harry D. White and Will Clayton.

1/ Sterling-Dollar Diplomacy, by Richard N. Gardner. Oxford: Clarendon Press, 1956, pp. xviii, 423.

The author's third theme is a story of defeat: the failure of Anglo-American efforts to rebuild multilateralism. In his view, "a grave political and economic crisis beset the Western World" in 1947 which caused "the three supports of multilateralism" to crumble and which "blighted for the indefinite future . . . prospects for the speedy restoration of multilateralism." (p. 287) In separate chapters, he relates how the Bretton Woods institutions, the Anglo-American Financial Agreement and the International Trade Organization ended in failure. Even though he finds that developments after 1947 provide "new hope of eventual success," the author concludes that "the major objective . . . the reconstruction of multilateral trade . . . was not achieved." (pp. 381-2)

Gardner's principal conclusions

In his final commentary, Gardner argues that the following "three basic errors of (U.S.) post-war planning" made the difficulties of restoring multilateralism "greater than they need have been." (p. 383) The three were:

a. The error of Economism, or the view that peace could be achieved by adopting appropriate economic policies, "substantially delayed the creation of that political equilibrium which was the first condition of multilateral trade." (p. 383)

b. The error of Universalism, or "the idea that the post-war order could be created on a universal basis without . . . special arrangements between individual" countries, "led to neglect of the central problem of British reconstruction and of the special relationship between Britain and the United States as the two key countries of the world economy." (p. 383)

c. The error of Legalism meant the failure "to recognize that the promulgation of formal codes may be a less effective method of international collaboration than the establishment of informal working relationships." (p. 384)

Gardner's general verdict on the fruits of Anglo-American collaboration was controversial at the time he wrote. With the advantage of hindsight, there are grounds for suggesting that it has become even more controversial since then. His pessimism about the prospects for multilateralism must be judged in the light of the progress actually made in the direction of a liberal trade and payments system.

Progress toward convertibility

Since 1951, the Free World has moved rapidly toward a multilateral payments mechanism. In particular, the achievement of de facto convertibility of foreign-held current sterling in markets outside Britain and the similar status gained by many other European currencies constitute important and impressive steps forward. Despite the pressures on the transferable-sterling market, which has been the principal means through which European currencies have been freely exchanged for dollars, the United Kingdom has been able to maintain the discount on the transferable pound relatively stable at around 1 per cent since March 1955.

This progress toward current-payments convertibility was tested by an inflation-induced import boom in Britain in 1955; it was more seriously threatened in the fall of 1956 by one of the sharpest bear attacks in the history of the pound following the Suez misadventure. Yet, for the first time in the post-war period, the United Kingdom withstood severe external drains of reserves without recourse to trade or payments restrictions. To cope with the import boom, the United Kingdom decided -- in a major shift in policy -- to rely solely on monetary and fiscal restraints. To terminate the post-Suez speculation against the pound, a support program was announced in December 1956 in which the International Monetary Fund made a major commitment of its resources, thus playing the crucial role in a world payments crisis for the first time in the post-war period.

This latest development directly challenges the validity of the author's finding of three basic errors in Anglo-American planning: it suggests that Anglo-American thinking was more soundly conceived than Gardner is prepared to admit. In terms of Universalism, the pound was not rescued in late 1956 by bilateral negotiations, but through an international effort; under the then prevailing circumstances, special bilateral aid to Britain might well have been quite difficult to arrange. In terms of Legalism, the support program was not the fruit of "informal working" relationships but evolved from the "formal code" of Fund stand-by arrangements. Finally, in terms of Economism, the program was purely economic and did not wait for the solution of the political problems that had given rise to the difficulties.

Progress toward freer trade

Admittedly, there has been less formal progress in the field of commercial policy than in the financial field. The International Trade Organization is buried in history; Congress has not yet approved United States membership in the Organization for Trade Cooperation; and the reciprocal trade agreements legislation has not been put on a permanent basis. Yet is not this unfavorable catalog somewhat superficial? As a creditor nation, the United States has, in Gardner's terms, maintained "a reasonable state of full employment" and "obstacles to imports" have not frustrated a growing American market for imports (p. 382). In addition, the trade agreements program was multilateralized within the GATT (General Agreement on Tariffs and Trade) and continuity in United States trade policy has survived several changes in the control of the Federal Government and the Congress.

As a result, Europe's progress toward multilateralism has been accompanied by an impressive growth in sales in the American market. Since 1950, for example, our imports of competitive (mostly European) finished manufactured products have about doubled in total value and in physical volume; by contrast, American imports of all commodities rose by 50 per cent in value and only 20 per cent in quantity during this period. If we look at total United States imports of goods and services, we find that Europe's share of imports declined slightly between 1946 and 1950 but it rose by 6.3 per cent between 1950 and 1956; by comparison, Canada was able only to maintain its

relative position in the rapidly growing volume of American purchases from abroad between 1950 and 1956. 1/ In 1956, for the first time on record, the United States became Britain's principal export market.

Concluding observations

These gains stand out in contrast to Gardner's pessimism about the prospects for multilateralism. To be sure, the 1947 convertibility attempt failed; given the external imbalance in the accounts of Britain and its major trading partners, the insistence on a convertibility time-table in the Financial Agreement was highly unrealistic. But the failure induced our statesmen to propose new measures that were to lead to the same goal. While the Marshall Plan provided transitional assistance, the European countries themselves finally found it in their own interest to move towards the liberal trade and payments policies that had been advocated by the United States in 1945-47. The change in direction of British post-war policy has been particularly striking. Since 1954, the United Kingdom has defended the value of the pound by limiting the volume of foreign-held sterling through monetary and fiscal restraints, not by maintaining "fifty-seven varieties" and asking foreign central banks to police their residents' use of pounds. In addition, it has abandoned the policy of purchasing basic materials and foodstuffs in soft currency markets, regardless of cost, because nondiscrimination in these fields was, in Chancellor Butler's words, "crucial to our competitive power." 2/ Other European countries, notably Germany and the Benelux countries, have moved even more decisively in the same direction.

Gardner's failure to recognize that convertibility and nondiscrimination were in the practical self-interest of the United Kingdom is perhaps the gravest analytical omission in his work. Yet, it must be added, had he adopted a less neutral view about national economic policies, he might have been less successful in what is his greatest and unique achievement: to present "national viewpoints as fully and fairly as possible" and "to recapture the spirit of the years . . . and to judge the participants only in the light of what they actually knew or could have known at the time."

1/ United States imports of goods and services, as reported by the Department of Commerce, are as follows:

	<u>Total imports</u>	<u>Per cent Canada</u>	<u>Per cent Europe</u>
1946	\$ 6.5 billion	18.80	24.18
1950	11.5 billion	20.34	23.32
1956	16.9 billion	20.84	29.65

2/ U.K. Parliamentary Debates, (Hansard) February 4, 1954, col. 588.