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The International Monetary Fund, 1945-1965: A Book Review 17 Pages
Book Review: The International Market For Foreign Exchange 6 Pages

This paper reflects the personal opinion of the author and must not be interpreted as representing the opinion of the Board of Governors.

The International Monetary Fund, 1945-1965: A Review Article[1/]

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The International Monetary Fund has prepared a record of "Twenty Years of International Monetary Cooperation" from 1945 to 1965 not as an official document but as a "history written from the inside" by staff members on their own responsibility. Three volumes have been released: a year-by-year *Chronicle* of the Fund's development; an *Analysis* of its procedures and policies; and a collection of key *Documents* relating to its conception and operations.

1/ *The International Monetary Fund, 1945-1965*, by J. Keith Horsefield, Margaret G. de Vries and others, Vol. I, *Chronicle*, 663 pp; Vol. II, *Analysis*, 621 pp.; Vol. III, *Documents*, 549 pp. (Washington, D.C.: International Monetary Fund, 1969) $5.00 per volume; $12.50 for the set.

Chronology: the Fund from 1945 to 1965

Volume I is a straightforward Chronicle of the way the Fund developed into the institution it is today. Mr. Horsefield has provided a chronology of the important decisions, with a summary of the positions taken by major participants on each of them, based largely on the minutes of the Executive Board, and a record of the officials who have shaped the institution. The fullness of the record and the recapturing of the atmosphere of international negotiation -- the differences among participants and the difficulties in finding agreed words for a compromise decision -- will make this work a primary source for scholars.

The merits of the chronology are honesty and balance. The ten-page summary of the story of the General Arrangements to Borrow (the GAB) between 1960 and 1962 (pp. 507-516) illustrates these virtues. This agreement, which marked a decisive stage in U.S.-European financial relations after World War II, incorporated several novel features which were bound to be controversial. To implement the GAB, the machinery of the Group of Ten was created and swiftly became a major forum for decision-making in international finance. Under the GAB, a small group of industrial countries on occasion made credits available to the Fund on the basis of decisions made by them. The grouping of a limited number of countries introduced a "key currency" or "key country" element into international financial arrangements, which contrasted with the

Bretton Woods conception of a global institution.[1/] Differences over these points are revealed in detail in this history.

Horsefield's reliance on the records of the Executive Board enriches but also limits the usefulness of the final product. Scholars who would write a critical evaluation of the institution's development will require insights into the conflicts, both of ideas and of personalities, which preceded Executive Board discussion of many key issues. Furthermore, these materials shed little light on the reasons why the Executive Directors (who have representational rather than policy-making status in their governments) were instructed to take the positions they took in the deliberations.

As background, the reader will find the Fund's "Prehistory" (Part I) a distinguished review of familiar materials. It tells a well-known story: how the proposals for a postwar monetary system current in 1941 were finally blended into the Articles of Agreement accepted at Bretton Woods; but this history is far richer in technical detail and has greater clarity than earlier surveys of these negotiations.[2/] It

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1/ Professor Williams in 1943-45 had been critical of the global character of the proposed Fund and had recommended instead a "key currency" approach which stressed the role played by the leading industrial countries in achieving international monetary stability. These views are summarized in Vol. III (Documents,) pp. 119-127. They are available in detail in his Postwar Monetary Plans and other Essays (New York: Knopf, 3rd edition, revised and enlarged, 1947), especially in Parts I and II and Appendices 2, 3 and 4. However, the Williams approach was not accepted at that time.

2/ Perhaps the outstanding earlier report of these events is found in Richard N. Gardner, Sterling-Dollar Diplomacy (New York: McGraw-Hill, expanded edition, 1969). An appraisal of the 1956 version of the Gardner book can be found in my review, the Review of Economics and Statistics, February, 1958, pp. 94-96.

should assume an undisputed place on reading lists for courses in International Finance and in advanced work in International Economics.

Analysis: the Fund's policies and procedures

The emphasis is shifted in Volume II from chronology to analysis to provide more intensive insights into the Fund's activities. The Analysis is intended "to bring into sharper focus the reasoning which led to the Fund's actions" in three major areas: exchange rates and gold; exchange restrictions; and the use of Fund resources.

Exchange rates - The commitment of each member to maintain a par value and to consult the Fund before changing that parity was the heart of the world payments system agreed to at Bretton Woods. When the new institution opened in 1946, many members had multiple- or fluctuating-rate systems or had unitary rates heavily supported by networks of controls from World War II. Mrs. de Vries' several excellent chapters make clear the complexity of these problems and the flexibility with which the new institution proceeded to encourage each member to discard controls and to move in the direction of a unitary par value.

These efforts constitute one of the success stories of the post-1945 era. Gradually, the less-developed countries consolidated their multiple rates, and the industrial countries made their currencies convertible, both for current and (even though not required under the Articles of Agreement) for capital transactions as well, first on a *de facto* and then on a *de jure* basis. The multilateral world system,

envisioned by Anglo-American planners in the dark years of 1942 and 1943, became a reality when in 1961 ten major European countries accepted the general obligations of members under Article VIII. The return to liberal trade and payments arrangements, then achieved, must surely rank among the Free World's major accomplishments in international affairs in the post-World War II era.

The key problem of the new par-value system was to establish and to maintain over time an appropriate pattern of exchange rates. It turned out that members were more reluctant to change their parities than had been anticipated. Between 1958 and 1967, there was a rigidity of exchange rates among the major industrial countries which made the Bretton Woods system of the adjustable peg, as it was interpreted in practice, more nearly akin to a fixed-rate system of the pre-1914 model than to any recognizable form of limited flexibility.

During this period, the processes of balance-of-payments adjustment also proved to be more uncertain than the founding fathers had contemplated. Through 1965, Mrs. de Vries records, the Executive Board had never discussed the general role of exchange rates in balance of payments adjustment. (p. 116) The passive role assigned to the Fund under the Articles and the sensitivity of several members about that role contributed to this outcome. But the primary explanation is to be found in the deliberate policy choices of the major industrial countries to make "rather slight use ... of the instruments of balance-of-payments adjustment that were provided at Bretton Woods."1/

1/ International Monetary Fund, Annual Report, 1965, p. 12.

However, this neglect of adjustment matters and the rigidity in exchange-rate practices could not survive the strains that developed in world financial markets. Between mid-1967 and 1969, on the contrary, the industrial countries found changes in parity unavoidable in practice -- whatever they may have thought about them in theory. The par values of three major currencies were altered in this period -- the pound in late 1967, the French franc in mid-1969 and the D-mark in late 1969, giving a fresh relevance to the historic innovation at Bretton Woods: that a member country could, subject to international review, choose to employ exchange-rate policy to protect its domestic economic stability from balance-of-payments disturbance.

Exchange restrictions and use of Fund resources - Two of the powerful instruments for improving the adjustment process presently available in the international monetary system are associated with the Fund.[1/] They are: the procedure for annual consultation with members, and the terms and conditions associated with Fund credits.

The annual consultation procedure developed out of the obligation of members with restrictions to consult annually with the Fund. These consultations, which "encompass all aspects of a member's economy that have a direct or indirect effect on the member's balance of payments," (p. 558), came to be regarded by members as "often the most

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1/ Jacques J. Polak, "The Present Working of the International Monetary System," speech before Japan Economic Research Center, January 27, 1970 (mimeo.), p. 7.

comprehensive international report of its kind." As a result, the Executive Board agreed in 1960 to authorize annual consultations with all members, whether or not they had restrictions.

On Fund borrowings, the Articles of Agreement did not spell out the conditions of access by members. Through a series of decisions between 1947 and 1952 which are fully reported in this history, the conditional character of Fund lendings, and its temporary duration, were established. The chapters which describe this gradual process are burdened with technical materials which are of limited general interest, but the end-product is important: the gradual creation of procedures for an unprecedented multilateral surveillance of the national policies of borrowing countries.

Constitutional aspects - For the economist, the constitutional materials prepared by General Counsel Gold in the last six chapters of the Analysis treat familiar activities in an unfamiliar way. The world monetary system established at Bretton Woods emerges as a radical innovation: exchange rates have become a matter of common concern, subject to international scrutiny and endorsement, and members have come to accept procedures under which their representations can be challenged and specific economic targets can become a condition for credits.

From the beginning, the new institution proceeded delicately to establish in practice "the division of authority between the Fund and members in matters that were exclusively within the domestic jurisdiction before the Articles took effect." (p. 564) Practical compromises were

always sought in which conflicting points of view were accommodated, one way or another, and potentially disruptive differences avoided. The approach has been to emphasize concurrence and accommodation, and to avoid recourse to sanctions.

As a result, effective procedures have been created over the policies of borrowing countries. On the other hand, "it is clear that the influence which the Fund or any other organization can exercise on a surplus country is limited."[1/] For such countries, compliance with the Fund's code of behavior depends largely upon moral suasion and upon the country's recognition of its longer-run self-interest.

This asymmetry should be recognized as a failure of one of the Fund's most audacious innovations: to create within the payments system, in the words of Keynes' Clearing Union, "an internal stabilizing mechanism, by which pressure is exercised on any country whose balance of payments ... is departing from equilibrium *in either direction*"[2/] (Italics in original). For the sanctions against creditor countries written into the "scarce currency" clause of Article VII were too severe: "it was not to be expected that the Fund's customary caution in applying sanctions would be relaxed in the case of sanctions as serious as those ... under Article VII." (pp. 587-88). Gold adds:

1/ Pierre-Paul Schweitzer, "Stamp Memorial Lecture," London, December 2, 1969 (mimeo.), p. 9.

2/ Vol. III, Documents, p. 201.

> This has led some observers to conclude that the only provision under which effective pressure could be applied against a member that has a substantial and persistent surplus in its balance of payments is sterile, and that the international adjustment process is all the weaker for that loss." (p. 588)

On the other hand, the surplus countries have had a record of cooperative behavior: they have not maintained their surpluses by below full-employment policies or by restrictions on imports or on capital outflows. In the German case in particular they also provided temporary pallatives to cushion the effects of their reserve accruals on other countries.

Collection of primary research materials

Volume III provides a collection of primary Documents relating to the institution. The basic monetary plans from the 1940's are reproduced, together with an invaluable series of questions-and-answers on the International Monetary Fund in which the U.S. Treasury sought in 1944 to explain how the new monetary system would work. The Fund's basic documents -- the Articles of Agreement and Selected Decisions -- together with the texts of major Fund pronouncements and of seven major staff reports (on international reserves and liquidity; on compensatory financing; on quota increases; and on the Special Drawing Rights facility and proposed changes in Fund rules and practices) complete this reference volume.

Exchange-rate arrangements and the economist

This modest record understates the achievements of the Fund as a major advance in international cooperation. The Fund has become the central, though not the exclusive, institution for international financial management. It is now the principal source for both conditional and unconditional liquidity and is gradually assuming functions which can be identified with those of an emergent world central bank.

Perhaps the overriding contribution of these volumes is to make clear the enormous experience which has accumulated in this institution on matters which members had previously regarded to be almost entirely within the province of national decision-making. At Bretton Woods, sovereign countries accepted *de jure* "considerable limitations on their right to determine the value of their ... currencies" on the basis of "firm international commitments ... administered by an international organization."[1/]

These volumes demonstrate how profoundly the Fund agreement altered exchange-rate arrangements in ways which economists have been slow to recognize. For the exchange rate has acquired a dual character under it, being both a *market* and a *negotiated* price. In the professional literature, economists have stressed its role as a market price. Because exchange markets must be cleared in an orderly fashion, the majority of

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1/ J. Marcus Fleming, *The International Monetary Fund: Its Forms and Functions* (Washington: IMF, 1964) pp. 6-7.

them have recommended arrangements under which exchange values would fluctuate enough to maintain balance over time. An overwhelming professional preference for making shifts in economic resources through market processes explains the one-sided support economists have given to flexible exchange-rate systems. But this emphasis pays too little attention to the international and inter-governmental character of the par-value system as a formal commitment now embodied in the Fund's Articles and in the national laws of each member.

Preference for par-value system - Economists who have challenged the par-value system were convinced that it would inevitably lead, in a world of discordant national policies, to networks of controls and financial crises. However, the one-sided academic preference for flexible rates has been matched by an equally one-sided preference for the par-value system among government and banking officials, and among entrepreneurs.

Government officials and businessmen have a revealed preference for the par-value system, though for different reasons. Government officials recognize the exchange rate as one of the key prices in the economy and one of the major tools of economic management available to them. They are reluctant to lose this policy instrument. Some of them also value the commitment, in the par-value system, to international cooperation and to a code of good behavior on the part of sovereign

countries in an inter-dependent world.[1/] They can also regard the activation of the Special Drawing Rights facility last January as a big step toward an orderly creation of international liquidity subject to multilateral agreement.

The support of the business and financial community for the par-value system has rested in part upon self-interest. Why should not entrepreneurs and bankers welcome the shift to the central bank of a substantial part of the exchange-risk associated with their foreign transactions, even though it may not cover the entire burden of that risk?

But this preference for the par-value system as a system among practical men and officials also rests upon broad principles. First, there is a widespread conviction, especially among those of a conservative persuasion, that "the maintenance of a given parity is probably in most cases the most realistic and persuasive objective conducive to the proper management of an economy."[2/] Secondly, these

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1/ For example, Roosa has stressed the need for "its own government having a sense of involvement and responsibility for the rate of exchange between its currency and that of other currencies in the world" and the need to avoid a move by countries toward "the advantages of competitive depreciation, to beggar each other's neighbor, as was done through the thirties ... a deterioration into currency blocs." Milton Friedman and Robert V. Roosa, The Balance of Payments: Free versus Fixed Exchange Rates (Washington: American Enterprise Institute, 1967), pp. 82-83. See also the related arguments on pp. 49-51.

2/ Speech by Finance Minister Fukudu of Japan at Fund Annual Meeting in October 1970. (See Summary Proceedings Annual Meeting, 1969, p. 32).

men have recognized that the interdependence created by the contemporary revolutions in communications, technology and administration have extended the entrepreneur's horizon far beyond any national monetary area. The entrepreneur's marketing, production and, to a lesser extent, financial strategies have a global focus which can only clash with concepts of highly flexible exchange-rate arrangements. The fact that some of the most creative work in international economics is now being done under the auspices of graduate schools of business administration is part of the spinoff from the corporate energies now devoted to global economic integration.

Compromise: limited increase in flexibility - Despite its many difficulties, the par-value system established at Bretton Woods has survived because practical men have not been prepared to abandon it. However, these same men have had to recognize that, until national policies are more completely harmonized, par values could not be as rigid as they had been held prior to mid-1967. The defenders of the par-value system came to recognize that the unwillingness of the industrial countries to change their par values, even when they experienced protracted surpluses or deficits, was creating a growing threat to that system.

To be sure, this rigidity -- the unwillingness to change parities -- was based more on political than on economic considerations. Officials in surplus countries were reluctant to take from their exporters through an appreciation any part of the foreign markets they

had obtained in strenuous global competition. Political leaders in deficit countries have often concluded that the competitive economic benefits of a devaluation would be outweighed by its domestic political disadvantages.

The series of shocks experienced in world financial markets after mid-1967, which were remarkable for their severity and variety in the entire post-World War II era, forced officials, entrepreneurs and academic economists to turn an urgent attention to ways of making the processes of adjustment more orderly and more effective. The unresolved -- perhaps unresolvable -- controversies over fixed-versus-flexible exchange rates receded and attention turned to the question: given the revealed preference for a par-value system, how much exchange-rate flexibility should be introduced, and what form should it take? Over the past couple of years, academic economists, government officials and entrepreneurs and bankers have focused on the role of limited exchange-rate flexibility in a par-value system. Some of these efforts will become available this year in the forthcoming volume of papers by academic economists and bankers under the auspices of the Burgenstock group and in materials to be released by the Fund on the studies it was formally charged to conduct at the 1969 annual meeting on the various proposals for greater exchange-rate flexibility.

"Adjustment by crisis" ... or by other means

Under existing policies, the par-value system experienced disturbances in financial markets on three separate occasions between mid-1967 and end-1968 so serious that some of them had to be temporarily closed: during the devaluation of sterling in November 1967; during the gold-market crisis in March 1968; and during the DM/French franc difficulties in November 1968. Fortunately, the difficulties did not produce a go-it-alone unilateralism in national economic policies on the part of the major industrial countries. On the contrary, three of them altered their par values after international consultations and in accordance with Fund procedures: the pound in 1967, the French franc in mid-1969 and the DM in October 1969. These decisions, together with domestic measures introduced to support them, help to explain the interlude of stability which prevailed in international financial markets from the end of 1969. There was, in brief, relief from what Emminger has described as "the distortions which the international monetary system suffered because of the stubborn refusal of France and Germany to adjust their exchange rates to reality."[1/]

The cooperative responses of the industrial countries during these crises confirm the value of the 20 years of cooperation in post-war monetary matters which is described in these volumes. Joint consultative

1/ Dr. Otmar Emminger, "Stability through Revaluation," Intereconomics, (Hamburg), November 1969, p. 341.

efforts, both through and outside the procedures of the Fund, have produced an unprecedented degree of multilateral surveillance over national decision-making in international financial affairs.

It is because of the establishment under it of procedures for cooperation that the organization of the Fund can be regarded as an advance in international relations, not because its members have yet begun to arrive at a meeting of minds on ways to achieve and then to maintain international economic balance. In terms of substance, they have not developed agreed and effective procedures for adjustment and have only commenced the deliberate creation of reserve assets by multilateral agreement. At the same time, it must be noted, the problems of adjustment and stability in the world economy must be recognized as a never-ending series of challenges to the major industrial countries; as soon as advances are made in dealing with one set of them, attention must inevitably be turned to other difficulties. The distinctive contribution of the Fund to this process is to provide the only code of good behavior of juridical validity in this field and to be the repository of an accumulating experience, described in these volumes, from the attempts of its members to cope with these problems as a joint enterprise.

In this period, the adjustment decisions taken by major participants have too frequently been neglected, or postponed -- on economic or on political grounds -- until conditions in financial markets reached crisis intensity. Yet the par-value system has held together, and needed changes in par value have eventually been made. The process of adjustment

has too often during the past 25 years been characterized as one of "adjustment by crisis" rather than by more orderly means. The process of "adjustment by crisis" has thus far been effective in setting into motion changes in national policies needed to reduce strains in the world economy, though only after delay and often in disorderly ways. These tensions have been resolved constructively under the circumstances only because the major industrial countries have approached them as a joint responsibility and have not chosen to follow go-it-alone policies. It has depended, in a word, on the willingness of the industrial countries to accept the fact of economic interdependence and to formulate corrective national programs broadly consistent with the rules of good behavior which were agreed upon a generation ago at Bretton Woods.

Samuel I. Katz

Book Review: The International Market For Foreign Exchange[1/]

Some 34 foreign-exchange specialists, commercial and central bankers and academic economists were brought together at Ditchley Park, England in March 1967 under the auspices of the Graduate School of Business of the University of Chicago for a conference on the foreign-exchange market. The discussions were organized around three major topics which make up the three Parts of this book: (I) the structure and unity of the foreign-exchange market; (II) the behavior of participants in the market, and of their customers; and (III) rules of the market and the way central banks operate in it. The conference was intended to bridge the communications gap between economists, on the one hand, and market participants -- both private and official -- on the other.

Part I is largely institutional in character. Papers on private trading in gold (by Dansey of Samuel Montagu), the Eurodollar market (Altman of the IMF), the role of the dollar as a vehicle currency (Swoboda) and descriptions of the foreign exchange market in each of nine major financial centers provide the technical background for the subsequent discussions of substantive issues. The foreign exchange market emerges not only as the financial market with the largest daily trading volume -- estimated by Aliber to reach $10 billion -- but also

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1/ Robert Z. Aliber, editor, The International Market For Foreign Exchange, (New York: Frederick A. Praeger, 1969), pp. XVIII and 272. $17.50

as perhaps the most perfect market (in the Marshallian sense) available to the economist. There is a "world" price for the major currencies, quoted with fractional spreads by foreign-exchange specialists all over the world and, according to one participant, "because of ... central bank ... support ... every currency can be bought or sold to an unlimited extent" in that market. Furthermore, trading in currencies is virtually on a 24-hour basis; trading moves from European centers to New York, then to Pacific area markets and back again to European centers before the Eastern markets are closed.

The crucial role of the dollar emerges as the key technical characteristic of current practices: for "the dollar is the vehicle currency and ... all currencies are traded, not directly against one another, but through the dollar against each other." (p. 110) As a consequence, the international market for foreign currencies, according to one participant, should be thought of "not ... as a genuine multilateral market ... [but] ... a series of bilateral relations between the dollar and other currencies." (p. 259) But these dollar-centered international facilities bring together all major currencies into a world system in which "the currency label of the money varies, sometimes it is dollars, sometimes marks, sometimes Swiss francs, but basically it is money." (p. 109)

The material in Part II is largely behavioral in emphasis. Lipfert (Dusseldorf) analyzed the psychological reaction of market participants (and their customers) in the industrial countries where spot rates are pegged and forward rates are free to fluctuate. Under the rapid decision-making required with modern communication facilities, he identified a latent nervousness among participants which can, from time to time, erupt into erratic, and even hectic, behavior. Among the less-developed countries, on the other hand, Woodley (IMF) found that the monetary authorities tend to dominate exchange markets; he reported a tendency in them for fixed rates to be established "almost consistently ... on the side of maintaining over-valued currencies." (p. 177) Marsh (Royal Bank of Canada) found that, in the Canadian experience with a floating rate, speculative flows were largely of a stabilizing -- not destabilizing -- character and Spraos provided a technical study of official intervention in the forward market by the British authorities between 1964 and 1966, including an attempt roughly to estimate the volume of such transactions.

Three papers, loosely grouped around the question of how the authorities can -- or should -- intervene in the market, make up the third part of the book. Mundell presented an innovative analysis of the "pure cost" of an exchange crisis; Aliber outlined four alternative intervention strategies which central banks might adopt and how useful rules for intervention might be; and Lipfert considered how the depth, breath and resilience of exchange markets might be improved. He proposed

that the remaining obstacles to international transactions be eliminated and that the forward market could be improved if the risks of changes in parity were reduced; to this end, he concluded that "the introduction of a limited and gradual change in parities is consistent with stability of parities." (p. 243)

Several of these papers appear to find a general agreement on the utility of forward support operations. Aliber found advantages in intervention in the forward compared to the spot market and, in his paper, Spraos concluded that official intervention in the forward market had helped to make Britain's crises between 1964 and 1966 less serious than would otherwise had been the case. (p. 173) Johnson reported in his informal summary that the "discussion on the question of intervention in the forward market was long" and there was "a sharp difference between the feelings of people about what should be done." (p. 260) Had Spraos been able to up-date his paper to include the U.K. devaluation crisis in November 1967, he would have reported some of the costs of the forward-intervention strategy at that time. British balance-of-payments data show "adjustment for maturing forwards" (defined as "arising from the fact that the predevaluation forward commitments of the Exchange Equalization Account are recorded as being settled on maturity at the new parity") at a minus £105 million in 1967 and a minus £251 million in 1968. (See Table 18 "Balance of Payments," Bank of England Quarterly Bulletin, March 1970, p. 99.)

To be sure, proponents of forward intervention would probably regard it a misuse of the strategy to apply it in a situation where devaluation could not be avoided, although they would have to recognize how difficult it can be to identify such a situation in the real world. Mundell was clear in linking his endorsement of a policy of active forward support with effective adjustment policies. But he could recommend "only one mechanism of adjustment that is both efficient and effective": that is, "when the Bank of England is losing foreign exchange it should allow the supply of sterling to contract." (p. 220) But Coombs (Federal Reserve Bank of New York) did not regard this monetary automatism to be "either politically feasible or economically desirable ... Mundell suggests a brutal technique which cannot be implemented." (p. 246)

These proceedings, in brief, are primarily of interest to the specialist in international finance. Economists engaged in research closely related to the activities of commercial firms and of commercial and central banks in the foreign exchange market will find the book particularly valuable. On a selective basis, there are supplementary reading materials for international finance and international business courses and for advanced work in international economics. The usefulness of the book for the general reader is inevitably limited by the diffused and technical character of the materials.

Major changes have occurred in international financial arrangements and in the structure of some major markets since the conference. Where in 1967 "the gold market today ... is never allowed to get completely

out of hand," (p. 19), a two-tier pricing system was introduced in March 1968 which clearly separated official from private gold transactions. The monetary role of gold has been further reduced by the deliberate creation of an international reserve asset under the Special Drawing Rights facility of the IMF beginning in January 1970. Equally significant has been a remarkable growth since 1967 in the volume of Euro-deposit and Euro-bond transactions in European centers.

The decision of central banks no longer to buy gold from the free market as a deliberate policy to reduce the monetary role of gold and the growing use of dollar-denominated assets in transactions among non-U.S. residents have shifted the relative positions of gold and the dollar in world payments arrangements in ways which impinge directly on some of the problems discussed in this book. In addition, studies about the desirability of a limited increase in exchange-rate flexibility among the industrial countries have opened major areas of analysis which are largely neglected in these materials. In short, the pace and sweep of changes in world monetary discussions make the 3-year lag in the publication of these proceedings particularly regrettable; but it would be ungrateful not to recognize that it is better for economists to have this type of material, in an organized fashion and from responsible sources, available to them late than not to have it at all.