FORUM SPECIAL FEATURE

"Where is the Dollar Heading?"

ROBERT V. ROOSA

It would be presumptuous to try to tell you where the exchange rate of the dollar is heading in the weeks immediately ahead because my pipeline to Ayatollah Khomeini is no better than that of anyone else, in or out of government. Since none of us can predict the price or the availability of oil, it would be difficult indeed to go very far in the bold art of forecasting what the economy will do, or where the price level of this country will be, in the next few weeks or months. It may be safe to predict that we will experience some recession soon, and I suspect that any net improvement in the value of the dollar over the course of the next year in the foreign exchange markets will not be sizable. But my aim here is to take a longer view; to look at the dollar only in its role as an international currency within an evolving international monetary system. To do that, I shall begin by glancing backward before looking forward.

The 1970s have been a decade of turbulent change in the dollar's position in the world monetary system. To be sure, after the United States first abandoned the $35 gold price in August of 1971 (a price which had been held unchanged as the linchpin of monetary relations among nations for thirty-seven years), a new stabilization effort was attempted at a meeting of world financial leaders held in the Smithsonian Institution in December of that year. While the identification of that meeting with a museum of antiquities may have been less

Robert V. Roosa is a partner in Brown Brothers Harriman & Co., Chairman of the Brookings Institution and a director of several private corporations. He has also served as Under Secretary of the Treasury for Monetary Affairs and Vice President of the Federal Reserve Bank of New York. This article was initially presented as the annual William L. Clayton Lecture at Tufts University on 10 December 1979.

than felicitous, the President of the United States at the time did declare that the agreement was the most significant monetary achievement in the history of the world. When he made that announcement he also reminded his listeners that during the preceding seven years there had been an average of one monetary crisis per year.

It is a little embarrassing to find, following the greatest monetary achievement in the world's history, that the world has continued having monetary crises with about the same regularity. Considering only the last few years, the U.S. experienced one at the end of 1977 that ended with some new measures in January 1978, and another boiled up nine months later which was resolved by a whole series of additional measures in the following November. Our most recent crisis culminated on 6 October 1979, when a new Chairman of the Federal Reserve, Paul Volcker, took determined action in response to the successive threats menacing monetary stability, foreign and domestic. Our world continues to be able to produce monetary crises with an annoying persistence.

So if the Smithsonian Agreement of 1971 did not prevent recurring monetary crises, the question now is whether any of the subsequent changes in monetary arrangements over the past decade have introduced more lasting improvements. Beyond this lies a more fundamental question: are these monetary crises essentially the results of deeper causes which cannot be treated by monetary actions alone?

THE CAUSES OF MONETARY INSTABILITY

My own view is that the causes lie, somewhat paradoxically, in the gyrations produced by a growing world. The growth process itself generates different and changing structural economic patterns among countries. Rates of real growth almost inevitably diverge within and among countries; so does the behavior of prices, and the pace of both procreation and job creation. Indeed, the world since World War II has been in the midst of the most diverse and diffuse changes ever to occur within the global economy — changes that encompassed the most industrialized as well as the less-developed countries, as the former began shifting at different rates from heavy industry into services, while the latter experienced the pangs of adjustment from purely agrarian or extractive pursuits to lighter (and then heavier) manufacturing. To be sure, much has been written about this bewildering array of changes in economic structure as well as in social goals, but no one has yet developed the kind of comprehensive, theoretical description of these complex processes and relationships which might lead the world toward an uninterrupted synchronization of its principal working parts.

One consequence does, however, seem certain. The world system has passed beyond the stage in which any one currency, even the currency of what is still the world's largest economy, can by itself provide a widely accepted means of payment which will be used in most of the transactions that occur among countries, provide a universal standard of value for measuring the worth of the goods or capital of one country in relation to those of another, and provide the basic reserves that each country requires to support its national monetary system. It was inevitable, as the postwar growth process continued, that the relative dominance of the United States would decline, and that the world economy would move beyond the dollar's capability to serve the bulk of the system's international needs.

It was equally inescapable that the intermittent payments crises would seem to represent breakdowns of the dollar system caused by shortcomings in the dollar's performance, even though in any given situation a crisis might actually be caused by weakness in another country or another currency. That is, because the dollar is the world's principal vehicle currency, its value in terms of other currencies is affected by massive payments flows into some and out of others. When weakening currencies are sold for dollars, the same dollars often are used to purchase stronger currencies. Any decline in the weaker currencies is usually interpreted as their weakness, while the related appreciation of the currencies being purchased is often interpreted as a "decline" in the value of the dollar. Such interpretations arise whether or not conditions in the United States, or in the fundamental condition of the dollar itself, would have warranted any change up or down in the foreign exchange value of the dollar.

As the dollar's relative capacity to service the world's payments requirements continues to decline, no one has yet found a way to fit onto the diversity of national economies — as each develops in its own way within the international economy — a comprehensive monetary system that can service them as well as did the dollar during the two decades following World War II. The attempts made thus far, more often than not, seem to have created new problems instead of servicing existing needs. That is why the world is still groping for some kind of supplement to the dollar to provide for the growing and increasingly differentiated needs of the global economy.

Attempts to Supplement the Dollar

As it became apparent that the dollar could not be the only universally accepted international currency forever, five different approaches were tried in the effort to find new and viable arrangements. I shall mention each of them briefly and then discuss those which might be most fruitful — that is, suggest where the dollar, and any innovations to supplement (or perhaps supplant) it, may be heading.

The International Monetary Fund

A start was made at the end of World War II with the establishment of the International Monetary Fund (IMF) — initially designed to provide greater flexibility and resilience to what was then generally accepted as a dollar-based system. As time went by, the IMF evolved into a source of temporary relief from the pressure that developed when a country's dollar holdings became very low. For surplus countries whose trade with such a dollar-losing country might also have been impaired, use of the IMF's facilities ("drawing rights") by the deficit country served as a shock absorber. The IMF itself acquired, concomitantly, some responsibility as a critic and overseer — recommending overall economic policies for particular borrowing countries in deficit, while also maintaining a judicious surveillance over the functioning of the system as a whole. Yet, at least as initially conceived, and as it actually operated throughout most of the 1950s and 1960s, the IMF could only marginally induce or assist adjustment within the system. Moreover, as the bulk of the drawings were in dollars, the IMF did not substitute for the dollar in any meaningful way.

Beginning in 1964, it became increasingly evident that there would soon be a need for a new reserve asset within the IMF itself. After extended negotiation a new instrument was created in 1968, burdened with the unlikely name of "Special Drawing Rights" or "SDRs." However, before it could be issued in significant quantities, and before there was an opportunity for central banks to gain experience in using it, other sources of liquidity and reserves — the Eurodollar and Eurocurrency markets in particular — burgeoned so rapidly that the IMF could not justifiably enlarge the supply of SDRs. The Fund has, however, possibly as a precursor of things to come, gradually and persistently widened the scope for use of the SDR as a unit of account, particularly in the transactions between the IMF and its members.

Floating Exchange Rates

In the early 1970s countries which had continued to define the exchange value of their currencies in terms of a "par value" in dollars found that, despite the right to draw on the IMF to replace temporary losses of dollars, they frequently had to change these stated par values. Indeed the most disillusioning experience of all was the realization that the dollar itself, the stable core of the system, finally had to be devalued against other currencies. That first occurred on 15 August 1971, when President Nixon "went off gold" (that is, ceased to give even the illusion of being willing to buy and sell gold at $35 per ounce).

The result was that, after several abortive attempts to recalibrate par values, the world outside the Communist bloc began to try a system in which countries not only gave up par values, but expected to be able to get along without any reserves at all. The prevailing view was that all currencies should be permitted to float freely in their exchange relations with each other, instead of being indirectly locked together through the par value which each maintained in terms of the dollar. It was hoped that exchange rates among the key currencies would so develop that there would be ready interchangeability among these currencies at the prevailing rate. Instead of paying out dollars when a country's overall out-payments began to exceed its in-payments, the exchange rate of its own currency would decline until its exports rose, its imports declined, and its overall out-payments and in-payments moved into balance. One way of looking at this process, assuming that it worked as theoretically conceived, was that every currency would become, in effect, its own reserve currency. The need for a universal asset (such as the dollar had been) was supposed to disappear as exchange rate movements were to bring each currency to a value which promoted its ready acceptance by other countries.

The most free-swinging experiment with that approach was tried from March to June 1973. It failed. Countries could not accept the impact which the lurching movements of exchange rates during those few months exerted on each other's prices and capital transfers.*

The Eurodollar Market

Parallel with that experiment, but rooted in forces at work earlier in the 1960s, was another kind of development which offered some hope that a more satisfactory market-created supplement to the U.S.-domiciled dollar could satisfy the world's fast-growing and changing needs. As mentioned above, dollars began to appear that were not a direct product of the actions of the Federal Reserve System within the United States. Instead, Eurodollar (and eventually Eurocurrency) deposits were established on the books of banks abroad — forming what now has become a much larger gross supply of dollars outside the United States than we have here at home.

Many thought, at least for a while, that this supplemental market outside the direct control of any particular individual monetary authority would provide the flexibility and resiliency required to meet the needs that dollars on deposit (or available) in the United States could not quite fulfill. Indeed, the extraterritorial supply of dollars has gone a long way toward serving much of that need, while at the same time, however, presenting a potential threat (described below) to the stability of the system as a whole.

Eurocurrencies and the European Monetary System

It became clear before long that even creating dollars outside the United States was not going to perform the trick of meeting all international currency requirements while avoiding the intermittent crises of instability. Attention

* This episode was described by the writer at the time in two brief notes: "A Critical Look at Floating Rates," *Business Week*, 11 August 1973, pp. 18-23; and in Japan, "The Experiment with a Freely Floating Dollar," *The Nihon Keizai Shimbun*, 24 August 1973.

then shifted toward other sources of liquidity, not as the result of a blinding flash of inspiration on the part of any individual, but because the forces of the market operated to produce new responses to growing and diversifying needs. The result was the appearance of a host of other currency markets to create and serve Eurocurrencies, which ranged from Euro-marks to Euro-yen. While these have represented another significant addition to the supply of liquidity, they do not yet serve internationally as an acceptable store of value; and they serve only on a very modest scale as reserve currencies for central banks in other parts of the world. So again, a full solution to the need for something to supplement the dollar has remained elusive.

It was a logical extension of this approach for the countries of the European Economic Community (EEC) in the later 1970s to revive their earlier conception of a European Monetary System (EMS), and its embodiment, the European Currency Unit (ECU). The urge toward forming this intra-European system is additional evidence of the desire of European nations for greater stability in their exchange rate relations with their principal trading partners. However, the faltering progress thus far in implementing what is called the "European snake" shows how rough the road is toward establishing relatively fixed currency relationships within even a limited circle of countries already committed to attempting close coordination of economic policies.

To be sure, efforts are still proceeding. Seven of the nine EEC countries keep their currencies aligned with each other within agreed bands of fluctuation. Looking toward eventual creation of a common reserve unit (the ECU), they have pooled some of their reserves. And every successful step widens the zone of relative currency stability among these countries and, indirectly, between them and the rest of the world. But even so, all the EEC countries, in varying degrees, have remained subject to intermittent currency disturbances which still occur with an uncanny annual frequency.

The IMF and the Substitution Account

As a consequence, attention has moved all the way around the circle back to the International Monetary Fund again, reviving an idea that was once examined and rejected back in the 1960s, the "substitution account." This contemplates an arrangement, managed by the International Monetary Fund, through which central banks could transfer some of their dollar holdings into an account, and receive in return from the account an asset claim (denominated in SDRs) that would be an obligation of the account. The thinking is that whenever central bank dollar holders might become restive — whether because of a weakness of the dollar in the United States, or because of other conditions that simply find expression in a flight from the dollar because it is the common international currency — this IMF facility would provide an open window into which any unwanted dollar holdings could be deposited. The depositing central bank, receiving in return new claims denominated in SDRs, would have an asset whose value would be determined (as SDR values are determined at present) by averaging the exchange rates of sixteen selected major currencies. In negotiations that might be completed in 1980, the hope is that the substitution account, once established, would provide a means for absorbing the excess supplies that occur as a by-product of the functions that the worldwide dollar market now performs.

To be sure, as noted again later, there are also difficult problems with this approach that are still to be resolved. Even when fully operational, it too would represent only a partial answer to the needs of the system outlined above. Consequently, over the months or years required for its acceptance and implementation on a significant scale, the world must find some *modus vivendi* for what might be called a multipolar currency system — a system in which, for example, the Deutsche mark (D-mark) and the yen, as well as the money and capital markets of Germany and Japan, begin to serve more broadly the world's needs for additional currencies to be used as transactions "vehicles" for international trade and movements of capital, as standards of value and as reliable reserves.

A Multipolar Currency System

Obviously the risks of a multipolar system are that whenever political, economic or financial conditions develop which seem to affect adversely one of the reserve currency countries more than the others, the first inclination of many official and private holders of reserves is to purchase whatever currency is stronger at that moment (or appears likely to be stronger for a prolonged period of time) and to sell the currency or currencies which then appear weaker. In a multipolar world the elemental urge to protect the value of one's assets, even if only on a basis of contingency planning, leads to frequent shifts by private holders (and in turn by central banks) in the diversification of their currency holdings — from dollars to D-marks or yen, for example, and from New York to Frankfurt or Tokyo.

Thus there is a built-in tendency toward instability in a system where there is more than one principal currency available for use as an international reserve. The risk of unsettling movements is particularly great when a substantial supply of each currency is created outside the direct control of its own central monetary authority, depending instead on the capacities and intentions of a number of banks operating outside its borders. These banks take deposits and issue loans in currencies that are popular in world use, but in amounts and under conditions that are not under the direct control of any central bank.

What this means is that the effort to find supplements to the dollar has now edged the world into developing a combination of facilities which is inherently unstable. While this evolving network of arrangements provides a considerable degree of the flexibility that the world needs (as it did, for example, in responding to the oil shocks of 1973 and 1974), it has also made the over-issuing of currencies and wide exchange rate oscillations almost inevitable.

Whenever world events turn sour for the United States, as our current experience in Iran demonstrates, there is a natural tendency for others to want to move out of dollars and into other currencies. And the other currencies are there; they exist in the supranational market, available to anyone willing to pay the price. Then, as occurred in November and December 1979, some of the dollars held outside the U.S. in large quantities flow (perhaps only on a modest scale) into holdings of other usable currencies. Since the market supply of the other currencies at any particular time is relatively small, their prices (exchange rates) vis-à-vis the dollar must be pushed up. The resulting higher exchange value is translated promptly into the prices of the goods that flow across the border of the country whose currency is appreciating. The external price of its exports rises; the domestic price of its imports declines.

It is mainly for such reasons that the D-mark, for example, increased in value by 10 percent against the dollar during the first six weeks after the hostage crisis erupted in Iran. Over part of this same period the Japanese yen — because of the foreign exchange market's recognition of Japan's dependence on Iranian oil — depreciated by nearly 25 percent and then rebounded 5-7 percent in a period of one or two days. Gyrations of this kind are clearly destabilizing and unsettling. They create the kind of uncertainty that is going to make it increasingly difficult to carry on trade and facilitate the movements of capital that an economically viable and orderly world needs. As the world has sought new monetary arrangements, the coexistence of extraterritorial currencies and flexible markets for foreign exchange has instead produced a built-in instability. Yet these same developments have helped to provide the growth of international liquidity which, in moderation, the world also needs. Having now begun to develop a multipolar currency system as an answer to the need for a dollar supplement, the world is in the awkward situation of finding that this solution requires the introduction of further measures. My own view is that two parallel approaches will have to be developed: (1) improved management of the existing multipolar system, and (2) further development of a future SDR system.

A Managed Exchange Rate System

While husbanding the great value of this flexibility and the related resiliency in transnational money supplies, the world must also find some way to limit the overuse and abuse of this flexibility. There is an analogy here, albeit a very loose one, to the state of affairs within individual countries after their commercial banking systems had begun to provide much of their required money supplies, but before each country created its own central bank to impose some overall restraint on potential monetary expansion.

To the extent that the variability of exchange rates, along with the expansibility of "offshore" currencies, creates such uncertainty as to produce among currency holdings wide swings which are basically speculative (rather than reflecting fundamental economic values), the system menaces rather than assists the further growth of a well-diversified world economy capable of adapting to change and promoting an optimal international division of labor. The aim surely is to promote the evolution of a global economy in which each country does what it can do best to contribute to the world's global product. The question is how any country can determine its place in the system — the basis for a lasting commitment of its capital and manpower — if the external value of its currency and hence the value of its goods as denominated in its currency may be subject to variations as great as 25 percent in the course of only a few weeks or months.

The need, I suggest, is to find an approach to the management of this floating exchange rate system that will begin to edge exchange rate relationships back toward something that more closely approximates the conditions that were abandoned when the President made his bold declaration in 1971. To be sure, the old system of fixed parities among the leading currencies could no longer survive in its previous incarnation in today's changed world economy. But nonetheless, that old parity system generated certain useful internal pressures toward stability in international economic relations. Those are what I believe we must now try to approximate.

Harmonization among Economic Policies

One of the ways to achieve some stabilization, while accepting the existence of a multipolar currency system, is to try to find the key countries whose economic objectives will lend themselves to a degree of harmonization. Given some progress toward harmonization, it may become practicable for those countries to minimize the foreign exchange rate fluctuations among themselves. They may then also be better able, whenever basic changes occur, to make the necessary adjustments gradually, as has been the aim of the countries of the EEC within their highly structured Common Market.

For the United States and the world economy, however, this means moving more explicitly toward a "managed float." To be effective, some limiting choices must be made if the United States and the dollar are to take part in such "management." Perhaps initially only two (or at most three) countries with leading currencies can be managed alongside the dollar. It happens that there is at present a rather fortunate combination of circumstances. Indeed, markets in their inscrutable way are often wiser than any of us, and sometimes provide answers when pure logic would not do as well. Of all the trade now being conducted in the world, 85 percent of that outside the Communist bloc is already being conducted among countries which have, in one way or another, linked their exchange rates to three currencies whose interrelations may be amenable to some degree of management. Those three currencies are the Japanese yen, the U.S. dollar, and the German D-mark, with the latter serving, in effect, as a proxy for the European Monetary System.

Yet, of course, once a start is made on this road toward managed exchange rates, another old truth immediately reappears: money alone does not manage economies. It will be necessary to achieve a reasonable degree of harmony among the economic policies of all three countries before monetary authorities can "manage" exchange rates in a continuing and constructive fashion.

The Exchange Rate as a Guide to Harmonization

Any meaningful and sustained approach toward lessening the oscillations among key exchange rates cannot be achieved simply by Germany and the United States, for example, buying and selling D-marks against dollars to peg that rate, or by Japan and the United States merely trading yen against dollars. To be sure, arrangements that originated in the early 1960s for acquiring each other's currencies for use in such operations can greatly facilitate market intervention on an impressive scale to moderate temporary, extreme swings. But any attempt to use those capabilities arbitrarily to peg an exchange rate, or a triangle of rates, will be totally torn apart if the intervention does not reflect underlying economic realities — not only among the countries engaged in intervention, but also between them and the rest of the world.

Experience over the past six or seven years already suggests, however, that an interesting process of successive approximation may be practicable — from exchange rate movement to economic policy to exchange rate management. That is, the direction of movement of an exchange rate can be used as a signal, alerting the countries to appraise what modifications of domestic policies may be required by each of them to establish a "target zone" within which meaningful direct intervention in the foreign exchange market could effectively moderate succeeding exchange rate fluctuations. For example, under today's conditions, if the United States were to establish a more stable underlying relationship with the German economy, the difference in our rates of price inflation would have to be significantly reduced, our interest rates would have to move toward convergence, and the balance of payments of both countries would have to remain relatively strong — to mention a few of the relevant criteria.

However, for the United States, because of the widespread use of the dollar by others in international markets, even a closer harmonization of economic performance with both Germany and Japan may not be an adequate start toward quieting the exchange markets. That is, even if changes such as those just suggested in inflation and interest rates, as well as in other related economic variables, were to be accomplished by some sleight of hand, the dollar could still be exposed to significant exchange rate fluctuation because of the large volume of Eurodollars that is always free to move in response to events which may not be related to the United States' economic performance. Any serious outside disturbance, such as the Iranian eruption of early November 1979, could still create a sudden wish to run out of dollars into more diversified holdings. However, if a closer harmonization among the United States, German and Japanese economies were to be achieved, it would then be feasible to use more effectively, and on a larger scale, some version of another facility inherited from the early 1960s, now known as "Carter bonds."

Broadening the Facilities for Supportive Intervention

In addition to direct intervention — the buying of the weaker and selling of the stronger currency by central banks which have acquired the needed withdrawal through currency swaps — a further technique was introduced in November 1978. That is for the United States to acquire other currencies for use in the exchange market through the sale of Carter bonds — obligations of the United States that are issued in a foreign country and paid for by nationals in local currency. The proceeds then become available for market intervention as needed. Market-oriented facilities of this kind can help to cushion some of the excessive swings created by sudden outside shocks affecting the dollar. These facilities are likely to be made available as long as there is clear recognition of the first lesson in managing exchange rates: that management will be largely a wasted effort unless each of the participating countries does its best to keep its economy from moving seriously out of line with the others, or to get it moving back into line once economic performance has seriously diverged. In this context, movements of the exchange rate become a signaling mechanism, alerting each country to think through and implement the domestic programs necessary to sustain a viable pattern of mutual stability.

Accomplishing this kind of harmonization takes time. To achieve a basic equilibrium today would require reducing inflation and interest rates in the United States to what presently may seem to be almost unthinkably low levels. But a course in that direction would have to be set.

No lasting solutions to the wide gyrations of the foreign exchange markets are to be found through any kind of gadgeteering — as useful as such gadgets may be once the main course has been determined. The managing of international exchange rates merely smooths over results without reaching their causes. If that fact is not recognized, and if the signals sent out by incipient exchange rate movements are not heeded, then I am afraid the world is destined to repeat year after year the kind of disruptive experience which we witnessed once again in October 1979.

THE PROBLEMS AND BENEFITS OF A SUBSTITUTION ACCOUNT

Alongside the development of the multipolar system, and of the potential for its management, there is another development which is also promising. That is the return to increased reliance on the International Monetary Fund — in particular as the administrator of a proposed substitution account. Once in operation, the account could provide another way to minimize the distorting effect on exchange rates of a heavy run out of dollars into other currencies. The holders of those dollars would have the alternative of acquiring an asset denominated in SDRs. The account would serve as a sort of receptacle into which the dollars could flow, and in effect be taken off the market, thereby relieving some of the tension that is otherwise inherent in a multipolar currency system.

There are still many questions to be resolved before the substitution account can be instituted on a sizable scale. One question concerns the nature of the contract between the depositor of dollars and the account itself. On what terms are deposits likely to be made? What rate of interest would be paid? Would the claims be transferable? That is, for what purposes could a depositing central bank use this substitution claim? Who would take it? Could it be used as an active part of a central bank's reserves? Is there any chance that claims on the account could ever be used in the private market, comparable to the uses made of leading national currencies?

Beyond these questions concerning relations between the account and those who deposit in it, there is a whole layer of problems concerned with the account's investment of the dollars it receives. What would it do with those dollars? What arrangements would it have to make with the United States Treasury? What conditions of maturity, redeemability and interest would the United States Treasury accept? What would the United States do to enable the account to validate the claims upon it? How would such conditions sit with the American Congress? Could or should the United States in effect give an exchange value guarantee — if not currently, then perhaps in the event of liquidation? Does the United States have any obligation to make great concessions in order to help relieve problems which the rest of the world is experiencing, in part because of dollars that were not created in the United States in the first place?

These questions, among others, indicate how difficult it will be to work out acceptable relationships between the account and its depositors, and between the account and the United States. Nevertheless, these are the kinds of problems that must be faced and for which answers are necessary if new routes are to be found out of the succession of crises which continued throughout the 1970s. These new approaches should fit into the general framework of working to create a world payments system that will sustain open exchanges, relatively free trade and reasonably free capital movements — a system capable of maintaining economic growth in conditions of general stability.

Conclusion — Approaching Stability

To have a monetary system that services the world economy rather than impairing or impeding its smooth operation through periodic crises, it seems to me there is much to be done on both fronts — direct action affecting the exchange markets, and efforts to develop greater coordination in economic policy and performance among the major countries. For both, a growing degree of involvement is necessary at least among Germany, Japan and the United States. It would be helpful to include the United Kingdom, France and other leading countries in such an "economic alliance" as well. But the three key-currency countries must form the initial nucleus, with others, I would hope, aligning with them in time. Even that is not enough. It will be essential also to keep building and enlarging the capabilities of the International Monetary Fund, and particularly to introduce the substitution account.

If some progress can be made toward managed floating, based upon a growing economic harmonization among the leading countries, and accompanied by some progress toward a substitution account, then there is a glimmer of hope for containing some of the sources of international financial crises. I do sense that among the economic and financial authorities of the major countries there is enough consensus forming around these necessary arrangements to justify some confidence.