currencies of other countries at their nominal parities, almost all of which were sharply limited in use by their exchange controls. From the Fund's operative start on March 1, 1947, through April 1952, total "drawings" came to only $726.2 million in U.S. dollars, 34 million dollars worth of pounds sterling, and 11.4 million dollars worth of Belgian francs. (That April 1952 date was chosen only because the writer happens to have the May 1952 issue of the Fund's statistical bulletin.)

From July 1, 1945, through 1952 the U.S. Government supplied about 50 times as much foreign aid—$35 billion of non-military grants and credits, of which $24.6 billion was in grants.

If this Government had only supplied smaller grants and more loans to various European countries, we would today be being serenaded with cries of the terrible dollar shortage instead of complaints of a dollar glut and lack of confidence in the dollar.

A roughly similar proportion between IMF drawings and U.S. aid continued for a number of years beyond 1952.

Besides shouldering a great deal of the burden of the non-Communist world's defense costs, the United States by the end of 1957 had furnished $48.6 billion of nonmilitary grants and credits. These enabled a number of the stronger countries to rebuild their economies (relying heavily on scarce goods from this country), reestablish their export and import trades, accumulate reserves of dollars and gold, attract foreign investments (over $40 billion worth, net, from the United States) and tourists.

Furthermore, the Fund Articles of Agreement were not drawn in the expectation that one or two national currencies would be the vehicles for most of the world's international trade and payments, or that 106 of the 107 members would fulfill their own currency stabilization commitments primarily through sales and purchases of one currency, the dollar.

The dollar has also been burdened with one or two other unplanned functions.

Consequently, it is wholly out of proportion for anyone to assert that the United States and the dollar must follow identical rules and behave according to the same principles as all the regular members of the Fund. The dollar has a set of problems perculiar to itself alone, in quantity and quality, and must be managed and judged on special principles.

Also, the IMF system was designed when the United States had about 60% of the world's official monetary gold stocks (excluding the U.S.S.R.), which rose to about 70% by 1949. There was worry that this country would receive almost all of the world's reserves, and that gold would then become of little monetary use.

It is natural that today a different relationship between the dollar and gold is necessary.

2. A second major misapprehension, at least on the part of some people, is that there are any genuine barriers in the way of continuing to use the international dollar system, or that there is any substitute for it in sight. (The prospective Special Drawing Rights in the IMF are no substitute and will add to the problems of the dollar.) Every country, however, should be free to make its own choice in the matter.

3. A third is that the U.S. Treasury has to keep on selling gold freely to foreign central banks on demand in order to make the system workable and to give value to the dollar. (Dr. Otmar Emminger, an official of the German Bundesbank, expresed the point well to the National Industrial Conference Board in New York on February 15, "* * * Nor has gold an immutable value. Money does not derive its value from its link to gold. On the contrary, gold derives its value, at least to a large extent, from its link to money. * * *" Dr. Emminger, however, favored more stringent action regarding the dollar's balance of payments that this statement recommends.)

A fourth misapprehension is that the United States has been "living beyond its means internationally" and that in a realistic sense foreign countries have been "financing the U.S. balance of payments deficits" on a large scale.

A fifth and most important misapprehension is that the United States should and must end its balance of payments deficit as shown in the Department of Commerce estimates "on the liquidity basis," through this country's applying deliberate, forceful measures to reduce its payments to foreigners and increase its receipts from them. Nor are the deficits "on the official reserve transactions basis" a proper target to eliminate either.