Machlup, and urge the prompt deposit of all currency reserves, along with gold, to effect a final end to the gold-exchange standard. A complete consolidation of national reserves, replacing gold and currencies with claims on the Fund, would remove the chief threat to the monetary system, the threat that was ignored last year at Rio.

One would not expect the Fund's Governors to adopt a plan this year, but frank examination of the possibilities is very much in order, if consolidation is to be effected within the next few years. That examination, conducted responsibly, would be no threat to confidence or cause for speculation. It would, instead, add to the evidence at hand that governments and central banks intend to proceed in an orderly way to strengthen the monetary system.

Sincerely,

PETER B. KENEN, *Chairman.*