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## Group of Ten Ministerial Meeting Agrees on Realignment of Currency and Future Monetary Reforms

*The finance ministers and central bank governors of the Group of Ten met at Washington December 17-18. Following are remarks made by President Nixon on December 18 during an informal visit after the meeting, together with the text of a press communique issued that day by the ministers and governors.*

### REMARKS BY PRESIDENT NIXON

White House press release dated December 18

Ladies and gentlemen: It is my very great privilege to announce on behalf of the finance ministers and the other representatives of the 10 countries involved the conclusion of the most significant monetary agreement in the history of the world. I know that may seem to be an overstatement, but when we compare this agreement with Bretton Woods, which, of course, was the last very significant agreement of this kind, we can see how enormous this achievement has been.

Bretton Woods came at a time when the United States, immediately after World War II, was predominant in economic affairs in the world, and the decision of the United States was perhaps the most important one to be made at that time.

Now we have a new world, fortunately a much better world economically, where instead of just one strong economic nation, the nations of Europe, Japan and Asia, Canada and North America, all of these nations are strong economically, strong competitors, and as a result, it was necessary in these meetings for a negotiation to take place between equally strong nations insofar as their currencies were concerned. And the fact that these gentlemen, over a period of weeks, fi-

nally culminating in the last 2 days, have reached agreement on the realignment of exchange rates is, indeed, the most significant event that has occurred in world financial history.

I express appreciation to them for the work they have done, and I would say finally this: The question will inevitably be asked when each returns to his country, as it will be asked of Secretary Connally and me, when we refer to the Congress, who won, who lost?

The answer is, when agreements are reached in which all parties bargain hard and fight hard for their positions, when that agreement is mutually reached, then it is an agreement which is to the mutual benefit of both. What has happened here is that the whole free world has won, because as a result of this agreement, we will have, from a financial and monetary standpoint, a more stable world. We will have a world in which competition can be more fair. We will have a world in which we can have more true prosperity than would be the case if we continued to have an alignment which was inevitably doomed to fail because of the instability.

And so congratulations in this historic room to these men for their achievement, for their service to the cause of financial stability in the world, for progress economically in the world, and, of course, in the long run, to a more peaceful world.

### TEXT OF GROUP OF TEN COMMUNIQUE

1. The Ministers and Central Bank Governors of the ten countries participating in the General Arrangements to Borrow met at the Smithsonian Institution in Washington on 17th-18th December, 1971, in executive

session under the Chairmanship of Mr. J. B. Connally, Secretary of the Treasury of the United States. Mr. P.-P. Schweitzer, the Managing Director of the International Monetary Fund, took part in the meeting, which was also attended by the President of the Swiss National Bank, Mr. E. Stopper, and in part by the Secretary-General of the O.E.C.D. [Organization for Economic Cooperation and Development], Jonkheer E. van Lennep, the General Manager of the Bank for International Settlements, Mr. R. Larre, and the Vice-President of the Commission of the E.E.C. [European Economic Community], Mr. R. Barre. The Ministers and Governors welcomed a report from the Managing Director of the Fund on a meeting held between their Deputies and the Executive Directors of the Fund.

2. The Ministers and Governors agreed on an inter-related set of measures designed to restore stability to international monetary arrangements and to provide for expanding international trade. These measures will be communicated promptly to other governments. It is the hope of the Ministers and Governors that all governments will cooperate through the International Monetary Fund to permit implementation of these measures in an orderly fashion.

3. The Ministers and Governors reached agreement on a pattern of exchange rate relationships among their currencies. These decisions will be announced by individual governments, in the form of par values or central rates as they desire. Most of the countries plan to close their exchange markets on Monday. The Canadian Minister informed the Group that Canada intends temporarily to maintain a floating exchange rate and intends to permit fundamental market forces to establish the exchange rate without intervention except as required to maintain orderly conditions.

4. It was also agreed that, pending agreement on longer-term monetary reforms, provision will be made for  $2\frac{1}{4}$  percent margins of exchange rate fluctuation above and below the new exchange rates. The Ministers and Governors recognized that all members of the International Monetary Fund not at-

tending the present discussions will need urgently to reach decisions, in consultation with the International Monetary Fund, with respect to their own exchange rates. It was the view of the Ministers and Governors that it is particularly important at this time that no country seek improper competitive advantage through its exchange rate policies. Changes in parities can only be justified by an objective appraisal which establishes a position of disequilibrium.

5. Questions of trade arrangements were recognized by the Ministers and Governors as a relevant factor in assuring a new and lasting equilibrium in the international economy. Urgent negotiations are now under way between the United States and the Commission of the European Community, Japan, and Canada to resolve pending short-term issues at the earliest possible date and with the European Community to establish an appropriate agenda for considering more basic issues in a framework of mutual cooperation in the course of 1972 and beyond. The United States agreed to propose to Congress a suitable means for devaluing the dollar in terms of gold to \$38.00 per ounce as soon as the related set of short-term measures is available for Congressional scrutiny. Upon passage of required legislative authority in this framework, the United States will propose the corresponding new par value of the dollar to the International Monetary Fund.

6. In consideration of the agreed immediate realignment of exchange rates, the United States agreed that it will immediately suppress the recently imposed 10 percent import surcharge and related provisions of the Job Development Credit.

7. The Ministers and Governors agreed that discussions should be promptly undertaken, particularly in the framework of the IMF, to consider reform of the international monetary system over the longer term. It was agreed that attention should be directed to the appropriate monetary means and division of responsibilities for defending stable exchange rates and for insuring a proper degree of convertibility of the system; to the proper role of gold, of reserve currencies,

and of Special Drawing Rights in the operation of the system; to the appropriate volume of liquidity; to re-examination of the permissible margins of fluctuation around established exchange rates and other means of establishing a suitable degree of flexibility; and to other measures dealing with movements of liquid capital. It is recognized that decisions in each of these areas are closely linked.

## Letters of Credence

### *Indonesia*

The newly appointed Ambassador of the Republic of Indonesia, Sharif Thajeb, presented his credentials to President Nixon on December 6. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated December 6.

### *Morocco*

The newly appointed Ambassador of Morocco, Badreddine Senoussi, presented his credentials to President Nixon on December 6. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated December 6.

### *Pakistan*

The newly appointed Ambassador of Pakistan, Nawabzada Agha Mohammad Raza, presented his credentials to President Nixon on December 6. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated December 6.

### *Portugal*

The newly appointed Ambassador of Por-

tugal, Joao Manuel Hall Themido, presented his credentials to President Nixon on December 6. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated December 6.

## Human Rights Day, Bill of Rights Day

### A PROCLAMATION<sup>1</sup>

The Bill of Rights has served for 180 years as the basic guarantee of the rights and freedoms of the people of the United States. These rights and freedoms are fundamental to the dignity and worth of every person.

The Universal Declaration of Human Rights by the United Nations General Assembly is in the tradition of our Constitution and its Bill of Rights. This Declaration, dating from December 10, 1948, is a statement of principle that represents the hopes of people on every continent, and that provides the nations of the world with a target to strive toward. Both the Bill of Rights and the Universal Declaration of Human Rights rest on the proposition that each person has rights which are his own, and that protection of these rights is the foundation of freedom and justice.

NOW, THEREFORE, I, RICHARD NIXON, President of the United States of America, do hereby proclaim December 10, 1971, as Human Rights Day and December 15, 1971, as Bill of Rights Day. I call upon the people of the United States of America to observe the week beginning December 10, 1971, as Human Rights Week. In 1971 let us recall the framework of freedom that we established in 1791. Through our commitment to justice and equal opportunity for all in our own nation, we can give strength and meaning to the hopes of the people of all nations.

IN WITNESS WHEREOF, I have hereunto set my hand this ninth day of December, in the year of our Lord nineteen hundred seventy-one, and of the Independence of the United States of America the one hundred ninety-sixth.



<sup>1</sup> No. 4096; 36 *Fed. Reg.* 23521.