AMERICAN HISTORICAL ASSOCIATION
Seventy-Eighth Annual Meeting

MONDAY, DECEMBER 30

VI

9:30 A.M. CONSTITUTION ROOM

CURRENCY POLICY AND INTERNATIONAL RELATIONS

Chairman: *Karl Bopp, President, Federal Reserve Bank of Philadelphia*

United States Examples: Cleveland, 1893–1897, and FDR, 1933–1937
Jeannette P. Nichols, University of Pennsylvania

Japanese Examples: Matsukata, 1897, and Hamaguchi, 1930
Arthur E. Tiedemann, City College of New York

Comment
Irwin Unger, University of California, Davis
Hugh Patrick, Yale University

The purpose of the session was to illumine some of the dark spots in an important field that is relatively neglected by professional historians; namely, monetary aspects of diplomacy.

Professor Nichols traced the two most important stages in United States history. The first episode (1893-1897) put a quietus on two decades of world uncertainty as to whether the United States would go on the silver standard. In diplomacy it was marked by the futility of Cleveland's efforts to negotiate international bimetallism in order to transform a weak, humble dollar into a strong one. The second episode (1933-1937) was one of experimentation by Roosevelt on the domestic monetary scene as he prepared for the ill-timed, ill-humored World Monetary and Economic Conference.

So chaotic did the maelstrom of fluctuating exchanges become that even the slithery so-called Tri-partite agreement announced when France finally devalued seemed a significant event -- and, indeed, it did prove to be a first step on the path that led ultimately to Bretton Woods.

Professor Unger is of the view that the true meaning of these diplomatic negotiations for the historian is symbolic, much as the money issue in America as a whole has been symbolic -- or perhaps "symptomatic" -- of other "realer" relations.

Professor Tiedemann gave two Japanese examples of the relations between currency policy and international relations. The first episode was the decision of Japan, under the leadership of Matsukata, to adopt the gold standard in 1897. The second was the decision, at the very end of the new era of the 1920's, to return to the gold standard at the old parity rate.

Professor Patrick is struck by the similarity between the problems of Japan over this period and those of modern underdeveloped economies and by the extent to which war dominated Japan's growth pattern. During the period Japan utilized all three methods of achieving international equilibrium: deflation, depreciation, and borrowing abroad, although the choice was more a matter of accident than one of deliberate policy.

1/8/64 Karl R. Bopp

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