

DR. HEILPERIN makes a scholarly and dignified plea for the adoption of an internationalist point of view in the framing of monetary policy. He argues that nationalism makes for instability and that the national interest is therefore in the long run best served by an internationalist outlook. There is much to be said for this view.

There is a happy consilience of interest between nations in this matter; selfishness and altruism are entitled to join forces in recommending programmes conceived in an internationalist spirit.

Unhappily Dr. Heilperin tends to identify the internationalist programme with fixed and the nationalist programme with flexible exchange rates. This identification is plausible but erroneous, and it is greatly to be regretted that Dr. Heilperin lends the weight of his authority to it.

The case for flexible exchanges from an international point of view is twofold. In the immediate period the attempt to maintain fixed exchanges would be bound to fail before very long, and this will be recognised by judicious people. Consequently the attempt will give rise to greater uncertainty and lack of confidence—since the precise point at which the breakdown will come cannot be foreseen and is bound to have wide repercussions—than the flexible policy which can be executed without sudden jolts and jars.

In the long run, when there is a greater measure of political confidence, perhaps only when the trade cycle has been overcome by international co-operation, the maintenance of fixed rates may once again be practical. But then it will not be desirable. For, when international co-operation revives, it will be natural to opt for the more scientific and rational system. The gold standard belongs to a cruder, more primitive way of thinking. Changes in the international ratio of interchange, in the relative efficiencies of different countries, shifts in demand, and other forces will require movements in the rates of foreign exchange, if the benefits of foreign trade are to be fully secured and productive resources to be fully employed in each country. The changes in the rates need not be a matter for mutual recrimination, since the recognition of common interest, on the basis of which Dr. Heilperin rightly builds his internationalism, will make the adjustment of rates agreeable to all parties.

Dr. Heilperin does not write in a controversial spirit. His style is reflective and tentative. But there is an unobtrusive dogmatism latent in his advocacy which makes it desirable to draw attention to the opposite point of view in an outspoken way. It would be most unfortunate if advocacy of flexible exchanges came to be identified in the popular mind with a nationalist point of view.

R. F. HARROD.