

## MONETARY STABILIZATION

*Declaration by the United States, the United Kingdom, and France effected by simultaneous announcements at Washington, London, and Paris September 25, 1936;<sup>1</sup> supplementary statement of intention by the Secretary of the Treasury October 13, 1936<sup>2</sup>*

Department of the Treasury press releases September 25 and October 13, 1936; Department of State Treaty Information Bulletin No. 84, September 1936, p. 15, and No. 85, October 1936, p. 17

### STATEMENT OF SEPTEMBER 25 BY SECRETARY OF THE TREASURY HENRY MORGENTHAU, JR.

1. The Government of the United States, after consultation with the British Government and the French Government, joins with them in affirming a common desire to foster those conditions which safeguard peace and will best contribute to the restoration of order in international economic relations and to pursue a policy which will tend to promote prosperity in the world and to improve the standard of living of peoples.

<sup>1</sup> Sometimes referred to as the "tripartite gentlemen's agreement" or "arrangement." A statement by the Secretary of State, Cordell Hull, in a Department of State press release of Sept. 26, 1936, reads in part:

"Naturally, I am immensely gratified to see a vitally important step in the direction of stable monetary arrangements.

"The action of the Treasuries of the three Governments in making simultaneous and virtually identical statements of policy should greatly strengthen the prospect of stability in international exchange relationships. This should result in further strengthening the basic conditions of our domestic recovery. The declarations of policy amply provide for taking into account the full requirements of internal prosperity. This advance toward stability should also greatly facilitate the reduction of excessive phases of quota, exchange controls, and of other excessive impediments to commerce between nations, which themselves were partly caused by exchange uncertainties. For it has been apparent for a substantial time that progress toward stability and the reduction of barriers to commerce should go forward concurrently, or as nearly as possible, simultaneously. The step taken is in harmony with our reciprocity trade-agreements program, as it is an indispensable part of any program for full and stable business recovery."

<sup>2</sup> The Secretary of the Treasury announced on the same day that the United Kingdom and France had complied with the conditions specified in his statement for the purchase of gold from the United States for immediate export or earmark. On Nov. 24, 1936, he announced that reciprocal arrangements had been made also with Belgium, the Netherlands, and Switzerland as a result of their adherence to the principles of the tripartite declaration of Sept. 25, 1936.

2. The Government of the United States must, of course, in its policy toward international monetary relations take into full account the requirements of internal prosperity, as corresponding considerations will be taken into account by the Governments of France and Great Britain; it welcomes this opportunity to reaffirm its purpose to continue the policy which it has pursued in the course of recent years, one constant object of which is to maintain the greatest possible equilibrium in the system of international exchange and to avoid to the utmost extent the creation of any disturbance of that system by American monetary action. The Government of the United States shares with the Governments of France and Great Britain the conviction that the continuation of this two-fold policy will serve the general purpose which all the Governments should pursue.

3. The French Government informs the United States Government that, judging that the desired stability of the principal currencies cannot be insured on a solid basis except after the reestablishment of a lasting equilibrium between the various economic systems, it has decided with this object to propose to its Parliament the readjustment of its currency. The Government of the United States, as also the British Government, has welcomed this decision in the hope that it will establish more solid foundations for the stability of international economic relations. The United States Government, as also the British and French Governments, declares its intention to continue to use appropriate available resources so as to avoid as far as possible any disturbance of the basis of international exchange resulting from the proposed readjustment. It will arrange for such consultation for this purpose as may prove necessary with the other two Governments and their authorized agencies.

4. The Government of the United States is moreover convinced, as are also the Governments of France and Great Britain, that the success of the policy set forth above is linked with the development of international trade. In particular it attaches the greatest importance to action being taken without delay to relax progressively the present system of quotas and exchange controls with a view to their abolition.

5. The Government of the United States, in common with the Governments of France and Great Britain, desires and invites the cooperation of the other nations to realize the policy laid down in the present declaration. It trusts that no country will attempt to obtain an unreasonable competitive exchange advantage and thereby hamper the effort to restore more stable economic relations which it is the aim of the three Governments to promote.

STATEMENT OF OCTOBER 13 BY SECRETARY OF THE TREASURY HENRY MORGENTHAU, JR.

Supplementing the announcements, made by him on January 31,<sup>3</sup> and February 1, 1934,<sup>3</sup> to the effect that the Treasury would buy gold, and on

<sup>3</sup> Not printed.

January 31, 1934,<sup>4</sup> referring to the sale of gold for export, the Secretary of the Treasury states that (hereafter, and until, on 24 hours' notice, this statement of intention may be revoked or altered) the United States will also sell gold for immediate export to, or earmark for the account of, the exchange equalization or stabilization funds of those countries whose funds likewise are offering to sell gold to the United States, provided such offerings of gold are at such rates and upon such terms and conditions as the Secretary may deem most advantageous to the public interest. The Secretary announces herewith, and will hereafter announce daily, the names of the foreign countries complying with the foregoing conditions. All such sales of gold will be made through the Federal Reserve Bank of New York, as fiscal agent of the United States, upon the following terms and conditions which the Secretary of the Treasury deems most advantageous to the public interest:

Sales of gold will be made at \$35 per fine ounce, plus one-quarter percent handling charge, and sales and earmarking will be governed by the regulations issued under the Gold Reserve Act of 1934.

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<sup>4</sup> Not printed.