

Communiqué issued by Georges Pompidou on the international monetary situation (Paris, 18 August 1971)

Caption: On 18 August 1971, the French President comments on the US decision to suspend the convertibility of the dollar into gold and calls for closer monetary cooperation at Community level.

Source: Western European Union Assembly-General Affairs Committee: A retrospective view of the political year in Europe 1971. November 1972. Paris: Western European Union Assembly-General Affairs Committee.

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The French Government sees, in the decisions announced by President Nixon, the proof that the American authorities henceforth appreciate the gravity of the monetary situation due to the balance of payments of the United States.

While taking note of the desire for the recovery stand by the Government of the United States, the French Government notes that the decisions taken on external affairs are not in accordance with the rules which govern the International Monetary Fund and the General Agreement on Tariffs and Trade or with the agreement on the use of special drawing rights.

The French Government believes that the current disturbance of the international monetary system hinders the development of trade and, in consequence, the economic and social progress of all nations. It thus believes it indispensable that, within a reasonable time, a complete re-examination of the international monetary system should be undertaken.

The French Government remains attached to the principle of fixed parities based on the definition in gold of the value of currencies, as was chosen in 1944 by the Bretton Woods negotiators, clearly informed of the crises, of protectionism and unemployment engendered by the prewar monetary competitions. Experience is confirming its diagnosis, formulated a long time ago, according to which the world system of fixed parities is incompatible with the exclusive usage, as a reserve instrument, of a currency which is linked to the uncertainty of a national economic situation and not bound by the disciplines of equilibrium and balanced payments. As far as it is concerned, the French Government confirms that it will maintain the franc at its parity of 160 milligrammes of fine gold.

As a first step, the French Government believes that the six member countries of the European Economic Community should define a common policy, both to ensure the regular development of their internal trade in accordance with the terms of the Rome Treaty and with Community regulations and to co-ordinate their attitude vis-à-vis the new situation created by floating the dollar.

This co-ordination is all the more necessary since the countries of the European Community and those preparing to join it constitute the most significant trading unit in the world.

Therefore, during the EEC Council of Ministers meeting to be held in Brussels on 19th August, the French Delegation will propose the following measures to its partners: in order to prevent currency values from being fixed by the uncertain laws of supply and demand in a world fraught with speculative movement, access to exchange markets operating in accordance with the rules of the International Monetary Fund could be reserved for trade transactions; at the same time, markets could be organised to deal with currencies destined for other transactions abroad; the intervention of central banks on these markets could be concerted among Community members.

Concerned by the need for effective international co-operation, particularly on a European level, the President of the Republic will, when the time comes, propose to the Community countries and those preparing to join it that preliminary consultations be organised for a meeting at the level of Chiefs of State and Heads of Government.

By its decisions and its proposals, the French Government is deliberately taking into account both the exigencies of international cooperation and the need to preserve France's chances for stability, expansion and full employment.

In addition, the necessary procedures for concertation with the United States and the franc zone are being put into motion.

Source: French Embassy, New York.