
PREFACE

The reform of the international monetary system has been under debate for more than a decade. The inherent deficiencies and contradictions of the system established at Bretton Woods have been well understood and documented even before this; but the international political will to undertake necessary structural change could not be mobilised. Instead a series of patch work modifications kept the system in operation, albeit not very effectively, until the action taken by the United States in 1971 removed its essential underpinnings.

The dramatic changes in the international economy introduced by the increase in oil prices brought a halt to the work of the Committee of Twenty on Monetary Reform. In retrospect, it may appear that the stoppage was premature and that the return to ad hoc adjustments and changes, such as were agreed by the Interim Committee at their meeting in Jamaica in 1976, was unwise. Certainly there is no consensus that the changes introduced in Jamaica dealt with the fundamentals of the requirements of a monetary system which could service the needs of the evolving international economy, particularly in the context of the more widespread concern for alleviating the position of the poorest countries. Indeed more than one observer has seen in recent developments a movement away from an international monetary system.

In order to assist countries in taking an overall view of the current stage of the dialogue and to put the recent agreements into the wider perspectives encompassed in the New International Economic Order, the Commonwealth Secretariat commissioned a paper on "International Monetary Reforms in Retrospect and Prospect". This paper was considered by Commonwealth Finance Ministers when they met in Hong Kong in September 1976. It is being published as a contribution to the on-going dialogue on this important subject.

The views expressed in the study are those of the author and are not necessarily those of the Commonwealth Secretariat.

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