

YOUR MONEY'S WORTH

Central Bankers Powerful Men

BY SYLVIA PORTER

In the ancient Altieri Palace in Rome for four days recently, about 120 of the globe's most powerful men conferred behind closed doors on ways to stem the outflow of gold from the United States, erase this peril to our currency's stability and thereby maintain the U.S. dollar as the pivot for the currencies of the free world.

Among the 120 were the top central bankers of Europe and the United States. Heading our delegation to this International Monetary Conference were Chairman of the Federal Reserve Board Martin, Secretary of the Treasury Dillon, undersecretary of the Treasury and world-respected authority on central banking Robert V. Roosa.

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Heading Britain's delegation was the Earl of Comer, governor of the famed Bank of England. Heading Germany's were Herman J. Abs, chairman, and Karl Blessing, president, of the Deutsche Bundesbank.

Also there were Per Jacobsson, managing director of the International Monetary Fund, and Guillaume Guindeg, general manager of the Bank for International Settlements at Basel. This suggests the calibre of the men at this conference — only the No. 1 and 2 financiers of each nation were invited, even No. 3 men were barred as not up to the level of this meeting.

What they agreed or disagreed on in their private meetings will profoundly affect your financial life and the lives of hundreds of millions

around the globe in coming months.

The problem of safeguarding the mighty U.S. dollar has become of paramount importance in view of the fact that we are continually spending far more abroad than we are earning abroad and our foreign creditors have built up enormous claims against our dwindling gold reserve. The problem must



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be solved if the financial structures of the entire free world are not to topple.

But the purpose of this report is not to give you additional details on the defenses being created for the dollar. Suffice it to say here that the defenses are being devised and, so far, crisis has been successfully averted.

Rather, the purpose of this column is to tell you what these men at the Rome meeting represent, why they are so influential, where they get their awesome power.

Without hesitation, I'll wager that not one in 100,000 of you could properly

explain what a Central Bank is.

Before going any further, here's a capsule definition:

A Central Bank is, first, a bankers' bank. It performs for the commercial bank on your corner the same basic functions which that corner bank performs for you. For instance, it holds your bank's reserves, collects its checks, makes loans to your bank under certain conditions.

A Central Bank is, second, the banker for the government. For instance, as the fiscal agent for the U.S. government, our Federal Reserve System receives and pays out the funds of the federal government.

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A Central Bank is, third and most important, the manager of a country's money and credit system — and there, of course, is the heart of its awesome power. Our Federal Reserve System can and does create money, pour it into the economic stream to finance all business activities. It can, and does at times, withdraw money from the economic stream to put a brake on business activities.

The men who were at Rome to discuss our dollar's future were the world's leading central bankers. They could, if they so decided, stage a run on our dollar, bring about a worldwide financial crash. Or they could agree to co-operate to an unprecedented degree to rescue our dollar from the trap dug by our own generosity over the years.

This is power indeed!