

# The Righteous Dollar

By ANTHONY LEWIS

LONDON, Aug. 20—And so we are about to try the great international monetary experiment. Willy-nilly, without the usual agreement in these matters of the leading central bankers and finance ministers, the float is on. One way or another, the dollar's value in terms of other major currencies is going to be established over at least the next several weeks in the market place.

That is a first striking result of President Nixon's monetary *démarche*. It will be a result welcomed in Washington—and by many reformers in the financial world. For in the float the other currencies will certainly go up, producing the effective devaluation of the dollar that the President wants and others have long termed necessary.

But is the result worth the resentment aroused by American tactics during this last extraordinary week of financial and political turmoil? The question is beginning to be asked. Putting it slightly differently, was it necessary for the President to be quite

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so brusque, so uncommunicative with friends, so insulting and self-righteous in his rhetoric in order to achieve what he wanted?

Mr. Nixon charged other financial powers, who happen to be America's friends and allies, with "unfair treatment" of the dollar. He blamed our monetary troubles on "the international speculators." In language reminiscent of Harold Wilson's bootstrap jingoism before the pound was devalued, he said, "We are not about to ease up and lose the economic leadership of the world."

Even some foreign observers who approved of the President's actions

found his rhetoric hard to take. The Economist of London put it wryly: "The matter of Mr. Nixon's decisions deserves a bigger welcome than his manner of misexplaining them."

The United States can rightly complain of discriminatory policies no longer justified by weakness, notably Japanese protectionism. But everyone knows that the dollar crisis has arisen in large part from American policy in recent years: the Vietnam war, the huge capital outflow, the unwillingness to face domestic inflation and so on. As for the speculators, they are just a joke. If the dollar is overvalued, as Mr. Nixon has just conceded, it is not speculation but common sense for anyone with financial responsibility to assume its eventual devaluation.

What gives concern abroad is not a little rhetorical bombast but the thought that the President's language could represent a real turn toward a nationalist, fortress America. That fear has been exacerbated by the fact of the import surcharge and its open use by the American Administration to twist arms; some called it blackmail.

But on the whole, all this has had an understanding reception among the officials and financial men of Western Europe. They are sophisticated people, with an ear for American political realities, and they tend to take Mr. Nixon's words as a political calculation. One experienced diplomat said:

"I found the tone of the Sunday night speech disturbing. But there is a current of nationalism in the United States now, and it is understandable if the President thought it right to respond to it by presenting his program as a way to kick the bloody foreigner in the teeth. The speech was an attempt to head off worse. We have to read it that way."

The European response, taken as a whole, must be regarded in Washington as satisfactory. There is strong resentment at the surcharge, but there is no real threat of the kind of retaliation that could lead to a trade war. The markets have been upset, but that will appear as a minor inconvenience if the experiment with floating leads to a new stability — admittedly rather an uncertain if.

The political cost of the aggressive American tactics, if there is one, will be paid in Japan. Sensitivities are greater there, dependence on American strength more acute, understanding of American politics less sophisticated.

The manner of President Nixon's new economic policy was inevitably taken in Tokyo as another example—like the way he broke the news about his visit to China—of failure of communication. There was a sense of wounded mutual confidence, reflected in a business leader's remark that "Japan and America can in future be good trading partners, but not again members of the same family."

The Administration would doubtless say that shock tactics were essential to get other governments moving. But were haste and secrecy so essential that Premier Sato could not have been given notice more than a few minutes before the President spoke? The end result of more reasonable exchange rates could justify the means used. But there remains a lingering feeling that Mr. Nixon's words and manners reflect an assumption of American economic hegemony that is no longer valid.