but, of course, as well, intermediate and long-term facilities.

Thirdly, reserves and other forms of official liquidity.

Now, if we mix up those three elements, we necessarily have some form of system which operates smoothly enough, as it obviously does, to enable the world to carry on an extremely large mass, upwards of $100 billion, of international trade, international capital movements, tourist ecpenditures, shipping, insurance, and everything else that goes to make up the great network of world transactions.

The present International Monetary System is based on what we could call a currency-exchange standard or a dollar-sterling exchange standard. One could stretch it a little bit, I suppose, and call it a dollar-sterling-French-franc exchange standard, since the French franc, within the French zone, the former colonial area of now largely independent countries, also serves as a reserve currency.

But, of these three, if we include the franc, reserve currencies, the most important is the dollar, although sterling is not to be minimized, and this does point to the role of the dollar as a key currency. By a key currency we mean a currency which other countries are using as reserves and in which other countries carry out a substantial mass of transactions.

You can have a very good currency, such as the Deutchmark, or the Dutch guilder, but you find oninspection that virtually no international transactions are being carried out in that currency. International transactions are generally carried out in one or another of the key