

ation of foreign currencies, the 10 per cent import surcharge, and the discrimination in the investment credit. If the United States attempts to retain the surcharge after parity realignments, we will have snatched defeat from the jaws of victory, for it will bring on foreign retaliation against our exports which we have so far successfully avoided.

Our second objective—the reform of the international monetary system—will be slower in coming and will involve extensive negotiations with all interested countries. The purpose of the reform is to amend those elements of the current system which have caused periodic international financial crises. The principal aim is to encourage flexibility in exchange rates so that needed adjustments are accomplished more quickly and thus in smaller doses. The present system has rigidified exchange rates to such an extent that massive disequilibria have developed, requiring large exchange-rate changes which have enticed and enriched currency speculators. The reform should also provide a mechanism for the needed increase in international money in an orderly manner so that world prosperity will be encouraged.

There is already general agreement on some of the elements of the reform. The International Monetary Fund (IMF) should permit exchange rates to fluctuate within wider margins around established parities. For example, they could be allowed to fluctuate within 3 per cent on either side of a fixed rate, instead of the present 1 per cent. This would allow Germany, for instance, to have tighter money if it wanted it without attracting funds from countries like the United States which had easier money. Wider margins will also provide some market evidence as to whether a particular currency is becoming over or undervalued and should change its parity.

Following from this, support is growing to amend the IMF so that "fundamental disequilibrium need not be proven before an exchange parity can be changed. If small changes—the least disruptive kind—are to be encouraged, then evidence less difficult to establish must be acceptable to verify the required case for a devaluation or revaluation. Indeed the existence of market pressures which continually force a currency to stay near its floor or its ceiling should be sufficient evidence in most instances.

There is no consensus, however, on what role the U.S. dollar should play in a reformed system. Under the old rules of the IMF, other countries stated their exchange-rate parities in terms of the dollar, and the dollar itself was specified in terms of gold. Both gold and dollars served as international money or reserves, but only dollars were actually usable by countries to intervene in exchange markets. This system permitted the United States to finance its balance-of-payments deficits by issuing new dollars, but prevented the United States from correcting its balance-of-payments problem through a devaluation of the dollar itself, since the dollar's value was determined by the collective action of other countries. The introduction of Special Drawing Rights (SDRs) as a new form of international money altered the system by making it less dependent on gold, but did little to change the role of the dollar.

It was the strain on the U.S. economy coming from the excessive dependence of the international monetary system on the dollar that forced President Nixon to suspend the convertibility of the dollar into gold or SDRs. But what comes now? In fact, a more rational system is possible which more equally spreads the burdens involved. The outline of such a system is sketched below:

First, all countries would specify the value of their currencies in terms of SDRs including the United States. Originally one dollar would be made equal to one SDR. The par-

ity of the dollar could thus be changed almost like that of other currencies. Other countries would still intervene in their exchange markets through dollars, but they would need relatively small working balances of dollars for this purpose. The difference between the dollar and other currencies is that there would be only an indirect market test of the dollar's value. If most currencies were clustering near the top of the permitted exchange-rate margin, then the dollar itself should be devalued, and likewise the dollar should be appreciated if other currencies were near their floors. Thus, all countries would have available to them the most efficient instrument for correcting a balance-of-payments problem, namely changes in exchange-rate parities.

Second, other countries should be invited to exchange the excess dollars they hold in their official reserves for a special issue of SDRs by the IMF. The dollars would then become a permanent income-earning asset for the IMF, which would use its dollar earnings to pay interest on SDRs. Countries, if they so desire, could continue to hold dollars but they would recognize that the United States was not providing any exchange-rate guarantee on them. Needed increases in reserves would come from new issues of SDRs, since the United States would correct a deficit on its accounts through a devaluation of the dollar.

Third, all official gold holdings would be sold to the IMF also in exchange for a special issue of SDRs, and gold would be completely demonetized. Gold has long ceased to be a usable reserve asset and need not be retained. The IMF would sell the gold gradually to the World Bank at the old official price of \$35 per ounce. The World Bank would slowly sell the gold in the private market, earning whatever premium then existed, and utilizing the profits for soft loans or grants to less developed countries. Thus the windfall profits of demonetizing gold would go to economic development in the world's poorest nations.

Some countries may not want to part with their gold reserves. It would be unwise to try to compel them to do so, but other countries would not be obliged to buy or sell gold to the non-cooperating country. Of course the country could sell official gold into the private market and earn the premium for itself. But such an action would quickly be recognized for what it was, a selfish action on the part of that country.

This is merely an outline for a reform. Many details must be added. However, it has all the essential elements of a viable system. The United States would no longer be forced to carry an intolerable burden. All countries would be treated equally. Finally, the less developed countries would be given a positive interest in the reform which is only just, given the short shrift they have gotten from the entire monetary upheaval.

PUPFISH NATIONAL MONUMENT WILL PRESERVE UNIQUE PLANT SPECIES

Mr. CRANSTON. Mr. President, on June 24, 1971, I introduced a bill (S. 2141) which would authorize the Secretary of the Interior to establish a 35,000-acre area in California and Nevada as a Desert Pupfish National Monument. The Ash Meadows area has been the home of the several species of pupfish for 20,000 years. During this time, the pupfish have adapted from the cold-water post-glacial lakes which covered the Western United States following the last ice age to a totally different and inhospitable environment, which is typified by Devils

Hole—where the water is high in mineral content, low in oxygen, and 92 degrees in temperature.

Yet the pumping of water by a local ranching operation has caused the water level in Devils Hole to drop to a dangerously low level. The desert pupfish may not survive another year unless steps are taken to preserve their habitat.

Saving the remaining species and subspecies of this endangered fish, along with the protection of their habitat, is of importance not only for the maintenance of nature's diversity, but because of their tremendous value for studies of genetic evolution. Already man's needless indifference has permitted the extinction of several species, and two species which live in the Ash Meadows area are on the brink of extinction.

In the midst of the ecological battle surrounding the Ash Meadows-Death Valley area, another element has recently come to my attention, and I should like to pass it on to Senators. Botanical research conducted by Dr. Janice C. Beatley of the laboratory of nuclear medicine and radiation biology of the University of California at Los Angeles, assistant professor of botany James L. Reveal, of the University of Maryland, and others, has revealed unique species of plants growing in the Ash Meadows area—plants that are found in no other place in the world.

According to Assistant Professor Reveal:

Among these unique plants are *Mentzelia leucophylla*, now believed to be restricted to but a few bare hillsides just below and west of Devils Hole; *Ivesia eremica*, known only from low clay hills in Ash Meadows, and a plant rarely collected in flower; *Haplopappus bricelliioides*, a shrub that is probably safe as it occurs in the low mountains east of Ash Meadows and in California near Death Valley—it is rare, however; *Astragalus phoenix*, an exceedingly rare plant, known from only two sites in Ash Meadows and both are threatened by farming activities. . . . *Nitrophila mohavensis*, a rare species known only from an alkaline mud flat east of Death Valley Junction just inside the California state line—it is so restricted that it is not known to occur in Nevada just a few hundred yards away; *Machaeranthera ammobila*, a small, blue-flowered member of the sunflower family . . . found on the sand dunes just west of Ash Meadows in the area of renewed mining interests . . . *Grindelia fraxino-pratensis*, another member of the sunflower family that is endemic to the Ash Meadows area . . . *Eriogonum inflatum* var. *contiguum*, a recently named species which . . . occurs over a wide area in the Ash Meadows region . . . *Sisyrinchium junceum*, a lovely meadow species in the iris family . . . *Enceliopsis nudicaulis* var. *corrugata*, a new variety of sunflower that is as yet still undescribed—it is known from the west side of Ash Meadows near Devils Hole; *Cordylanthus tecopensis* is fairly common in the Ash Meadows region and southward into California along the Amargosa River—it is found nowhere else in the world, however.

Some of these unique plants were restricted by evolution to this single area; most of them are entirely different from plants in surrounding areas of Nevada and California. If a Desert Pupfish National Monument were established, not only would the desert pupfish be rescued from extinction but these unique species

of plants would be preserved. As Professor Reveal states:

We are fighting time. No advanced technology will ever replace an extinct species.

SUBJECT - PUPFISH NATIONAL MONUMENT

Pupfish National Monument
Rare plants also