

State Department Quells Rumor Of Monetary Pact With Britain

Misconstruction of Hull Remark Blamed for Report of Contemplated Accord; Venezuela Tariff Treaty Negotiations Opened.

By Sidney Olson.

The State Department last night scotched rumors Secretary of State Cordell Hull had indicated a monetary agreement paralleling the proposed Anglo-American reciprocal trade agreement is contemplated.

Confusion arose over a misconstructed press-conference remark by the Secretary to the effect that greater monetary stability was a natural corollary to the lowered trade barriers which are a consequence of a reciprocal trade agreement.

Some observers took the view Hull had indirectly confirmed reports dating from last April that some revision of the present tripartite monetary agreement is a part of the Administration's vast economic program.

Present Pact Satisfactory.

A majority of Federal financial officials, however, held there is no present pressure from any major source to revise the flexible and until now satisfactory tripartite agreement on stabilization of the currencies of England, France and the United States, that agreement has been on a 24-hour basis ever since its inception, it was pointed out, and even the May 5 devaluation of the French franc by Premier Edouard Daladier did not affect the monetary accord.

This situation, based almost entirely on hot weather speculation, was immediately coupled in some quarters with the impending trip abroad of Secretary of the Treasury Henry Morgenthau, jr., who leaves Friday for London and Paris before vacationing in southern France.

Venezuela Negotiating.

It overshadowed the immediate news from the State Department that formal negotiations are now commencing for a reciprocal trade agreement with Venezuela. Others are under way with Great Britain, Ecuador, Turkey and Canada. Negotiations with Canada, with which this country concluded its first major trade agreement in November, 1935, are intended to broaden its scope and key it into the huge con-

templated agreement with Great Britain.

Seventeen trade agreements in all have now been concluded, with Belgium, Brazil, Colombia, Costa Rica, Cuba, Czechoslovakia, El Salvador, Finland, France, Guatemala, Haiti, Honduras, The Netherlands, Nicaragua, Sweden and Switzerland.

Reports from New York and dispatches from abroad concerning a possible parallel monetary agreement to the British-American trade agreement had said the dollar would be placed against the pound at a valuation of \$4.86 or \$4.87. For many months the pound has been somewhat weaker than that point, having dipped below \$4.90. Closing figure yesterday was \$4.92½. The reports began in the belief the pound is weakening.

Changes Held Unlikely.

Officials here, noting the long-continued influx of British gold into this country has slowed to almost nothing, said the British have worked harmoniously with this Government to keep the currencies in close relationship, with the flexible working agreement serving to implement necessary operations in the market.

While not willing to make long-range predictions, the officials said that at least for the present there is no probability of a change in the present monetary accord, as there is no reason of major importance for disturbing the existing parity in the currencies. They cited the French pinning of the franc to the British pound sterling at 179 francs to the pound—third devaluation of the franc since the World War—as an example of how even the most sweeping operations can be carried off successfully in conformity with the theory of international monetary stabilization.

Hull, whose misreported remarks gave rise to considerable speculation during the afternoon, referred all further inquiries to the Treasury. Morgenthau, who yesterday attended the funeral of Supreme Court Justice Benjamin Cardozo, in New York, was expected to return to Washington today to clear his desk for his departure Friday.