



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

JUL 25 2006

Mr. Morrison Bonpasse  
Single Currency Association  
P.O. Box 390  
Newcastle, ME 04553

Dear Mr. Bonpasse:

I am replying to your letter to Secretary Snow, which enclosed your recently published book, *The Single Global Currency – Common Cents for the World* – and requested Treasury's views on the benefits of your proposal

Treasury's semiannual "Report to Congress on International Economic and Exchange Rate Policies" examines the exchange rate policies of foreign countries and, together with the Secretary of the Treasury's testimony, describes Treasury's views on exchange rate regimes. I am enclosing a copy of the May, 2006, report and Secretary Snow's testimony on that report.

Secretary Snow stated in his May 18, 2006, testimony that the Administration believes that a strong dollar is in our nation's interest, and currency values should be determined in open and competitive markets in response to underlying economic fundamentals. Secretary Snow emphasized often that the international economy performs best when large economies embrace free trade, the free flow of capital and flexible currencies.

While we encourage the use of flexible exchange rates by our major trading partners, we recognize that, especially in the case of small open economies, there are benefits from a "hard" exchange rate peg, such as dollarization, joining a currency union, or using a credible currency board. Neither a "hard" peg nor a flexible exchange rate will, however, prevent the economic damage caused by bad economic policies.

We appreciate hearing your views.

Sincerely,

A handwritten signature in cursive script that reads "Mark Sobel".

Mark Sobel  
Deputy Assistant Secretary for International  
Monetary and Financial Policy

Enclosures