

The Sun

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The Volcker Bridge

New York Sun Staff Editorial

April 24, 2008

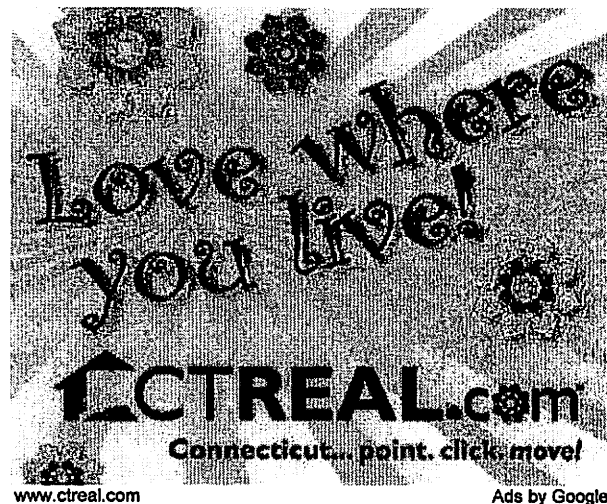
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There was a lovely evening last night here in New York, where the Friends of the Free University of Berlin gave what they call their Transatlantic Bridge Award to Paul Volcker. What struck us was the long line of important issues that came together at the dinner, starting with the story of the university, which was established 60 years ago, at a time, our ambassador in Berlin, William Timken, noted in a letter to the dinner, "when an iron curtain had descended across the European Continent." The university, he wrote, became a "beacon of free scholarship and a refuge for free minds." And the university became one of the institutions of freedom that helped give the West its margin of victory in Europe.

At the dinner last night,

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we reflected on how much of the story also involved another institution — namely that of the American dollar and of an understanding of the role sound money played at a key moment of the great struggle. This started with Ludwig Erhard, who, with a famous commitment to a convertible mark after World War II, brought to life the devastated

economy of free Germany and set the stage for the rise of the federal republic over its communist counterpart in the east. That great gamble went hand in hand with the rise of America's own economy and the emergence of its currency.

A generation later, the Western victory in the final years of the Cold War was aided by Mr. Volcker, who rescued the greenback, and our own economy, from the crisis of the 1970s.

There was much talk around the room last night of the character it took for him to stick to his monetary guns as the country went through a recession and as the protests mounted. One story that drew a ripple of laughter involved a description of Mr. Volcker at the Council on Foreign Relations, where he was spied making an origami folding of what turned out to be a dollar bill.

A number of New York sages turned out to help honor Mr. Volcker, including Henry Kaufman and John Whitehead. The central banker himself did not make a policy speech last night. But he did acknowledge the

anecdote about the folding of the dollar bill, noting that now the smallest bill he's apt to find in his wallet today is a five. Someday, he said, it will probably be a ten. It was a gentle way of reminding us all of the direction in which things are moving in our own currency crisis. We mean to cast no aspersions on anyone when we echo the sentiments heard last night by those who felt the Friends of the Free University of Berlin chose well in honoring the towering figure who guided so many through such a turbulent time.

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