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## Early Ratification Of Bretton Woods Pact Abroad Seen

### Action Due to Follow Anglo-U. S. Agreements on Finance, Trade

Ratification of the Bretton Woods agreement by the governments of the United Kingdom, other Empire and several Western European countries is expected within a few weeks, following the official announcement of an Anglo-American financial-commercial accord.

Organization of the international financial institutions presumably will get under way around the year-end, since the quotas of these nations combined with that of the United States would fulfill the provision laid down in the Bretton Woods agreement that countries representing 65 per cent of the subscriptions to the world financial institutions must adhere before the plan becomes operative.

#### Other Subscribing Nations

Presuming the British-American financial arrangements are concluded by the two nations within the next few days, the Labor Government is expected to introduce rectifying legislation later this month. Opposition is anticipated, but most observers believe the Government-sponsored measure will move through Parliament fairly promptly.

Meanwhile, it is also expected that Canada, Australia, other British countries and probably The Netherlands, France and Belgium will pass legislation implementing the Bretton Woods agreement within the near future. Actual organization of the International Monetary Fund and the International Bank for Reconstruction and Development thus could get under way early next year.

Some six months may be needed to complete organizational work. experts state, so the two world financial institutions would be set up around early summer. A further period of some months presumably will be required before the fund and the bank can carry on active operations. It is pointed out, so that it may be early 1947 before the two organizations play an active role in currency stabilization and rais-

ing of funds for reconstruction and development.

Under the International Monetary Fund provisions each member is required to agree on parity of its currency before the fund begins operations. Accordingly, some of the uncertainty over probable future valuations of several currencies should be removed within the next few months. However, it is stressed that fluctuations are not to be ruled out by the Bretton Woods agreement.

Actually, changes in the par value of a currency may be made to correct a continuing imbalance in a country's international economic position after consultation with the fund. Alterations aggregating 10 per cent may be made by a country after consulting the fund but without its concurrence. Hence, sizable fluctuations may well occur in several currencies even after the fund is in operation.

Neither does the fund provide for lifting of exchange restrictions, it is noted, although the adhering countries agree to a policy of removing restrictions as soon as feasible. Members are authorized to maintain restrictions on payments and transfers for current international transactions during a transition period. And, in the case of the devastated countries even new restrictions may be introduced. On the other hand, it is generally understood that under the Anglo-American financial agreement, Britain commits herself to cease pooling of dollar earnings of the countries within the sterling area.

#### End of Dollar Pooling

While the end of pooling does not mean that in the aggregate any more dollars will be available for sterling area countries, it is pointed out, it does mean that vexing regulations and control by a third country will be eliminated. American business men believe this permits them to develop foreign markets much more effectively. In some cases, notably India, exporters look forward to an improvement after dollar pooling is stopped. Further, the dollar loan to Britain will enable the latter to provide dollars to countries that currently sell a great deal more to Britain than they buy from her. Then, the sterling area countries should be able to allow much more liberal purchases in this country than is now the case, it is noted.