

Monetary Conference

The revised Keynes-Morgenthau plan for establishing an international stabilization fund, recently indorsed by monetary experts representing more than 30 nations, is to form the basis for discussions at the coming Bretton Woods United Nations Monetary Conference. President Roosevelt has invited 41 nations to send official representatives to that conference with a view to formulating definite proposals for establishment of an international monetary fund and possibly a bank for reconstruction and development. The President emphasizes the fact that all agreements will have to be submitted for approval to the governments of participating nations—in our case to Congress.

The usefulness of the conference will be greatly enhanced if the participants feel free to subject the preliminary currency stabilization plan to searching criticism and analysis. If, on the contrary, the delegates should devote their time exclusively to working out details of the tentative program presented for discussion, the conference deliberations will be of limited value. The best service that an international monetary conference could render at this juncture would be to discuss freely and frankly the objections that have been raised to the pro-

visional program and consider the merits of alternative plans for bringing postwar order out of currency chaos. Hasty formulation of a definitive plan would almost certainly meet with a hostile reception from Congress. And lacking the support of the world's chief creditor nation, the best-laid stabilization plans would gather dust in government archives.

Most monetary experts recognize the need for cooperative action to assist stabilization of the exchanges in the postwar period, but they are far from agreement as to the best method of meeting that need. Certainly there is no unanimity of expert opinion about the desirability of the type of stabilization machinery contemplated by the modified Keynes-White currency plans. It is important, however, to work toward a solution of postwar currency and related problems by exchange of views. If the terms of reference of the Bretton Woods conference should cover plans for an international bank to assist reconstruction in war-torn countries so much the better. For one of the chief fears of critics of international currency stabilization proposals is that the resources of such funds might be diverted to long-time capital uses and become frozen. The danger of such a development will be greatly diminished if international currency stabilization plans are discussed as one feature of a comprehensive international program dealing with long-time reconstruction capital needs as well as short-time credit accommodation.