

Would Money Fund Magnify Inflation?

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"I fear we face a spending spree in this country."

This was the warning of W. Randolph Burgess, president of the American Bankers Association and vice chairman of the National City Bank of New York, given here Thursday in the course of a talk before the Union League Club on the Bretton Woods monetary agreements.

Burgess, as spokesman for the Bankers Association, has led the opposition to the International Monetary Fund half of the Bretton Woods proposals.

The bankers, particularly the big New York so-called international bankers, have been charged with fighting the Fund because it would cut into their very lucrative foreign business. Burgess ignored this accusation, repeatedly emphasizing that the bankers are in complete accord with the efforts of the federal government to enter into co-operative international financial operations.

Bank Plans Make Sense

Plans for the International Bank for Reconstruction and Development, Burgess said, "made sense." He gave credit to Edward Eagle Brown, chairman of the First National Bank of Chicago, for much of the work that went into the plans for the Bank.

The Fund, on the other hand, he insisted, was not set up on the sound principles of the Bank and lacked the safeguards that would help to keep it sound and would protect the interests of this country.

Nations in a weak financial position, Burgess declared, could and would borrow from the Fund and spend in the American market. The chances are they would spend about when domestic buying was at its peak. The result

would be to accentuate the inflationary influences. He added:

"Always remember the penalty of inflation is deflation and depression . . . The time is at hand when we should squeeze our pennies."

A Persuasive Speaker

"Randy" Burgess has a charming personality and is a persuasive speaker. More than one of the prominent business men attending the meeting said as it broke up:

"I wish that it had been a debate. I should like to have heard the other side as ably presented and, particularly, I should have enjoyed rebuttal by both sides."

Are the banks prejudiced? Are they fighting to retain a lucrative business?

On the other hand, what does it matter if they are, providing their charges are true? Will the United States throw four billions of dollars or so not only away, but throw it away in such a manner that it will accentuate our domestic economic difficulties? What assurance do we have, can we have, that it will not?