

The Bretton Woods Agreements

Many of our friends say that they hear many references to, but have not understanding of the Bretton Woods Agreements. Because the agreements are not so complex that they cannot be understood by the average person, and because lay people should get into the habit of understanding agreements, resolutions and facts, we are giving a review of the two primary points of the agreement.

Bretton Woods proposes to set up a bank. This bank will guarantee loans made by private investors to the nations which need money for constructive and peaceful purposes. The bank will guarantee such loans in very much the same way as the United States government guarantees a loan from a private bank to a householder, under FHA.

Bretton Woods proposes to set up a fund. This fund is a sort of international kitty. It provides money which can be used by nations whose credit is weak through lack of sufficient monetary reserve. This use of the fund makes it unnecessary for these nations to devalue their currency or dump their goods in order to keep on a workable financial basis. The creation of the fund eliminates one of the chief causes of inflation and makes it almost impossible to have economic warfare between nations.

The Bretton Woods agreements have a very important bearing on world security which matter will receive studied attention at the San Francisco Conference which starts April 25.