

land and perhaps one or two others on a small scale. Great Britain, once the greatest of capital exporters, will be the country most in need of capital itself, particularly dollars. Most British overseas investments were liquidated to finance the war, and nations which have helped supply the British war effort furthermore will have accumulated more than \$8,000,000,000 in blocked sterling balances. This means \$8,000,000,000 which they can use only for purchases in Britain. Some British authorities have estimated that to maintain stability, their country will have to increase her postwar exports by 50 per cent over the prewar level.

The supply of dollars in foreign countries has been augmented and will continue to be augmented by American troops abroad, and later still by the tourist boom which confidently is predicted. It was estimated, for example, that at one time American troops were spending \$200,000,000 a year for goods and services in Australia.

Ample Funds for Loans Available

Ample funds, perhaps more than ample, are available through the normal channels of private and public finance for short-term loans to any foreign nation or business that can use them. However, many of the trading countries will not be able to acquire foreign exchange for a long time, and the principal planning, therefore, is in connection with long-term credits. Three main lines proposed are:

The Bretton Woods plan, which would seek to stabilize currencies through its monetary fund and widen the field for constructive lending through its International Bank for Reconstruction and Development. The bank would extend longer credits at lower interest rates for reconstruction loans. It is designed to supplement rather than replace regular credit facilities.

The Export-Import Bank, which is administered and financed by the U. S. Government, probably will be expanded to help handle the financial needs of the United Nations and others. The American Bankers' Association would expand the bank's capital to \$2,000,000,000 from its present \$700,000,000.

The Export-Import Bank already has the power to purchase, sell, negotiate and discount notes, drafts, bills of exchange, acceptances and other evidences of indebtedness; to accept bills or drafts drawn upon it, and to borrow and lend money.

"Joint enterprise" loans would offer an outlet for accumulated U. S. savings on an equity investment basis rather than a debt-financing basis. Instead of simply lending money and forgetting about it until time for repayment comes (and perhaps goes by default, too), American capital would be invested in productive enterprises along with capital of the country in which the enterprise is located. American investors would get stocks instead of bonds, and would participate equally with the borrowers in the risk and the profits or losses. The Economic Policy Commission of the American Bankers' Association reported September 1, 1944:

"A much larger flow of American, British and other capital will go to all parts of the world if conditions are made attractive. American business is prepared to go with its capital to provide know-how as well as funds, and as fully as possible to work with the people of other countries. One method of financing that has been notably successful in certain instances is the joint ownership method, where an important share of the capital is raised locally."

Besides legislation to put the Bretton Woods Plan into effect and to raise the lending ability of the Export-Import Bank, some important changes in the law of the land are necessary. Also, of course, some changes in trade habits and trade and credit traditions. Chief of the items on the legislative agenda are:

Repeal of the Johnson Act. This bit of restrictive law-making takes its name from the California Senator and was applauded highly in its day as a safeguard for American investors. Passed in 1934, it provided that no country in default on its debts to the U. S. Government at that time could borrow money here. It sounded fine, but in practice all it did was send business away from our shores.