That International Bank And Stabilization Fund

Congress would do well to heed the suggestion recently offered it by W. Randolph Burgess of New York, heading the American Bankers Association, concerning the Bretton Woods proposals for an international bank and stabilization fund. What he told the House Banking Committee was that the scheme can be worked for "half the money" now envisioned because the stabilization fund is not needed. A department in the bank could perform that function.

In its deliberations the Committee and subsequently Congress generally will obviously be caught between the millstones that are the New Deal Administration's "cheap money"—which usually means free money—philosophy and the A.B.A.'s habit of thinking in terms of pragmatic profit. Bankers must think in such terms, because they are held legally responsible for the moneys they handle. The Administration can ignore such practical considerations. It works with the people's money, and most persons do not understand even the nature of, or what actually constitutes, their money. Moreover, such restraint as the electorate exercises over a free-spending Administration always is as amenable as it is uncomprehending—mainly because it is uncomprehending.

SEC
OWM
KUH 4
LL

The present question concerning procedure to attain Bretton Woods objectives must not be allowed to deteriorate to the level of accusations of "pinch-fist" against the bankers and "Santa Claus" against the Administration forces. Indeed, one great advantage already exists to forestall such deterioration: The bankers have made it plain—through Mr. Burgess' assurances—that they agree with the Administration as to objectives. The only difference concerns method, and there can be no reasonable question that where method in banking matters is concerned, American bankers are entitled to respectful hearing.

The bankers have one other argument in their position's favor: the fact that—due to profligacy and waste, and bungling at the top—this war has cost the United States not less than 50 per cent more than it should have cost, with no corresponding gain in fighting effectiveness. Germany, for one, has fought an entire war virtually on the equivalent of what the United States has wasted. Nor does the mere fact of victory excuse that needless outpouring, or attest intelligent direction. It merely signifies that the United States was so rich that it could produce that much.

Now—as Mr. Burgess pointed out—the United States is not so rich any longer. It has dangerously and irreparably depleted many vital ore-reserves. It is saddled with a staggering public debt and heavy taxes. It no longer is in position to throw its money about exuberantly, play the fairy godparent to other nations—and be called "Uncle Shylock" for its largess.

Today, half of 6 billion dollars—the New Deal's figure for the world bank and stabilization fund—is still a vast sum. It may bulk even more vast in postwar. Certainly it would be a great price to pay for an unneeded Administration concept. If it can be saved, it surely should be. Moreover, it might provide the required impetus to Congress to discover other ways in which New Deal expansiveness could be restrained to like or even greater profit.