

Mr. Morgenthau and Bretton Woods

Elsewhere on this page today appears the text of a recent address by Henry Morgenthau, Jr., Secretary of the Treasury, in defense of the Bretton Woods proposals. Inasmuch as The News not many days ago published a list of no fewer than 68 objections to the suggested international stabilization fund and international bank, it is only fair to our readers to exhibit the other side of the coin.

It is with a feeling of genuine sadness, and in no spirit of political partisanship, that we reflect that we have had to wade through rivers of blood to reach Bretton Woods, when such an agreement, as is now proposed might have been reached in London in 1933, when similar suggestions were under consideration. Mr. Roosevelt hastily torpedoed that conference to the surprise and dismay, possibly, of Secretary Hull, and Raymond Moley, who was then our delegate in chief. It had never been satisfactorily explained just why that action was taken, though it can be understood at least in part when it is remembered that Mr. Roosevelt then was "more isolationist than the isolationists," apparently being wedded to the idea that our economic difficulties were largely domestic in origin. This has been his campaign theme song in 1932, and perhaps he had not had time fully to acquaint himself with the economic ills flowing from the settlement at Versailles, or those to ignore them because they did not fit in with the political exigencies of the time. Those ills, in part, arose from the splitting of the Austro-Hungarian empire into seven fragments, destroying the historic economic way of life of the Danubian peoples, based to a great extent on trade routes radiating from Vienna along natural highways. It is significant that the collapse of Europe's economy was signalized by the fall of the Credit Anstalt bank in Vienna. This was an explosion that shook the world.

Water over Dam

But all these matters, as they say, are water over the dam.

Yet they cannot be forgotten entirely. We might draw on these experiences to obtain data to guide us into the future. It is idle to say that storm signals were not then flying in Europe. Our own U. S. Sen. Hatfield had publicly warned in 1932 and again in 1934 of the imminence of war. He had said in Charleston in 1934 that the "premonitory tremors" of World War II could already be felt "throughout the world."

Hitler was not arming in secret, as

Samuel R. Pettengill has lately pointed out. Says Mr. Pettengill:

"Every government knew what was going on. German officers were trained on Russian soil. Vickers, the British armament trust, advertised their wares in German military journals; the British government issued licenses to export prototype aircraft engines of military design to Goering, etc. All this has recently been restated in the House of Commons and in the British liberal weekly, The Tribune."

What a pity the signs could not have been more clearly read by those then entrusted with power.

The Fundamentals

Even a cursory perusal of Mr. Morgenthau's statement reveals that he is hard put to it to justify the Bretton Woods expedient, and this is said in full appreciation of the great services he has rendered to the nation often in spite of heavy political pressures brought to bear upon him by unsound or dilettante economists. Mr. Morgenthau says:

"The fundamental reason for monetary disorder after the last war was failure to understand the necessity for international cooperation in dealing with this problem."

In fairness to Mr. Morgenthau it must be said that he was not Secretary of the Treasury in 1933, when Mr. Roosevelt torpedoed the London economic conference, possibly from "failure to understand the necessity for international cooperation." The late William H. Woodin was then secretary of the treasury, and according to press reports at the time, the late Louis Howe, was one of those who helped turn Mr. Roosevelt away from the London parley, which had been summoned by Mr. Hoover. Had Mr. Morgenthau been Secretary of the Treasury, the outcome might have been entirely different, according to his own statement, which seems to justify this newspaper's recital of what happened. Certainly Mr. Hoover did not "fail to understand the necessity for international cooperation," for he was endeavoring to avoid war by economic adjustments in other states. Certainly Mr. Stimson did not "fail to understand the necessity for international cooperation," for in 1931, he had preferred the country's cooperation to the League of Nations in stopping the Japanese incursions which such an act, by joint force of the powers might have given even Hitler pause for thought. It was the League that failed, not the U. S. in the "China incident."

It is against such a background and with such a record that Mr. Morgenthau now approaches us, backed by Mr. Roosevelt, with the Bretton Woods proposals. It can not be denied anything else but a related suggestion, in some respects, of fundamentals that might have been grasped in 1933 and 1934.