

First Step Toward Lasting Peace

Will Congress Back Up America's Bretton Woods Agreement?

YOU MAY say you don't know anything about international finance.

You may believe that you cannot understand the Bretton Woods agreement now being considered by the House banking committee.

You may think that you do not care whether or not your Congressman, Rollo C. McMillen of Decatur, and the 494 others approve it.

Nevertheless, all of the nations of the world are awaiting the decision of the Congress of the United States on the first agreement among the governments in the new attempt to achieve a lasting peace through world organization: Will we take the first step?

The Bretton Woods agreement is not complicated when it is shorn of technical details.

Last summer, upon the invitation of the United States, 200 experts — representing 44 nations — met at a White Mountains summer resort — Bretton Woods, N. H. — to discuss the financing of reconstruction in devastated areas and control of international money values.

The question, reduced to its lowest terms, considered in that meeting was: Shall the people of the world, through their governments, supervise the handling of monies so vital to the re-establishment of peacetime commerce or will the manipulation of credits and monies be left to the private international bankers whose first interest is profit?

The representatives of governments, including our own, decided on a plan for world monetary control by the people who supply the blood and sweat to win wars.

Specifically, two organizations were created:

1. An International bank to make and insure loans for reconstruction projects across international boundaries.
2. An International Monetary fund to prevent uncontrolled fluctuation of the currencies of any of the countries signing the agreement.

Suppose the electric plant at Prague in Czechoslovakia were destroyed. If there were no International bank, representatives of that community would go into the money markets of London or New York to make a loan for rebuilding the plant on any terms that were available. The bankers, looking for profit on the old all-the-traffic-will-bear philosophy, might make conditions as to collateral, amortization and interest rates that could not be met, or if they were met might insure default of the loan.

If the International bank, whose first interest would be the orderly rebuilding of the world, were in existence two important questions would be asked: Is the loan guaranteed by the Czechoslovak government? And, is the investment directly or indirectly for war purposes?

If the answer to the first question were "yes" and to the second question "no," terms would be worked out that would recognize the political and social importance of its success.

We have recognized this principle in our domestic economy in loans for home building. Our government has guaranteed FHA loans at five-and-a-half per cent to be repaid over 30 years. Such loans were usually at seven per cent to be repaid in 15 years when the terms were made by private lenders. The banks and insurance companies of the United States have learned that FHA loans are sound.

The International Monetary fund is for a different purpose. It is a sort of international Federal Reserve system. The 44 nations have agreed to evaluate their

money in terms of gold and to maintain it on a stable basis in relation to all of the other monies in the world — if any government considers a revaluation of its money by more than 10 per cent the approval of the International Monetary fund is necessary. The governments are required to advise with the Monetary fund governors in the event of any fluctuation in valuations of more than one per cent but less than 10 per cent.

Each of these organizations has capital funds provided by all of the signatory nations. They operate side by side and each is controlled by a board of governors.

The United States has the largest single voice in each organization. The United States and the British Empire, voting together, have 52.2 per cent of the total vote. The United States and Russia, voting together with the support of Latin America, have 30.1 per cent of the total vote.

The agreements made by our representatives at Bretton Woods are of no value until and unless Congress approves. If Congress does approve we have made no irrevocable commitment. Any member can withdraw from the bank and the fund without giving advance notice.

Much of the testimony being given in hearings before the House banking committee on the Bretton Woods agreement is alarming. Bankers are divided. Several important banking organizations, who give lip service to world cooperation, are suggesting revisions of the agreement signed by our representatives.

There are indications that some of our Congressmen intend to use these suggestions by some of the bankers in an effort to amend the Bretton Woods agreement to death. This is a repetition of the political tactics that prevented United

States entrance into the League of Nations after the last war.

This is the question we will answer for all of the nations of the world within the coming weeks: Can the United States rise above petty party politics to be a citizen of the world?

Representatives of all of the people of the United States, who were named by our duly elected government, met with similar representatives from 43 other nations. The American delegation conducted extensive negotiations to make the best possible agreement for the American people that would be accepted by representatives of the other peoples. This required some give and take, like any other agreement between representatives of adult organizations that meet as equals.

Now, some of our bankers and some of our politicians say they believe it is possible for the United States to rewrite the agreement signed by our representatives into some new pattern. These bankers and politicians know what they are doing. They know that if we rewrite the agreement of our representatives, the private bankers in 43 other nations, through politicians who will listen to them, will try to rewrite the agreement made by their representatives at Bretton Woods.

If Congress does not ratify the agreement signed by American representatives at Bretton Woods, the decisions at Tehran will be valueless and the proposed United Nations conference at San Francisco on April 25 will be futile.

Once again we will have won a war but lost the peace.