

United On Objectives

The research committee of the ~~Committee~~ for Economic Development has issued a statement approving the projected International Bank for Reconstruction and Development as recommended by the Bretton Woods Conference. It also recommends that the powers of the bank be broadened to include the extension of general long-term or short-term loans for stabilization purposes.

Bretton Woods also recommended an international monetary fund. "After the bank is strengthened in this way," the C. E. D. statement continues, "~~we feel~~ that the management of the fund should be able to use the fund strictly for currency transactions. Accordingly, the dangers inherent in the fund as it now stands would be substantially reduced and we would recommend that the fund be approved."

If the bank is not thus strengthened, "or unless there are weighty political or diplomatic considerations," the committee recommends that certain functions of the fund be carried on by the bank and that the establishment of the fund be postponed.

Without such amendment of the bank's powers as the committee recommends, it believes that the fund "might be abused, with or without intent, and that the United States would be forced to take actions to unfreeze the fund; that the United States would be blamed by others for failure to take what would be considered adequate action to protect the fund; and that we ourselves would misjudge the distortion of the fund, coming from the inescapable consequences of post-war readjustment, as evidence of bad faith on the part of others."

It will be remembered that the American Bankers Association has endorsed the proposed International Bank, but would eliminate the monetary fund. It would have the bank carry out the functions conceived for the fund.

Obviously there are great technical difficulties involved. We do not presume to pass on the relative methods of procedure. But Americans generally can see the need for reconstruction and development funds. They can understand the need for keeping international exchange on an even keel. It is highly gratifying, therefore, that from such sources as the bankers' association and the C. E. D., which is widely representative of American business, there have come these endorsements of the purposes of the Bretton Woods proposals.

Such acceptance gives high promise of progress along these lines. We agree with Ralph E. Flanders, C. E. D. research committee chairman, that certain features of the proposals will constitute "momentous progress in international cooperation" if the agreements turn out to be workable and lasting.

To the end that the agreements shall be sound ~~as to~~ procedure, the fullest constructive discussion of the proposals is desirable.