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# AVOID 'UNCLE SUCKER' ROLE, BANKER WARNS

## Burgess Criticizes Monetary Fund.

The American bankers approve the world bank proposed at the Bretton Woods conference last summer they are opposed to the accompanying world monetary stabilization fund because of its loose setup and other faults, W. Randolph Burgess, president of the American Bankers association and vice chairman of the board of the National City Bank of New York, said yesterday. He spoke in the Union League club.

Before accepting the Bretton Woods proposals, he said, the United States must "avoid first becoming Uncle Sucker and later Uncle Shylock."

"The world bank has been well received," Burgess said. "It was well set up and there is a good reason for that. Edward Eagle Brown, Chicago banker, went to work on it and put it in good shape. We all realize that after the war private capital will be slow in getting into the various countries, so there is a place for governments to make loans to aid in reconstruction.

### Built on Sound Principles

"The world bank is built on sound banking principles. Its provisions suggest reasonable hope for repayment of loans. The bank passes on the advisability of loans and the United States would have the opportunity to veto undesirable loans.

"The monetary fund is a horse of another color. It has none of the safeguards that the world bank has. There is no maturity date for loans; the interest rate is low. It was built

on the money pool plan which would permit people to reach in and take a loan. The purposes for which loans could be made from it are as large as a house."

Burgess said proponents contend there are many restraints covering loans from the monetary fund, but actually the loans could be used for reconstruction and other general purposes.

"Russia is planning to use 300 million dollars for reconstruction purposes contrary to the stated purpose of the fund," he asserted. "If a large nation has such a plan how could you expect the small nations to stand back?"

### Suggests Another Conference.

"We must have another conference to discuss the matter. We must have one on trade anyway and that conference could modify the Bretton Woods proposals. I do not think the nature and size of the expected demand for funds has been sized up properly. As it now stands we would make available 20 billion dollars in gold funds to be drawn upon. Latin America has 3 billion of funds and many other countries are affluent as a result of war business.

"The need for loans is concentrated in a few countries and will be much less than thought. We should remember how we poured out funds after the last war. The result of this was an inflation which was followed by a deflation."

Burgess said the United States and other countries face a spending spree after the war that probably will result in inflation which would be certain to be followed by depression and deflation.

### Says Merger Would Cut Cost.

Urging that every possible measure be taken to reduce expenditures, he said the proposed world bank and monetary stabilization fund probably could be compressed into one organization. This would cut costs, he explained, and also would reduce a possible source of friction. Duties of the heads of the two proposed operations would overlap, he said.

Because a 6 billion dollar operation in this country would mean a \$200 cost for every family, every effort should be made to cut the expense.

"In addition the American dollar 'ain't what it used to be," he concluded. "We now owe the world more than it owes us. We have been buying and passing out money all over the world."