

# Not Out of the Woods Yet

## Toward Tomorrow: A Peace Aims Feature

By Carlyle Morgan

Had the United States Chamber of Commerce decided to throw its weight into the scales for instead of against the Bretton Woods monetary fund, the battle to win Congressional approval for the Bretton Woods proposals would have been as good as won. For late last week the influential Committee for Economic Development virtually endorsed the plan for an international Bank and a Fund for currency stabilization.

The C. E. D. put forward a single and mild condition for its support. It urged that a generalized phrase in the Bank agreement be interpreted specifically to permit the bank to engage in lending for stabilization purposes as well as for reconstruction and development of war devastated areas.

As things now stand, the C. E. D. statement is offset by a Chamber of Commerce statement. And, of course, the committees of the American Bankers Association which were responsible for the report issued under that organization's name are standing on their original opposition to the monetary fund. The gist of the Chamber of Commerce statement is similar to that of the A. B. A. report: the International Bank for Reconstruction and Development is approved by the Chamber; the International Monetary Fund is not approved.

The Chamber's attitude is predicated on conviction that more study needs to be given to the problems of currency stabilization before the Fund is set up, and on apprehension that misunderstanding about the purposes of the Fund still exists between United States and British experts. It is suggested that study be carried on by the Governors of the International Bank after it is adopted.

Such suggestions are easy to accept. No one pretends to know all there is to know about stabilization problems, and understanding among the proposed members of the fund is essential.

But before nodding our heads in sage agreement with the Chamber of Commerce report, shall we just give a moment to consideration of the study which has already been invested in the Bretton Woods plan? And another moment to remembering that most of this study went, not into the proposals for the Bank which have won swift approval in the most orthodox financial circles, but into the Fund.

To tell the story of the development of stabilization funds, from their inception in the years between the wars to the present internationalized concept of their role in world peacemaking and prosperity would take a long time. The League of Nations has made useful studies of the nationalistic funds which preceded the famous Tri-partite fund adopted by the United States, Britain, and France in 1936. All this experience has added up to a pretty fair background among monetary experts on the subject of currency stabilization. And this background was in the foreground at Bretton Woods.

But the Bretton Woods conference was based not on the sudden amassing of all this expert knowledge in one place at one time. For two years, monetary experts the world over, within the United States and without, worked often as much as fourteen to sixteen hours a day to lay the foundations for the Bretton Woods accord. They worked in hundreds—literally hundreds—of separate conferences.

They worked first of all for their own nations' interests and then they worked for compromise; the understanding reached between the United States and British experts for example, was partly the product of efforts at compromise made by third parties, like the Netherlands and Canada, both of whose experts labored to resolve differences between the American and British outlook, and with success.

With all due respect to the abilities of the governors and the directors of the proposed Bank, it must be said that unless their efforts are to consume several years, they will hardly match the work already accomplished.

As to Anglo-American "misunderstanding," from what I can gather from British as well as American sources, I believe this theme is being overplayed. The agreement on the fund is a compromise. If we keep that fact in mind we shall better understand why a British expert, talking to Britons, stresses those aspects of the Fund which fit Britain's peculiar needs, while American experts stress the features which serve the United States' special needs.

For example, it is possible to speak of "flexibility" and "stability" of exchange rates in the same breath without being contra-

dictory. The opposite of flexibility is rigidity, which the Fund does not try to achieve. And it is possible for a British expert honestly to say that the Fund does not put the pound back on the gold standard while an American as honestly points out that the Fund makes gold the basis for international settlements. Gold is right now a base for international settlements, though one cannot accurately say that either the pound or the dollar is on the gold standard, as that term is usually understood.

Yes, let us have more study of stabilization methods, let us have more understanding between Americans and Britons on currency questions, but let us not underestimate the study that made Bretton Woods possible, or the understanding between America and Britain which was manifested there in the presence of experts from forty-two other nations. If adoption or rejection of the Fund is to be decided on this basis the better argument can be made for its adoption.