



I'd Rather Be Right

By Samuel Grafton

A new argument has cropped up against Bretton Woods. It is said that there is a great misunderstanding between Britain and America as to what Bretton Woods means. It is said that maybe we had better drop the whole thing, because we and Britain are interpreting the agreement in different ways.

This argument is being pushed by the New York Times, the New York Herald Tribune, and by those members of the American Bankers Association who don't like Bretton Woods anyway. Some of these molders of opinion sometimes seem to me a little too happy about their discovery that there is a possible difference of viewpoint between Britain and America. A good internationalist should be saddened to find that there is a serious difference between the two nations. He ought to have the impulse to minimize the difference, rather than to enlarge on it for the purposes of killing an international agreement.

Is There a Misunderstanding?

Is there a misunderstanding between Britain and America on Bretton Woods? I can't find that there is. The two countries are talking about Bretton Woods in different ways; each likes different points in it, and emphasizes what it likes. But that is not the same as saying that they disagree on the meaning of the actual document.

The point at issue is a heavy one, solid pig iron, but so much has been made of it that it might pay to follow it through. And it goes like this:

When our American Treasury officials boost Bretton Woods, they emphasize the fact that it is an agreement among the nations of the world to keep their currencies at stable values. We like stability; we have the gold of the world; we are the dominant financial power. And so in all our official talk about Bretton Woods we hit hard on the point that Bretton Woods operates against currency gyrations, it means that all moneys will have fixed and definite values, and so on.

Two Countries, Two Problems

When we read the British press, we are startled to find officials of the British Exchequer emphasizing the flexibility of Bretton Woods. The British are much more fearful of their postwar trade future than we. They must export or die. They tremble, understandably, at the danger of not being able to reduce the value of the pound, if necessary, to obtain customers. So, in British official talk, we find emphasis placed on the fact that Bretton Woods allows member nations to alter the values of their currencies by as much as ten per cent, after consultation with the Fund. We even find Sir John Anderson, Chancellor of the Exchequer, saying that Britain will alter the value of the pound, if it has to, even beyond the 10 per cent limit, whether the Fund approves or not.

What of it? Such action would not be illegal under Bretton Woods. The agreement specifically allows member nations to alter their currencies as they please, under pain, of course, of losing certain privileges. The "difference of viewpoint" between Britain and America seems to me to make Bretton Woods even more vital. For it means that Britain and America will at least make a try at stability. It means they agree on certain methods by which to make the attempt. No agreement among nations is perfect; and none is self-enforcing into perpetuity. But at least under Bretton Woods there will be consultation; there will be no surprise currency manipulations; there will be time for talk, a place for talk, and a method for talk.

Why Welcome a War?

The method may fail, in which case there will ultimately be a currency war. But why kill Bretton Woods, and provoke an immediate currency war? Why welcome the danger we fear?

Bretton Woods (I wrote on February 15) is a proposal that the nations shall try to live in a house, together; and it is dangerous to live in a house; one may fall downstairs, or slip in the bathtub. But the alternative is to live in a tent, and tents are dangerous, too; worse than houses. The fact that there is no perfect international agreement makes the level of agreement we have managed to reach all the more precious.