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No Monetary Fund Now

Convincing arguments that Congress should defer action on the Bretton Woods plan for a Monetary Fund until after the International Bank for Reconstruction and Development has begun to function are advanced by the finance committee of the United States Chamber of Commerce. This committee's recommendations differ somewhat from those of the American Bankers Association, which would at once discard the Fund plan and give some of its functions to the Bank. The C. of C. committee holds that the outlined charter of the Bank gives it authority to carry on "interim stabilization activities" and that after some experience with these the directors of the Bank would be in a position to advise whether a separate currency exchange institution was needed to promote international trade and, if so, what form and functions it should be given.

The committee says, in effect, that currency stabilization activities, if carried out by the Bank, would avoid the risk of failure through dissipation of Fund resources, for the reason that the Bank would be required by its charter to examine and pass upon loan applications on their merits—that is, to judge the credit-worthiness of applicants for loans—whereas the Fund plan comes so near to giving members a prescriptive right to use the Fund's resources that it might be practically impossible for the Fund directors to exercise their critical discretion.

This is an extremely important difference between the two plans. It fully explains the objections to the Fund plan offered by bankers of long experience in international finance. We think it amounts to proof that adoption of both plans now would be to attempt to do more than can be done at one time, in a single action. It will hardly be denied that if the Fund should meet with disaster or, what amounts to the same thing, soon find itself unable to function, more harm would have been done world monetary stabilization than could come of postponing action on the Fund plan.