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Bank Would Exercise 'Care' on Trade Loans

The Guaranty Trust Co. in its Survey for March, issued today, discusses foreign trade problems after the war, warning specifically that "the solution of the credit problem does not lie in the establishment of an international monetary fund of the sort contemplated in the Bretton Woods proposals."

While it is against the fund, the publication is for the creation of an International Bank for Reconstruction and Development.

This was also proposed at Bretton Woods. Discussing it, the Survey points to the general postwar credit problem. Desirable though it is to increase the amount of business done by Americans abroad, it would be a mistake to place too great a reliance on loans. While there will undoubtedly be an export of American capital, its volume should be determined

strictly from the long-term investment point of view, with due weight given to the broad economic aspects involved and the prospect of repayment.

Though there will be strong temptations to use credit to stimulate exports as was done after the first World War, if such practices were adopted again they would probably result in heavy losses to American investors again, the publication warns.

It takes the position that the credit of the borrower should be carefully checked before our money is loaned to him. If he wants advances, he should take the steps that make for stabilization, the Survey concludes, contending that the fund proposed at Bretton Woods "would do little or nothing to promote true stabilization and might have the contrary effect."