

Purpose And Results Of Bretton Woods Agreement Should Be Plain To Every Legislator And Citizen

When the peace is finally made the one subject the public will probably know less about than any other will be the financial arrangements included in what is called the Bretton Woods agreement, providing for an international bank and an international monetary fund.

The public may console itself that it will not be by itself in its ignorance of the detail of this arrangement, which the administration expects to push through on the grounds that it is a companion piece to Dumbarton Oaks. The political treaties which are to be based on the Oaks plan, the argument will run, cannot amount to anything unless the financial plans made at Bretton Woods are also made effective.

It is not a matter of great moment, perhaps, that so few of our people have taken the trouble to "read up" on the program devised at Bretton Woods, since the matters discussed there are of a highly technical character and particularly since the financial authorities in our own country have been unable to agree on whether the plan made is a good one or a bad one. So it is extremely doubtful whether deep study on the part of the private citizen would be very productive, even for him.

Without knowing anything about the details of the plan, however, there are a few things about the agreement's purposes or objectives that any of us can thoroughly understand.

First, we can safely conclude that the financial arrangements provided for are purposed to bring forth both economic and political results, which may or may not be worth the money to this country. The over-all result of setting up both the bank and the monetary fund will be to provide credit for United Nations governments which would be unable to buy U. S. or perhaps British goods. As a nation we put several billions into these ventures so that other nations will have the money to buy goods from our private producers. That is the process in a nutshell and there isn't anything new about it.

It happened after the last war was over. Our government lent billions to our allies and private lenders did the same thing. We wound up with both classes of debts repudiated and, in addition, were called a lot of names like "Uncle Shylock" because some of our people were naive enough to think that we should be repaid.

The banking arrangement will have a certain political force, of course, so long as there is any money to lend. Nations seeking credit will be disposed to go along with the political objectives of the lenders, at least until they have gotten the money.

Second, there should be a general understanding of the fact that whatever number of billions are put into the international arrangement by our government can, and should be, immediately charged off as a loss, or added to the cost of the war. We shall close out the bank in years to come with no assets other than a full portfolio of uncollectible debts.

This extending credit to deflated allies and final loss are, as suggested above, nothing new. Nor will the addition of a few billion dollars to the extravagant spending already done by the New Deal in the course of the war make much difference in fifty years from now, or even next year.

The reader, or anyone else, may devote weeks and months to the study of the wordage which constitutes the Bretton Woods agreement and he will come out with just the results indicated above. If he can get any other answer from his studies, we should like to be advised.