

FEARS CREDIT ABUSES

Solution of the international post-war credit problem does not lie in the establishment of an international Monetary Fund of the type contemplated in the Bretton Woods proposals and the fund could perform no useful functions that the International Bank for Reconstruction and Development could not perform as well or better, the Guaranty Trust Company says in its monthly survey.

The methods of operation of the proposed fund, continues the Guaranty, "would be contrary to all accepted principles both of credit and foreign exchange." It adds: "They would not prevent countries from adopting inflationary policies at home while continuing to exchange their currencies for others at fictitious parties. They would make possible credit abuses far exceeding those that occurred after the last war.

"If the proposal offered prospects of lasting currency stabilization, its costs, even though large, might be accepted as no more than a reasonable price to pay for such a desirable objective. But the plan would do little or nothing to promote true stabilization, and it might have exactly the opposite effect."