NEW HAVEN (CONN.) REGISTER - March 27, 1945

MONETARY FUND FACTS

The United States Chamber of Commerce has brought forward a number of hard and realistic facts in its recommendation urging the Congress defer action on United States participation in the International Monetary Fund as proposed in the Bretton Woods conference. In advocating this action the Chamber report of its finance committee, endorsed by its board of directors, joins with the American Bankers Association, Leon Fraser and other leading economists in condemning the weaknesses and menaces to world economy which lurk behind the scheme.

It should be well noted that the Chamber recommends United States participation in the International Bank for Reconstruction and Development. This indicates complete awareness of the obligation which this country shares toward a proper program of world rehabilitation. It also favors our collaboration with other nations in a program to achieve monetary stabilization. The question is, accordingly, one of methods rather than principle.

The report wisely points out that little could be expected of the fund during the transitional period of from three to five years after the war. It also stresses that it is highly desirable that action be delayed pending extremely necessary adjustments in international and domestic policies. This, they logically contend, must be accomplished before it would be the part of wisdom to set up any institution in which the process of granting credits must be regarded as virtually automatic. Going even beyond the contention of the report, it might well be asked if such an automatic credit outpouring could ever be regarded in the light of sound business?

The report also touched upon the point previously raised by other economists of wisdom that to embark upon the monetary program while allowing continuance of an extreme flexibility in exchange rates could but result in further instability of currencies. Stressed also was a present lack of adequate safeguards against credit extensions which might lead to excessive borrowing, collapse of the fund and a terrific upset to the world's economy.

The greatest service rendered by the report, however, lies in the forthright manner in which it disposes of the administration arguments that any action other than one approving both the bank and the fund would bring disaster to the whole program. The report group is frank in stating that this argument impresses them but little, if at all. They point out that only a "minor change" would be necessary to set up the bank in advance of the fund. Simple elimination from the articles of agreement of the clause making membership in the bank contingent on membership in the fund would accomplish this objective without fuss or furore. No new world conference would be necessary to obtain consent to this slight amendment. The Congress and the people should not allow themselves to be taken in on this question.

As the Chamber report so adequately stresses, sound economists in this country are not alone in looking with a wary eye upon this monetary fund handout scheme. "Serious doubts as to the fund have been expressed elsewhere as in this country."

With these facts before them Congress should get on with the job of considering the adoption of the world bank program, separating it entirely from a monetary fund scheme of currency manipulation which would leave Uncle Sam again holding the sack.