

The Bretton Woods Agreement

The Southern Council on International Relations asks support of bills now before Congress to implement the Bretton Woods Agreement for an International Monetary Fund and Bank of Reconstruction and Development. A bulletin, from Eugene E. Pfaff, director of the Council at Chapel Hill, declares the purposes to be served are "fundamental in the promotion of orderly international financial arrangements for the postwar period, and serve a greater volume of international trade . . . and contribute to the amelioration of potential conflicts."

In brief, Mr. Pfaff adds, the "International Monetary Fund provides for a pool of short term international credits to which each member nation contributes and from which it can obtain funds in proportion and with due regard to its contribution. Its management will be international in scope, and it should be a very useful agency in the promotion of mutual accord among member nations. . . . Specifically, it is designed to eliminate arbitrary changes in exchange rates which in the past have been a frequent source of international irritation. . . ."

The Bank of Reconstruction and Development, he adds, "is a complementary institution designed to meet the world's need for long term capital. Like the fund, it provides a pool of long term funds which can be used to finance the rehabilitation of devastated countries and the development of other areas which have the natural and human resources for a higher standard of production and living."

That the South would benefit from the proper administration of both these projects is not to be doubted. In fact, Mr. Pfaff notes that cotton and tobacco exports have both been large, and "many other products of the South find their outlets in foreign markets." Naturally a prosperous South in the postwar era must depend to some extent upon the volume of its exports. There is no sound reason, then, on which the people of Dixie can base a complaint of the Bretton Woods bills. They may represent an adventure in idealism never before undertaken. There will be blundering for a time in the administration, if the two projects are set up. This is inevitable with all new enterprises. But the world, having failed in the past to reach accord on monetary matters, is due to make an experiment in new methods of international finance, and it is also reasonable that any proposal for a change should be an admixture of idealism and stern realism. If this combination can be achieved under the Bretton Woods Agreement, it should have the support of Congress.