

LOANS ON MERIT

Congress today stands much nearer than at any previous time to a logical and sane weighing of the merits, or lack thereof, of the Bretton Woods proposals. This despite administration efforts to befog the issue by attempting to convince our citizens that unless we adopted the Bretton Woods scheme in its entirety and without question all hopes for world security would collapse. Agreement has now been reached which will lead to the creation of an inter-departmental committee of qualified experts to advise and instruct the representatives of the United States on the governing bodies of the fund.

Credit for making possible a realistic approach to the Bretton Woods plan by the Congress must be accorded to Leon Fraser, head of the World War I Bank for International Settlements and currently president of the First National Bank of New York. Mr. Fraser issued blunt warning to Congress that the proposal for an International Fund was doomed to almost certain "break down" unless continuously supplied with American funds. He classed this monetary fund scheme as establishing a cruel illusion which the United States will regret later on.

Minimizing the extent of the destitution in Europe, he brought out that the countries now truly to be classed as destitute are those which seem to be chronically destitute. Classing the plan as nothing better than an "export subsidy," Mr. Fraser urged that if this was the intent

the plan be unmasked and revealed in its true light. He rightfully contended that if the United States wishes to make loans to these countries, they should be made as loans and not as handouts made through a credit pool which gives nations the right to draw upon funds without requirement that they first put their own houses in order.

He further debunked the monetary scheme by flatly asserting that it would be better in the ultimate for this country to extend the Lend-Lease Act and to pour forth its wealth as an outright "gift" than to enter into this scheme of Lord Keynes which would bring on "economic warfare" and currency juggling.

In thus joining his voice to that of W. Randolph Burgess of the American Bankers Association in advocating that this \$8.8 billion monetary fund be scrapped and its currency stabilization functions consolidated into the proposed World Bank, Mr. Fraser has given the Congress valuable information on which to proceed. His suggestions, gleaned from years of actual experience in this field, should be carefully weighed.