

U. S. Chamber Against Monetary Fund

By a Staff Correspondent of
The Christian Science Monitor

WASHINGTON, March 26—The Bretton Woods postwar monetary program is in deeper waters now that the Chamber of Commerce of the United States has joined the ranks of those who approve only part of it.

It approves the International Bank for Reconstruction and Development and advocates American participation.

It disapproves the International Monetary Fund, which the bipartisan American delegation to the Conference considers the heart of the stabilization program, and urges that the United States hold off its membership.

The Chamber report, prepared by its Finance Committee headed by Robert M. Hanes of Winston-Salem, N. C., emphasizes its "complete agreement with the objectives of the Bretton Woods Conference" and favors "collaboration with other nations in a program of monetary stabilization. It raises numerous questions concerning methods.

New Program Urged

In recommending deferment of action on the Fund, the Committee suggested that the Board of Governors of the Bank prepare a program for monetary stabilization upon which the nations can agree, the Bank meanwhile taking the leadership in stabilization activities, including agreements and loans. The Bank was held to have sufficient authority to proceed along these lines under its general powers and under a clause permitting loans and guarantees in special circumstances for purposes other than specific projects of reconstruction and development.

The Chamber's principal recommendations were as follows:

1. That the United States participate in the International Bank for Reconstruction and Development.

2. That the Board of Governors of the Bank make a study of the question of monetary stabilization with a view to submission of recommendations to the nations concerning (a) any necessary broadening of its powers to include the negotiation of stabilization agreements and arrangements for stabilization loans, (b) the International Monetary Fund, or (c) some other mechanism, with operations of the fund or other agency properly integrated with those of the Bank.

Interim Activities

3. That the Bank assume such interim stabilization activities, including agreements and loans, as may be permitted by its articles of agreement, which gave definite authorization for loans and guarantees in special circumstances for purposes other than specific projects of reconstruction and development.

That Congress defer action on the participation of the United States in an international monetary fund pending submission of recommendations by the Board of Governors of the Bank with regard to the stabilization of exchanges.

In elaborating its recommendations, the committee said:

"Both in the field of long-term credits and otherwise, the Bank could be of assistance in stabilization of currencies. Indeed, emergency loans for stabilization purposes would seem to be possible under a provision of the articles of agreement permitting loans and guarantees in special circumstances for purposes other than specific projects of reconstruction and development. The stated powers of the Bank appear to be sufficiently broad to warrant attention to the general problem of currency stabilization.

Further Study Asked

"The Committee has serious doubts as to the advisability or necessity of immediate action by Congress on the plan for an international monetary fund. It is of the opinion that further study of this and alternative methods of currency stabilization is desirable. The Board of Governors of the proposed international bank would be well fitted to make such a study and to report its recommendations to the nations.

"The Committee is not impressed by the argument that any action other than approval of both the Fund and the Bank would require another world conference, with probable failure of the entire program. The only change in the articles of agreement for the Bank which would necessitate by establishment of the Bank in advance of action on the Fund is the elimination of a clause making membership in the Bank contingent on membership in the Fund. No general conference of the nations should be needed to obtain consent to this slight amendment to the articles of agreement.

"Establishment of the Bank should be accomplished more

speedily under this program than if immediate action by the nations on both institutions were needed. Sentiment with respect to the Bank is favorable in other countries as well as in the United States. Serious doubts as to the Fund have been expressed elsewhere, as in this country. Such recommendations as might be made by the Board of Governors of the Bank with respect to a permanent stabilization program would carry weight in all the nations.

Various Objections

"The Committee's conclusion that action on the Monetary Fund should be deferred is based, first, on various objections appropriate for further study by the Board of

Governors of the Bank, such as are involved in differences of interpretation and opinion with respect to changes in exchange rates, credit rights of the nations, and continuance of exchange controls and bilateral agreements; second, on the apparent recognition that little would be expected of the Fund during a transitional period of from three to five years; and third, on the desirability of awaiting certain highly necessary adjustments in domestic and international policies before setting up an institution in which the process of granting credits might be regarded as somewhat automatic.

"The objections advanced against the Fund are such as to make it impossible for the Committee at present to view the plan as meeting the criteria of the Chamber's position on monetary policy.

No Urgency Seen

"Authority for the continuance of exchange controls in the early years of the Fund, limitations with respect to the use of its resources for relief, rehabilitation and war indebtedness, and the unlikelihood of immediate attainment of certain essential prerequisites, combine to negate any argument for urgency.

"The highly necessary adjustments, which should take place before the Fund could be effective, include the adoption of proper commercial policies and other measures favorable to an expansion of world trade, toward which the Chamber consistently has directed its efforts.

"The Committee believes that a deferment of action on the Fund need not prevent the development of a practical program for the postwar stabilization of currencies. On the contrary, it is its belief that such a deferment would lead to a sounder initial valuation of currencies, with an ultimately greater chance for permanent stability.

Views On Cost

"The very substantial cost of the Bretton Woods program has not been a determining factor in the recommendations of the Committee. There should, however, be full disclosure of proposed postwar loans and other international financial undertakings of the United States as a means of gaining a proper perspective. It is likely that such undertakings will be of considerable magnitude.

"The Committee is impressed with the importance of sound management of experienced officials, if an international institution, whether intended for monetary stabilization or long-term credits, is to be successful. With proper management, the nations could have assurance that whatever powers were granted would be exercised with caution. Without such management, incalculable harm might be done.

"Effective management of two world institutions would require a careful integration of their operations. There is a serious question with respect to possible operations of the Fund and the Bank at