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# THE WEEK IN FINANCE

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## 'Wall Street' and the Currency Plan

THE late Joseph B. Eastman, Interstate Commerce Commissioner for a quarter of a century and at the time of his death head of the Office of Defense Transportation, was, as most persons know, one of America's really great public servants. As one commentator said, "he dignified the term bureaucrat."

At a dinner in his honor a few months before his death, Mr. Eastman made an address which was a distillation of his experience as an administrator over a quarter of a century and of his own philosophy toward his life work. One part of that paper should be kept in mind by the average newspaper reader at all times, and is particularly pertinent in connection with the present controversy over Bretton Woods. Mr. Eastman was talking about something that he regarded as the fundamental basis of sound administration, namely, political and intellectual integrity. And what he said, in effect, was this:

"When I first joined the commission it required a lot of courage to oppose business and the bankers. Today that is no longer the case. Today the test of statesmanship is a willingness to stand up against the political power of agriculture and labor."

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What makes this fact—and of course every practical politician knows it to be a fact—of timely interest is the repetition in the propaganda of the Treasury's post-war currency program of the refrain that "the only people who are against the program are the Wall Street bankers, who are opposing it for their own selfish interests."

Now if this allegation is true, why, in heaven's name, all the high pressure methods to smother criticism, to stir up sectional and class animosities and to employ every legislative and legal stratagem to jam the Treasury plan through Congress without any modification withsoever? No one could possibly be in a stronger position than the Administration is. The measure comes up at a time when the country is not only willing but eager to demonstrate its desire for world co-operation it is framed against the backdrop of Bretton Woods, and it can be argued that such a measure, assuming it is workable, would get in with and strengthen, the plans now being made for world political security after the war. If what the Treasury's experts tell little groups in off-the-record pep talks is true, and "Wall Street" is against the plan, then that is, of course, a big additional political asset.

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To say that "Wall Street" is opposing the Treasury program is to say something which is meaningless. It is as meaningless as saying that so-and-so is "against Bretton Woods." If by that one is trying to say that so-and-so is against intelligent attempts to achieve post-war currency stability, the chances are 100 to 1 that he is wrong, since almost every one is instinctively for it. The question, though it is not framed that way in some so-called "polls" of opinion on the question, is "Is the Treasury's plan the right approach to the problem?"

What "Wall Street" (meaning the financial community as a whole) thinks of the relative merits of the Treasury plan and the so-called bankers' plan, this writer hasn't the slightest way of knowing. The probability is that 99 per cent of the community haven't any idea what it is all about beyond what they read in the headlines. Since the New York State Bankers Association has gone on record as favoring postponement of action on the fund, majority opinion in that part of the community probably shares that general view. What is important is that the men who know the exchange problem best, in both its theoretical and its practical aspects, have grave misgivings concerning the so-called monetary fund. That these men are in "Wall Street" is not, as Washington's popular demonology might suggest, because they are financially predatory characters; it is because by a geographical accident that is where the international money market of the United States happens to be.

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Who are the men most closely identified with the alternative plan put forward by the bankers? They are John H. Williams, Nathaniel Ropes, Professor of Political Economy at Harvard and dean of the Graduate School of Public Administration, who shuttles back and forth from Cambridge to New York, where he is vice-president of the New York Federal Reserve Bank; W. Randolph Burgess, now with the National City Bank of New York and before that economist for the New York Reserve Bank, and Leon Fraser, now president of the First National Bank and for six years with the Bank for International Settlements, as vice-president and president. Dr. Williams is associated with the bankers' plan through his writings in "Foreign Affairs" and his recent book, "Post-War Monetary Plans"; Dr. Burgess occupies an important place in the picture as head of the American Bankers Association, while Mr. Fraser's part is obvious. He knows the international finances from the financial, economic and political angles better than any other living American, in addition to which fact he is a highly articulate person.

To place the "Wall Street" on any of these critics of the Treasury plan is sheer nonsense. That their views influence the banking community immensely is true, but that is a different thing from implying that they represent the "narrow" selfish interests of the speculative community." Many of the more prominent New Deal economists were among Dr. Williams's students at Harvard, including, interestingly enough, Harry White, co-author, with Lord Keynes, of the Treasury plan. And no one can read Dr. Williams's successive papers on the post-war currency problem and not be impressed with the scholarly detachment of his work, his careful analysis of the arguments on both sides, his reluctance to present a formula before exploring every alternative. Burgess is a scholar, author of the standard work on the New York money market, and a leader, not a follower, of "Wall Street" opinion. As for Fraser, he is about as much the proverbial banker as could be imagined. Former newspaper man and teacher at Columbia, one of his outstanding traits is that he not only thinks for himself, but says what he thinks, as should have been fairly obvious from his testimony last week in Washington.

No, the Treasury's thesis that "only the Wall Street bankers" are skeptical of their plan doesn't make sense, and doesn't begin to explain its terrific propaganda campaign to make the plan untouchable. It is difficult to avoid the conclusion that it is not Mr. Fraser's business address that the Treasury experts object to, but his knowledge and experience.