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U.S. Chamber Hits Fund Action Now

Approves World Bank, But Suggests It Handle Currency Matters

(Bureau of Journal of Commerce)

WASHINGTON, March 25. — The United States Chamber of Commerce today joined banker spokesmen in opposing adoption of the International Monetary Fund at this time, but went the further step of asking that the International Reconstruction Bank, when organized, assume world leadership in developing currency stabilization plans among the nations.

Announcing its stand on the Bretton Woods agreements, now pending before the House Banking and Currency Committee, the chamber:

1. Called for participation by the United States in the International Bank for Reconstruction and Development;

2. Asked that the board of governors of the bank make a study of the question of monetary stabilization and, having done so, recommend to the various nations a plan for currency stabilization;

3. Asked, meanwhile, that the bank assume "interim" stabilization activities, already contemplated in the bank plan as agreed to at Bretton Woods;

4. Recommended that Congress postpone action on the monetary fund until the bank has prepared and submitted its recommendations on exchange stabilization.

Fund Alternative

Although indorsing the basic stand of the banker groups on deferred fund action, the chamber did not bar eventual adoption of the international fund. Among the recommendations which the chamber report contemplated the board of the bank might make on currency stabilization, the monetary fund is listed as one alternative, along with "any necessary broadening" of the bank's powers to include negotiation of stabilization agreements and arrangements for stabilization loans, as a second alternative. A third alternative might be "some other mechanism, with operations of the fund or other agency properly integrated with those of the bank."

The chamber's position on the Bretton Woods agreements was formulated by its finance committee, which is headed by Robert M. Hanes of Winston-Salem, N. C. The group was said to have consulted with subcommittees of the chamber's foreign commerce committee and its committee on international postwar problems.

The group's conclusion that action on the monetary fund should be deferred was explained on the following grounds:

Unlike CED Plan

"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."

While the chamber plan has the initial appearance of a "compromise" between the CED plan for "strengthening" the International Bank but keeping the monetary fund and the bankers' proposal for keeping the bank without the fund, it appears more closely allied to the bankers' plan than that formulated by the Committee for Economic Development.

While the CED program would not require modification of the Bretton Woods agreements the chamber proposal would delete the present requirement that bank membership be made conditional on fund membership, and accordingly that no country be entitled to benefit from either bank loans or stabilization credits until it has pledged itself to a policy which, in the long run, would outlaw exchange warfare.