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U. S. Chamber Favors Our Entry Into World Bank But Asks Action On Monetary Fund Be Deferred

From THE WALL STREET JOURNAL Washington Bureau

WASHINGTON—The United States should participate in the International Bank for Reconstruction and Development but should defer action on the International Monetary Fund, the U. S. Chamber of Commerce recommended yesterday.

These suggestions were contained in a report of the finance committee of the Chamber of Commerce, and endorsed by the board of directors. The report said that the committee was in complete agreement with the objectives of the Bretton Woods Conference and favored collaboration with other nations in a program of monetary stabilization. However, the committee raised questions as to the methods under the proposed monetary fund.

Recommendations of the Chamber

The recommendations of the Chamber of Commerce are summed up 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 study the question of monetary stabilization and submit recommendations to the member 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 the operations of the fund, or such other agency as may be proposed, properly integrated with those of the bank.
3. That the Bank assume such interim stabilization activities, including agreements and loans, as may be permitted by its articles of agreement, which give definite authorization for loans and guarantees in special circumstances for purposes other than specific projects of reconstruction and development.
4. 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 regarding stabilization of exchanges.

Objections to Fund Outlined

Objections to immediate approval of the Fund were outlined in the report as follows: "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 differ-

ences 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 could be expected of the Fund during the 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."

Suggested Changes

As a further argument that no action be taken at present on the Fund, the committee referred to apprehension expressed in some quarters that extreme flexibility in exchange rates, together with authorized continuance of exchange controls and bilateral agreements during the post-war transition period, would result in further instability of currencies. Under such conditions, the report stated, stability might not be obtained.

The committee also pointed out that there was a widespread opinion that adequate safeguards in credit extensions are lacking and cited possibility that excessive borrowing might lead to the collapse of the Fund with bad effects on world economy.

Stating that it was not impressed by the argument that any action other than approval of both the Fund and the Bank would necessitate another world conference, with the probable failure of the entire program, the committee said that only a minor change would be necessary to set up the Bank in advance of the Fund. All that would be needed, the report says, is to eliminate from the articles of agreement the clause making membership in the Bank contingent on membership in the fund. No general conference would be necessary to obtain consent to this slight amendment, the committee contended.

"Establishment of the Bank should be accomplished more speedily under this program than by immediate action by the nations on both institutions. 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 nations."