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Gifts Are Not Exports

~~Fred M. Vinson~~, Director of War Mobilization and Reconversion, has urged upon the House Ways and Means Committee a program of economic policy which we regard as generally sound, except that he would have the Bretton Woods Monetary Fund established at once. But we think he is mistaken when he assumes exports of \$10 billion annually from the United States to be a post-war necessity.

From that assumption he proceeds to estimate our "necessary" imports as "of the magnitude of \$6 to \$8 billion" a year, leaving the inference that we should lend abroad at the annual rate of \$2 to \$4 billion, less whatever other nations may find it possible to pay on merchandise account from their present holdings of gold or dollar credits.

We shall err if we set a quantitative "goal" for our foreign lending, based upon our assumed necessary exports instead of upon the credit standing of would-be borrowers. Operations of the Export-Import Bank and the Bretton Woods International Investment Bank should be conducted on sound and normal banking principles, not as charities. Neither should they make uncollectible loans in order to add to the total of our goods exports. We cannot tell now what our post-war exports may be, but we know now that they should be only what the outside world can pay for or buy on prudently advanced credits.

We shall wish to contribute largely to relief in Europe, as we ought to do. But relief is not banking. Gifts are not true exports.