

READING THE SIGNS

-By Upton
Close

THE question about the Bretton Woods economic pact is not the first cost of six or ten billion dollars, but the upkeep. Going into Bretton Woods is like going into marriage or the keeping of a car. You've got to consider the upkeep.

Otherwise you are babes going into the Bretton Woods, and you will get lost there.

Either a bankers' pool of U. S. gold and other Governments' paper is going to hold up the price of the pound sterling and French and Belgian franc and Italian lira and Chinese yuan and Philippine and Mexican peso and Indian rupee and the mark of occupied Germany, or it is not.

If it is not then the whole Bretton Woods arrangement is no good. After the American gold in the pool is sucked under, the paper of the other powers will be scrap. Russia is to put some gold in the pool, since she is the second gold-holding Government of the world now, but Russia has a good angle. She mines her gold at slave-labor costs and trades it to us for good U. S. machinery and goods priced in gold at several times that cost, so the scheme is "fake" with you.

Now, there isn't anybody who will look you in the eye and tell you that the lira and the franc and the mark and the yuan and the pound sterling are not going to get washed out in the near future. There just isn't enough wealth in the world to back up that much paper. It is absolutely impossible to wash currencies out evenly in all those different countries.

Not even an editor of the *New Masses* or one of the Wall Street bankers who goes along with the Communists on this scheme of pooling American wealth, will look you in the eye and tell you that foreign currencies can escape the wringer—pool or no pool. Why, then, would any banker favor the Bretton Woods pool? (Some bankers do.)

Well, misery loves company. So do potential bankrupts. Some bankers are the greatest people in the world to grasp at straws. They are great fellows to see mirages. And most bankers feel themselves to be entirely in the hands of the United States Treasury. That the Treasury, under Henry Morgenthau, very, very much wants the

Bretton Woods Agreement bankers have been adequately told. Mr. Morgenthau is not hesitating at any propaganda expense (from the same Treasury whose War Bonds you buy and to which you pay income tax) to put the scheme over.

The President of the American Bankers' Association, W. Randolph Burgess, is one banker with the backbone to testify against the scheme. He says it is the surest way to get us hated as the world's Uncle Shylock again. We will put up six billion in gold to start the thing; this will disappear like a soldier's canteen of water on the Sahara Desert and if we renege on more—then we are Uncle Shylock.

Just as truly as we are scraping bottom on food and other materials, as warned by honest WPB Administrator Krug, just so truly are we scraping bottom in finance.

We cannot support the worthless currencies of the world any more than we can feed the world and supply it with oil, copper and steel.

Our own dollar is going to go through the wringer—but not as much as theirs!

The Little Steel Hold-the-Line formula on prices is going to be officially lifted in a few weeks—unofficially, it is broken in many places now.

Our net debt (after taxes) is increasing 160 million dollars a day.

The interest charges will be four billion dollars a year on the debt as of June (end of fiscal year), 1945.

Such an arrangement as Bretton Woods is just no good until all the world's chief currencies have gone through the postwar wringer and settled down to something substantially near their worth. But we want to get as much trade as possible started during this difficult period. How to do it?

To tie up such trade as can start with worthless currencies is just a certain way to wreck the sprouts of hope which come up in a devastated world.

Far better that the United States, instead of pouring its gold into a pool full of cracks, should give orders for whatever others have to sell that we can use, and pay for them in either gold or our own materials, whichever others want the more.

Then such trade as does start will be healthy, and subject to growth, instead of collapse.

There is much that we can buy from China and Russia, and the British Dominions, without upsetting our own industry. Let us go a little overboard, even, to be a buying nation, rather than give our gold for shares in a pool of worthless paper.