

Amending Bretton Woods

INDICATION by Daniel Bell, undersecretary of the treasury, that his department was not adverse to compromising with the criticism that has been directed at the proposals made for international monetary organizations at Bretton Woods, represents a desirable change in attitude on the part of his department. The feeling that the treasury was taking too adamant an attitude toward all criticism of the Bretton Woods proposals was beginning to threaten the whole program.

In a speech in Washington last week, Bell, however, indicated that he is willing to accept some of the changes that the American Bankers association has proposed be made in the plans for setting up an international bank and monetary stabilization fund. That he is willing to go the whole way with the bankers and eliminate the stabilization fund is not likely. Nor would it be wise to eliminate entirely the functions of such a fund since in the period of transition following the war the need for a stabilization fund is going to be great if arbitrary exchange controls are to be avoided.

Acceptance of amendments to the Bretton Woods proposals which would restrict the fund to the making of short term currency stabilization operations, however, would meet many of the valid objections that have been raised by the ABA and the CED. Such amendments would do no major harm to the fundamental purpose of the fund. As a matter of fact, they would strengthen it and make more certain that it would confine itself to the purpose for which it is intended.

In the last analysis, both the international bank and the monetary stabilization fund proposed at Bretton Woods are going to sink or swim on the basis of the management which governs these institutions. Linking the managerial function of the two institutions more closely could well serve to insure sounder management. There is ample room for compromise now. It is more important that some kind of a sound international economic institution be set up than that the whole purpose be defeated by insistence on less important details.