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March 19, 1946

Washington 1, D. C.

Honorable Alben W. Barkley, Acting Chairman
Committee on Banking and Currency
United States Senate
Washington, D. C.

Dear Senator Barkley:

The American Federation of Labor looks upon the pending action authorizing the loan to Great Britain as a matter of the most far-reaching importance not only to the future of world peace but also to the future economic prosperity here at home. Keenly aware of this, the American Federation of Labor calls upon the Senate Banking and Currency Committee to give its unqualified approval of the joint resolution authorizing the Treasury to put into effect the loan agreement with Great Britain.

Labor asks for the approval of the British loan agreement because it believes that America's failure to put this loan into effect would be a failure to perform the plain duty and discharge a clear responsibility to insure the maintenance of world peace. We cannot escape the economic consequences of war. We cannot look upon the world wide upheaval that war has wrought as a closed book. Our victory in this war will be only half won unless we come to grips unhesitatingly and forcefully with the inescapable task of implementation of the lasting peace. The British loan is a major part of this task.

The true significance of the British loan agreement to the American worker, American businessman and the American farmer is not in the direct effect of the American dollars provided to an allied nation in time of the most critical need. To meet that need is important. But the real significance of this loan to us is in the alternatives we must realistically face. If we choose not to aid Britain now, the whole structure, monetary, economic and political, of healthy international cooperation will inevitably begin to crumble.

This other road is a road to another war. The choice is between international cooperation and international conflict. It is the choice between the unity in reconstruction and the disunity in the fight of individual nations for economic self-preservation. It is the choice between a long-term balance in international trade and precipitous and permanent unbalance. And, in turn, it is a choice between the maintenance of a political balance and the resurgence of ominous political strife among nations.

America's decision to choose the road to peace was born of the costly victory we and our allies have won in this world conflict of blood, destruction and horror. The British loan agreement is but the first step on our chosen road toward peace and international prosperity. We must not fail to take that step before it is too late.

During the war the income available to Great Britain from exports, shipping investments, etc., was almost completely wiped out. As the result, England now finds herself unable to pay for the imports necessary to sustain even a very bare minimum of living. The proposed loan will enable her to pay for her necessary imports until her industrial capacity can be fully utilized to improve her international financial position. This, in turn, will enable Britain to pay the annual amortization charges. In this way the loan is both a necessary step to revive the British economy and a sound investment. Without question this loan to Britain will be as sound an investment as any bond issue floated by the United States Treasury.

The primary effect of the loan would be to enable Britain to hurdle the obstacles which stand in the way of her reconstruction at home, the obstacles which now seem insuperable. But the secondary effects are of equal or even greater importance: the productive activity this loan will generate throughout the world. It will enable Britain to buy more goods abroad, from us and from others. We, in turn, will sell more to Britain and more to other countries which have earned money from increased sales to the British. I wish to lay special emphasis on the point which seems to me decisive in the appraisal of America's own postwar trade relations. That fact is that Great Britain is the largest single foreign customer for American products. For many years, Britain has bought more from us than we from her. And if America wants to retain her best customer, she must help make it possible for Britain to reestablish her economic strength so that Britain could pay us for our goods.

Britain's economic future is vitally important for the postwar world. If Britain is teamed with us, we have harnessed two of the strongest forces to one engine driving toward the kind of world we want. If we and the British go in different

directions, it is likely that the whole structure will be pulled apart. On the western front in the war just ended, the American-British team was the main fighting force. The British Isles were a forward area --- a bombing target that became the base of operations for the greatest push the world has ever seen. Let us not forget that Britain fought alone from the fall of France to the invasion of Russia, and had no help in the west until after Pearl Harbor. That was a hard pull. The scars of that battle for survival have cut deeply into the life of the British people and their economy. Even after the inception of lend-lease -- which is satisfactorily cleaned up by this agreement -- and, later, our entry into the war, the arrangements for sharing the economic burden of the war were such as to leave Britain with a very great problem of rebuilding part of its industry and reconverting its economy to a peacetime basis. The proposed loan will facilitate that process by enabling the British to import needed goods -- and a large share of those imports will be from the United States.

I am not suggesting that we should lend this money to Britain because of her war record, or for old times' sake. It is our present and future interest in British reconstruction and Britain's role in the world that justifies -- and requires -- this loan. With this loan the British will be put in a position where they can join with us in safeguarding freedom and free institutions in the postwar world to the benefit not only of both countries, but of the world as a whole.

The political implications of the choice we are about to make are clear. Equally clear are the economic implications. It is the choice between the rapidly growing international trade generating productive revival on one hand and restrictive stagnation on the other. America with its vast productive resources and its modern industry has no fear of international trade competition. What we fear is the alternative of discriminatory trade, the rebuilding of tariff walls, exchange restrictions, quotas and other barriers which will reduce our ability to sell abroad.

America stands committed to the international monetary stabilization embodied in the Bretton Woods agreement. Our failure to provide the critically needed financial aid in the form of the British loan can easily prove to be the undoing of the entire Bretton Woods accord. The American Federation of Labor is equally concerned with the direct bearing this loan would have on the proposed International Trade Organization to carry out the "Proposals for Expansion of World Trade and Employment" which we have formulated and to which the British government has agreed in principle. That proposal too is of the greatest importance to the future world economy, for it would bring together world trade and world employment. We

need to deal with both if we are to succeed in either. The vital purpose of "high and stable employment as a main condition for the attainment of satisfactory levels of living," is the goal and the end for the attainment of which the British loan is a necessary means. American labor has a direct interest in raising the standard of living through the world. Labor regards it as an essential to the future of peace and as a necessary requirement for the enduring maintenance of the high standard of living of the American wage earners.

The greatest postwar menace and gravest threat to the peace of the world is the possibility of a widespread, world-wide economic depression. The finest trading mechanisms in the world, based on the highest principles, will avail us little if large-scale unemployment develops in leading industrial countries, if purchasing power fails and trade dries up. Unless international trade can flow freely from the most efficient producers to the best markets, it will be difficult to avert large-scale unemployment. The American Federation of Labor believes emphatically that the proposed loan will enable a strong and rehabilitated Britain to participate in an expanded world economy, in which lasting prosperity can soon be attained.

I am attaching a copy of the resolution on the British loan adopted by the Executive Council of the American Federation of Labor at its meeting last January. This resolution emphatically supports the loan to Britain as a sound business proposition and stresses the many non-economic advantages that will result from this important step toward improving and stabilizing a world economy.

I respectfully request that this statement and the accompanying resolution be incorporated in the record of the Committee hearings and that it be given full and favorable consideration by the members of your Committee on behalf of millions of American wage earners whose future will be vitally affected by your Committee's decision on this question now pending before them. I ask for prompt approval of the British loan by the Congress of the United States.

Respectfully submitted,

s/ Wm. Green

President
American Federation of Labor