

REC'D IN FILES SECTION
SEP 10 1948

Office Correspondence

Date April 24, 1946.

To Chairman Eccles ✓

Subject: Support for British loan by

From Mr. Knapp

Senators Vandenberg and Buck.

Both Senators Vandenberg and Buck came out wholeheartedly in favor of the British loan during the Senate debate on Monday, and in both cases there is evidence that they were strongly influenced by your testimony.

Senator Vandenberg said that the British loan "has perplexed me more than any other problem in all my 18 Senate years". However, he stated that after the most thorough consideration he had come to "the reluctant but firm conviction that the joint resolution should pass for the sake of America". He admitted that "to pass the joint resolution is a gigantic speculation" but added that "not to pass it may be an even greater speculation". He said that the real question was "which chance is the better one for the U. S. to take for the sake of American welfare and a peaceful stabilized world" and concluded that "for our own sakes we must accept the economic as well as the moral leadership in a wandering world".

Senator Vandenberg gave only one quotation from the testimony of Administration witnesses in the Committee Hearings. The following is quoted from his remarks:

"At this point I also wish to quote, Mr. President, from the statement of the highly able Chairman of the Board of Governors of our own Federal Reserve System, Mr. Marriner S. Eccles, who left this very profound and important admonition with our committee when he testified:

'Without effective British participation, which is possible only if we lend our aid, the Bretton Woods institutions cannot fulfill the hopes which we have placed in them. Without the fulfillment of these hopes for a stable economic order in the world, there is little prospect of success for the United Nations Organization in its search for political stability and security. Without economic or political stability we can expect only a continued drift of world affairs toward the catastrophe of a third world war.'

- - - - -

Senator Buck did not quote you directly but his whole speech closely followed the outline of your testimony, even to the extent of incorporating whole sentences more or less intact. His concluding sentence reads as follows:

FOR FILES
J. Danke Knapp

"It remains for the Congress of the United States to choose whether to extend credit to Britain and gamble that with its own continued prosperity, and with the help of the World Fund and Bank, a multilateral expansion of trade will take place, or reject the loan and force Britain to take a long and dangerous step down a road that in the past has led to economic and military warfare."

JBK:mla