

HEARINGS ON BRETTON WOODS ENABLING LEGISLATION
BEFORE HOUSE BANKING AND CURRENCY COMMITTEE

March 16, 1945 - 10:30 A.M.

(Eighth day of hearings)

Judge Fred M. Vinson, Assistant Chairman of the United States delegation at Bretton Woods, presented a prepared statement in which he detailed the long period of preparation and discussion which preceded the Conference both within the United States government and in preliminary discussions with other nations. He mentioned the constant exchange of views between technical experts on the one hand and policy makers of Cabinet rank on the other. He stressed the non-partisan attitude of the American delegation at Bretton Woods and praised the work of Congressional delegates. That the Bretton Woods Agreements had not become a political foot-ball in the Presidential campaign was a tribute both to the care with which the Agreements were framed and the sincerity of America's interest in preparing for international cooperation. The United States delegation protected American interests at all times in full awareness that in this way they were reflecting the desires of Congress and the people. Judge Vinson discussed briefly some of the major problems of the Conference. He asserted that efforts of certain countries to enlarge their Fund quotas reflected in almost every case a desire to maintain prestige rather than a desire to increase their opportunities for using the resources of the Fund. He praised most highly the cooperative attitude of all nations represented.

Representative Wolcott (R. Mich.) suggested that the Committee and the Congress would need a clearer picture of the entire governmental program for relief, reconstruction, and development if it were to appraise the Bretton Woods programs intelligently. He was aware of the recent Lend-Lease Agreement with France providing for over $2\frac{1}{2}$ billion dollars of supplies to be delivered to that country on long-term credit under the Lend-Lease program. There were rumors, he said, of similar agreements with Russia, the United Kingdom, and China. Other countries might seek comparable aid. According to rumor the aggregate amount of credits, under Lend-Lease or in some other form, might aggregate 20 billion dollars. He did not think that the amendment to the Lend-Lease Act, passed in the House March 13, 1945, would prohibit the type of reconstruction aid he had in mind. Mr. Wolcott suggested that many of the arguments supporting the Bretton Woods Agreements would have little validity if independent loans of this magnitude were contemplated by the administration. Might not the Fund and Bank be inconsequential parts of the total post-war reconstruction program? Judge Vinson replied that he was not acquainted with the rumors Mr. Wolcott had repeated nor with the terms of the French Lend-Lease Agreement or the recent House amendment. He stated that Assistant Secretary of State Dean Acheson would be recalled to discuss the general question raised by Representative Wolcott.

Representative Wolcott stated that he believed loans made by an International Bank might well be more readily repaid than loans granted by any single government. Representative Sumner (R. Ill.) asked whether the Bank would not be under debtor country control. Judge Vinson answered that

our veto power would be adequate protection and suggested that the Bank would make money rather than suffer losses. He agreed to prepare a statement of his opinions on the prospects of the Bank for insertion in the record.

Representative Patman (D. Tex.) asked Judge Vinson whether he thought the programs proposed at Bretton Woods would prove inflationary if adopted. Judge Vinson replied that he thought they would be valuable instruments to resist inflationary developments such as occurred in Germany and central Europe in the 'twenties.

The hearings were adjourned until 2:30 this afternoon when Mr. E. E. Brown, President of the First National Bank of Chicago, is expected to testify.

Board of Governors
of the Federal Reserve System
Division of Research and Statistics
March 16, 1945