

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

May 10, 1945

(Twenty-seventh day of hearings)

James B. Carey, national secretary-treasurer of the C.I.O., testified for the adoption of the Bretton Woods program "without delay or amendments." In a prepared statement he referred to the "C.I.O. Reemployment Plan" in which Philip Murray, president of the C.I.O., had emphasized the necessity of developing foreign markets for American capital goods. He quoted from a resolution passed at the C.I.O. convention in Chicago in November 1944 which urged Congress to authorize the "full" participation of this country in the Bretton Woods program. He said he expected that expanded world trade, resulting from the Bretton Woods Agreements, would go a long way toward preventing a new war. We cannot maintain full employment in this country without a large volume of exports. If foreign countries are compelled to engage in restrictive trade and monetary practices, they will not furnish a market for American goods. The Monetary Fund would end restrictive practices because countries whose currencies are threatened could secure help in time and in sufficient quantity. It would also protect smaller countries from economic pressure and outside interference by dominant powers. Mr. Carey also endorsed the International Bank because it would bring about a speedy reconstruction of war-torn economies and the development of backward areas. He said that past experience had shown that we should not fear the industrial development of backward countries because industrial countries have been our best customers. The C.I.O. like any other group wants to see that American interests are properly safeguarded. The safeguards contained in the Fund and Bank Agreements are sufficient. The Fund is hedged about with very detailed regulations as to its use and the Bank is similarly safeguarded. In conclusion he called the Fund and the Bank indispensable to the orderly development of an expanding American economy in an expanding world.

Representative Crawford (R. Mich.) referred to a speech of Mr. Carey's before the National Post-War Conference in Lake Spring, New Jersey, in the fall of 1944 in which Mr. Carey had said that foreign trade and foreign investment have never been a solution for domestic unemployment but that there purpose was an increase in the standard of living and that as long as there was not full employment imports of goods competing with American goods would lead to unemployment and thus might reduce the gain derived from comparative cost advantages. Representative Crawford interpreted the statement as a plea for protection. Mr. Carey explained that he had intended to show the importance of a full domestic employment policy as a prerequisite for the removal of trade barriers. In spite of all the lip service paid to free trade he said we would not allow larger imports if we had unemployment. Representative Crawford then recalled that Mr. William Green, president of the A.F.L., had advocated before the Committee that Congress should assure that the resources of the Fund and the Bank would be used in such a way that American wage levels would not be reduced. Mr. Carey replied that it is to be regretted that Congress is not considering any proposal to that effect but pointed out that the Bretton Woods proposals were, in his opinion, a partial answer to the economic problem of the post-war period and that the reciprocal trade agreement program and the proposals before the United Nations Conference in San Francisco must be considered as other parts all of which taken together would assure world prosperity.

Questioned about his reference to the safeguards with respect to the use of the resources of the Fund, Mr. Carey said that he did not contend that the Fund Agreement was perfect in all its aspects and that on the basis of future experience amendments may become necessary. At present the C.I.O. is unqualifiedly in support of the bill as it now stands without amendments.

Representative Kunkel (R. Pa.) joined Representative Crawford in a discussion of the effects of tariff reduction. Representative Crawford stated that he could produce records of industries which continued to operate between 1931 and 1933 and paid high wages and earned profits only because of tariff protection. Representative Kunkel said he could not understand how tariff protection could increase unemployment. Mr. Carey replied that unemployment might increase even though a protected industry were maintained if employment in other industries was reduced because of loss of foreign trade markets. Besides, he did not think the pending bill implied free trade. Representative Kunkel then referred to declarations by the State Department and the Treasury that Bretton Woods is only a part of a wider program which includes international security and reciprocal trade agreements. Mr. Carey agreed but added that the State Department did not seek to eliminate all tariffs, and that on some commodities duties would have to be maintained. He said that he was confident that if there was substantial unemployment after the war, it would not be because of Bretton Woods but because of the insufficient purchasing power of the people.

In answer to a question by Representative Sumner (R. Ill.) Mr. Carey explained that the C.I.O. has members in export industries but also in industries which are protected by tariffs. Therefore, foreign trade problems have received serious consideration by the union.

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