

# HOUSE OF REPRESENTATIVES

June 5, 1945

## DEBATE ON BRETTON WOODS AGREEMENTS ACT

The debate on the House floor on the Bretton Woods Agreements Act opened on June 5 and is to be limited to two days.

The debate was carried on almost entirely by members of the House Banking and Currency Committee. Representatives Spence (D. Ky.), Chairman of the Committee, Wolcott (R. Mich.), ranking minority member, and Patman (Texas), Brown (Ga.), Thom (Ohio), Outland (Calif.), Woodhouse (Conn.) and Folger (N.C.), all Democratic members of the Committee, spoke at length in favor of the Agreements as such and of the bill. The three Republican members of the Committee who voted against the bill in the Committee, Representatives Smith (Ohio), Buffett (Nebr.) and Sumner (Ill.), opposed the Bretton Woods Agreements as such and the bill reported out by the Committee. Several other members of the House, both Democrats and Republicans, indicated their approval of the bill and two Republican members indicated either skepticism or definite disapproval.

Representative Spence asked the Clerk to read a letter from President Truman urging prompt enactment of the legislation and commending the nonpartisan spirit in which the Committee had acted on the bill, and a letter from Mr. Burgess, President of the American Bankers Association, saying the new bill reported out by the Committee was a substantial improvement over the old one and would "aid in the effective accomplishment of the purposes of the whole program." Representative Spence stressed the need for international economic cooperation as a means of preventing future wars. He said he believed the bill as amended clarified the agreements but did not change "a word, a letter, or a punctuation mark of the spirit of the agreements."

Representative Wolcott stressed the fact that the success of any institution depends on its administration and said he believed the Fund and Bank, properly administered, could be an important influence toward stabilizing the currencies and economies of many nations. Representative Wolcott spoke at length on the purposes of the Fund, the provisions providing for stabilizing the values of member currencies and for setting initial values, and the numerous provisions in the Fund Agreement which limit the conditions under which and the purposes for which a member can obtain assistance from the Fund. Representative Wolcott then mentioned the interpretation of the Fund's authority in the new bill as an added protection against misuse of the Fund and the provisions providing for coordination of the foreign financial activities of United States Government agencies. Representative Wolcott quoted the American Banker of May 29, 1945, praising very highly the amendments to the original bill and a letter from Mr. Charles S. Dewey saying he would vote in favor of the bill as amended.

Representative Brown stressed the importance of flourishing exports of both agricultural and industrial products to the American farmer and the importance of exchange stability for a flourish export trade. Representative Brown said he thought the Bretton Woods plans were better than any alternatives that had been suggested. He stressed the safeguards against misuse of

the Fund and mentioned particularly that there is no reason to believe a loan to Russia will not always be sound. Representative Brown commented on the provision in the bill interpreting the Bank's powers and said he thought clarification of the Bank's power to make long-term stabilization loans would contribute in an important degree to the success of the Fund.

Representative Patman said he thought all countries had a lot to gain from the proposals but this country more than any other. He stated that bankers were opposing the plans believing them contrary to their own selfish interests.

Representative Smith spoke almost entirely about the interpretations of the Fund's authority included in the new bill. He said the phrases designed to limit the Fund's authority to short-term lending in fact did not do so since they provide for assistance in meeting cyclical fluctuations in the balance of payments and a cycle may last eight years or more. Furthermore, he thought the statement interpreting the Fund's powers as far as financing relief, reconstruction, and sustained outflows of capital are concerned was actually dangerous in that it implied that the seemingly clear language of the Fund Agreement on these points could be interpreted one way or another. Representative Smith also said he objected to the C.E.D. interpretation of the Bank's powers on the ground that it would open the door to the Bank's making unwise loans.

Representative Buffett stressed differences in interpretation of the Fund Agreement as between American and British experts, the danger of exchange restrictions being maintained under the Agreement, British bilateral financial arrangements, the complicated character of the plans, inflationary dangers, and the danger of too easy access to the Fund.

Representative Sumner also spoke of British interpretations of the Fund and said the plans were the "worst swindle in world history." She commented on giving up our dollars for depreciated currencies, the scarce currency provisions authorizing repudiation in advance, and Americans becoming the economic slaves of foreign governments.

Board of Governors  
of the Federal Reserve System  
Division of Research and Statistics  
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