

HOUSE OF REPRESENTATIVES

June 6 and 7, 1945

DEBATE AND VOTE ON BRETTON WOODS AGREEMENTS ACT

June 6 Debate

Representative Outland (D. Calif.) opened the second day of debate on the House floor regarding the Bretton Woods enabling legislation. In refutation of the objections advanced by the American Bankers Association he stressed the primary importance of the Fund in the Bretton Woods program, the adequacy of the safeguarding provisions of that institution, the probable inadequacy of private investment in the absence of government assistance, and the necessity of affirmative action to hasten world recovery from the effects of war. In answer to critics who would prefer the gold standard, he insisted that the International Monetary Fund would improve upon that standard by creating stability without imposing harmful rigidities. Representative Thom (D. Ohio) outlined the method by which the Fund's operations would assist nations suffering from temporary exchange shortages to continue to engage in multilateral trade; in the absence of the Fund they might seek to balance trade through bilateral deals.

Representative Smith (R. Ohio) opposed the legislation on the ground that various nations were interpreting the Bretton Woods program in different ways. He criticized the Treasury for what he termed its "colossal propaganda program" and suggested that the Committee for Economic Development had been influenced in favor of the program by government generosity in providing the Committee with Washington offices. He charged that the Bretton Woods Agreements would legalize currency debasement, could foreshadow rationing of world trade, and would result in authoritarian control of capital transfers and currency transactions. Representative Barry (D. N.Y.) spoke in favor of the Fund and claimed authorship of the amendment providing that one individual shall be United States Governor for both the Fund and Bank. Representative Hill (R. Col.) opposed the legislation and advocated international bimetalism. Representative Brumbaugh (R. Pa.) stated that he supported the legislation with some hesitancy since he would prefer to see the Fund postponed for at least a year. A number of brief speeches by members of both major parties showed strong support for the Bretton Woods program on the basis of the importance of world cooperation in economic affairs as a step toward international peace.

Representative Talle (R. Iowa) expressed the belief that the United States should take the lead in restoring international confidence and establish the basis for this country's supremacy in international finance. Representative Ellis (R. W.Va.) saw the United States assuming the role of a world Santa Claus and expressed his opposition to the proposed legislation. Representative Rains (D. Ala.) reviewed some of the horrors of war as he had witnessed them on his recent visit to concentration camps in Germany and supported the Bretton Woods program as a step toward mutual faith and good will among the nations of the world.

Representative Sumner (R. Ill.) stated that the original contribution of this country would be only the beginning -- "only the initiation fee" -- and that the scarce currency "sanction" would force the United States to contribute very large additional sums. She did not wish to place vast power in the hands

of international bureaucrats. Representative Douglas (D. Calif.) argued for the Bretton Woods program as a contribution to the future peace of the world. Representative Hoch (D. Pa.) based his acceptance of the program on his confidence in the governmental and private experts who had supported the proposals. Representative Doyle (D. Calif.) called for support of the "practical idealism" involved in the program.

Representative Voorhis (D. Calif.) supported the Bretton Woods program as far better than any practical alternative while deploring its emphasis on the "gold superstition." He believed government representatives rather than private bankers should dictate world investment policies and possess over-all control of international exchange transactions. He stressed the pressure which the program would exert on all nations to balance their imports and exports of real goods and services and the significance of this pressure for the United States. Representative Crawford (R. Mich.) in supporting the pending legislation stressed the necessity of post-war foreign investment of United States capital and pointed out that the Bank would be largely dependent on private sources for its investable funds. Representative Buffett (R. Nebr.) spoke in opposition to the program, repeating that "fundamental disequilibrium" was an indefinite criterion which left the way open for dissipation or freezing of the Fund's assets. Representative Patman (D. Texas) contended that opposition to Bretton Woods arose from an "international banking ring" many members of which had selfish interests in mind, from ill-informed or misguided persons who failed to understand the program, and from isolationists.

Representative Sumner of Illinois moved an amendment which would have permitted the United States to join the Bank but not the Fund. Chairman Spence (D. Ky.) pointed out that Bank membership was possible only to members of the Fund. The amendment was defeated 120 to 18. As the reading of the bill continued, Representative Voorhis (D. Calif.) offered an amendment to enlarge the proposed National Advisory Council by including as members the Chairmen and ranking minority members of the Banking and Currency Committees of both Houses of Congress. Chairman Spence led the opposition to this amendment which was defeated. When the reading of the bill had been completed, Representative Sumner moved that the bill be recommitted to the Banking and Currency Committee with instructions to report the bill back to the House in a form which would be consistent with the amendment with which this paragraph begins, i.e., would "strike out the Fund." Majority Leader McCormack (D. Mass.) thereupon moved that further consideration of the bill be postponed until Thursday morning.

June 7 Vote

The House voted to accept the Bretton Woods Act by a vote of 345 in favor to 18 opposed. A total of 69 members did not vote. The 18 Republicans who opposed the bill were as follows: Representatives Buffett (Nebr.), Clevenger (Ohio), Ellis (W. Va.), Gwynne (Iowa), Jones (Ohio), Knutson (Minn.), Lenke (N. Dak.), Mason (Ill.), O'Hara (Minn.), Reed (N.Y.), Rich (Pa.), Rizley (Okla.), Robsion (Ky.), Schwabe (Mo.), Schwabe (Okla.), Scrivner (Kans.), Smith (Ohio), and Sumner (Ill.).

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