

REMARKS MADE BY WILLIAM McC. MARTIN, JR.
CHAIRMAN, EXPORT-IMPORT BANK OF WASHINGTON
BEFORE THE HOUSE BANKING AND CURRENCY COMMITTEE

Gentlemen, in view of the testimony which you have already heard, I will limit my remarks to stating in broadest outline the reasons why I am unequivocally in favor of the British loan. The loan is, I feel, basic in a realization of the full possibilities inherent in the Bretton Woods program. Ever since the Bretton Woods meeting, I have been of the opinion that the achievement of the international economic objectives of this Government as embodied in the Bretton Woods legislation hinged upon whether or not a satisfactory solution was obtained to the British postwar balance of payments problem. Inasmuch as I did not participate in any of the negotiations with the British, I welcome an opportunity to express my conviction that the Agreement as drawn up represents a constructive effort to solve this crucial British problem in a manner fully consistent with broad U. S. objectives. Without assistance in the form of this loan, I do not see how the British can hope to meet their prospective deficits in the 1946-50 period except by continuing their wartime exchange and trade restrictions, further strengthening the sterling area ties and in general resorting to any means at their disposal to push their exports and obtain essential imports. Such trade and financial measures would certainly run the risk of undermining the entire Bretton Woods program at its inception and they would also set up numerous points of friction in the trade relations between this country and the British Empire at a most inopportune time.

The Export-Import Bank has a direct and immediate interest in the success of the whole broad effort to re-create a healthy world economy. Our statutes require us to have reasonable assurance of repayment. If the effort to revive trade succeeds, the countries to whom we have granted emergency reconstruction loans out of the funds granted by Congress to the Bank for this purpose should have no difficulty in repaying the loans. If, however, the British loan falls through and the Bretton Woods program thereby falls of its own weight, the prospect of repayment of loans already made will be substantially lessened and it will be very difficult for us to see our way clear to making any future reconstruction loans. In conclusion, I do not believe that you can separate the British loan from the Bretton Woods program and the expanded lending authority granted to the Export-Import Bank last year. The whole effort will, I believe, stand or fall together.