

Q. I can see the influence that something happening in the United States might have upon the world, but that "something" may happen without Bretton Woods; and with Bretton Woods you have something which may provide you with a mitigation?—A. That is perfectly right, Mr. Coldwell. No country in the world, no matter what its social and monetary philosophy may be, can contract out of American influence.

Q. That is what I understand.—A. Nothing that we do or say or think is going to change the fact that the United States is the largest industrial country in the world; and for any one who is afraid of American influence, the only logical proposal to make would be to cut off our trade entirely with the United States, to export nothing to the United States, for fear that our exports to the United States will fall some day and that that may get us into difficulty at home. Even that, of course, would not deal with the situation. To deal with it completely, we would have to decide to export nothing to any country that does export anything to the United States, because its situation and its capacity to take our exports will be affected by conditions in the United States. Surely no one is going to make so absurd a proposal as that, that we should cut off our trade entirely with the United States.

The CHAIRMAN: Mr. Coldwell asked a question this morning which was not answered. Would you care to answer now the question as to the main objections of the United States bankers to Bretton Woods?

Mr. COLDWELL: The American Bankers' Association.

The CHAIRMAN: Is the committee willing that we should go on with the bank?

Mr. BRADETTE: May I ask a question?

The CHAIRMAN: I believe Mr. Coldwell's question is now before the witness.

The WITNESS: In general, as I understand them, these are some of the views which have been expressed—not recently because so far as I can make out now that it has been adopted by Congress there has been no adverse criticism from those quarters. In the first place it is alleged in some quarters that the fund proposals put the cart before the horse, that they start at the wrong end, that they try to deal with basic economic problems through monetary methods. In the view of these, the basic economic problems to be dealt with are unbalanced budgets, too high a level of costs in countries, and also restrictions on the international movement of goods such as excessive tariffs and quotas.

*By Mr. Blackmore:*

Q. Would it be correct to say adverse trade balances instead of that last one?—A. No, I do not think it would.

Q. Why not?—A. Do you mean would it be a correct statement of the fact or would it be a correct statement of the criticism these groups are making?

Mr. COLDWELL: I am asking about the criticism.

The WITNESS: This line of criticism is that if countries get their own houses in order by balancing their budgets and by cutting down their costs they would be able to balance their international accounts without having recourse to financial assistance of this sort.

*By Mr. Coldwell:*

Q. Cutting costs, of course, includes reducing wages?—A. It would include reducing wages.

Mr. BLACKMORE: First of all.

Mr. LOW: General deflation.

The WITNESS: You understand I am not advocating this.